Waters Corporation and Subsidiaries

Reconciliation of GAAP to Adjusted Non-GAAP

Net Sales by Operating Segment, Products & Services, Geography and Markets

Three Months Ended March 31, 2018 and April 1, 2017

(In thousands)

	Three Months Ended		Percent	Current Period Currency	Constant Currency
	March 31, 2018	April 1, 2017	Change	Impact	Growth Rate [a]
NET SALES - OPERATING SEGMENT					
Waters	$ 471,146	$ 443,426	6%	$ 22,151	1%
TA	59,524	54,543	9%	1,715	6%
Total	**$ 530,670**	**$ 497,969**	**7%**	**$ 23,866**	**2%**
NET SALES - PRODUCTS & SERVICES					
Instruments	$ 240,407	$ 236,393	2%	$ 9,701	(2%)
Service	191,553	173,673	10%	9,364	5%
Chemistry	98,710	87,903	12%	4,801	7%
Total Recurring	290,263	261,576	11%	14,165	6%
Total	**$ 530,670**	**$ 497,969**	**7%**	**$ 23,866**	**2%**
NET SALES - GEOGRAPHY					
Asia	$ 200,280	$ 195,106	3%	$ 6,089	-
Americas	181,710	174,650	4%	418	4%
Europe	148,680	128,213	16%	17,359	2%
Total	**$ 530,670**	**$ 497,969**	**7%**	**$ 23,866**	**2%**
NET SALES - MARKETS					
Pharmaceutical	$ 305,328	$ 279,810	9%	$ 15,785	3%
Industrial	162,330	161,303	1%	6,120	(3%)
Governmental & Academic	63,012	56,856	11%	1,961	7%
Total	**$ 530,670**	**$ 497,969**	**7%**	**$ 23,866**	**2%**

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

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP Financials
Quarters Ended March 31, 2018 and April 1, 2017
(In thousands, except per share data)

	Selling & Administrative Expenses[(a)]	Research & Development Expenses[(a)]	Operating Income	Operating Income Percentage	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
Quarter Ended March 31, 2018								
GAAP	**$ 130,394**	**$ 34,480**	**$ 144,375**	**27.2%**	**$ 140,549**	**$ 28,598**	**$ 111,951**	**$ 1.40**
Adjustments:								
Purchased intangibles amortization (b)	(1,659)	-	1,659	0.3%	1,659	202	1,457	0.02
Litigation settlement (c)	1,672	-	(1,672)	(0.3%)	(1,672)	(401)	(1,271)	(0.02)
Stock award modification (d)	(1,014)	-	1,014	0.2%	1,014	243	771	0.01
Restructuring costs, asset impairments, acquisition-related costs & certain other items (e)	(568)	-	568	0.1%	568	132	436	0.01
Tax reform (f)	-	-	-	-	-	(12,450)	12,450	0.16
Certain income tax items (g)	-	-	-	-	-	(692)	692	0.01
Adjusted Non-GAAP	**$ 128,825**	**$ 34,480**	**$ 145,944**	**27.5%**	**$ 142,118**	**$ 15,632**	**$ 126,486**	**$ 1.59**
Quarter Ended April 1, 2017								
GAAP	**$ 132,402**	**$ 35,752**	**$ 118,720**	**23.8%**	**$ 113,487**	**$ 7,930**	**$ 105,557**	**$ 1.31**
Adjustments:								
Purchased intangibles amortization (b)	(1,729)	-	1,729	0.3%	1,729	473	1,256	0.02
Restructuring costs, asset impairments, acquisition-related costs & certain other items (e)	(9,348)	-	9,348	1.9%	9,348	3,059	6,289	0.08
Acquired in-process research and development (h)		(5,000)	5,000	1.0%	5,000	962	4,038	0.05
Certain income tax items (g)	-	-	-	-	-	(475)	475	0.01
Adjusted Non-GAAP	**$ 121,325**	**$ 30,752**	**$ 134,797**	**27.1%**	**$ 129,564**	**$ 11,949**	**$ 117,615**	**$ 1.46**

(a) Selling & administrative expenses include purchased intangibles amortization and litigation provisions. Research & development expenses include acquired in-process research and development.

(b) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.

(c) Litigation settlement gain was excluded as these costs are isolated, unpredictable and not expected to recur regularly.

(d) The non-cash expense associated with accelerating the vesting of certain stock awards was excluded as the Company believes these expenses are not indicative of normal operating costs.

(e) Restructuring costs, asset impairments, acquisition-related costs and certain other items were excluded as the Company believes that the cost to consolidate operations and reduce overhead; the non-cash expense to record asset impairments; the cost to complete acquisitions and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.

(f) The provision for income taxes for the three months ended March 31, 2018 includes $12 million of expense related to the tax on the change in foreign currency exchange rates on the earnings taxed in December 31, 2017 under the Tax Cuts and Jobs Act. The difference is due to the change from the foreign currency exchange rates required by the U.S. Department of the Treasury on December 31, 2017 to the foreign currency exchange rates on either the date of distribution of assets into the U.S. or the foreign currency exchange rates as of March 31, 2018. The impact of the tax on the change in foreign currency exchange rates was excluded as the Company believes this expense is not indicative of the Company's normal or future income tax expense.

(g) Certain income tax items were excluded as these non-cash expenses and benefits represent updates in management's assessment of ongoing examinations or other tax items that are not indicative of the Company's normal or future income tax expense.

(h) Acquired In-Process Research and Development was excluded as it relates to milestone payments associated with a licensing arrangement for mass spectrometry that the Company believes is unusual and not indicative of its normal business operations.