UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 2, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to _____.

Commission File Number: 01-14010

Waters Corporation
(Exact name of registrant as specified in its charter)

Delaware	**13-3668640**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

34 Maple Street
Milford, Massachusetts 01757
(Address, including zip code, of principal executive offices)

(508) 478-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of the registrant's common stock as of July 29, 2016: 80,573,959

WATERS CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

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WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(unaudited)

	July 2, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 463,382	$ 487,665
Investments	2,136,404	1,911,598
Accounts receivable, less allowances for doubtful accounts and sales returns of $8,187 and $7,496 at July 2, 2016 and December 31, 2015, respectively	445,953	468,315
Inventories	286,447	263,415
Other current assets	73,750	82,540
Total current assets	3,405,936	3,213,533
Property, plant and equipment, net	330,235	333,355
Intangible assets, net	217,393	218,022
Goodwill	352,987	356,864
Other assets	141,522	146,903
Total assets	$ 4,448,073	$ 4,268,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and debt	$ 125,260	$ 175,309
Accounts payable	66,115	70,573
Accrued employee compensation	35,585	54,653
Deferred revenue and customer advances	190,904	141,505
Accrued income taxes	7,296	14,894
Accrued warranty	12,927	13,349
Other current liabilities	84,517	93,793
Total current liabilities	522,604	564,076
Long-term liabilities:		
Long-term debt	1,631,698	1,493,027
Long-term portion of retirement benefits	70,761	77,063
Long-term income tax liabilities	12,298	14,884
Other long-term liabilities	61,368	60,776
Total long-term liabilities	1,776,125	1,645,750
Total liabilities	2,298,729	2,209,826
Commitments and contingencies (Notes 5, 6 and 10)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share, 5,000 shares authorized, none issued at July 2, 2016 and December 31, 2015	—	—
Common stock, par value $0.01 per share, 400,000 shares authorized, 158,098 and 157,677 shares issued, 80,537 and 81,472 shares outstanding at July 2, 2016 and December 31, 2015, respectively	1,581	1,577
Additional paid-in capital	1,541,157	1,490,342
Retained earnings	5,085,835	4,863,566
Treasury stock, at cost, 77,561 and 76,205 shares at July 2, 2016 and December 31, 2015, respectively	(4,322,300)	(4,149,908)
Accumulated other comprehensive loss	(156,929)	(146,726)
Total stockholders' equity	2,149,344	2,058,851
Total liabilities and stockholders' equity	$ 4,448,073	$ 4,268,677

The accompanying notes are an integral part of the interim consolidated financial statements.

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(unaudited)

	Three Months Ended	
	July 2, 2016	July 4, 2015
Product sales	$ 359,687	$ 332,036
Service sales	176,873	162,704
Total net sales	536,560	494,740
Cost of product sales	144,814	138,201
Cost of service sales	75,565	70,506
Total cost of sales	220,379	208,707
Gross profit	316,181	286,033
Selling and administrative expenses	129,581	122,660
Research and development expenses	32,578	30,555
Purchased intangibles amortization	2,411	2,500
Operating income	151,611	130,318
Interest expense	(10,983)	(9,046)
Interest income	4,827	2,500
Income from operations before income taxes	145,455	123,772
Provision for income taxes	17,238	18,115
Net income	$ 128,217	$ 105,657
Net income per basic common share	$ 1.59	$ 1.28
Weighted-average number of basic common shares	80,804	82,564
Net income per diluted common share	$ 1.57	$ 1.27
Weighted-average number of diluted common shares and equivalents	81,455	83,332

The accompanying notes are an integral part of the interim consolidated financial statements.

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(unaudited)

	Six Months Ended	
	July 2, 2016	July 4, 2015
Product sales	$ 667,544	$ 634,909
Service sales	344,262	320,235
Total net sales	1,011,806	955,144
Cost of product sales	274,072	260,154
Cost of service sales	147,458	137,799
Total cost of sales	421,530	397,953
Gross profit	590,276	557,191
Selling and administrative expenses	258,932	242,411
Research and development expenses	62,016	59,506
Purchased intangibles amortization	5,055	4,974
Operating income	264,273	250,300
Interest expense	(21,102)	(18,021)
Interest income	8,914	4,840
Income from operations before income taxes	252,085	237,119
Provision for income taxes	29,816	35,401
Net income	$ 222,269	$ 201,718
Net income per basic common share	$ 2.74	$ 2.44
Weighted-average number of basic common shares	81,043	82,798
Net income per diluted common share	$ 2.72	$ 2.41
Weighted-average number of diluted common shares and equivalents	81,663	83,551

The accompanying notes are an integral part of the interim consolidated financial statements.

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)
(unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Net income	$128,217	$105,657	$222,269	$201,718
Other comprehensive (loss) income:				
Foreign currency translation	(31,485)	21,957	(15,434)	(42,391)
Unrealized gains (losses) on investments before income taxes	1,881	(2,184)	5,170	583
Income tax (expense) benefit	(76)	87	(169)	(29)
Unrealized gains (losses) on investments, net of tax	1,805	(2,097)	5,001	554
Retirement liability adjustment before reclassifications	501	(555)	(499)	1,581
Amounts reclassified to selling and administrative expenses	810	921	1,620	1,842
Retirement liability adjustment before income taxes	1,311	366	1,121	3,423
Income tax expense	(613)	(123)	(891)	(1,154)
Retirement liability adjustment, net of tax	698	243	230	2,269
Other comprehensive (loss) income	(28,982)	20,103	(10,203)	(39,568)
Comprehensive income	$ 99,235	$125,760	$212,066	$162,150

The accompanying notes are an integral part of the interim consolidated financial statements.

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(unaudited)

	Six Months Ended	
	July 2, 2016	July 4, 2015
Cash flows from operating activities:		
Net income	$ 222,269	$ 201,718
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	24,237	16,610
Deferred income taxes	637	542
Depreciation	26,055	22,766
Amortization of intangibles	22,022	22,372
Change in operating assets and liabilities, net of acquisitions:		
Decrease in accounts receivable	32,318	15,842
Increase in inventories	(25,003)	(27,678)
Decrease (increase) in other current assets	2,812	(9,596)
Increase in other assets	(3,517)	(9,397)
Decrease in accounts payable and other current liabilities	(41,100)	(22,287)
Increase in deferred revenue and customer advances	46,801	43,352
Increase in other liabilities	9,374	13,305
Net cash provided by operating activities	316,905	267,549
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(49,696)	(45,293)
Business acquisitions, net of cash acquired	—	(9,408)
Purchases of investments	(1,205,035)	(1,328,292)
Maturities and sales of investments	987,060	1,118,485
Net cash used in investing activities	(267,671)	(264,508)
Cash flows from financing activities:		
Proceeds from debt issuances	400,177	195,073
Payments on debt	(310,239)	(100,019)
Payments of debt issuance costs	(1,705)	(2,309)
Proceeds from stock plans	23,272	24,777
Purchases of treasury shares	(172,392)	(170,958)
Excess tax benefit related to stock option plans	3,517	5,689
Payments for derivative contracts	(7,531)	(805)
Net cash used in financing activities	(64,901)	(48,552)
Effect of exchange rate changes on cash and cash equivalents	(8,616)	(10,791)
Decrease in cash and cash equivalents	(24,283)	(56,302)
Cash and cash equivalents at beginning of period	487,665	422,177
Cash and cash equivalents at end of period	$ 463,382	$ 365,875

The accompanying notes are an integral part of the interim consolidated financial statements.

WATERS CORPORATION AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1 Basis of Presentation and Summary of Significant Accounting Policies

Waters Corporation ("Waters ® " or the "Company") is an analytical instrument manufacturer that primarily designs, manufactures, sells and services high performance liquid chromatography ("HPLC"), ultra performance liquid chromatography ("UPLC ® " and together with HPLC, referred to as "LC") and mass spectrometry ("MS") technology systems and support products, including chromatography columns, other consumable products and comprehensive post-warranty service plans. These systems are complementary products that are frequently employed together ("LC-MS") and sold as integrated instrument systems using a common software platform. LC is a standard technique and is utilized in a broad range of industries to detect, identify, monitor and measure the chemical, physical and biological composition of materials, and to purify a full range of compounds. MS instruments are used in drug discovery and development, including clinical trial testing, the analysis of proteins in disease processes (known as "proteomics"), nutritional safety analysis and environmental testing. LC-MS instruments combine a liquid phase sample introduction and separation system with mass spectrometric compound identification and quantification. In addition, the Company designs, manufactures, sells and services thermal analysis, rheometry and calorimetry instruments through its TA ® product line. These instruments are used in predicting the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals and viscous liquids for various industrial, consumer goods and healthcare products, as well as for pharmaceutical research. The Company is also a developer and supplier of software-based products that interface with the Company's instruments, as well as other suppliers' instruments, and are typically purchased by customers as part of the instrument system.

The Company's interim fiscal quarter typically ends on the thirteenth Saturday of each quarter. Since the Company's fiscal year end is December 31, the first and fourth fiscal quarters may have more or less than thirteen complete weeks. The Company's second fiscal quarters for 2016 and 2015 ended on July 2, 2016 and July 4, 2015, respectively.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles ("GAAP") in the United States of America. The consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly owned. All material inter-company balances and transactions have been eliminated.

The preparation of consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities at the dates of the financial statements. Actual amounts may differ from these estimates under different assumptions or conditions.

It is management's opinion that the accompanying interim consolidated financial statements reflect all adjustments (which are normal and recurring) that are necessary for a fair statement of the results for the interim periods. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the U.S. Securities and Exchange Commission on February 26, 2016.

Translation of Foreign Currencies

For most of the Company's foreign operations, assets and liabilities are translated into U.S. dollars at exchange rates prevailing on the balance sheet date, while revenues and expenses are translated at average exchange rates prevailing during the period. The functional currency of each of the Company's foreign operating subsidiaries is the local currency of that particular country, except for the Company's subsidiaries in Hong Kong, Singapore and the Cayman Islands, where the underlying transactional cash flows are denominated in currencies other than the respective local currency of domicile. The functional currency of the Hong Kong, Singapore and Cayman Islands subsidiaries is the U.S. dollar, based on the respective entity's cash flows.

Cash, Cash Equivalents and Investments

Cash equivalents represent highly liquid investments, with original maturities of 90 days or less, while investments with longer maturities are classified as investments. The Company maintains cash balances in various operating accounts in excess of federally insured limits, and in foreign subsidiary accounts in currencies other than the U.S. dollar. As of July 2, 2016 and December 31, 2015, $2,559 million out of $2,600 million and $2,346 million out of

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

$2,399 million, respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidiaries and may be subject to material tax effects on distribution to U.S. legal entities. In addition, $252 million out of $2,600 million and $248 million out of $2,399 million of cash, cash equivalents and investments were held in currencies other than the U.S. dollar at July 2, 2016 and December 31, 2015, respectively.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements and disclosures, certain of the Company's assets and liabilities are measured at fair value on a recurring basis as of July 2, 2016 and December 31, 2015. Fair values determined by Level 1 inputs utilize observable data, such as quoted prices in active markets. Fair values determined by Level 2 inputs utilize data points other than quoted prices in active markets that are observable either directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at July 2, 2016 (in thousands):

	Total at July 2, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury securities	$ 585,448	$ —	$ 585,448	$ —
Foreign government securities	18,024	—	18,024	—
Corporate debt securities	1,454,719	—	1,454,719	—
Time deposits	166,152	—	166,152	—
Equity securities	147	—	147	—
Other cash equivalents	11,000	—	11,000	—
Waters 401(k) Restoration Plan assets	30,031	—	30,031	—
Foreign currency exchange contracts	174	—	174	—
Total	$2,265,695	$ —	$2,265,695	$ —
Liabilities:				
Contingent consideration	$ 4,608	$ —	$ —	$ 4,608
Foreign currency exchange contracts	952	—	952	—
Total	$ 5,560	$ —	$ 952	$ 4,608

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2015 (in thousands):

	Total at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury securities	$ 627,156	$ —	$ 627,156	$ —
Foreign government securities	15,199	—	15,199	—
Corporate debt securities	1,324,318	—	1,324,318	—
Time deposits	74,947	—	74,947	—
Equity securities	147	—	147	—
Other cash equivalents	27,000	—	27,000	—
Waters 401(k) Restoration Plan assets	35,823	—	35,823	—
Foreign currency exchange contracts	616	—	616	—
Total	$ 2,105,206	$ —	$2,105,206	$ —
Liabilities:				
Contingent consideration	$ 4,215	$ —	$ —	$ 4,215
Foreign currency exchange contracts	402	—	402	—
Total	$ 4,617	$ —	$ 402	$ 4,215

The fair values of the Company's cash equivalents, investments, 401(k) restoration plan assets and foreign currency exchange contracts are determined through market and observable sources and have been classified as Level 2. These assets and liabilities have been initially valued at the transaction price and subsequently valued, typically utilizing third-party pricing services. The pricing services use many inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer quotes, current spot rates and other industry and economic events. The Company validates the prices provided by third-party pricing services by reviewing their pricing methods and obtaining market values from other pricing sources. After completing these validation procedures, the Company did not adjust or override any fair value measurements provided by third-party pricing services as of July 2, 2016 and December 31, 2015.

Fair Value of Contingent Consideration

The fair value of the Company's liability for contingent consideration relates to the July 2014 acquisition of Medimass Research, Development and Service Kft. and is determined using a probability-weighted discounted cash flow model, which uses significant unobservable inputs, and has been classified as Level 3. Subsequent changes in the fair value of the contingent consideration liability are recorded in the results of operations. The fair value of the contingent consideration liability associated with future earnout payments is based on several factors, including the estimated future results and a discount rate that reflects both the likelihood of achieving the estimated future results and the Company's creditworthiness. A change in any of these unobservable inputs can significantly change the fair value of the contingent consideration. Although there is no contractual limit, the fair value of future contingent consideration payments was estimated to be $5 million and $4 million at July 2, 2016 and December 31, 2015, respectively, based on the Company's best estimate, as the earnout is based on future sales of certain products through 2034. There have been no changes in significant assumptions since December 31, 2015 and the change in fair value since then is primarily due to change in time value of money.

Fair Value of Other Financial Instruments

The Company's cash, accounts receivable, accounts payable and variable interest rate debt are recorded at cost, which approximates fair value. The carrying value of the Company's fixed interest rate debt was $610 million and $450 million at July 2, 2016 and December 31, 2015, respectively. The fair value of the Company's fixed interest rate debt was estimated using discounted cash flow models, based on estimated current rates offered for similar debt under current market conditions for the Company. The fair value of the Company's fixed interest rate debt was estimated to be $623 million and $454 million at July 2, 2016 and December 31, 2015, respectively, using Level 2 inputs.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

Derivative Transactions

The Company is a global company that operates in over 35 countries and, as a result, the Company's net sales, cost of sales, operating expenses and balance sheet amounts are significantly impacted by fluctuations in foreign currency exchange rates. The Company is exposed to currency price risk on foreign currency exchange rate fluctuations when it translates its non-U.S. dollar foreign subsidiaries' financial statements into U.S. dollars, and when any of the Company's subsidiaries purchase or sell products or services in a currency other than its own currency.

The Company's principal strategy in managing exposure to changes in foreign currency exchange rates is to naturally hedge the foreign-currency-denominated liabilities on the Company's balance sheet against corresponding assets of the same currency, such that any changes in liabilities due to fluctuations in foreign exchange rates are typically offset by corresponding changes in assets.

The Company does not specifically enter into any derivatives that hedge foreign-currency-denominated assets, liabilities or commitments on its balance sheet, other than a portion of certain third-party accounts receivable and accounts payable, and the Company's net worldwide intercompany receivables and payables, which are eliminated in consolidation. The Company periodically aggregates its net worldwide balances by currency and then enters into foreign currency exchange contracts that mature within 90 days to hedge a portion of the remaining balance to minimize some of the Company's currency price risk exposure. The foreign currency exchange contracts are not designated for hedge accounting treatment.

Principal hedged currencies include the Euro, Japanese yen, British pound and Brazilian real. At July 2, 2016 and December 31, 2015, the Company held foreign exchange contracts with notional amounts totaling $128 million and $116 million, respectively.

The Company's foreign currency exchange contracts included in the consolidated balance sheets are classified as follows (in thousands):

	July 2, 2016	December 31, 2015
Other current assets	$ 174	$ 616
Other current liabilities	$ 952	$ 402

The following is a summary of the activity in the statements of operations related to the foreign exchange contracts (in thousands):

	Three Months Ended		Six Months Ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Realized (losses) gains on closed contracts	$ (5,637)	$ 2,542	$ (7,531)	$ (805)
Unrealized (losses) gains on open contracts	(963)	(280)	(992)	62
Cumulative net pre-tax (losses) gains	$ (6,600)	$ 2,262	$ (8,523)	$ (743)

Stockholders' Equity

In May 2014, the Company's Board of Directors authorized the Company to repurchase up to $750 million of its outstanding common stock over a three-year period. The Company repurchased 1.3 million shares of the Company's outstanding common stock during both the six months ended July 2, 2016 and July 4, 2015 at a cost of $166 million and $165 million, respectively, under the May 2014 authorization and other previously announced programs. The Company has a total of $275 million authorized for future repurchases under the May 2014 plan. In addition, the Company repurchased $6 million of common stock related to the vesting of restricted stock units during both the six months ended July 2, 2016 and July 4, 2015. The Company believes that it has the financial flexibility to fund these share repurchases given current cash levels and debt borrowing capacity, as well as to invest in research, technology and business acquisitions to further grow the Company's sales and profits.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

Product Warranty Costs

The Company accrues estimated product warranty costs at the time of sale, which are included in cost of sales in the consolidated statements of operations. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, the Company's warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. The amount of the accrued warranty liability is based on historical information, such as past experience, product failure rates, number of units repaired and estimated costs of material and labor. The liability is reviewed for reasonableness at least quarterly.

The following is a summary of the activity of the Company's accrued warranty liability for the six months ended July 2, 2016 and July 4, 2015 (in thousands):

	Balance at Beginning of Period	Accruals for Warranties	Settlements Made	Balance at End of Period
Accrued warranty liability:				
July 2, 2016	$ 13,349	$ 4,297	$ (4,719)	$ 12,927
July 4, 2015	$ 13,266	$ 3,744	$ (3,971)	$ 13,039

2 Marketable Securities

The Company's marketable securities within cash equivalents and investments included in the consolidated balance sheets are detailed as follows (in thousands):

	July 2, 2016			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
U.S. Treasury securities	$ 584,156	$ 1,293	$ (1)	$ 585,448
Foreign government securities	17,999	25	—	18,024
Corporate debt securities	1,453,165	1,934	(380)	1,454,719
Time deposits	166,152	—	—	166,152
Equity securities	77	70	—	147
Total	$2,221,549	$ 3,322	$ (381)	$2,224,490
Amounts included in:				
Cash equivalents	$ 88,085	$ 1	$ —	$ 88,086
Investments	2,133,464	3,321	(381)	2,136,404
Total	$2,221,549	$ 3,322	$ (381)	$2,224,490

	December 31, 2015			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
U.S. Treasury securities	$ 628,358	$ 16	$ (1,218)	$ 627,156
Foreign government securities	15,216	—	(17)	15,199
Corporate debt securities	1,325,398	159	(1,239)	1,324,318
Time deposits	74,947	—	—	74,947
Equity securities	77	70	—	147
Total	$2,043,996	$ 245	$ (2,474)	$2,041,767
Amounts included in:				
Cash equivalents	$ 130,169	$ —	$ —	$ 130,169
Investments	1,913,827	245	(2,474)	1,911,598
Total	$2,043,996	$ 245	$ (2,474)	$2,041,767

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The estimated fair value of marketable debt securities by maturity date is as follows (in thousands):

	July 2, 2016	December 31, 2015
Due in one year or less	$1,251,708	$ 1,137,825
Due after one year through three years	806,483	828,848
Total	$2,058,191	$ 1,966,673

3 Inventories

Inventories are classified as follows (in thousands):

	July 2, 2016	December 31, 2015
Raw materials	$ 94,171	$ 88,625
Work in progress	18,240	20,901
Finished goods	174,036	153,889
Total inventories	$ 286,447	$ 263,415

4 Goodwill and Other Intangibles

The carrying amount of goodwill was $353 million and $357 million at July 2, 2016 and December 31, 2015, respectively. During the six months ended July 2, 2016, the effect of foreign currency translation decreased goodwill by $4 million.

The Company's intangible assets included in the consolidated balance sheets are detailed as follows (in thousands):

	July 2, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period
Capitalized software	$359,378	$ 221,241	6 years	$335,949	$ 204,267	7 years
Purchased intangibles	163,468	124,872	11 years	163,500	119,505	11 years
Trademarks and IPR&D	13,870	—		14,364	—	
Licenses	4,948	3,927	6 years	5,396	4,046	6 years
Patents and other intangibles	60,209	34,440	8 years	58,519	31,888	8 years
Total	$601,873	$ 384,480	7 years	$577,728	$ 359,706	8 years

During the six months ended July 2, 2016, the effect of foreign currency translation increased the gross carrying value of intangible assets and accumulated amortization for intangible assets by $4 million and $2 million, respectively. Amortization expense for intangible assets was $11 million for both the three months ended July 2, 2016 and July 4, 2015. Amortization expense for intangible assets was $22 million for both the six months ended July 2, 2016 and July 4, 2015. Amortization expense for intangible assets is estimated to be approximately $44 million per year for each of the next five years.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

5 Debt

On May 12, 2016, the Company issued and sold the following senior unsecured notes:

Senior Unsecured Notes	Term	Interest Rate	Face Value (in millions)	Maturity Date
Series I	7 years	3.13%	$ 50	May 2023
Series J	8 years	Floating Rate*	$ 40	May 2024
Series K	10 years	3.44%	$ 160	May 2026

* Series J senior unsecured notes bear interest at 3 month LIBOR for that floating rate interest period plus 1.45%.

Of the $250 million of proceeds received from the issuance of the new senior unsecured notes, $225 million were used to repay outstanding portions of the revolving facilities. Interest on the Series I and K senior unsecured notes is payable semi-annually each year. Interest on Series J senior unsecured notes is payable quarterly. The Company may prepay all or some of the senior unsecured notes at any time in an amount not less than 10% of the aggregate principal amount outstanding, plus the applicable make-whole amount or prepayment premium for Series J senior unsecured notes. Other provisions for these senior unsecured notes are similar to the existing senior unsecured notes, as described below.

In June 2013, the Company entered into a credit agreement that provides for a $1.1 billion revolving facility and a $300 million term loan facility. In April 2015, Waters entered into an amendment to this agreement (the “Amended Credit Agreement”). The Amended Credit Agreement provides for an increase of the revolving commitments from $1.1 billion to $1.3 billion and extends the maturity of the original credit agreement from June 25, 2018 until April 23, 2020. The Company plans to use future proceeds from the revolving facility for general corporate purposes.

The interest rates applicable to the Amended Credit Agreement are, at the Company’s option, equal to either the alternate base rate calculated daily (which is a rate per annum equal to the greatest of (a) the prime rate in effect on such day, (b) the federal funds effective rate in effect on such day plus 1/2% per annum, or (c) the adjusted LIBO rate on such day (or if such day is not a business day, the immediately preceding business day) for a deposit in U.S. dollars with a maturity of one month plus 1% per annum) or the applicable 1, 2, 3 or 6 month adjusted LIBO rate, in each case, plus an interest rate margin based upon the Company’s leverage ratio, which can range between 0 to 12.5 basis points for alternate base rate loans and between 80 basis points and 117.5 basis points for adjusted LIBO rate loans. The facility fee on the Amended Credit Agreement ranges between 7.5 basis points and 20 basis points. The Amended Credit Agreement requires that the Company comply with an interest coverage ratio test of not less than 3.50:1 as of the end of any fiscal quarter for any period of four consecutive fiscal quarters and a leverage ratio test of not more than 3.50:1 as of the end of any fiscal quarter. In addition, the Amended Credit Agreement includes negative covenants, affirmative covenants, representations and warranties and events of default that are customary for investment grade credit facilities.

At July 2, 2016, $125 million of the outstanding portion of the revolving facility was classified as short-term liabilities in the consolidated balance sheet due to the fact that the Company expects to repay this portion of the borrowing under the revolving line of credit within the next twelve months. The remaining $635 million of the outstanding portion of the revolving facility was classified as long-term liabilities in the consolidated balance sheet, as this portion is not expected to be repaid within the next twelve months.

As of July 2, 2016 and December 31, 2015, the Company had a total of $700 million and $500 million of outstanding senior unsecured notes, respectively. Interest on the fixed rate senior unsecured notes is payable semi-annually each year. Interest on the floating rate senior unsecured notes is payable quarterly. The Company may prepay all or some of the senior unsecured notes at any time in an amount not less than 10% of the aggregate principal amount outstanding, plus the applicable make-whole amount or prepayment premium for Series H and J senior unsecured notes. In the event of a change in control of the Company (as defined in the note purchase agreement), the Company may be required to prepay the senior unsecured notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. These senior unsecured notes require that the Company comply with an interest coverage ratio test of not less than 3.50:1 for any period of four consecutive fiscal quarters and a leverage ratio test of not more than 3.50:1 as of the end of any fiscal quarter. In addition, these senior unsecured notes include customary negative covenants, affirmative covenants, representations and warranties and events of default.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The Company had the following outstanding debt at July 2, 2016 and December 31, 2015 (in thousands):

	July 2, 2016	December 31, 2015
Foreign subsidiary lines of credit	$ 260	$ 322
Senior unsecured notes - Series C - 2.50%, due March 2016	—	50,000
Credit agreements	125,000	125,000
Unamortized debt issuance costs	—	(13)
Total notes payable and debt	125,260	175,309
Senior unsecured notes - Series B - 5.00%, due February 2020	100,000	100,000
Senior unsecured notes - Series D - 3.22%, due March 2018	100,000	100,000
Senior unsecured notes - Series E - 3.97%, due March 2021	50,000	50,000
Senior unsecured notes - Series F - 3.40%, due June 2021	100,000	100,000
Senior unsecured notes - Series G - 3.92%, due June 2024	50,000	50,000
Senior unsecured notes - Series H - floating rate*, due June 2024	50,000	50,000
Senior unsecured notes - Series I - 3.13%, due May 2023	50,000	—
Senior unsecured notes - Series J - floating rate**, due May 2024	40,000	—
Senior unsecured notes - Series K - 3.44%, due May 2026	160,000	—
Credit agreements	935,000	1,045,000
Unamortized debt issuance costs	(3,302)	(1,973)
Total long-term debt	1,631,698	1,493,027
Total debt	$1,756,958	$ 1,668,336

* Series H senior unsecured notes bear interest at a 3-month LIBOR for that floating rate interest period plus 1.25%.
** Series J senior unsecured notes bear interest at a 3-month LIBOR for that floating rate interest period plus 1.45%.

As of July 2, 2016 and December 31, 2015, the Company had a total amount available to borrow under the existing credit agreements of $538 million and $428 million, respectively, after outstanding letters of credit. The weighted-average interest rates applicable to the senior unsecured notes and credit agreement borrowings collectively were 2.40% and 2.11% at July 2, 2016 and December 31, 2015, respectively. As of July 2, 2016, the Company was in compliance with all debt covenants.

The Company and its foreign subsidiaries also had available short-term lines of credit totaling $101 million and $97 million at July 2, 2016 and December 31, 2015, respectively, for the purpose of short-term borrowing and issuance of commercial guarantees. At July 2, 2016 and December 31, 2015, the weighted-average interest rates applicable to these short-term borrowings were 1.48% and 1.24%, respectively.

6 Income Taxes

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the United Kingdom and Singapore, where the marginal effective tax rates were approximately 37.5%, 12.5%, 20% and 0%, respectively, as of July 2, 2016. The Company has a contractual tax rate in Singapore of 0% through March 2021, based upon the achievement of certain contractual milestones, which the Company expects to continue to meet. The current statutory tax rate in Singapore is 17%. For the first half of 2016, the effect of applying the contractual tax rate in Singapore, as compared with applying the statutory tax rate, increased net income by $10 million and increased net income per diluted share by $0.12.

The Company's effective tax rate was 11.9% and 14.6% for the three months ended July 2, 2016 and July 4, 2015, respectively. The Company's effective tax rate was 11.8% and 14.9% for the six months ended July 2, 2016 and July 4, 2015, respectively. The decrease in the effective tax rates for the three and six months ended July 2, 2016 as compared to the three and six months ended July 4, 2015 can be attributed to the release of a valuation allowance on

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

certain net operating loss carryforwards and to differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates. The effective tax rate for the six months ended July 2, 2016 was also impacted by a tax benefit recorded in the first quarter of 2016 associated with modifications to certain stock compensation awards. In addition, the effective tax rate for the three and six months ended July 4, 2015 did not include the U.S. research and development tax credit as it was not enacted by the government or recognized by the Company until the fourth quarter of 2015.

The Company accounts for its uncertain tax return reporting positions in accordance with the accounting standards for income taxes, which require financial statement reporting of the expected future tax consequences of uncertain tax reporting positions on the presumption that all concerned tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but prohibit any discounting of unrecognized tax benefits associated with those reporting positions for the time value of money.

The following is a summary of the activity of the Company's unrecognized tax benefits for the six months ended July 2, 2016 and July 4, 2015 (in thousands):

	July 2, 2016	July 4, 2015
Balance at the beginning of the period	$ 14,450	$ 19,596
Net changes in uncertain tax benefits	(2,563)	57
Balance at the end of the period	$ 11,887	$ 19,653

With limited exceptions, the Company is no longer subject to tax audit examinations in significant jurisdictions for the years ended on or before December 31, 2012. However, carryforward tax attributes that were generated in years beginning on or before January 1, 2013 may still be adjusted upon examination by tax authorities if the attributes are utilized. The Company continuously monitors the lapsing of statutes of limitations on potential tax assessments for related changes in the measurement of unrecognized tax benefits, related net interest and penalties, and deferred tax assets and liabilities. As of July 2, 2016, the Company expects to record additional reductions in the measurement of its unrecognized tax benefits and related net interest and penalties of approximately $5 million within the next twelve months due to potential tax audit settlements and the lapsing of statutes of limitations on potential tax assessments. The Company does not expect to record any other material reductions in the measurement of its unrecognized tax benefits within the next twelve months.

7 Stock-Based Compensation

The Company maintains various shareholder-approved, stock-based compensation plans which allow for the issuance of incentive or non-qualified stock options, stock appreciation rights, restricted stock or other types of awards (e.g. restricted stock units).

The Company accounts for stock-based compensation costs in accordance with the accounting standards for stock-based compensation, which require that all share-based payments to employees be recognized in the statements of operations based on their grant date fair values. The Company recognizes the expense using the straight-line attribution method. The stock-based compensation expense recognized in the consolidated statements of operations is based on awards that ultimately are expected to vest; therefore, the amount of expense has been reduced for estimated forfeitures. The stock-based compensation accounting standards require forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience. If actual results differ significantly from these estimates, stock-based compensation expense and the Company's results of operations could be materially impacted. In addition, if the Company employs different assumptions in the application of these standards, the compensation expense that the Company records in the future periods may differ significantly from what the Company has recorded in the current period.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The consolidated statements of operations for the three and six months ended July 2, 2016 and July 4, 2015 include the following stock-based compensation expense related to stock option awards, restricted stock, restricted stock unit awards and the employee stock purchase plan (in thousands):

	Three Months Ended		Six Months Ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Cost of sales	$ 656	$ 648	$ 1,327	$ 1,322
Selling and administrative expenses	6,613	6,426	20,582	13,060
Research and development expenses	1,127	1,081	2,328	2,228
Total stock-based compensation	$ 8,396	$ 8,155	$ 24,237	$ 16,610

During the six months ended July 2, 2016, the Company recognized $7 million of stock compensation expense related to the modification of certain stock awards upon the retirement of senior executives.

Stock Options

In determining the fair value of the stock options, the Company makes a variety of assumptions and estimates, including volatility measures, expected yields and expected stock option lives. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model. The Company uses implied volatility on its publicly-traded options as the basis for its estimate of expected volatility. The Company believes that implied volatility is the most appropriate indicator of expected volatility because it is generally reflective of historical volatility and expectations of how future volatility will differ from historical volatility. The expected life assumption for grants is based on historical experience for the population of non-qualified stock option exercises. The risk-free interest rate is the yield currently available on U.S. Treasury zero-coupon issues with a remaining term approximating the expected term used as the input to the Black-Scholes model. The relevant data used to determine the value of the stock options granted during the six months ended July 2, 2016 and July 4, 2015 are as follows:

	Six Months Ended	
Options Issued and Significant Assumptions Used to Estimate Option Fair Values	July 2, 2016	July 4, 2015
Options issued (in thousands)	86	37
Risk-free interest rate	1.5%	1.7%
Expected life in years	5	4
Expected volatility	0.286	0.262
Expected dividends	—	—

	Six Months Ended	
Weighted-Average Exercise Price and Fair Value of Options on the Date of Grant	July 2, 2016	July 4, 2015
Exercise price	$ 122.65	$ 116.65
Fair value	$ 34.63	$ 28.17

The following table summarizes stock option activity for the plans for the six months ended July 2, 2016 (in thousands, except per share data):

	Number of Shares	Price per Share	Weighted-Average Exercise Price
Outstanding at December 31, 2015	3,154	$38.09 to $134.37	$ 96.73
Granted	86	$117.68 to $130.35	$ 122.65
Exercised	(252)	$41.20 to $113.36	$ 79.21
Canceled	(50)	$79.15 to $128.93	$ 109.16
Outstanding at July 2, 2016	2,938	$38.09 to $134.37	$ 98.78

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

Restricted Stock

During the six months ended July 2, 2016, the Company granted eight thousand shares of restricted stock. The fair value of these awards on the grant date was $130.35 per share.

Restricted Stock Units

The following table summarizes the unvested restricted stock unit award activity for the six months ended July 2, 2016 (in thousands, except for per share data):

	Shares	Weighted-Average Price
Unvested at December 31, 2015	497	$ 104.16
Granted	136	$ 117.75
Vested	(135)	$ 97.57
Forfeited	(9)	$ 112.25
Unvested at July 2, 2016	489	$ 109.61

Restricted stock units are generally granted annually in February and vest in equal annual installments over a five-year period.

8 Earnings Per Share

Basic and diluted earnings per share ("EPS") calculations are detailed as follows (in thousands, except per share data):

	Three Months Ended July 2, 2016		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 128,217	80,804	$ 1.59
Effect of dilutive stock option, restricted stock and restricted stock unit securities	—	651	(0.02)
Net income per diluted common share	$ 128,217	81,455	$ 1.57

	Three Months Ended July 4, 2015		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 105,657	82,564	$ 1.28
Effect of dilutive stock option, restricted stock and restricted stock unit securities	—	768	(0.01)
Net income per diluted common share	$ 105,657	83,332	$ 1.27

	Six Months Ended July 2, 2016		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 222,269	81,043	$ 2.74
Effect of dilutive stock option, restricted stock and restricted stock unit securities	—	620	(0.02)
Net income per diluted common share	$ 222,269	81,663	$ 2.72

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

	Six Months Ended July 4, 2015		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 201,718	82,798	$ 2.44
Effect of dilutive stock option, restricted stock and restricted stock unit securities	—	753	(0.03)
Net income per diluted common share	$ 201,718	83,551	$ 2.41

For the three and six months ended July 2, 2016, the Company had 0.8 million and 1.2 million stock options that were antidilutive, respectively, due to having higher exercise prices than the Company's average stock price during the period. For the three and six months ended July 4, 2015, the Company had 0.5 million and 0.6 million stock options that were antidilutive, respectively. These securities were not included in the computation of diluted EPS. The effect of dilutive securities was calculated using the treasury stock method.

9 Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income are detailed as follows (in thousands):

	Currency Translation	Unrealized Gain (Loss) on Benefit Plans	Unrealized Gain (Loss) on Investments	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2015	$ (103,570)	$ (40,946)	$ (2,210)	$ (146,726)
Other comprehensive (loss) income, net of tax	(15,434)	230	5,001	(10,203)
Balance at July 2, 2016	$ (119,004)	$ (40,716)	$ 2,791	$ (156,929)

10 Retirement Plans

The Company sponsors various retirement plans. The summary of the components of net periodic pension costs for the plans for the three and six months ended July 2, 2016 and July 4, 2015 is as follows (in thousands):

	Three Months Ended					
	July 2, 2016			July 4, 2015		
	U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans
Service cost	$ 94	$ 116	$ 1,250	$ —	$ 262	$ 1,337
Interest cost	1,745	135	429	1,513	118	402
Expected return on plan assets	(2,417)	(130)	(406)	(2,318)	(122)	(410)
Net amortization:						
Prior service (credit) cost	—	—	(49)	—	—	14
Net actuarial loss	667	—	192	679	—	273
Net periodic pension cost (benefit)	$ 89	$ 121	$ 1,416	$ (126)	$ 258	$ 1,616

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

	Six Months Ended					
	July 2, 2016			July 4, 2015		
	U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans
Service cost	$ 188	$ 232	$ 2,468	$ —	$ 524	$ 2,674
Interest cost	3,490	270	850	3,026	236	804
Expected return on plan assets	(4,834)	(260)	(805)	(4,636)	(244)	(820)
Net amortization:						
Prior service (credit) cost	—	—	(94)	—	—	28
Net actuarial loss	1,334	—	380	1,358	—	546
Net periodic pension cost (benefit)	$ 178	$ 242	$ 2,799	$ (252)	$ 516	$ 3,232

During fiscal year 2016, the Company expects to contribute a total of approximately $5 million to $10 million to the Company's defined benefit plans.

11 Business Segment Information

The Company's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the Company determined that it has two operating segments: Waters and TA.

The Waters operating segment is primarily in the business of designing, manufacturing, distributing and servicing LC and MS instruments, columns and other chemistry consumables that can be integrated and used along with other analytical instruments. The TA operating segment is primarily in the business of designing, manufacturing, distributing and servicing thermal analysis, rheometry and calorimetry instruments. The Company's two operating segments have similar economic characteristics; product processes; products and services; types and classes of customers; methods of distribution and regulatory environments. Because of these similarities, the two segments have been aggregated into one reporting segment for financial statement purposes. Please refer to the consolidated financial statements for financial information regarding the one reportable segment of the Company.

Net sales for the Company's products and services are as follows for the three and six months ended July 2, 2016 and July 4, 2015 (in thousands):

	Three Months Ended		Six Months Ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Product net sales:				
Waters instrument systems	$ 231,908	$ 217,576	$ 420,437	$ 406,080
Chemistry	87,048	77,739	171,198	155,922
TA instrument systems	40,731	36,721	75,909	72,907
Total product sales	359,687	332,036	667,544	634,909
Service net sales:				
Waters service	159,775	146,917	311,289	289,898
TA service	17,098	15,787	32,973	30,337
Total service sales	176,873	162,704	344,262	320,235
Total net sales	$ 536,560	$ 494,740	$1,011,806	$ 955,144

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

12 Recent Accounting Standard Changes and Developments

Recently Issued Accounting Standards

In May 2014, amended accounting guidance was issued regarding the recognition of revenue from contracts with customers. The objective of this guidance is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions and capital markets. This guidance was originally effective for annual and interim reporting periods beginning after December 15, 2016; however, the Financial Accounting Standards Board has amended the standard in August 2015 to delay the effective period date by one year to annual and interim periods beginning after December 15, 2017. Adoption prior to December 15, 2016 is not permitted. In March 2016, the FASB clarified the implementation guidance on principal versus agent considerations and, in April 2016, clarification was made regarding certain aspects of identifying performance obligations and licensing implementation guidance. In May 2016, additional guidance was issued related to disclosure of remaining performance obligations, as well as other amendments to guidance on collectibility, non-cash consideration and the presentation of sales and other similar taxes collected from customers. The Company is currently evaluating its adoption method and the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

In July 2015, accounting guidance was issued which clarifies the measurement of inventory. The new guidance requires inventory to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance is effective for annual and interim periods beginning after December 15, 2016. The Company is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

In January 2016, accounting guidance was issued which primarily affects the classification and measurement of certain financial instruments, principally equity investments and certain financial liabilities. Under the new guidance, there will no longer be an available-for-sale classification for equity securities with readily determinable fair values. Changes to the fair value of equity investments will be recognized through earnings. Equity investments carried at cost should be adjusted for changes in observable prices, as applicable, and qualitatively assessed for impairment annually. Changes to the fair value of financial liabilities under the fair value option due to instrument specific credit risk will be recognized separately in other comprehensive income. The new guidance also requires financial assets and financial liabilities to be presented separately and grouped by measurement category in the notes to the financial statements. This guidance is effective for annual and interim reporting periods beginning after December 15, 2017 and early adoption of certain provisions of this guidance is permitted. The Company is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

In February 2016, accounting guidance was issued regarding the accounting for leases. This new comprehensive lease standard amends various aspects of existing accounting guidance for leases. The core principle of the new guidance will require lessees to present the assets and liabilities that arise from leases on their balance sheets. This guidance is effective for annual and interim reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

In March 2016, accounting guidance was issued which simplifies the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016 and early adoption is permitted. The Company is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

In June 2016, accounting guidance was issued that modifies the recognition of credit losses related to financial assets, such as debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, and other financial assets that have the contractual right to receive cash. Current guidance requires the recognition of a credit loss when it is considered probable that a loss event was incurred. The new guidance requires the measurement of expected credit losses to be based upon relevant information, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the asset. As such, expected credit losses may be recognized sooner under the new guidance due to the broader range of information that will be required to determine credit loss estimates. The new guidance also amends the current other-than-

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

temporary impairment model used for debt securities classified as available-for-sale. When the fair value of an available-for-sale debt security is below its amortized cost, the new guidance requires the total unrealized loss to be bifurcated into its credit and non-credit components. Any expected credit losses or subsequent recoveries will be recognized in earnings and any changes not considered credit related will continue to be recognized within other comprehensive income. This guidance is effective for annual and interim periods beginning after December 15, 2019. The Company is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations and cash flows.

Item 2: ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Business and Financial Overview

The Company has two operating segments: Waters ® and TA ® . Waters products and services primarily consist of high performance liquid chromatography ("HPLC"), ultra performance liquid chromatography ("UPLC ® " and together with HPLC, referred to as "LC"), mass spectrometry ("MS") and chemistry consumable products and related services. TA products and services primarily consist of thermal analysis, rheometry and calorimetry instrument systems and service sales. The Company's products are used by pharmaceutical, biochemical, industrial, nutritional safety, environmental, academic and governmental customers. These customers use the Company's products to detect, identify, monitor and measure the chemical, physical and biological composition of materials and to predict the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals and viscous liquids in various industrial, consumer goods and healthcare products.

The Company's operating results are as follows for the three and six months ended July 2, 2016 and July 4, 2015 (in thousands, except per share data):

	Three Months Ended			Six Months Ended		
	July 2, 2016	July 4, 2015	% Change	July 2, 2016	July 4, 2015	% Change
Product sales	$ 359,687	$ 332,036	8%	$ 667,544	$ 634,909	5%
Service sales	176,873	162,704	9%	344,262	320,235	8%
Total net sales	536,560	494,740	8%	1,011,806	955,144	6%
Total cost of sales	220,379	208,707	6%	421,530	397,953	6%
Gross profit	316,181	286,033	11%	590,276	557,191	6%
Gross profit as a % of sales	*58.9%*	*57.8%*		*58.3%*	*58.3%*	
Selling and administrative expenses	129,581	122,660	6%	258,932	242,411	7%
Research and development expenses	32,578	30,555	7%	62,016	59,506	4%
Purchased intangibles amortization	2,411	2,500	(4%)	5,055	4,974	2%
Operating income	151,611	130,318	16%	264,273	250,300	6%
Operating income as a % of sales	*28.3%*	*26.3%*		*26.1%*	*26.2%*	
Interest expense, net	(6,156)	(6,546)	(6%)	(12,188)	(13,181)	(8%)
Income from operations before income taxes	145,455	123,772	18%	252,085	237,119	6%
Provision for income tax expense	17,238	18,115	(5%)	29,816	35,401	(16%)
Net income	$ 128,217	$ 105,657	21%	$ 222,269	$ 201,718	10%
Net income per diluted common share	$ 1.57	$ 1.27	24%	$ 2.72	$ 2.41	13%

Sales in the second quarter of 2016 grew 8% for the quarter and 6% year-to-date, with strong demand for the Company's products and services coming from pharmaceutical, fine chemical and nutritional safety customers. Instrument system sales increased 7% and 4% for the quarter and year-to-date, respectively, driven by the recently introduced ACQUITY ® Arc systems and TA Discovery DSC systems. Recurring revenues (combined sales of chemistry consumables and services) increased 10% and 8% for the quarter and year-to-date, respectively, resulting from product introductions and a larger installed customer base. Recent acquisitions and foreign currency translation had a minimal impact on sales growth during the quarter. Year-to-date, recent acquisitions added 1% to sales and foreign currency translation reduced sales by 1%.

During the second quarter of 2016, sales in Europe, China and Japan grew at a double-digit rate over the prior year quarter and sales in China and Japan grew at a double-digit rate as compared to the first half of 2015. The sales growth in Europe and China was broad-based across all product lines, while the increase in Japan's sales growth is primarily attributable to the favorable effect of foreign currency translation. Sales in the rest of Asia during the

second quarter declined on lower sales to industrial customers and the unfavorable effect of foreign currency translation. Sales in the U.S. in the second quarter of 2016 grew at a mid-single digit growth rate for both the quarter and year-to-date. Sales in the rest of the world also grew at a mid-single digit growth rate for the quarter, bringing these year-to-date sales flat with the first half of 2015.

For the second quarter of 2016, sales to pharmaceutical customers increased 12% and 10% for the quarter and year-to-date, respectively, with double-digit sales growth in Europe, China, Japan and the rest of Asia for the quarter and in China and Japan year-to-date. Combined sales to industrial chemical, nutritional safety and environmental customers increased 8% and 3% for the quarter and year-to-date, respectively. Europe and Japan drove the increase in sales to industrial chemical, nutritional safety and environmental customers with double-digit sales growth in both the quarter and year-to-date. Combined sales to governmental and academic customers decreased 4% and 3% for the quarter and year-to-date, respectively, with sales decreases in the U.S., Europe and Japan offset by modest increases in China, the rest of Asia and the rest of the world.

The increase in gross profit for both the quarter and year-to-date was primarily a result of higher sales volumes. In addition, gross profit and gross profit margin percentage increased slightly in the quarter due to a favorable effect of foreign currency translation, particularly on sales in Japan and on operating costs at the Company's manufacturing facility in the U.K. Based on current foreign currency exchange rates and forecasts, the Company estimates that the full year impact of foreign currency translation on gross profit will be slightly favorable as compared to the prior year.

Selling and administrative expenses increased 6% and 7% for the quarter and year-to-date, respectively, primarily as a result of headcount additions and higher merit compensation. In addition, foreign currency translation reduced selling and administrative expenses by 1% and 2% for the quarter and year-to-date, respectively. Year-to-date, selling and administrative expenses include $7 million of stock compensation expense incurred in the first quarter of 2016 related to the modification of certain stock awards upon the retirement of senior executives.

Research and development expenses increased 7% and 4% in the quarter and year-to-date, respectively, and were primarily a result of increased spending on new products and the development of new technology initiatives, which was somewhat offset by a 3% decrease in expenses for both the quarter and year-to-date due to a favorable effect of foreign currency translation, resulting from the weakening of the British pound against the U.S. dollar.

Net income per diluted share for both the quarter and year-to-date benefited from an increase in sales and fewer shares outstanding due to additional share repurchases. Foreign currency translation increased net income per diluted share by approximately $0.06 in the quarter and decreased net income per diluted share by approximately $0.02 year-to-date.

Year-to-date, net cash provided by operating activities was $317 million and $268 million in 2016 and 2015, respectively. The $49 million increase was primarily a result of higher sales volumes and the timing of payments to vendors and collection of receivables from customers. Within cash flows used in investing activities, capital expenditures related to property, plant, equipment and software capitalization were $50 million and $45 million for the first half of 2016 and 2015, respectively.

Within cash flows used in financing activities, the Company issued and sold senior unsecured notes with an aggregate principal amount of $250 million on May 12, 2016. The proceeds from the issuance of these senior unsecured notes were used to repay existing debt and for general corporate purposes. In addition, the Company received $23 million and $25 million of proceeds from stock plans in the first half of 2016 and 2015, respectively. Fluctuations in these amounts were primarily attributable to changes in the Company's stock price. In May 2014, the Company's Board of Directors authorized the Company to repurchase up to $750 million of its outstanding common stock over a three-year period. The Company repurchased $166 million and $165 million of the Company's outstanding common stock in the first half of 2016 and 2015, respectively, under the May 2014 authorization and other previously announced programs. The Company believes that it has the financial flexibility to fund these share repurchases given current cash levels and debt borrowing capacity, as well as to invest in research, technology and business acquisitions to further grow the Company's sales and profits.

Results of Operations

Sales by Geography

Geographic sales information is presented below for the three and six months ended July 2, 2016 and July 4, 2015 (in thousands):

	Three Months Ended			Six Months Ended		
	July 2, 2016	July 4, 2015	% change	July 2, 2016	July 4, 2015	% change
Net Sales:						
United States	$ 168,377	$ 159,696	5%	$ 317,331	$ 306,071	4%
Europe	143,317	127,414	12%	268,349	251,815	7%
Asia:						
China	79,760	66,942	19%	150,581	129,116	17%
Japan	39,691	33,488	19%	84,114	72,679	16%
Asia Other	70,897	74,244	(5%)	127,126	131,302	(3%)
Total Asia	190,348	174,674	9%	361,821	333,097	9%
Other	34,518	32,956	5%	64,305	64,161	—
Total net sales	$ 536,560	$ 494,740	8%	$1,011,806	$ 955,144	6%

The increase in sales in the U.S. for the quarter was driven by recurring revenues, while the year-to-date increase in sales was primarily driven by overall pharmaceutical customer demand. Sales growth in Europe and Japan was broad-based across all product lines and primarily related to pharmaceutical, industrial chemical, nutritional safety and environmental customers. The effect of foreign currency translation increased Japan's sales by 16% and 10% in the quarter and year-to-date, respectively. China's sales growth was broad-based across all product lines and customer classes. Sales declined in both the quarter and year-to-date in the rest of Asia as a result of lower sales to combined industrial chemical, nutritional safety and environmental customers and were negatively affected by foreign currency translation, which decreased sales by 8% and 9%, respectively. For the quarter, the increase in sales in the rest of the world was broad-based across all product lines and primarily related to non-pharmaceutical customers.

Waters Net Sales

Net sales for Waters products and services are as follows for the three and six months ended July 2, 2016 and July 4, 2015 (in thousands):

	Three Months Ended				
	July 2, 2016	% of Total	July 4, 2015	% of Total	% change
Waters instrument systems	$ 231,908	48%	$ 217,576	49%	7%
Chemistry	87,048	19%	77,739	18%	12%
Total Waters product sales	318,956	67%	295,315	67%	8%
Waters service	159,775	33%	146,917	33%	9%
Total Waters net sales	$ 478,731	100%	$ 442,232	100%	8%

	Six Months Ended				
	July 2, 2016	% of Total	July 4, 2015	% of Total	% change
Waters instrument systems	$ 420,437	47%	$ 406,080	48%	4%
Chemistry	171,198	19%	155,922	18%	10%
Total Waters product sales	591,635	66%	562,002	66%	5%
Waters service	311,289	34%	289,898	34%	7%
Total Waters net sales	$ 902,924	100%	$ 851,900	100%	6%

Waters instrument system sales (LC and LC-MS) increased in the quarter and year-to-date, primarily due to stronger demand for instrument systems from pharmaceutical customers and sales from the recently introduced ACQUITY

Arc system. The increase in recurring revenues for both the quarter and year-to-date primarily resulted from a combination of a higher utilization rate of installed instrument systems and a higher base of installed instruments. The effect of foreign currency translation was neutral for Waters in the quarter and decreased sales for Waters by 1% year-to-date.

Waters sales increased 4% and 3% in the U.S. for the quarter and year-to-date, respectively. Europe sales increased 12% and 7% for the quarter and year-to-date, respectively. Waters sales in China increased 21% and 17%, respectively. Waters Japan sales increased 17% and 14%, respectively, with foreign currency translation increasing sales by 16% and 10%, respectively. Waters sales in the rest of Asia decreased 4% and 2% for the quarter and year-to-date, respectively, on lower sales to the combination of industrial chemical, nutritional safety and environmental customers, with the effect of foreign currency translation negatively impacting sales by 9% and 10%, respectively. Sales in the rest of the world increased 4% for the quarter and decreased 1% year-to-date.

TA Net Sales

Net sales for TA products and services are as follows for the three and six months ended July 2, 2016 and July 4, 2015 (in thousands):

	Three Months Ended				
	July 2, 2016	% of Total	July 4, 2015	% of Total	% change
TA instrument systems	$ 40,731	70%	$ 36,721	70%	11%
TA service	17,098	30%	15,787	30%	8%
Total TA net sales	$ 57,829	100%	$ 52,508	100%	10%

	Six Months Ended				
	July 2, 2016	% of Total	July 4, 2015	% of Total	% change
TA instrument systems	$ 75,909	70%	$ 72,907	71%	4%
TA service	32,973	30%	30,337	29%	9%
Total TA net sales	$ 108,882	100%	$ 103,244	100%	5%

TA instrument system sales increased in the quarter and year-to-date as a result of increased demand for thermal product lines and additional sales from the recently launched Discovery DSC instrument system. TA service sales increased in the quarter and year-to-date due to sales of service plans and billings to a higher installed base of customers. The effect of foreign currency translation had a minimal impact on TA's sales growth for the quarter and decreased TA's total sales by 1% year-to-date. In addition, recent acquisitions added 3% to TA's sales year-to-date.

Geographically, TA had strong sales growth in each region throughout the world in the second quarter, with the exception of Asia outside of China, India and Japan, which was negatively impacted by foreign currency translation. TA had double-digit sales growth in the U.S., Europe, India and Japan for the quarter and in India, China and Japan year-to-date.

Gross Profit

Gross profit increased 11% and 6% for the quarter and year-to-date, respectively, primarily as a result of higher sales volumes. In addition, gross profit and gross profit margin percentage increased slightly in the quarter due to a favorable effect of foreign currency translation, particularly on sales in Japan and on operating costs at the Company's manufacturing facility in the U.K.

Gross profit as a percentage of sales is affected by many factors, including, but not limited to, foreign currency translation, product mix, price, product costs of instrument systems and amortization of software platforms. The Company expects that the impact of foreign currency translation will have a slightly positive effect on gross profit for the remainder of 2016, based on current exchange rates.

Selling and Administrative Expenses

Selling and administrative expenses increased 6% and 7% for the quarter and year-to-date, respectively, primarily as a result of headcount additions and higher merit compensation. In addition, foreign currency translation reduced selling and administrative expenses by 1% and 2% for the quarter and year-to-date, respectively. Year-to-date, selling and administrative expenses include $7 million of stock compensation expense incurred in the first quarter of 2016 related to the modification of certain stock awards upon the retirement of senior executives. As a percentage of net sales, selling and administrative expenses were 24.2% and 25.6% for the 2016 quarter and year-to-date, respectively, and 24.8% and 25.4% for the 2015 quarter and year-to-date, respectively.

Research and Development Expenses

Research and development expenses increased 7% and 4% for the quarter and year-to-date, respectively, as an increase in the Company's research and development initiatives in the U.K. were offset by a 3% decrease in expenses for both the quarter and year-to-date due to a favorable effect of foreign currency translation, resulting from the weakening of the British pound against the U.S. dollar.

Interest Expense, Net

The decrease in net interest expense for both the quarter and year-to-date was primarily attributable to higher income earned on increased cash, cash equivalents and investment balances.

Provision for Income Taxes

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the United Kingdom and Singapore, where the marginal effective tax rates were approximately 37.5%, 12.5%, 20% and 0%, respectively, as of July 2, 2016. The Company has a contractual tax rate in Singapore of 0% through March 2021, based upon the achievement of certain contractual milestones, which the Company expects to continue to meet. The current statutory tax rate in Singapore is 17%. For the first half of 2016, the effect of applying the contractual tax rate in Singapore, as compared with applying the statutory tax rate, increased net income by $10 million and increased net income per diluted share by $0.12. The Company's effective tax rate is influenced by many significant factors, including, but not limited to, the wide range of income tax rates in jurisdictions in which the Company operates; sales volumes and profit levels in each tax jurisdiction; changes in tax laws, tax rates and policies; the outcome of various ongoing tax audit examinations; and the impact of foreign currency transactions and translation. As a result of variability in these factors, the Company's effective tax rates in the future may not be similar to the effective tax rates for the current or prior year.

The Company's effective tax rate for the quarter was 11.9% and 14.6% for 2016 and 2015, respectively. The Company's effective tax rate year-to-date was 11.8% and 14.9% for 2016 and 2015, respectively. The decrease in the effective tax rates for 2016 as compared to 2015 can be attributed to the release of a valuation allowance on certain net operating loss carryforwards and to differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates. The year-to-date effective tax rate for 2016 was also impacted by a tax benefit recorded in the first quarter of 2016 associated with modifications to certain stock compensation awards. In addition, the 2015 effective tax rate for both the quarter and year-to-date did not include the U.S. research and development tax credit as it was not enacted by the government or recognized by the Company until the fourth quarter of 2015.

Liquidity and Capital Resources

Condensed Consolidated Statements of Cash Flows (in thousands):

	Six Months Ended	
	July 2, 2016	July 4, 2015
Net income	$ 222,269	$ 201,718
Depreciation and amortization	48,077	45,138
Stock-based compensation	24,237	16,610
Deferred income taxes	637	542
Change in accounts receivable	32,318	15,842
Change in inventories	(25,003)	(27,678)
Change in accounts payable and other current liabilities	(41,100)	(22,287)
Change in deferred revenue and customer advances	46,801	43,352
Other changes	8,669	(5,688)
Net cash provided by operating activities	316,905	267,549
Net cash used in investing activities	(267,671)	(264,508)
Net cash used in financing activities	(64,901)	(48,552)
Effect of exchange rate changes on cash and cash equivalents	(8,616)	(10,791)
Decrease in cash and cash equivalents	$ (24,283)	$ (56,302)

Cash Flow from Operating Activities

Net cash provided by operating activities was $317 million and $268 million in the six months ended July 2, 2016 and July 4, 2015, respectively. The changes within net cash provided by operating activities in 2016 as compared to 2015 include the following significant changes in the sources and uses of net cash provided by operating activities, aside from the increase in net income:

- The change in accounts receivable in 2016 compared to 2015 was primarily attributable to timing of payments made by customers and timing of sales. Days-sales-outstanding increased to 76 days at July 2, 2016 from 75 days at July 4, 2015.
- The change in inventory in both 2016 and 2015 is primarily attributable to anticipated annual increases in sales volumes.
- The 2016 and 2015 change in accounts payable and other current liabilities was a result of timing of payments to vendors, as well as the annual payment of management incentive compensation.
- Net cash provided from deferred revenue and customer advances in both 2016 and 2015 was a result of increases in service contracts as a higher installed base of customers renewed annual service contracts.
- Other changes were attributable to variation in the timing of various provisions, expenditures, prepaid income taxes and accruals in other current assets, other assets and other liabilities.

Cash Used in Investing Activities

Year-to-date, net cash used in investing activities totaled $268 million and $265 million in 2016 and 2015, respectively. Additions to fixed assets and capitalized software were $50 million and $45 million year-to-date in 2016 and 2015, respectively. During 2016 and 2015, the Company purchased $1,205 million and $1,328 million of investments year-to-date, while $987 million and $1,118 million of investments matured, respectively. Business acquisitions, net of cash acquired, were $9 million year-to-date in 2015. There were no acquisitions in the first half of 2016.

Cash Used in Financing Activities

In May 2016, the Company issued and sold senior unsecured notes with an aggregate principal amount of $250 million. The proceeds from the issuance of these senior unsecured notes were used to repay existing debt and for general corporate purposes. Year-to-date, the Company's net debt borrowings increased by $90 million and $95 million in 2016 and 2015, respectively. As of July 2, 2016, the Company had a total of $1,757 million in outstanding debt, which consisted of $700 million in outstanding senior unsecured notes, $300 million borrowed under a term

loan facility under the Company's credit agreement, $760 million borrowed under a revolving credit facility under the Company's credit agreement and less than $1 million borrowed under various other short-term lines of credit, offset by $3 million of unamortized debt issuance costs. At July 2, 2016, $125 million of the outstanding portion of the revolving facility was classified as short-term liabilities in the consolidated balance sheet due to the fact that the Company expects to repay this portion of the borrowing under the revolving line of credit within the next twelve months. The remaining $635 million of the outstanding portion of the revolving facility was classified as long-term liabilities in the consolidated balance sheet, as this portion is not expected to be repaid within the next twelve months. As of July 2, 2016, the Company had a total amount available to borrow under its credit agreement of $538 million after outstanding letters of credit. As of July 2, 2016, the Company was in compliance with all debt covenants.

In May 2014, the Company's Board of Directors authorized the Company to repurchase up to $750 million of its outstanding common stock over a three-year period. The Company repurchased 1.3 million shares of the Company's outstanding common stock during both 2016 and 2015 at a cost of $166 million and $165 million, respectively, under the May 2014 authorization and other previously announced programs. As of July 2, 2016, the Company had a total of $275 million authorized for future repurchases under the May 2014 plan. In addition, the Company repurchased $6 million of common stock related to the vesting of restricted stock units during both 2016 and 2015.

The Company received $23 million and $25 million of proceeds from the exercise of stock options and the purchase of shares pursuant to the Company's employee stock purchase plan in 2016 and 2015, respectively.

The Company had cash, cash equivalents and investments of $2,600 million as of July 2, 2016. The majority of the Company's cash, cash equivalents and investments are generated from foreign operations, with $2,559 million held by foreign subsidiaries at July 2, 2016, of which $252 million were held in currencies other than the U.S. dollar. Due to the fact that most of the Company's cash, cash equivalents and investments are held outside of the U.S., the Company must manage and maintain sufficient levels of cash flow in the U.S. to fund operations and capital expenditures, service debt interest, finance potential U.S. acquisitions and continue the authorized stock repurchase program in the U.S. These U.S. cash requirements are managed by the Company's cash flow from U.S. operations and the use of the Company's revolving credit facility.

Management believes, as of the date of this report, that its financial position, particularly in the U.S., along with expected future cash flows from earnings based on historical trends and the ability to raise funds from external sources and the borrowing capacity from existing, committed credit facilities, will be sufficient to service debt and fund working capital and capital spending requirements, authorized share repurchase amounts and potential acquisitions. In addition, there have been no recent significant changes to the Company's financial position, nor are there any anticipated changes, to warrant a material adjustment related to indefinitely reinvested foreign earnings.

Contractual Obligations, Commercial Commitments, Contingent Liabilities and Dividends

A summary of the Company's contractual obligations and commercial commitments is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the U.S. Securities and Exchange Commission ("SEC") on February 26, 2016. The Company reviewed its contractual obligations and commercial commitments as of July 2, 2016 and determined that there were no material changes from the information set forth in the Annual Report on Form 10-K, with the exception of the recently issued senior unsecured notes as described in Note 5, "Debt."

From time to time, the Company and its subsidiaries are involved in various litigation matters arising in the ordinary course of business. The Company believes that it has meritorious arguments in its current litigation matters and that any outcome, either individually or in the aggregate, will not be material to the Company's financial position or results of operations.

During fiscal year 2016, the Company expects to contribute a total of approximately $5 million to $10 million to the Company's defined benefit plans.

The Company has not paid any dividends and has no plans, at this time, to pay any dividends in the future.

Off-Balance Sheet Arrangements

The Company has not created, and is not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating parts of its business that are not consolidated (to the extent of the

Company's ownership interest therein) into the consolidated financial statements. The Company has not entered into any transactions with unconsolidated entities whereby it has subordinated retained interests, derivative instruments or other contingent arrangements that expose the Company to material continuing risks, contingent liabilities or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company.

The Company enters into standard indemnification agreements in its ordinary course of business. Pursuant to these agreements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with patent, copyright or other intellectual property infringement claims by any third party with respect to its current products, as well as claims relating to property damage or personal injury resulting from the performance of services by the Company or its subcontractors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. Historically, the Company's costs to defend lawsuits or settle claims relating to such indemnity agreements have been minimal and management accordingly believes the estimated fair value of these agreements is immaterial.

Critical Accounting Policies and Estimates

In the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 26, 2016, the Company's most critical accounting policies and estimates upon which its financial status depends were identified as those relating to revenue recognition, loss provisions on accounts receivable and inventory, valuation of long-lived assets, intangible assets and goodwill, warranty, income taxes, pension and other postretirement benefit obligations, litigation, business combinations and asset acquisitions, valuation of contingent consideration and stock-based compensation. The Company reviewed its policies and determined that those policies remain the Company's most critical accounting policies for the six months ended July 2, 2016. The Company did not make any changes in those policies during the six months ended July 2, 2016.

New Accounting Pronouncements

Please refer to Note 12, Recent Accounting Standards Changes and Developments, in the Condensed Notes to Consolidated Financial Statements.

Special Note Regarding Forward-Looking Statements

Certain of the statements in this Quarterly Report on Form 10-Q, including the information incorporated by reference herein, may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to future results and events, including any statements regarding, among other items, anticipated trends or growth in the Company's business, including, but not limited to, the impact of foreign currency translation on financial results; development of products by acquired businesses; the growth rate of sales and research and development expenses; the impact of costs associated with developing new technologies and bringing these new technologies to market; the impact of new product launches and the associated costs, such as the amortization expense related to software platforms; geographic sales mix of business; development of products by acquired businesses and the amount of contingent payments to the sellers of an acquired business; anticipated expenses, including interest expense, capitalized software costs and effective tax rates; the impact and outcome of the Company's various ongoing tax audit examinations; the achievement of contractual milestones to preserve foreign tax rates; the impact and outcome of litigation matters; the impact of the loss of intellectual property protection; the impact of new accounting standards and pronouncements; the adequacy of the Company's supply chain and manufacturing capabilities and facilities; the impact of regulatory compliance; the Company's expected cash flow, borrowing capacity, debt repayment and refinancing; the Company's ability to fund working capital, capital expenditures, service debt, repay outstanding lines of credit, make authorized share repurchases, fund potential acquisitions and pay any adverse litigation or tax audit liabilities, particularly in the U.S.; future impairment charges; the Company's contributions to defined benefit plans; the Company's expectations regarding changes to its financial position; compliance with applicable environmental laws; and the impact of recent acquisitions on sales and earnings.

Many of these statements appear, in particular, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2 of this Quarterly Report on Form 10-Q. Statements that are not statements of historical fact may be deemed forward-looking statements. You can identify these

forward-looking statements by the use of the words “feels”, “believes”, “anticipates”, “plans”, “expects”, “may”, “will”, “would”, “intends”, “suggests”, “appears”, “estimates”, “projects”, “should” and similar expressions, whether in the negative or affirmative. These statements are subject to various risks and uncertainties, many of which are outside the control of the Company, including, and without limitation:

- Foreign exchange rate fluctuations that could adversely affect translation of the Company’s future sales, financial operating results and the condition of its non-U.S. operations, especially when a currency weakens against the U.S. dollar.
- Current global economic, sovereign and political conditions and uncertainties, particularly regarding the effect of the United Kingdom voting to exit the European Union as well as the Chinese government’s ongoing tightening of restrictions on procurement by government-funded customers; the Company’s ability to access capital and maintain liquidity in volatile market conditions of customers; changes in timing and demand by the Company’s customers and various market sectors, particularly if they should reduce capital expenditures or are unable to obtain funding, as in the cases of governmental, academic and research institutions; the effect of mergers and acquisitions on customer demand; and the Company’s ability to sustain and enhance service.
- Negative industry trends; changes in the competitive landscape as a result of changes in ownership, mergers and continued consolidation among the Company’s competitors; introduction of competing products by other companies and loss of market share; pressures on prices from customers or resulting from competition; regulatory, economic and competitive obstacles to new product introductions; lack of acceptance of new products; expansion of our business in developing markets; spending by certain end-markets; ability to obtain alternative sources for components and modules; and the possibility that future sales of new products related to acquisitions, which trigger contingent purchase payments, may exceed the Company’s expectations.
- Increased regulatory burdens as the Company’s business evolves, especially with respect to the Food and Drug Administration and Environmental Protection Agency, among others, as well as regulatory, environmental and logistical obstacles affecting the distribution of the Company’s products, completion of purchase order documentation by our customers and ability of customers to obtain letters of credit or other financing alternatives.
- Risks associated with lawsuits, particularly involving claims for infringement of patents and other intellectual property rights.
- The impact and costs incurred from changes in accounting principles and practices; the impact and costs of changes in statutory or contractual tax rates; shifts in taxable income among jurisdictions with different effective tax rates; and the outcome of and costs associated with ongoing and future tax audit examinations or changes in respective country legislation affecting the Company’s effective rates.

Certain of these and other factors are discussed under the heading “Risk Factors” under Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 26, 2016. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements, whether because of these factors or for other reasons. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this report. The Company does not assume any obligation to update any forward-looking statements.

Item 3: ***Quantitative and Qualitative Disclosures About Market Risk***

There have been no material changes in the Company’s market risk during the six months ended July 2, 2016. For information regarding the Company’s market risk, refer to Item 7A of Part II of the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 26, 2016.

Item 4: ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

The Company’s chief executive officer and chief financial officer (principal executive and principal financial officers), with the participation of management, evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period

covered by this Quarterly Report on Form 10-Q. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of July 2, 2016 (1) to ensure that information required to be disclosed by the Company, including its consolidated subsidiaries, in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, to allow timely decisions regarding the required disclosure and (2) to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Controls Over Financial Reporting

No change was identified in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended July 2, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: *Other Information*

Item 1: *Legal Proceedings*

There have been no material changes in the Company's legal proceedings during the six months ended July 2, 2016 as described in Item 3 of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 26, 2016.

Item 1A: *Risk Factors*

Information regarding risk factors of the Company is set forth under the heading "Risk Factors" under Part I, Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on February 26, 2016. The Company reviewed its risk factors as of July 2, 2016 and determined that there were no material changes from the ones set forth in the Form 10-K. Note, however, the discussion under the subheading "Special Note Regarding Forward-Looking Statements" in Part I, Item 2 of this quarterly report on Form 10-Q. These risks are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and operating results.

Item 2: *Unregistered Sales of Equity Securities and Use of Proceeds*

Purchases of Equity Securities by the Issuer

The following table provides information about purchases by the Company during the three months ended July 2, 2016 of equity securities registered by the Company under the Exchange Act (in thousands, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 3 to April 30, 2016	—	$ —	—	$ 351,523
May 1 to May 28, 2016	365	$ 134.64	365	$ 302,387
May 29 to July 2, 2016	200	$ 138.79	200	$ 274,675
Total	565	$ 136.11	565	$ 274,675

(1) In May 2014, the Company's Board of Directors authorized the repurchase of up to $750 million of its outstanding common stock in open market transactions over a three-year period.

Item 6: ***Exhibits***

Exhibit Number	Description of Document
10.1	Note Purchase Agreement, dated as of May 12, 2016, between Waters Corporation and the purchasers named therein.
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Waters Corporation's Quarterly Report on Form 10-Q for the quarter ended July 2, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets (unaudited), (ii) the Consolidated Statements of Operations (unaudited), (iii) the Consolidated Statements of Comprehensive Income (unaudited), (iv) the Consolidated Statements of Cash Flows (unaudited), and (v) Condensed Notes to Consolidated Financial Statements (unaudited).

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filing, except to the extent the Company specifically incorporates it by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WATERS CORPORATION

/s/ EUGENE G. CASSIS

Eugene G. Cassis
Senior Vice President and
Chief Financial Officer

Date: August 5, 2016

Exhibit 10.1

E XECUTION C OPY

W ATERS C ORPORATION

$250,000,000

$50,000,000 3.13% Senior Guaranteed Notes, Series I, due May 12, 2023
$40,000,000 Floating Rate Senior Guaranteed Notes, Series J, due May 13, 2024
$160,000,000 3.44% Senior Guaranteed Notes, Series K, due May 12, 2026

N OTE P URCHASE A GREEMENT

May 12, 2016

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Signature 1

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W ATERS C ORPORATION
34 M APLE S TREET
M ILFORD , MA 01757

$50,000,000 3.13% Senior Guaranteed Notes, Series I, due May 12, 2023
$40,000,000 Floating Rate Senior Guaranteed Notes, Series J, due May 13, 2024
$160,000,000 3.44% Senior Guaranteed Notes, Series K, due May 12, 2026

May 12, 2016

T O E ACH OF THE P URCHASERS L ISTED IN
S CHEDULE A H ERETO :

Ladies and Gentlemen:

Waters Corporation, a Delaware corporation (the **"Company"**), agrees with each of the Purchasers as follows:

S ECTION 1. A UTHORIZATION OF N OTES .

Section 1.1. Notes . The Company will authorize the issue and sale of: (i) $50,000,000 aggregate principal amount of its 3.13% Senior Guaranteed Notes, Series I, due May 12, 2023 (the **" Series I Notes "**), (ii) $40,000,000 aggregate principal amount of its Floating Rate Senior Guaranteed Notes, Series J, due May 13, 2024 (the **" Series J Notes "**), and (iii) $160,000,000 aggregate principal amount of its 3.44% Senior Guaranteed Notes, Series K, due May 12, 2026 (the **" Series K Notes "** and, together with the Series I Notes, the **" Fixed Rate Notes "**) (the **" Series I Notes, " " Series J Notes, "** and **" Series K Notes "** are collectively, the **" Notes "** , such term to include any such notes of any series issued in substitution therefor pursuant to Section 13). Each series of Notes issued hereunder is sometimes referred to as a **" series "** of Notes. The Series I Notes, the Series J Notes and the Series K Notes shall be substantially in the forms set out in Exhibits 1-A, 1-B and 1-C, respectively. Certain capitalized and other terms used in this Agreement are defined in Schedule B; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 1.2. Interest Rate . (a) The Series J Notes shall bear interest from the date of issue at a floating rate equal to the Adjusted LIBOR Rate from time to time, payable quarterly on the 12th day of February, May, August and November in each year, commencing on August 12, 2016 and at maturity or the next succeeding Business Day if such February 12, May 12, August 12 or November 12 is not a Business Day (each such date being referred to as a **" Floating Rate Interest Payment Date "**) and to bear interest during the existence of any Event of Default and to the extent permitted by law payable quarterly (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. To the extent permitted by law, overdue payments of interest, Prepayment Premium and LIBOR Breakage Amount shall bear interest at the Default Rate.

(b) Interest on the Series J Notes shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days.

(c) The Adjusted LIBOR Rate shall be determined by the Company, and notice thereof via email transmission shall be given by the Company to the holders of the Series J Notes, together with such information as the holders of the Series J Notes may reasonably request for verification (including in all events, an email transmission of the relevant screen and calculations), on the second Business Day preceding the first day of each Floating Rate Interest Period. In the event that any holder does not concur with such determination by the Company, as evidenced by notice to the Company by such holder within ten (10) Business Days after receipt by the holders of the notice delivered by the Company pursuant to the previous sentence, the determination of Adjusted LIBOR Rate shall be made by the Floating Rate Required Holders in accordance with this Agreement and shall be conclusive and binding absent manifest error.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes of the series and in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

The performance and payment of all obligations of the Company hereunder and under the Notes shall be guaranteed by the Guarantors pursuant to the Guarantee Agreement.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, IL 60603, at 10:00 a.m., Chicago time, at a closing on May 12, 2016 or on such other Business Day thereafter on or prior to May 13, 2016 as may be agreed upon by the Company and the Purchasers (the **"Closing"**). At the Closing the Company will deliver to each Purchaser the Notes of the respective series to be purchased by such Purchaser in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) for each series dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 000-15056-8 at HSBC Bank USA, N.A., 452 Fifth Avenue, New York, New York 10018-2706, SWIFT MRMDUS33, ABA 021-001-088, Account Name: Waters Corporation. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4

shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement and of the Guarantors in the Guarantee Agreement shall be correct in all material respects when made and at the time of the Closing.

Section 4.2. Performance; No Default. Each Obligor shall have performed and complied with all agreements and conditions contained in this Agreement or the Guarantee Agreement, as the case may be, required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Supplement that would have been prohibited by Section 10.1, 10.5, 10.6 or 10.7 had such Sections applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate*. Each Obligor shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate*. Each Obligor shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the Guarantee Agreement, as the case may be.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Morgan, Lewis & Bockius LLP and Ropes & Gray LLP, respective counsel for the Obligors, covering the matters set forth in Exhibits 4.4(a)(1) and 4.4(a)(2), respectively, and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4 . 5 . Purchase Permitted By Applicable Law, Etc . On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4 . 6 . Sale of Other Notes . Contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in Schedule A.

Section 4 . 7 . Payment of Special Counsel Fees . Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4 . 8 . Private Placement Number . A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for each series of Notes.

Section 4 . 9 . Changes in Corporate Structure . No Obligor shall have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Section 5.5 except in a transaction wherein, the resulting entities shall be organized under the laws of the United States or any state thereof and such transaction would have been permitted under Section 10.2.

Section 4 . 10 . Funding Instructions . At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Guarantee Agreement . The Guarantee Agreement shall have been executed and delivered by each Guarantor as of the date of the Closing and such Guarantee Agreement shall be in full force and effect on the date of the Closing.

Section 4.12. Adjusted LIBOR Rate Notice . Two (2) Business Days prior to the date of the Closing, each Purchaser of Series J Notes shall have received notice of the Adjusted LIBOR

Rate for the Series J Notes, together with such information as such Purchasers may reasonably request for verification (including in all events, a copy of the relevant screen and calculations), which may be provided by the Company to each Purchaser of Series J Notes by email transmission.

Section 4.13. Proceedings and Documents . All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY .

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority . The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, except where the failure to have such corporate power or authority could not reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc . This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure . The Company, through its agents, U.S. Bancorp Investments, Inc., Barclays Capital Inc., Keybanc Capital Markets, Inc. and DNB Bank ASA, has delivered to each Purchaser a copy of a Update Memorandum, dated March 2016 (the **" Supplement "**), relating to the transactions contemplated hereby. The Supplement provides an overview of recent corporate events and other selected Company information. This Agreement, the Supplement (including the items listed in the Appendices to the Supplement), the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3 and the financial statements described in Section 5.5 (this

Agreement, the Supplement and such documents, certificates or other writings, and such financial statements delivered to each Purchaser prior to March 23, 2016 being referred to, collectively, as the **"Disclosure Documents"**), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made *provided,* that with respect to projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. Except as disclosed in the Disclosure Documents, since December 31, 2015, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not, been set forth herein or in the Disclosure Documents.

Section 5 . 4 . Organization and Ownership of Shares of Subsidiaries; Affiliates . (a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and whether such Subsidiary is a Guarantor, (ii) to the knowledge of the Company, of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are, in the case of Domestic Subsidiaries, fully paid and nonassessable and, in all cases, are owned by the Company or another Subsidiary free and clear of any Lien other than a Lien which would not be prohibited by Section 10.5.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact except where the failure to have such corporate or other power and authority could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) No Subsidiary is a party to, or otherwise subject to any Material legal, Material regulatory, contractual or other restriction (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary except for restrictions contained in agreements or contracts which would be permitted by the provisions of Section 10.8.

Section 5.5. Financial Statements; Material Liabilities . The Company has delivered to each Purchaser copies of the financial statements of the Company and its consolidated Subsidiaries for the fiscal year ended December 31, 2015. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities (relating to joint ventures, special purpose vehicles or other off-balance sheet liabilities which relate to the incurrence or guarantee, directly or indirectly, by the Company or any Subsidiary of any Debt) that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc . The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary, except in the case of any such event relating to any Subsidiary which is not an Obligor described in any of clause (i), (ii) or (iii) above, so long as any such event could not individually, or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.7. Governmental Authorizations, Etc . No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes other than filings that the Company may be required to make pursuant to the disclosure requirements of the Securities Act, which filings, if any, shall be made on a timely basis by the Company.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders . (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment,

decree or ruling of any court, arbitrator or Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including without limitation Environmental Laws, the USA Patriot Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and each Subsidiary has timely filed or caused to be filed all tax returns and reports required to have been filed by the Company and each Subsidiary as the case may be and the Company and each Subsidiary have paid or caused to be paid all taxes required to be paid by such Person except (a) taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to make any such filing or payment could not reasonably be expected to result in a Material Adverse Effect. To the knowledge of the Company, the charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, State or other taxes for all fiscal periods are adequate in all material respects. The U.S. Federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2014.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by Section 10.5 of this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects except where the failure to be so valid and subsisting and in full force and effect could not reasonable be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, without known conflict with the rights of others, except where the failure to own or possess any of the foregoing could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(b) To the knowledge of the Company, no product of the Company or any of its Subsidiaries infringes any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person except any such infringement which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) To the knowledge of the Company, there is no violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries except any such violation which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5 . 12 . Compliance with ERISA . (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect.

(b) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

(c) The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87, as amended, or any successor standard) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that could reasonably be expected to result in a Material Adverse Effect, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that could reasonably be expected to result in a Material Adverse Effect.

(d) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(d) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5 . 13 . Private Offering by the Company . Neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 8 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5 . 14 . Use of Proceeds; Margin Regulations . The Company will apply the proceeds of the sale of the Notes for general corporate purposes of the Company and its Subsidiaries, including repayment of Debt. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not

constitute more than 5.00% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5.00% of the value of such assets. For the purposes of making the calculation pursuant to the preceding sentence, to the extent consistent with Regulation U, Treasury Stock shall be deemed not to be an asset of the Company and its Subsidiaries. As used in this Section, the terms **"margin stock"** and **"purpose of buying or carrying"** shall have the meanings assigned to them in said Regulation U.

Section 5 . 15 . Existing Debt; Future Liens . (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of April 2, 2016 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and Guaranty thereof, if any and the aggregate committed amount of any facility) which, individually, relates to a committed or outstanding principal amount of not less than $30,000,000, since which date there has been no Material change in the amounts (except for changes in outstanding amounts under revolving credit facilities which do not exceed the aggregate committed amount thereunder), interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary which, individually, relates to a committed or outstanding principal amount of not less than $30,000,000 and no event or condition exists with respect to any such Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.5.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Debt of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, the Notes or any Debt of the Company which, individually, relates to an aggregate committed or outstanding principal amount of not less than $30,000,000, except as specifically indicated in Schedule 5.15.

Section 5.16. Anti -Corruption Laws and Sanctions . (a) The Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and employees and, to the knowledge of the Company, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Subsidiary or to the knowledge of the Company, any of their respective directors, officers or employees, or (b) to the knowledge of the Company, any agent of the Company or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person.

(b) No part of the proceeds from the sale of the Notes hereunder has been used or shall be used by the Company or any Subsidiary (A) for the purpose of furthering an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (B) for the purpose of funding, financing or facilitating any activities, businesses or transactions of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transactions would be prohibited by Sanctions if conducted by a corporation incorporated in the United States.

Section 5 . 17 . Status under Certain Statutes . Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, or the Federal Power Act, as amended.

Section 5 . 18 . Environmental Matters . (a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(d) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Guarantors . The Guarantors include each Subsidiary of the Company other than Excluded Subsidiaries and newly-acquired or created Domestic Subsidiaries that are not yet required to become Guarantors under the definition of “Guarantee Requirement.” Each Subsidiary which is a guarantor or borrower under the Primary Credit Agreement and is a Domestic Subsidiary is a Guarantor hereunder.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (i) it is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act, (ii) its financial condition is such that it is able to bear all economic risk of investment in the Notes, including, a complete loss of its investment therein, (iii) to its knowledge, the Company has provided it with adequate access to financial and other information concerning the Company as it has requested and it has had the opportunity to ask questions of and receive answers from the Company concerning the transactions contemplated hereby and (iv) it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to any distribution thereof, *provided* that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a **"Source"**) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (**"PTE"**) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the **"NAIC Annual Statement"**)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in

writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the **" QPAM Exemption "**)) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d);or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the **"INHAM Exemption"**)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms **"employee benefit plan," "governmental plan,"** and **"separate account"** shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Quarterly Report on Form 10-Q (the **"Form 10-Q"**) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Primary Credit Agreement or the date on which such corresponding financial statements are delivered under any Primary Credit Agreement if such delivery occurs earlier than such required delivery date) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income and changes in financial position (or consolidated statements of cash flow, as the case may be) of the Company and its consolidated Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, *provided* that delivery within the time period specified above of copies of the Company's Form 10-Q prepared in compliance with the requirements therefor and filed with the SEC shall be deemed to satisfy the requirements of this Section 7.1(a), *provided, further,* that the Company shall be deemed to have made such delivery of such Form 10-Q if it shall have timely made such Form 10-Q available on "EDGAR" and on its home page on the worldwide web (at the date of this Agreement located at: http//www.waters.com) and shall have given each Purchaser prior notice (which may include by email to any holder of Notes which has provided to the Company an email address for such notice under this Section 7.1(a)) of such availability on EDGAR and on its home page in connection with each delivery (such availability and notice thereof being referred to as **"Electronic Delivery"**);

(b) *Annual Statements* — within 105 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Annual Report on Form 10-K (the **"Form 10-K"**) with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Primary Credit Agreement or

the date on which such corresponding financial statements are delivered under any Primary Credit Agreement if such delivery occurs earlier than such required delivery date) after the end of each fiscal year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year, and

(ii) consolidated statements of income and shareholders' equity and changes in financial position of the Company and its consolidated Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by a report thereon (without a "going concern" or similar qualification or exception and without any qualification or exception as to the scope of the audit) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and changes in financial position and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

provided that the delivery within the time period specified above of the Company's Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act), prepared in accordance with the requirements therefor and filed with the SEC, shall be deemed to satisfy the requirements of this Section 7.1(b), *provided, further,* that the Company shall be deemed to have made such delivery of such Form 10-K if it shall have timely made Electronic Delivery thereof;

(c) *SEC and Other Reports* — promptly upon their becoming available, copies of all reports on Form 10-K and Form 10-Q, and proxy materials the Company files with the SEC under the Securities Exchange Act of 1934, as amended, *provided,* that the Company shall be deemed to have made such delivery of such reports and materials if it shall have made timely Electronic Delivery thereof;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* . (i) With respect to each fiscal year for which the Company or any ERISA Affiliate shall have an aggregate Unfunded Liability of $30,000,000 or more for all of its Plans and all Multiemployer Plans, as soon as available, and in any event within ten months after the end of such fiscal year, a statement of Unfunded Liabilities of each such Plan or Multiemployer Plan, certified as correct by an actuary enrolled in accordance with regulations under ERISA and a statement of estimated Withdrawal Liability as of the most recent plan year end as customarily prepared by the trustees under the Multiemployer Plans to which the Company or any ERISA Affiliate has an obligation to contribute; and

(ii) as soon as possible, and in any event within 30 days after the occurrence of each event the Company knows is or may be a reportable event (as defined in Section 4043 of ERISA, but excluding any reportable event with respect to which the 30-day reporting requirement has been waived) with respect to any Plan or Multiemployer Plan with an Unfunded Liability in excess of $30,000,000, a statement signed by the Senior Financial Officer of the Company describing such reportable event and the action which the Company proposes to take with respect thereto;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

Section 7 . 2 . Officer ' s Certificate . Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth (which, in the case of Electronic Delivery of any such financial statements, shall be by separate concurrent delivery of such certificate to each holder of Notes):

(a) *Covenant Compliance* — the information (including reasonably detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.5 through 10.7 and Sections 10.9 and 10.10, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence). In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of

determining compliance with this Agreement pursuant to Section 9.4(b) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election); and

(b) *Event of Default* — (i) a statement that such Senior Financial Officer has reviewed the relevant terms hereof, (ii) a statement that no Default or Event of Default exists or, if any does exist, stating the nature and status thereof and describing the action the Company has taken or proposes to take with respect thereto, and (iii) identifying the Subsidiaries, if any, that are *"Excluded Subsidiaries"* under clause (c) of the definition of such term.

Section 7 . 3 . Visitation . The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists during normal business hours, at the expense of such holder and upon reasonable prior notice to the Company, to visit during normal business hours the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company) its independent public accountants, and (with the consent of the Company) to visit during normal business hours the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit during normal business hours and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7 .4. Electronic Delivery . Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(i) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 are delivered to each Purchaser or holder of a Note by e-mail;

(ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 available on its home page on the internet, which is located at http://waters.com as of the date of this Agreement;

(iii) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate(s) satisfying the requirements of Section 7.2 are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access; or

(iv) the Company shall have filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access;

provided however, that in the case of any of clauses (ii), (iii) or (iv), the Company shall have given each Purchaser or holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, *provided further,* that upon request of any each Purchaser or holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or holder.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each series of Notes shall be due and payable on the stated maturity date of such series.

Section 8.2. Optional Prepayments with Make-Whole Amount and Prepayment Premium. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of prepayment, and (i) the Make-Whole Amount determined for the prepayment date with respect to such principal amount with respect to the Series I Notes and the Series K Notes or (ii) the LIBOR Breakage Amount (unless the date specified for prepayment is a Floating Rate Interest Payment Date) and Prepayment Premium, if any, with respect to the Series J Notes. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount or Prepayment Premium, if any, due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation, and, if applicable, shall request that such Purchaser specify the LIBOR Breakage

Amount, if any. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount and Prepayment Premium as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, Prepayment Premium, and LIBOR Breakage Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, Prepayment Premium and LIBOR Breakage Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Controlled Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or a Controlled Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 20 Business Days. If the holders of more than 25% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Controlled Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount.

"Make-Whole Amount" means, with respect to any Fixed Rate Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Fixed Rate Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Fixed Rate Note, the principal of such Fixed Rate Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Fixed Rate Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Fixed Rate Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

Reinvestment Yield" means, with respect to the Called Principal of any Fixed Rate Note, 0.50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities **("Reported")** having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Fixed Rate Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **"Reinvestment Yield"** means, with respect to the Called Principal of any Fixed Rate Note, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Fixed Rate Note.

"Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year

composed of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Fixed Rate Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Fixed Rate Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Fixed Rate Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Change in Control .

(a) *Notice of Change in Control* . The Company will, within five (5) Business Days after the occurrence of any Change in Control, give written notice (the **"Change of Control Notice"**) of such Change in Control to each holder of Notes. Such Change of Control Notice shall contain and constitute an offer to prepay the Notes as described in Section 8.7(c) hereof and shall be accompanied by the certificate described in Section 8.7(e).

(b) *Offer to Prepay Notes* . The offer to prepay Notes contemplated by paragraph (a) of this Section 8.7 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such Change of Control Notice (the **"Proposed Prepayment Date"**). Such date shall be not less than 30 days and not more than 90 days after the date of such offer.

(c) *Acceptance* . A holder of Notes may accept the offer to prepay made pursuant to this Section 8.7 by causing a notice of such acceptance to be delivered to the Company not later than 10 days prior to the Proposed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3 shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment* . Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of the Notes together with accrued and unpaid interest thereon but without any Make-Whole Amount, Prepayment Premium or LIBOR Breakage Amount. The prepayment shall be made on the Proposed Prepayment Date.

(e) *Officer's Certificate* . Each offer to prepay the Notes pursuant to this Section 8.7 shall be accompanied by a certificate, executed by the Senior Financial Officer of the Company

and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.7; (iii) the principal amount of each Note offered to be prepaid (which shall be 100% of each such Note); (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this Section 8.7 have been fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change in Control.

(f) *Certain Definitions.* *"Change in Control"* means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of shares representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Company; or (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were not (i) directors of the Company on the date hereof, (ii) nominated by the board of directors of the Company or (iii) appointed by directors so nominated.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (including, without limitation, all Environmental Laws the USA Patriot Act and the other laws and regulations that are referred to in Section 5.16), noncompliance with which could reasonably be expected to result in a Material Adverse Effect.

Section 9.2. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its income, profit or property, and (ii) all material lawful claims which, if unpaid, might by law become a lien upon its property; *provided, however,* that neither the Company nor any Subsidiary shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and with respect to which the Company shall have established appropriate reserves in accordance with GAAP.

Section 9.3. Corporate Existence, Etc. Subject to Section 10.2, the Company will at all times preserve and maintain, and cause each Subsidiary to preserve and maintain, its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business, except to the extent that failures to keep in effect such rights, licenses, permits, privileges, franchises and, in the case of Subsidiaries only, legal existence could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution not prohibited under Section 10.2.

Section 9 . 4. Books and Records; Compliance . (a) The Company will, and will cause each of its Subsidiaries to, keep proper books of record and account in all material respects, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each Subsidiary in accordance with GAAP consistently applied.

(b) For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Debt using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification No. 825 (Financial Instruments) or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 9.5. Guarantee Requirement. The Company will cause the Guarantee Requirement to be satisfied at all times.

S ECTION 10. N EGATIVE C OVENANTS .

The Company covenants that so long as any of the Notes are outstanding:

Section 10 . 1 . Transactions with Affiliates . The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon such terms as are determined in good faith by the Company to be reasonable.

Section 10 . 2 . Merger, Consolidation, Etc . (a) The Company will not merge or consolidate with or into, or transfer or permit the transfer of all or substantially all its consolidated assets to, any Person (including by means of one or more mergers or consolidations of or transfers of assets by Subsidiaries), except that the Company may merge or consolidate with any US Corporation if (i) the Company shall be the surviving corporation in such merger or consolidation, (ii) immediately after giving effect thereto no Default shall have occurred and be continuing and (iii) the Company shall be in compliance with the covenants set forth in Sections 10.9 and 10.10 as of and for the most recently ended period of four fiscal quarters for which financial statements shall have been delivered pursuant to Section 7.01, giving pro forma effect to such merger or consolidation and any related incurrence of Debt as if they had occurred at the beginning of such period, and the holders of the Notes shall have received a certificate of the chief financial officer of the Company setting forth computations demonstrating such compliance.

(b) The Company will not permit any Material Subsidiary to merge or consolidate with or into, or transfer all or substantially all its assets to, any Person, except that (i) any Material Subsidiary may merge into or transfer all or substantially all its assets to the Company, (ii) any Material Subsidiary may merge or consolidate with or transfer all or substantially all its assets to any Subsidiary; *provided* that if either constituent corporation in such merger or consolidation, or the transferor of such assets, shall be a Guarantor, then the surviving or resulting corporation or

the transferee of such assets, as the case may be, must be or at the time of such transaction become a Guarantor and (iii) so long as, at the time of and immediately after giving effect to such transaction, no Default shall have occurred and be continuing, any Material Subsidiary may merge or consolidate with or transfer all or substantially all its assets to any Person other than the Company or a Subsidiary so long as such transaction would not be prohibited by Section 10.2(a)(iii) above. Notwithstanding the foregoing, nothing in this Section 10.2(b) shall (a) so long as, at the time of and immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing, prohibit the Company or any Subsidiary from (i) transferring any assets of such Person to acquire Foreign Subsidiaries, (ii) making capital or working capital contributions to Foreign Subsidiaries in the ordinary course of business, or (iii) selling or otherwise disposing of assets to a Foreign Subsidiary on arm's-length terms (as determined in good faith by the Company or the applicable Subsidiary) or (b) require any Foreign Subsidiary to become a Guarantor hereunder.

(c) The Company will not permit any Domestic Subsidiary other than Excluded Subsidiaries which are described in clause (c) of the definition of *"Excluded Subsidiaries"*) to become a subsidiary of a Foreign Subsidiary; *provided* that nothing in this Section 10.2(c) shall prevent the Company from acquiring, directly or indirectly, any Person that at the time of and immediately after giving effect to such acquisition would constitute a Foreign Subsidiary and would own any Domestic Subsidiary not acquired by it in contemplation of such acquisition.

For purposes of this Section 10.2, Treasury Stock to the extent constituting Margin Stock shall be deemed not to be an asset of the Company.

Section 10 . 3 . Line of Business . The Company will not fail to be engaged in the business conducted by the Company and the Subsidiaries on the date hereof to an extent such that the character of the business conducted by the Company and the Subsidiaries on the date hereof, taken as a whole, shall be materially changed.

Section 10.4. Terrorism Sanctions Regulations .

(a) The Company will not and will not permit any Subsidiary to (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect or to affect in any materially adverse manner any holder of Notes.

(b) The Company will maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 10 . 5 . Liens . (a) The Company will not create, incur, assume or permit to exist, or permit any Subsidiary to create, incur, assume or permit to exist, any Lien on any property or asset now owned or hereafter acquired by it securing Debt unless, after giving effect thereto, the sum of (without duplication) (i) all Debt secured by all such Liens, (ii) the principal amount of

all Debt of Subsidiaries that are not Guarantors permitted by Section 10.6(b) and (iii) all Attributable Debt in respect of Sale and Leaseback Transactions (other than Sale and Leaseback Transactions entered into at the time the property subject thereto is acquired or within 90 days thereafter) permitted by Section 10.7, does not at any time exceed the greater of $180,000,000 or 15% of Consolidated Net Tangible Assets. For the purpose of this Section 10.5, Treasury Stock to the extent constituting Margin Stock shall be deemed not to be an asset of the Company and its Subsidiaries.

(b) The Company agrees that neither it nor any of its Subsidiaries shall use any capacity under Section 10.5(a) above to secure any amounts owed or outstanding under any Primary Credit Agreement unless the obligations of the Company under the Notes and this Agreement and the obligations of the Guarantors under the Guarantee Agreements are also concurrently equally and ratably secured pursuant to documentation in form and substance reasonably satisfactory to the Required Holders (including, but not limited to, documentation such as security agreements and other necessary or desirable collateral agreements, an intercreditor agreement and an opinion of independent legal counsel).

Section 10.6. Subsidiary Debt . The Company will not permit any Subsidiary that is not a Guarantor to create, incur, assume or permit to exist any Debt, except:

(a) Debt to the Company or any other Subsidiary; and

(b) other Debt; *provided* that the sum of (without duplication) (i) the principal amount of all Debt permitted by this clause (b), (ii) the principal amount of all Debt secured by Liens permitted by Section 10.5(a) and (iii) all Attributable Debt in respect of Sale and Leaseback Transactions (other than Sale and Leaseback Transactions entered into at the time the property subject thereto is acquired or within 90 days thereafter) permitted by Section 10.7 does not at any time exceed the greater of $180,000,000 or 15% of Consolidated Net Tangible Assets.

Section 10.7. Sale and Leaseback Transactions. The Company will not enter into or be party to, or permit any Subsidiary to enter into or be party to, any Sale and Leaseback Transaction (other than any Sale and Leaseback Transaction entered into at the time the property subject thereto is acquired or within 90 days thereafter) unless after giving effect thereto the sum of (without duplication) (i) all Attributable Debt permitted by this Section 10.7, (ii) the principal amount of all Debt of Subsidiaries that are not Guarantors permitted by Section 10.6(b) and (iii) the principal amount of all Debt secured by Liens permitted by Section 10.5(a) does not exceed the greater of $180,000,000 or 15% of Consolidated Net Tangible Assets.

Section 10.8. Certain Restrictive Agreements . The Company will not enter into, or permit any Subsidiary to enter into, any contract or other agreement that would limit the ability of any Subsidiary to pay dividends or make loans or advances to, or to repay loans or advances from, the Company or any other Subsidiary, other than (i) customary non-assignment provisions in any lease or sale agreement relating to the assets that are the subject of such lease or sale agreement, (ii) any restrictions binding on a Person acquired by the Company at the time of such acquisition, which restriction is applicable solely to the Person so acquired and its subsidiaries

and was not entered into in contemplating of such acquisition, (iii) in connection with any secured Debt permitted under Section 10.5, customary restrictions on the transfer of the Collateral securing such Debt and (iv) in connection with any other Debt permitted under Section 10.5 or 10.6 if and so long as the exception described in this clause (iv) is permitted pursuant to the Primary Credit Agreement.

Section 10.9. Leverage Ratio . The Company will not permit the Leverage Ratio as of the end of any fiscal quarter to exceed 3.50:1.00.

Section 10.10. Interest Coverage Ratio . The Company will not permit the Interest Coverage Ratio as of the end of any fiscal quarter for any period of four consecutive fiscal quarters to be less than 3.50:1.00.

SECTION 11. EVENTS OF DEFAULT .

An **"Event of Default"** shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, or Prepayment Premium, if any, or LIBOR Breakage Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) (i) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.5 through 10.10, inclusive, or (ii) any Guarantor defaults in the performance or compliance with any term of the Guarantee Agreement; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of an Obligor or by any officer of an Obligor in this Agreement or the Guarantee Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at

least $30,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least $30,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $30,000,000, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Debt; or

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $30,000,000 are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) either (i) the PBGC shall terminate any Plan that provides benefits for employees of the Company or any ERISA Affiliate and such Plan shall have an Unfunded Liability in an amount in excess of $30,000,000 at such time, (ii) Withdrawal Liability shall be assessed against the Company or any ERISA Affiliate in connection

with any Multiemployer Plan (whether under Section 4203 or Section 4205 of ERISA) and such Withdrawal Liability shall be an amount in excess of $30,000,000 or (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $30,000,000 and such amount could reasonably be expected to have a Material Adverse Effect; or

(k) the guarantee of any Guarantor under a Guarantee Agreement shall not be (or shall be asserted by the Company or any Guarantor not to be) valid or in full force and effect.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(g) or (h) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding

may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or in any Guarantee Agreement, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, the Guarantee Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person(s) in whose name any Note(s) shall be registered shall be

deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes . Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1-A with respect to the Series I Notes, Exhibit 1-B with respect to the Series J Notes and Exhibit 1-C with respect to the Series K Notes. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2. If a transferee is relying on clauses (c), (d), (e) or (g) of Section 6.2, it shall provide the written disclosure required in such clauses to the Company at least six Business Days prior to the transfer of a Note and if the Company reasonably determines, based upon an opinion of counsel it furnishes to the transferor and the transferee not less than one Business Day prior to the proposed transfer, that the transfer could reasonably be prohibited under section 406 of ERISA, such transfer shall not be effectuated until such time, if any, as the transferee represents that it is relying on other clauses of Section 6.2 or the Company determines that the proposed transfer would not be prohibited by section 406 of ERISA.

Section 13.3. Replacement of Notes . Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $25,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of JP Morgan Chase NA in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, LIBOR Breakage Amount and Prepayment Premium, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in Schedule A, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable and documented costs and expenses (including reasonable and documented attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Guarantee Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective),

including, without limitation: (a) the reasonable costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Guarantee Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Guarantee Agreement or the Notes, or by reason of being a holder of any Note and (b) the reasonable costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and the Guarantee Agreement. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes).

Section 15.2. Survival . The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, the Guarantee Agreement or the Notes, and the termination of this Agreement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT .

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement, the Notes and the Guarantee Agreement embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER .

Section 17.1. Requirements . This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount or LIBOR Breakage Amount or Prepayment Premium, if any, on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes .

(a) *Solicitation.* The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or the Guarantee Agreement. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 or the Guarantee Agreement to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or the Guarantee Agreement or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer* . Any consent made pursuant to this Section 17 or the Guarantee Agreement by the holder of any Note that has transferred or has agreed to transfer such Note to the Company, any Subsidiary or any Affiliate of the Company and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

Section 17.3. Binding Effect, Etc . Any amendment or waiver consented to as provided in this Section 17 or the Guarantee Agreement applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note and no delay in exercising any rights hereunder or under any Note or Guarantee Agreement shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc . Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, the Guarantee Agreement or the Notes, or have directed the taking of any action provided herein or in the Guarantee Agreement or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

S ECTION 18. N OTICES .

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid) or (d) with respect to any notice required to be provided by the Company to the Purchasers or holders of the Series J Notes relating to the determination by the Company of the Adjusted LIBOR Rate from time to time (including without limitation, under Sections 1.2(c) or 4.12), by email transmission only. Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of John E. Lynch, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

S ECTION 19. R EPRODUCTION OF D OCUMENTS .

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This

Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure not as a result of any violation of this Section 20 which violation was known by such Purchaser, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary not as a result of any violation of this Section 20 which violation was known by such Purchaser or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, this Agreement or the Guarantee Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. (i) Anything in this Agreement or the Fixed Rate Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.4 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount, or interest on any Fixed Rate Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Fixed Rate Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

(ii) Anything in this Agreement or the Series J Notes to the contrary notwithstanding, any payment of principal of or Prepayment Premium, LIBOR Breakage Amount or interest on any Series J Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms . (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

(b) If the Company notify the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of changes in applicable GAAP after the date of this Agreement (**" Subsequent Changes "**), any of the covenants contained in Sections 10.5 through 10.10, inclusive, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company and the holders of Notes shall negotiate in good faith to reset or amend such covenants or defined terms so as to negate such Subsequent Changes, or to establish alternative covenants or defined terms. Until the Company and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, the covenants contained in Sections 10.5 through 10.10, inclusive, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined assuming that the Subsequent Changes shall not have occurred (**" Static GAAP "**). During any period that compliance with any covenants shall be determined pursuant to Static GAAP, the Company shall include relevant reconciliations in reasonable detail between then applicable GAAP and Static GAAP with respect to the applicable covenant compliance calculations contained in each certificate of a Senior Financial Officer delivered pursuant to Section 7.2(a) during such period.

(c) Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the financial statements of the Company and its consolidated Subsidiaries for the fiscal year ended December 31, 2015 for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

Section 22.4. Severability . Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc . Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law . This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial . (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) T HE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS A GREEMENT , THE N OTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH .

Section 22.9. Release of Guarantors . Notwithstanding any contrary provision herein or in the Notes or in any Guarantee Agreement, if the Company shall request the release under a Guarantee Agreement of any Subsidiary to be sold or otherwise disposed of (including through

the sale or disposition of any Subsidiary owning such Subsidiary) to a Person other than the Company or a Subsidiary in a transaction permitted under the terms of this Agreement and shall deliver to the holders of the Notes a certificate to the effect that (i) such sale or other disposition will comply with the terms of this Agreement and (ii) such Subsidiary shall not be a guarantor or obligor under a Primary Credit Agreement the holders of the Notes, without further right of consent, shall execute and deliver all such instruments, releases or other agreements, and take all such further actions, as shall be necessary to effectuate the release of such Subsidiary at the time of or at any time after the completion of such sale or other disposition.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

WATERS CORPORATION

By /s/ Eugene G. Cassis
Name: Eugene G. Cassis
Title: Vice President and Chief Financial Officer

This Agreement is hereby accepted and agreed to as of the date hereof.

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: Northwestern Mutual Investment
Management Company, LLC,
Its investment advisor

By: /s/ David A. Barras
Name: David A. Barras
Title: Managing Director

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
for its Group Annuity Separate Account

By: /s/ David A. Barras
Name: David A. Barras
Its Authorized Representative

This Agreement is hereby accepted and agreed to as of the date hereof.

METROPOLITAN LIFE INSURANCE COMPANY
MET LIFE INSURANCE COMPANY USA
By: Metropolitan Life Insurance Company, its Investment Manager
FIRST MET LIFE INVESTORS INSURANCE COMPANY
By: Metropolitan Life Insurance Company, its Investment Manager
GENERAL AMERICAN LIFE INSURANCE COMPANY
By: Metropolitan Life Insurance Company, its Investment Manager

By: /s/ John Wills
Name: John Wills
Title: Managing Director

UNION FIDELITY LIFE INSURANCE COMPANY
by MetLife Investment Advisors, LLC, Its Investment Adviser

By: /s/ C. Scott Inglis
Name: C. Scott Inglis
Title: Managing Director

MET LIFE INSURANCE K.K.
by MetLife Investment Advisors, LLC, Its Investment Manager

By: /s/ C. Scott Inglis
Name: C. Scott Inglis
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date hereof.

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
By: NYL Investors LLC, its Investment Manager

By: /s/ A. Post Howland
Name: A. Post Howland
Title: Managing Director

NEW YORK LIFE INSURANCE COMPANY

By: /s/ A. Post Howland
Name: A. Post Howland
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: Engin Okaya
Vice President

THE PRUDENTIAL LIFE INSURANCE COMPANY, LTD.

By: Prudential Investment Management Japan Co., Ltd., as Investment Manager

By: PGIM, Inc., as Sub-Adviser

By: Engin Okaya
Vice President

FARMERS NEW WORLD LIFE INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc. (as its General Partner)

By: Engin Okaya
Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: /s/ Laura Parrott
Name: Laura Parrott
Title: Senior Director

This Agreement is hereby accepted and agreed to as of the date hereof.

JACKSON NATIONAL LIFE INSURANCE COMPANY

By: PPM America, Inc., as attorney in fact, on behalf of Jackson National Life Insurance Company

By: /s/ Elena S. Unger
Name: Elena S. Unger
Title: Vice President

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

By: PPM America, Inc., as attorney in fact, on behalf of Jackson National Life Insurance Company of New York

By: /s/ Elena S. Unger
Name: Elena S. Unger
Title: Vice President

This Agreement is hereby accepted and agreed to as of the date hereof.

THRIVENT FINANCIAL FOR LUTHERANS

By: /s/ William Hochmuth

Name: William Hochmuth
Title: Managing Director

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Adjusted LIBOR Rate" shall mean, for any Floating Rate Interest Period, LIBOR for that Floating Rate Interest Period *plus* 1.45% (145 basis points).

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person.

"Anti-Corruption Laws" means the United States Foreign Corrupt Practices Act of 1977, as amended and all other US laws, rules, and regulations applicable to the Company or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Anti -Terrorism Order" means Executive Order No. 13224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"Attributable Debt" means, in connection with any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the discount rate implied in the lease) of the obligations of the lessee for rental payments during the term of the lease.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Business Day" means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, (b) for the purposes of determining LIBOR or any LIBOR Breakage Amount only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City and London, England are required or authorized to be closed, and (c) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Boston Massachusetts are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

SCHEDULE B
(to Note Purchase Agreement)

"Company" means Waters Corporation, a Delaware corporation, or any successor that becomes such in the manner prescribed in Section 10.2.

"Confidential Information" is defined in Section 20.

"Consolidated Debt" means all Debt of the Company and the Subsidiaries, determined on a consolidated basis.

" Consolidated EBITDA " means, for any period, the consolidated net income (loss) of the Company and the Subsidiaries for such period plus, to the extent deducted in computing such consolidated net income for such period , the sum (without duplication) of (a) Consolidated Interest Expense, (b) consolidated income tax expense, (c) depreciation and amortization expense, (d) stock-based employee compensation expense related to any grant of stock options or restricted stock to the extent deducted from such consolidated net income for such period pursuant to Financial Accounting Standards Board Accounting Standards Codification No. 718 (Compensation - Stock Compensation), as amended, or any successor standard or rule, and (e) extraordinary or non-recurring noncash expenses or losses, minus, to the extent added in computing such consolidated net income for such period, extraordinary gains, all determined on a consolidated basis.

"Consolidated Interest Expense" means, for any period, the interest expense of the Company and the consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, but excluding deferred financing fees.

"Consolidated Net Tangible Assets" means the total amount of assets that would be included on a consolidated balance sheet of the Company and the consolidated Subsidiaries (and which shall reflect the deduction of applicable reserves) after deducting therefrom all current liabilities of the Company and the consolidated Subsidiaries and all Intangible Assets.

"Consolidated Total Assets" means the total amount of assets that would be included on a consolidated balance sheet of the Company and the consolidated Subsidiaries.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Controlled Affiliate" means any Subsidiary and any other Affiliate which is controlled by the Company.

"Debt" means, with respect to any Person and without duplication, all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, all accrued or contingent obligations in respect of letters of credit, all capitalized lease obligations, all indebtedness of others secured by assets of the Company or a Subsidiary, all Guaranties of Debt of others (but excluding guarantees issued for customer advance payments) and all obligations under Hedging Agreements. For the avoidance of doubt, "Debt" shall not include

(i) pension liabilities under any employee pension benefit plan and (ii) tender bid bonds, customer performance guarantees and similar suretyship obligations issued in the ordinary course of business that are not letters of credit and which, in each case, do not constitute a Guaranty of any Debt of others.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means (a) for the Series I Notes and Series K Notes, that rate of interest that is the greater of (i) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (ii) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A., in New York, New York as its "base" or "prime" rate and (b) for the Series J Notes, that rate of interest that is 2.00% per annum plus the Adjusted LIBOR Rate.

"Domestic Subsidiary" means any Subsidiary that is incorporated under the laws of the United States or its territories or possessions.

"Electronic Delivery" is defined in Section 7.1(a).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure to make minimum required contributions (as defined in Section 430 of the Code and Section 303 of ERISA); (c) the filing pursuant to Section 412(c) of the Code or Section 303(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any member of an ERISA Group of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any member of the ERISA Group from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any member of the ERISA Group of any liability with respect to the withdrawal or partial withdrawal from any Multiemployer Plan; or (g) the receipt by the Company or any member of the ERISA Group of any notice, or the receipt by any Multiemployer Plan from the Company or any member of the ERISA Group of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"ERISA Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company, are treated as a single employer under Section 414 of the Code.

"Event of Default" is defined in Section 11.

"Excluded Subsidiary" means at any time (a) any Foreign Subsidiary, (b) any subsidiary of a Foreign Subsidiary (c) any Domestic Subsidiary that is a disregarded entity for United States Federal income tax purposes substantially all of the assets of which consist of equity interests in one or more Foreign Subsidiaries, (d) any Subsidiary that is prohibited or restricted by applicable law from providing a Guaranty or if such Guaranty would require governmental (including regulatory) consent, approval, license or authorization, (e) any special purpose securitization vehicle (or similar entity), (f) any Subsidiary that is not-for-profit organization, (g) any other Subsidiary with respect to which, in the reasonable judgment of the Required Holders (confirmed in writing by notice to the Company), the cost or other consequences (including adverse tax consequences) of providing the Guarantee Agreement shall be excessive in view of the benefits to be obtained by the holders of Notes therefrom, and (h) any other Subsidiaries acquired or organized after the date of Closing that, together with their own subsidiaries on a combined consolidated basis, shall not, individually or in the aggregate for all such Subsidiaries under this clause (h), have accounted for more than 5% of Consolidated Total Assets or more than 5% of the consolidated total revenues of the Company and the Subsidiaries at the end of, or for the period of four fiscal quarters ended with, the most recent fiscal quarter of the Company for which financial statements shall have been delivered pursuant to Section 7.1(a) or (b) (or, prior to the delivery of any such financial statements, at the end of or for the period of four fiscal quarters ended March 31, 2016).

"Fixed Rate Notes" is defined in Section 1.1.

"Floating Rate Interest Payment Dates" shall have the meaning set forth in **Section 1.2.**

"Floating Rate Interest Period" shall mean each period commencing on the date of the Closing and, thereafter, commencing on a Floating Rate Interest Payment Date and continuing up to, but not including, the next Floating Rate Interest Payment Date.

"Floating Rate Required Holders" means, at any time, the holders of at least 51% in principal amount of the Series J Notes at the time outstanding (exclusive of Series J Notes then owned by the Company or any of its affiliates).

"Foreign Subsidiary" means any Subsidiary that is not incorporated under the laws of the United States or its territories or possessions.

"Form 10 -K" is defined in Section 7.1(b).

"Form 10 -Q" is defined in Section 7.1(a).

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guarantee Agreement" means a Subsidiary Guarantee Agreement substantially in the form of Exhibit B, and all supplements thereto made by the Guarantors for the benefit of the holders of the Notes form time to time.

"Guarantee Requirement" means, at any time, that the Guarantee Agreement (or a supplement referred to in Section 16 thereof) shall have been executed by each Subsidiary (other than any Excluded Subsidiary) existing at such time, shall have been delivered to the holders of the Notes and shall be in full force and effect; *provided, however,* that in the case of a Subsidiary that becomes subject to the Guarantee Requirement after the date of Closing, the Guarantee Requirement shall be satisfied with respect to such Subsidiary if a supplement to the Guarantee Agreement is executed by such Subsidiary, delivered to the holders of the Notes and in full force and effect no later than (i) 30 days after the date on which such Subsidiary becomes subject to the Guarantee Requirement (or such later date as is permitted in the Primary Credit Agreement except that such later date shall in no event be more than 60 days after the date on which such Subsidiary becomes subject to the Guarantee Requirement) or (ii) such other date as the Required Holders may reasonably determine, but in any case no later than 60 days after the date on which such Subsidiary becomes subject to the Guarantee Requirement.

"Guarantors" means each Person listed on Schedule C and each other Person that becomes party to a Guarantee Agreement as a Guarantor, and the permitted successors and assigns of each such Person.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement or other interest or currency exchange rate hedging arrangement. The "principal amount" of the obligations of any Person in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Person would be required to pay if such Hedging Agreement were terminated at such time.

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, *provided, however,* that if such Person is a nominee, then for the purposes of Sections 7, 12, 17.2 and 18 and any related definitions in this Schedule B, "holder" shall mean the beneficial owner of such Note whose name and address appears in such register.

"Institutional Investor" means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 10% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"Intangible Assets" means all assets of the Company and the consolidated Subsidiaries that would be treated as intangibles in conformity with GAAP on a consolidated balance sheet of the Company and the consolidated Subsidiaries.

"Interest Coverage Ratio" means, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Leverage Ratio" means, at any time, the ratio of (a) Consolidated Debt at such time to (b) Consolidated EBITDA for the most recent period of four consecutive fiscal quarters of the Company ended at or prior to such time; *provided,* that in the event any Material Acquisition shall have been completed during such period of four consecutive fiscal quarters, the Leverage Ratio shall be computed giving pro forma effect to such Material Acquisition as if it had been completed at the beginning of such period.

"LIBOR" shall mean, for any Floating Rate Interest Period:

(i) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) for a three month period which appears on Reuters Screen LIBOR01 Page (or any successor page) or the appropriate page of such other information service selected by the Company in consultation with the Floating Rate Required Holders from time to time in their reasonable discretion as the London interbank offered rate for deposits in U.S. Dollars at approximately 11:00 A.M. (London time) two (2) Business Days before the commencement of such Floating Rate Interest Period; or

(ii) if for any reason such rate is not reported in accordance with the above clause (i) or is unavailable, then "LIBOR" means the rate per annum at which deposits in U.S. Dollars are offered by the Reference Banks at approximately 11:00 A.M. (London time) two (2) Business Days before the commencement of such Floating Rate Interest Period to prime banks in the London interbank market for such Floating Rate Interest Period. The Floating Rate Required Holders, in consultation with the Company, will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for such Floating Rate Interest Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested the rate for such Floating Rate Interest Period will be the arithmetic mean of the rates quoted by major banks in London, selected by the Floating Rate Required Holders at approximately 11:00 A.M. (London time) two (2) Business Days prior to the commencement of such Floating Rate Interest Period for loans in U.S. Dollars to prime banks in the London interbank market for such Floating Rate Interest Period.

"LIBOR Breakage Amount" shall mean, as of the date of any payment or prepayment of the Series J Notes then being paid or prepaid, any loss, cost or expense actually and reasonably incurred by any holder of a Series J Note as a result of any payment or prepayment of any Series J Note (whether voluntary, mandatory, automatic, by reason of acceleration or otherwise) on a day other than a regularly scheduled Floating Rate Interest Payment Date for such Series J Note or at the scheduled maturity, and any actual loss or reasonable expense arising from the liquidation or reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained (but excluding, in all cases, anticipated profits). Each holder shall determine the portion of the LIBOR Breakage Amount with respect to the principal amount of its Series J Notes then being paid or prepaid (or required to be paid or prepaid) by written notice to the Company setting forth such determination in reasonable detail. Each such determination shall be conclusive absent manifest error.

Notwithstanding anything contained in (or implied by) this definition of "LIBOR Breakage Amount" to the contrary, the Company shall not be permitted to prepay Series J Notes pursuant to **Section 8.2** except pursuant to and in accordance with the specific provisions of said **Section 8.2** .

"Lien" means, with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset.

"Make -Whole Amount" is defined in Section 8.6.

"Margin Stock" has the meaning ascribed to such term in Regulation U issued by the Board.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"Material Acquisition" means (i) the acquisition by the Company or a Subsidiary of assets of or an interest in another Person or (ii) the merger or consolidation of the Company with another corporation, in each case if the Consolidated Total Assets of the Company after giving effect to such acquisition, merger or consolidation are at least 5% greater than the Consolidated Total Assets of the Company immediately prior to such acquisition, merger or consolidation.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Material Subsidiary" means each Subsidiary of the Company, other than Subsidiaries designated by the Company from time to time that in the aggregate do not account for more than 15% of the consolidated revenues of the Company and its Subsidiaries for the period of four fiscal quarters most recently ended or more than 15% of the consolidated assets of the Company and its Subsidiaries at the end of such period.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Notes" is defined in Section 1.

"Obligor" means the Company or any Guarantor.

"Obligors" means the Company and each Guarantor.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company or the relevant Guarantor, as the case may be, whose responsibilities extend to the subject matter of such certificate.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"Plan" means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum standards under Section 412 of the Internal Revenue Code (other than a Multiemployer Plan) and is either (a) maintained by a member of the ERISA Group for employees of a member of the ERISA Group or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Preferred Stock" means any class of capital stock of a Person that is preferred over any other class of capital stock (or similar equity interests) of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

"Prepayment Premium" means, in connection with any optional prepayment of the Series J Notes pursuant to **Section 8.2** or an acceleration of the Series J Notes pursuant to **Section 12.1** , an amount equal to the applicable percentage of the principal amount of such Series J Notes so prepaid or accelerated, as the case may be, set forth opposite the respective period below:

IF PREPAID OR ACCELERATED DURING THE PERIOD	APPLICABLE PERCENTAGE
Prior to the first annual anniversary date of the Closing	2%
From and after the first annual anniversary date of the Closing and prior to the second annual anniversary date of the Closing	1%
From and after the second annual anniversary date of Closing	0%

"Primary Credit Agreement" means the Credit Agreement of the Company dated June 25, 2013 with JP Morgan Chase Bank N.A., as Administrative Agent, among others as amended as of April 23, 2015 and, as further amended, modified, supplemented, restated, refinanced or replaced from time to time; it being understood that in the event that any refinancing or replacement of the Primary Credit Agreement consists of multiple facilities, (i) all such facilities with an aggregate commitment amount in excess of $150,000,000 (or its equivalent) shall constitute the Primary Credit Agreement and (ii) if there is no such facility which has an aggregate commitment amount in excess of $150,000,000, then the facility with the largest commitment amount shall constitute the Primary Credit Agreement.

"property" or **"properties"** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"PTE" is defined in Section 6.2(a).

"Purchaser" is defined in the first paragraph of this Agreement.

"Purchaser" or **"Purchasers"** means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with Section 13.2), *provided, however,* that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Agreement upon such transfer.

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"Reference Banks" means U.S. Bancorp Investments, Inc., Barclays Capital Inc., Keybanc Capital Markets, Inc. and DNB Bank ASA.

"Related Fund" means, with respect to any holder of any Note, any fund or entity that (i) invests in Securities or bank loans, and (ii) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Required Holders" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company (or the relevant Guarantor as the case may be) with responsibility for the administration of the relevant portion of this Agreement (or the Guarantee, as the case may be).

"Sale and Leaseback Transaction" means any arrangement whereby the Company or a Subsidiary, directly or indirectly, shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of Sanctions that are applicable to transactions with such country or Person operating, organized or resident therein generally, and not merely to transactions with specifically designated Persons or industries therein (at the date of this Agreement, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Asset Control of the U.S. Department of the Treasury, the U.S. Department of State or the European Union (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person known to the Company to be controlled by any Person or Persons described in the foregoing clauses (a) and (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Asset Control of the U.S. Department of the Treasury or the U.S. Department of State or (b) the European Union or Her Majesty's Treasury of the United Kingdom.

"SEC" shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

"Securities" or **"Security"** shall have the meaning specified in Section 2(1) of the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Supplement" is defined in Section 5.3.

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"Treasury Stock" means capital stock of the Company that is owned by the Company and held in treasury.

"Unfunded Liabilities" means, (a) in the case of a single-employer Plan which is covered by Title IV of ERISA, the amount, if any, by which the present value of all accumulated benefit obligations accrued to the date of determination under such Plan exceeds the fair market value of all assets of such Plan allocable to such benefits as of such date calculated in accordance with GAAP and based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87, as amended, or any successor standard, and (b) in the case of a Multiemployer Plan, the Withdrawal Liability of the Company and the Subsidiaries calculated as set forth in Title IV of ERISA.

"US Corporation" means a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia.

"USA PATRIOT Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

GUARANTOR AS OF DATE OF CLOSING

1. Waters Technologies Corporation, a Delaware corporation
2. TA Instruments - Waters L.L.C., a Delaware limited liability company
3. Waters Asia Limited, a Delaware corporation
4. Nihon Waters Limited, a Delaware corporation
5. Environmental Resource Associates, Inc., a Colorado corporation
6. Waters Finance V LLC, a Delaware limited liability corporation

SCHEDULE C
(to Note Purchase Agreement)

WATERS CORPORATION
DISCLOSURE DOCUMENTS

DOCUMENT	DATE
Company Update Document	March 2016
Investor Presentation slide show	March 2016
Waters Corporation Form 10K	December 31, 2015 December 31, 2014 December 31, 2013 December 31, 2012 December 31, 2011
Waters Corporation Form 10Q *	April 2, 2016

* to be filed on or about May 6, 2016

EXHIBIT 4.4(b)
(to Note Purchase Agreement)

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher J. O'Connell certify that:

1. I have reviewed this quarterly report on Form 10-Q of Waters Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2016

/s/ Christopher J. O'Connell

Christopher J. O'Connell
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eugene G. Cassis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Waters Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2016

/s/ Eugene G. Cassis

Eugene G. Cassis
Chief Financial Officer

Exhibit 32.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Waters Corporation (the "Company") on Form 10-Q for the period ended July 2, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. O'Connell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 5, 2016

By: /s/ Christopher J. O'Connell
Christopher J. O'Connell
Chief Executive Officer

Exhibit 32.2

**CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO 18 U.S.C.
SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Waters Corporation (the "Company") on Form 10-Q for the period ended July 2, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eugene G. Cassis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 5, 2016

By: /s/ Eugene G. Cassis
Eugene G. Cassis
Chief Financial Officer