
**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 April 3, 2021

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
(State or other jurisdiction of
incorporation or organization)

13-3668640
(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	WAT	New York Stock Exchange, Inc.

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 April 30, 2021: 61,700,498

WATERS CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

INDEX

	<u>Page</u>
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets (unaudited) as of April 3, 2021 and December 31, 2020	3
Consolidated Statements of Operations (unaudited) for the three months ended April 3, 2021 and March 28, 2020	4
Consolidated Statements of Comprehensive Income (unaudited) for the three months ended April 3, 2021 and March 28, 2020	5
Consolidated Statements of Cash Flows (unaudited) for the three months ended April 3, 2021 and March 28, 2020	6
Consolidated Statements of Stockholders' Equity (Deficit) (unaudited) for the three months ended April 3, 2021 and March 28, 2020	7
Condensed Notes to Consolidated Financial Statements (unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3. Quantitative and Qualitative Disclosures About Market Risk	37
Item 4. Controls and Procedures	37
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	38
Item 1A. Risk Factors	38
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 6. Exhibits	39
Signature	40

[Table of Contents](#)
Item 1: Financial Statements

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

	April 3, 2021	December 31, 2020
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 683,783	\$ 436,695
Investments	125,986	6,451
Accounts receivable, net	550,677	573,316
Inventories	327,967	304,281
Other current assets	79,510	80,290
Total current assets	1,767,923	1,401,033
Property, plant and equipment, net	513,719	494,003
Intangible assets, net	240,853	258,645
Goodwill	438,139	444,362
Operating lease assets	88,283	93,252
Other assets	162,646	148,625
Total assets	\$ 3,211,563	\$ 2,839,920
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and debt	\$ 100,000	\$ 150,000
Accounts payable	81,511	72,212
Accrued employee compensation	35,104	72,166
Deferred revenue and customer advances	280,848	198,240
Current operating lease liabilities	26,908	27,764
Accrued income taxes	82,642	76,558
Accrued warranty	10,705	10,950
Other current liabilities	167,331	197,093
Total current liabilities	785,049	804,983
Long-term liabilities:		
Long-term debt	1,603,090	1,206,515
Long-term portion of retirement benefits	72,756	72,620
Long-term income tax liabilities	357,824	357,493
Long-term operating lease liabilities	61,503	68,197
Other long-term liabilities	100,379	97,968
Total long-term liabilities	2,195,552	1,802,793
Total liabilities	2,980,601	2,607,776
Commitments and contingencies (Notes 6 , 7 and 11)		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000 shares authorized, none issued at April 3, 2021 and December 31, 2020	—	—
Common stock, par value \$0.01 per share, 400,000 shares authorized, 161,859 and 161,666 shares issued, 61,847 and 62,309 shares outstanding at April 3, 2021 and December 31, 2020, respectively	1,619	1,617
Additional paid-in capital	2,054,076	2,029,465
Retained earnings	7,256,116	7,107,989
Treasury stock, at cost, 100,012 and 99,357 shares at April 3, 2021 and December 31, 2020, respectively	(8,969,643)	(8,788,984)
Accumulated other comprehensive loss	(111,206)	(117,943)
Total stockholders' equity	230,962	232,144
Total liabilities and stockholders' equity	\$ 3,211,563	\$ 2,839,920

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
	(In thousands, except per share data)	
Revenues:		
Product sales	\$ 382,022	\$ 274,183
Service sales	<u>226,523</u>	<u>190,756</u>
Total net sales	608,545	464,939
Costs and operating expenses:		
Cost of product sales	158,876	119,839
Cost of service sales	95,271	90,805
Selling and administrative expenses	143,196	147,735
Research and development expenses	38,092	34,989
Purchased intangibles amortization	1,840	2,625
Litigation provision	<u>—</u>	<u>666</u>
Total costs and operating expenses	<u>437,275</u>	<u>396,659</u>
Operating income	171,270	68,280
Other income (expense), net	9,359	(374)
Interest expense	(10,946)	(14,079)
Interest income	<u>4,101</u>	<u>4,036</u>
Income before income taxes	173,784	57,863
Provision for income taxes	<u>25,657</u>	<u>4,301</u>
Net income	<u>\$ 148,127</u>	<u>\$ 53,562</u>
Net income per basic common share	\$ 2.38	\$ 0.86
Weighted-average number of basic common shares	62,260	62,232
Net income per diluted common share	\$ 2.37	\$ 0.86
Weighted-average number of diluted common shares and equivalents	62,632	62,626

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

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

	Three Months Ended	
	April 3, 2021	March 28, 2020
	(In thousands)	
Net income	\$ 148,127	\$ 53,562
Other comprehensive income (loss):		
Foreign currency translation	5,825	(19,344)
Unrealized losses on investments before income taxes	(10)	—
Unrealized losses on investments, net of tax	(10)	—
Retirement liability adjustment before reclassifications	1,054	296
Amounts reclassified to other income	216	340
Retirement liability adjustment before income taxes	1,270	636
Income tax expense	(348)	(238)
Retirement liability adjustment, net of tax	922	398
Other comprehensive income (loss)	6,737	(18,946)
Comprehensive income	<u>\$ 154,864</u>	<u>\$ 34,616</u>

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

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

	Three Months Ended	
	April 3, 2021	March 28, 2020
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 148,127	\$ 53,562
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	8,305	9,196
Deferred income taxes	2,787	(2,525)
Depreciation	16,343	15,708
Amortization of intangibles	15,013	13,480
Change in operating assets and liabilities:		
Decrease in accounts receivable	7,945	54,026
Increase in inventories	(30,544)	(29,399)
Increase in other current assets	(3,080)	(5,036)
(Increase) decrease in other assets	(4,219)	2,745
Decrease in accounts payable and other current liabilities	(29,758)	(15,825)
Increase in deferred revenue and customer advances	89,048	46,465
(Decrease) increase in other liabilities	(1,563)	9,238
Net cash provided by operating activities	218,404	151,635
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(39,503)	(51,130)
Business acquisitions, net of cash acquired	—	(76,664)
Purchases of investments	(122,640)	(3,520)
Maturities and sales of investments	3,139	1,139
Net cash used in investing activities	(159,004)	(130,175)
Cash flows from financing activities:		
Proceeds from debt issuances	500,000	315,000
Payments on debt	(150,000)	(100,366)
Payments of debt issuance costs	(3,637)	—
Proceeds from stock plans	16,295	11,743
Purchases of treasury shares	(173,305)	(196,226)
(Payments for) proceeds from derivative contracts	(578)	2,767
Net cash provided by financing activities	188,775	32,918
Effect of exchange rate changes on cash and cash equivalents	(1,087)	(32)
Increase in cash and cash equivalents	247,088	54,346
Cash and cash equivalents at beginning of period	436,695	335,715
Cash and cash equivalents at end of period	<u>\$ 683,783</u>	<u>\$ 390,061</u>

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited, in thousands)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
Balance December 31, 2019	161,030	\$ 1,610	\$1,926,753	\$6,587,403	\$(8,612,576)	\$ (119,471)	\$ (216,281)
Net income	—	—	—	53,562	—	—	53,562
Adoption of new accounting pronouncement	—	—	—	(985)	—	—	(985)
Other comprehensive loss	—	—	—	—	—	(18,946)	(18,946)
Issuance of common stock for employees:							
Employee Stock Purchase Plan	9	—	1,736	—	—	—	1,736
Stock options exercised	81	1	10,124	—	—	—	10,125
Treasury stock	—	—	—	—	(176,225)	—	(176,225)
Stock-based compensation	133	2	9,013	—	—	—	9,015
Balance March 28, 2020	<u>161,253</u>	<u>\$ 1,613</u>	<u>\$1,947,626</u>	<u>\$6,639,980</u>	<u>\$(8,788,801)</u>	<u>\$ (138,417)</u>	<u>\$ (337,999)</u>
	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance December 31, 2020	161,666	\$ 1,617	\$2,029,465	\$7,107,989	\$(8,788,984)	\$ (117,943)	\$ 232,144
Net income	—	—	—	148,127	—	—	148,127
Other comprehensive income	—	—	—	—	—	6,737	6,737
Issuance of common stock for employees:							
Employee Stock Purchase Plan	11	—	1,855	—	—	—	1,855
Stock options exercised	95	1	15,129	—	—	—	15,130
Treasury stock	—	—	—	—	(180,659)	—	(180,659)
Stock-based compensation	87	1	7,627	—	—	—	7,628
Balance April 3, 2021	<u>161,859</u>	<u>\$ 1,619</u>	<u>\$2,054,076</u>	<u>\$7,256,116</u>	<u>\$(8,969,643)</u>	<u>\$ (111,206)</u>	<u>\$ 230,962</u>

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

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1 Basis of Presentation and Summary of Significant Accounting Policies

Waters Corporation (the “Company,” “we,” “our,” or “us”) is a specialty measurement company that operates with a fundamental underlying purpose to advance the science that enables our customers to enhance human health and well-being. The Company has pioneered analytical workflow solutions involving liquid chromatography, mass spectrometry and thermal analysis innovations serving the life, materials and food sciences for more than 60 years. The Company primarily designs, manufactures, sells and services high performance liquid chromatography (“HPLC”), ultra performance liquid chromatography (“UPLC”TM) 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 common software platforms. 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 technology, principally in conjunction with chromatography, is employed 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 TATM 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 life science research. The Company is also a developer and supplier of advanced software-based products that interface with the Company’s instruments, as well as other manufacturers’ instruments.

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 first fiscal quarters for 2021 and 2020 ended on April 3, 2021 and March 28, 2020, 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 footnote disclosures required for annual financial statements prepared in accordance with generally accepted accounting principles (“U.S. 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 inter-company balances and transactions have been eliminated.

The preparation of consolidated financial statements in conformity with U.S. 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, 2020, as filed with the U.S. Securities and Exchange Commission (“SEC”) on February 24, 2021.

Risks and Uncertainties

The Company is subject to risks common to companies in the analytical instrument industry, including, but not limited to, global economic and financial market conditions, fluctuations in foreign currency exchange rates, fluctuations in customer demand, development by its competitors of new technological innovations, costs of developing new technologies, levels of debt and debt service requirements, risk of disruption, dependence on key personnel, protection and litigation of proprietary technology, shifts in taxable income between tax jurisdictions and compliance with regulations of the U.S. Food and Drug Administration and similar foreign regulatory authorities and agencies.

Both the Company’s domestic and international operations have been and continue to be affected by the ongoing global COVID-19 pandemic and the resulting volatility and uncertainty it has caused in the U.S. and international markets. Since being declared a pandemic in March 2020 by the World Health Organization, COVID-19 has continued to spread throughout the U.S. and globally. The COVID-19 pandemic has caused significant volatility and uncertainty in U.S. and international markets, which has disrupted and is expected to continue to disrupt the Company’s business and could result in a prolonged economic downturn. The Company operates in over 35 countries, including those in regions most impacted by the COVID-19 pandemic.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Through the date of the issuance of these financial statements, the Company's consolidated financial position, results of operations and cash flows have not been materially impacted and, thus, the Company concluded that no goodwill or long-lived asset impairment analyses were required. Further, there have been no violations of debt covenants. Any prolonged material disruption of the Company's employees, suppliers, manufacturing, or customers could materially impact its consolidated financial position, results of operations or cash flows.

Translation of Foreign Currencies

The functional currency of each of the Company's foreign operating subsidiaries is the local currency of its country of domicile, 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.

For 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 respective period. Any resulting translation gains or losses are included in accumulated other comprehensive income in the consolidated balance sheets.

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 April 3, 2021 and December 31, 2020, \$317 million out of \$810 million and \$364 million out of \$443 million, respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidiaries. In addition, \$256 million out of \$810 million and \$254 million out of \$443 million of cash, cash equivalents and investments were held in currencies other than the U.S. dollar at April 3, 2021 and December 31, 2020, respectively.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company has very limited use of rebates and other cash considerations payable to customers and, as a result, the transaction price determination does not have any material variable consideration. The Company does not consider there to be significant concentrations of credit risk with respect to trade receivables due to the short-term nature of the balances, the Company having a large and diverse customer base, and the Company having a strong historical experience of collecting receivables with minimal defaults. As a result, credit risk is considered low across territories and trade receivables are considered to be a single class of financial asset. The allowance for credit losses is based on a number of factors and is calculated by applying a historical loss rate to trade receivable aging balances to estimate a general reserve balance along with an additional adjustment for any specific receivables with known or anticipated issues affecting the likelihood of recovery. Past due balances with a probability of default based on historical data as well as relevant available forward-looking information are included in the specific adjustment. The historical loss rate is reviewed on at least an annual basis and the allowance for credit losses is reviewed quarterly for any required adjustments. The Company does not have any off-balance sheet credit exposure related to its customers.

Trade receivables related to instrument sales are collateralized by the instrument that is sold. If there is a risk of default related to a receivable that is collateralized, then the fair value of the collateral is calculated and adjusted for the cost to re-possess, refurbish and re-sell the instrument. This adjusted fair value is compared to the receivable balance and the difference would be recorded as the expected credit loss.

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

The following is a summary of the activity of the Company's allowance for credit losses for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Balance at Beginning of Period	Impact of CECL Adoption	Additions	Deductions	Balance at End of Period
Allowance for Credit Losses					
April 3, 2021	\$ 14,381	\$ —	\$ 775	\$ (1,561)	\$ 13,595
March 28, 2020	\$ 9,560	\$ 985	\$ 3,506	\$ (1,749)	\$ 12,302

Other Investments

During the three months ended April 3, 2021, the Company recorded an unrealized gain on an equity security still held at the reporting date of approximately \$10 million within other income (expense) on the income statement. This unrealized gain was recorded as an upward price adjustment to the carrying value of the investment due to an observable price change of a similar security issued during the current period.

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 April 3, 2021 and December 31, 2020. 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.

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 April 3, 2021 (in thousands):

	Total at April 3, 2021	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	\$ 12,061	\$ —	\$ 12,061	\$ —
Corporate debt securities	119,800	—	119,800	—
Time deposits	58,712	—	58,712	—
Waters 401(k) Restoration Plan assets	39,605	39,605	—	—
Foreign currency exchange contracts	208	—	208	—
Total	\$ 230,386	\$ 39,605	\$ 190,781	\$ —
Liabilities:				
Contingent consideration	\$ 1,225	\$ —	\$ —	\$ 1,225
Foreign currency exchange contracts	241	—	241	—
Interest rate cross-currency swap agreements	20,030	—	20,030	—
Total	\$ 21,496	\$ —	\$ 20,271	\$ 1,225

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2020 (in thousands):

	Total at December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Time deposits	\$ 6,451	\$ —	\$ 6,451	\$ —
Waters 401(k) Restoration Plan assets	38,988	38,988	—	—
Foreign currency exchange contracts	836	—	836	—
Total	\$ 46,275	\$ 38,988	\$ 7,287	\$ —
Liabilities:				
Contingent consideration	\$ 1,185	\$ —	\$ —	\$ 1,185
Foreign currency exchange contracts	185	—	185	—
Interest rate cross-currency swap agreements	44,996	—	44,996	—
Total	\$ 46,366	\$ —	\$ 45,181	\$ 1,185

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

Fair Value of 401(k) Restoration Plan Assets

The 401(k) Restoration Plan is a nonqualified defined contribution plan and the assets were held in registered mutual funds and have been classified as Level 1. The fair values of the assets in the plan are determined through market and observable sources from daily quoted prices on nationally recognized securities exchanges.

Fair Value of Cash Equivalents, Investments, Foreign Currency Exchange Contracts and Interest Rate Cross-Currency Swap Agreements

The fair values of the Company's cash equivalents, investments 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.

Fair Value of Contingent Consideration

The fair value of the Company's liability for contingent consideration relates to earnout payments in connection with the December 2020 acquisition of Integrated Software Solutions ("ISS") 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.

The fair value of future contingent consideration payments related to the December 2020 acquisition of ISS was estimated to be \$ 1 million at both April 3, 2021 and December 31, 2020. The fair value is based on the achievement of certain revenue and customer account milestones over the two years after the acquisition date.

Fair Value of Other Financial Instruments

The Company's accounts receivable, accounts payable and variable interest rate debt are recorded at cost, which approximates fair value due to their short-term nature. The carrying value of the Company's fixed interest rate debt was \$1.4 billion and \$910 million at April 3, 2021 and December 31, 2020, 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 \$1.3 billion and \$1.0 billion at April 3, 2021 and December 31, 2020, respectively, using Level 2 inputs.

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 strategies in managing exposures to changes in foreign currency exchange rates are to (1) 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 currency exchange rates are typically offset by corresponding changes in assets and (2) mitigate foreign exchange risk exposure of international operations by hedging the variability in the movement of foreign currency exchange rates on a portion of its Euro-denominated net asset investments. The Company presents the derivative transactions in financing activities in the statement of cash flows.

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

Foreign Currency Exchange Contracts

The Company does not specifically enter into any derivatives that hedge foreign-currency-denominated operating 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, Mexican peso and Brazilian real.

Interest Rate Cross-Currency Swap Agreements

As of April 3, 2021, the Company had entered into three-year interest rate cross-currency swap derivative agreements with an aggregate notional value of \$520 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its Euro-denominated net asset investments. Under hedge accounting, the change in fair value of the derivative that relates to changes in the foreign currency spot rate are recorded in the currency translation adjustment in other comprehensive income and remain in accumulated comprehensive income in stockholders' equity (deficit) until the sale or substantial liquidation of the foreign operation. The difference between the interest rate received and paid under the interest rate cross-currency swap derivative agreement is recorded in interest income in the statement of operations.

The Company's foreign currency exchange contracts and interest rate cross-currency swap agreements included in the consolidated balance sheets are classified as follows (in thousands):

	April 3, 2021		December 31, 2020	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency exchange contracts:				
Other current assets	\$ 36,131	\$ 208	\$ 66,690	\$ 836
Other current liabilities	\$ 25,423	\$ 241	\$ 20,000	\$ 185
Interest rate cross-currency swap agreements:				
Other liabilities	\$ 520,000	\$ (20,030)	\$ 560,000	\$ (44,996)
Accumulated other comprehensive loss		\$ 23,751		\$ 44,996

The following is a summary of the activity included in the statements of comprehensive income related to the foreign currency exchange contracts (in thousands):

	Financial Statement Classification	Three Months Ended	
		April 3, 2021	March 28, 2020
Foreign currency exchange contracts:			
Realized gains (losses) on closed contracts	Cost of sales	\$ 1,667	\$ (2,981)
Unrealized (losses) gains on open contracts	Cost of sales	(753)	1,325
Cumulative net pre-tax gains (losses)	Cost of sales	<u>\$ 914</u>	<u>\$ (1,656)</u>
Interest rate cross-currency swap agreements:			
Interest earned	Interest income	\$ 3,827	\$ 3,714
Unrealized gains on contracts, net	Stockholders' equity (deficit)	\$ 21,244	\$ 5,522

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)*Stockholders' Equity*

In January 2019, the Company's Board of Directors authorized the Company to repurchase up to \$4 billion of its outstanding common stock over a two-year period. This program replaced the remaining amounts available from the pre-existing program. During the three months ended April 3, 2021 and March 28, 2020, the Company repurchased 0.6 million and 0.8 million shares of the Company's outstanding common stock at a cost of \$173 million and \$167 million, respectively, under the January 2019 authorization and other previously announced programs. In addition, the Company repurchased \$8 million and \$9 million of common stock related to the vesting of restricted stock units during the three months ended April 3, 2021 and March 28, 2020, respectively. As of April 3, 2021, the Company had repurchased an aggregate of 11.8 million shares at a cost of \$2.6 billion under the January 2019 repurchase program and had a total of \$1.4 billion authorized for future repurchases. In December 2020, the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2023.

The Company had \$7 million of treasury stock purchases that were accrued and unsettled at April 3, 2021. These transactions were settled in April 2021, during the Company's second quarter. The Company had \$20 million of treasury stock purchases that were accrued and unsettled at December 31, 2019. These transactions were settled in January 2020. The Company did not have any unsettled treasury stock purchases as of December 31, 2020 or March 28, 2020.

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 three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Balance at Beginning of Period	Accruals for Warranties	Settlements Made	Balance at End of Period
Accrued warranty liability:				
April 3, 2021	\$ 10,950	\$ 2,337	\$ (2,582)	\$ 10,705
March 28, 2020	\$ 11,964	\$ 1,671	\$ (2,619)	\$ 11,016

Restructuring

In January 2020, the Company made organizational changes to better align its resources with its growth and innovation strategies, resulting in a worldwide workforce reduction, impacting 3% of the Company's employees. During the three months ended March 28, 2020, the Company incurred \$18 million of severance-related costs, lease termination costs and other related costs. The Company did not incur any restructuring charges during the three months ended April 3, 2021.

2 Revenue Recognition

The Company's deferred revenue liabilities on the consolidated balance sheets consist of the obligation on instrument service contracts and customer payments received in advance, prior to transfer of control of the instrument. The Company records deferred revenue primarily related to its service contracts, where consideration is billable at the beginning of the service period.

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

The following is a summary of the activity of the Company's deferred revenue and customer advances for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	April 3, 2021	March 28, 2020
Balance at the beginning of the period	\$ 239,759	\$ 213,695
Recognition of revenue included in balance at beginning of the period	(94,078)	(82,604)
Revenue deferred during the period, net of revenue recognized	182,384	138,430
Balance at the end of the period	<u>\$ 328,065</u>	<u>\$ 269,521</u>

The Company classified \$47 million and \$42 million of deferred revenue and customer advances in other long-term liabilities at April 3, 2021 and December 31, 2020, respectively.

The amount of deferred revenue and customer advances equals the transaction price allocated to unfulfilled performance obligations for the period presented. Such amounts are expected to be recognized in the future as follows (in thousands):

	April 3, 2021
Deferred revenue and customer advances expected to be recognized in:	
One year or less	\$ 280,848
13-24 months	25,860
25 months and beyond	21,357
Total	<u>\$ 328,065</u>

3 Marketable Securities

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

	April 3, 2021			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
U.S. Treasury securities	\$ 12,061	\$ —	\$ —	\$ 12,061
Corporate debt securities	119,810	7	(17)	119,800
Time deposits	58,712	—	—	58,712
Total	<u>\$ 190,583</u>	<u>\$ 7</u>	<u>\$ (17)</u>	<u>\$ 190,573</u>
Amounts included in:				
Cash equivalents	\$ 64,590	\$ 1	\$ (4)	\$ 64,587
Investments	125,993	6	(13)	125,986
Total	<u>\$ 190,583</u>	<u>\$ 7</u>	<u>\$ (17)</u>	<u>\$ 190,573</u>
	December 31, 2020			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Time deposits	6,451	—	—	6,451
Total	<u>\$ 6,451</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,451</u>
Amounts included in:				
Investments	6,451	—	—	6,451
Total	<u>\$ 6,451</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,451</u>

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

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

	<u>April 3, 2021</u>	<u>December 31, 2020</u>
Due in one year or less	\$ 164,762	\$ 6,451
Due after one year through three years	25,811	—
Total	<u>\$ 190,573</u>	<u>\$ 6,451</u>

4 Inventories

Inventories are classified as follows (in thousands):

	<u>April 3, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 141,600	\$ 133,490
Work in progress	21,689	18,678
Finished goods	164,678	152,113
Total inventories	<u>\$ 327,967</u>	<u>\$ 304,281</u>

5 Goodwill and Other Intangibles

The carrying amount of goodwill was \$438 million and \$444 million at April 3, 2021 and December 31, 2020, respectively. The effect of foreign currency translation decreased goodwill by \$6 million.

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

	<u>April 3, 2021</u>			<u>December 31, 2020</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Weighted- Average Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Weighted- Average Amortization Period</u>
Capitalized software	\$563,157	\$ 403,614	5 years	\$584,452	\$ 409,847	5 years
Purchased intangibles	202,828	160,028	11 years	205,585	160,342	11 years
Trademarks	9,680	—	—	9,680	—	—
Licenses	5,960	5,773	6 years	5,923	5,697	6 years
Patents and other intangibles	92,321	63,678	8 years	90,699	61,808	8 years
Total	<u>\$873,946</u>	<u>\$ 633,093</u>	7 years	<u>\$896,339</u>	<u>\$ 637,694</u>	7 years

The gross carrying value of intangible assets and accumulated amortization for intangible assets decreased by \$27 million and \$19 million, respectively, in the three months ended April 3, 2021 due to the effects of foreign currency translation. Amortization expense for intangible assets was \$15 million and \$13 million for the three months ended April 3, 2021 and March 28, 2020, respectively. Amortization expense for intangible assets is estimated to be \$62 million per year for each of the next five years.

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

6 Debt

In March 2021, the Company issued the following senior unsecured notes:

Senior Unsecured Notes	Term	Interest Rate	Face Value (in millions)	Maturity Date
Series N	5 years	1.68%	\$ 100	March 2026
Series O	10 years	2.25%	\$ 400	March 2031

The Company used the proceeds from the issuance of these senior unsecured notes to repay other outstanding debt and for general corporate purposes. Interest on the Series N and O Senior Notes is payable semi-annually. The Company may prepay some or all of the Senior Notes at any time in an amount not less than 10% of the aggregate principal amount of the Senior Notes then outstanding, plus the applicable make-whole amount for Series N and O Senior Notes, in each case, upon no more than 60 nor less than 20 days' written notice to the holders of the Senior Notes. In the event of a change in control (as defined in the note purchase agreement) of the Company, the Company may be required to prepay the Senior Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. Other provisions for these senior unsecured notes are similar to the existing senior unsecured notes, as described below.

In November 2017, the Company entered into a credit agreement (the "2017 Credit Agreement") that provides for a \$1.5 billion revolving facility and a \$300 million term loan. As of April 3, 2021 and December 31, 2020, the revolving facility and term loan had a total of \$300 million and \$400 million, respectively, outstanding and mature on November 30, 2022 and require no scheduled prepayments before that date.

The interest rates applicable to the 2017 Credit Agreement are, at the Company's option, equal to either the alternate base rate (which is a rate per annum equal to the greatest of (1) the prime rate in effect on such day, (2) the Federal Reserve Bank of New York Rate on such day plus 1/2 of 1% per annum and (3) 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 or EURIBO rate for Euro-denominated loans, in each case, plus an interest rate margin based upon the Company's leverage ratio, which can range between 0 and 12.5 basis points for alternate base rate loans and between 80 and 112.5 basis points for LIBO rate or EURIBO rate loans. The facility fee on the 2017 Credit Agreement ranges between 7.5 and 25 basis points per annum, based on the leverage ratio, of the amount of the revolving facility commitments and the outstanding term loan. The 2017 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 2017 Credit Agreement includes negative covenants, affirmative covenants, representations and warranties and events of default that are customary for investment grade credit facilities.

As of April 3, 2021 and December 31, 2020, the Company had a total of \$1.4 billion and \$1.0 billion, respectively, of outstanding senior unsecured notes. 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 the Series H senior unsecured note. 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.

In February 2019, certain defined terms related to the subsidiary guarantors were amended in the 2017 Credit Agreement and senior unsecured note agreements. In addition, the Company amended the senior unsecured note agreements to allow the Company to elect an increase in the permitted leverage ratio from 3.50:1 to 4.0:1, for a period of three consecutive quarters, for a material acquisition of \$400 million or more. During the period of time where the leverage ratio exceeds 3.50:1, the interest payable on the senior unsecured notes shall increase by 0.50%. The debt covenants in the senior unsecured note agreements were also modified to address the change in accounting guidance for leases.

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

The Company had the following outstanding debt at April 3, 2021 and December 31, 2020 (in thousands):

	April 3, 2021	December 31, 2020
Senior unsecured notes - Series E - 3.97%, due March 2021	—	50,000
Senior unsecured notes - Series F - 3.40%, due June 2021	100,000	100,000
Total notes payable and debt, current	100,000	150,000
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	50,000
Senior unsecured notes - Series K - 3.44%, due May 2026	160,000	160,000
Senior unsecured notes - Series L - 3.31%, due September 2026	200,000	200,000
Senior unsecured notes - Series M - 3.53%, due September 2029	300,000	300,000
Senior unsecured notes - Series N - 1.68%, due March 2026	100,000	—
Senior unsecured notes - Series O - 2.25%, due March 2031	400,000	—
Credit agreement	300,000	400,000
Unamortized debt issuance costs	(6,910)	(3,485)
Total long-term debt	1,603,090	1,206,515
Total debt	\$1,703,090	\$ 1,356,515

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

As of April 3, 2021 and December 31, 2020, the Company had a total amount available to borrow under the 2017 Credit Agreement of \$1.5 billion and \$1.4 billion, respectively, after outstanding letters of credit. The weighted-average interest rates applicable to the senior unsecured notes and credit agreement borrowings collectively were 2.68% and 2.92% at April 3, 2021 and December 31, 2020, respectively. As of April 3, 2021, the Company was in compliance with all debt covenants.

The Company and its foreign subsidiaries also had available short-term lines of credit totaling \$122 million and \$109 million at April 3, 2021 and December 31, 2020, respectively, for the purpose of short-term borrowing and issuance of commercial guarantees. None of the Company's foreign subsidiaries had outstanding short-term borrowings as of April 3, 2021 or December 31, 2020.

As of April 3, 2021, the Company had entered into three-year interest rate cross-currency swap derivative agreements with an aggregate notional value of \$520 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its Euro-denominated net asset investments.

7 Income Taxes

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the U.K. and Singapore, where the statutory tax rates were 21 %, 12.5 %, 19 % and 17 %, respectively, as of April 3, 2021. The Company had a contractual tax rate of 0 % on qualifying activities in Singapore through March 2021, based upon the achievement of certain contractual milestones. The Company has a new Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5 % on certain types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the 0 % concessionary income tax rate rather than the statutory tax rate to income arising from qualifying activities in Singapore increased the Company's net income for the three months ended April 3, 2021 and March 28, 2020 by \$4 million and \$2 million, respectively, and increased the Company's net income per diluted share by \$0.06 and \$0.04, respectively.

The Company's effective tax rate for the three months ended April 3, 2021 and March 28, 2020 was 14.8% and 7.4%, respectively. The income tax provision includes a \$2 million income tax benefit related to stock-based compensation for both the three months ended April 3, 2021 and March 28, 2020. The effective tax rate for the three months ended

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

March 28, 2020 included a \$4 million income tax benefit related to certain restructuring charges. This income tax benefit decreased the effective tax rate by 7.1 percentage points for the three months ended March 28, 2020. The remaining differences between the effective tax rates can primarily be attributed to differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

The Company accounts for its uncertain tax return 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 Company continues to classify interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes.

The following is a summary of the activity of the Company's gross unrecognized tax benefits, excluding interest and penalties, for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	<u>April 3, 2021</u>	<u>March 28, 2020</u>
Balance at the beginning of the period	\$ 28,666	\$ 27,790
Net reductions for lapse of statutes taken during the period	(95)	(101)
Net additions for tax positions taken during the current period	289	203
Balance at the end of the period	<u>\$ 28,860</u>	<u>\$ 27,892</u>

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, 2015. 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 April 3, 2021, the Company expects to record reductions in the measurement of its unrecognized tax benefits and related net interest and penalties of less than \$1 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.

8 Stock-Based Compensation

The Company maintains various stockholder-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 and performance stock units).

In May 2020, the Company's stockholders approved the Company's 2020 Equity Incentive Plan ("2020 Plan"). As of April 3, 2021, the 2020 Plan had 6.5 million shares available for grant in the form of incentive or non-qualified stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units or other types of awards (e.g. restricted stock units and performance stock units). The Company issues new shares of common stock upon exercise of stock options or restricted stock unit conversion. Under the 2020 Plan, the exercise price for stock options may not be less than the fair market value of the underlying stock at the date of grant. The 2020 Plan is scheduled to terminate on May 13, 2030. Options generally will expire no later than ten years after the date on which they are granted and will become exercisable as directed by the Compensation Committee of the Board of Directors and generally vest in equal annual installments over a five-year period. A SAR may be granted alone or in conjunction with an option or other award. Shares of restricted stock, restricted stock units and performance stock units may be issued under the 2020 Plan for such consideration as is determined by the Compensation Committee of the Board of Directors. As of April 3, 2021, the Company had stock options, restricted stock, and restricted and performance stock unit awards outstanding under the 2020 Plan.

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. Forfeitures are estimated based on historical experience. If actual results differ significantly from these

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

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.

The consolidated statements of operations for the three months ended April 3, 2021 and March 28, 2020 include the following stock-based compensation expense related to stock option awards, restricted stock awards, restricted stock unit awards, performance stock unit awards and the employee stock purchase plan (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Cost of sales	\$ 633	\$ 570
Selling and administrative expenses	6,420	7,373
Research and development expenses	1,252	1,253
Total stock-based compensation	<u>\$ 8,305</u>	<u>\$ 9,196</u>

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 three months ended April 3, 2021 and March 28, 2020 are as follows:

Options Issued and Significant Assumptions Used to Estimate Option Fair Values	Three Months Ended	
	April 3, 2021	March 28, 2020
Options issued in thousands	139	227
Risk-free interest rate	0.8%	1.4%
Expected life in years	6	6
Expected volatility	33.1%	26.5%
Expected dividend s	—	—

Weighted-Average Exercise Price and Fair Value of Options on the Date of Grant	Three Months Ended	
	April 3, 2021	March 28, 2020
Exercise price	\$ 277.32	\$ 216.08
Fair value	\$ 91.63	\$ 61.70

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

The following table summarizes stock option activity for the plans for the three months ended April 3, 2021 (in thousands, except per share data):

	Number of Shares	Exercise Price per Share	Weighted-Average Exercise Price per Share
Outstanding at December 31, 2020	1,067	\$ 75.94 to \$ 238.52	\$ 179.59
Granted	139	\$ 250.15 to \$ 280.80	\$ 277.32
Exercised	(95)	\$ 99.22 to \$ 238.52	\$ 159.10
Canceled	(125)	\$ 139.51 to \$ 224.37	\$ 183.98
Outstanding at April 3, 2021	<u>986</u>	\$ 75.94 to \$ 266.05	\$ 194.77

Restricted Stock

During the three months ended April 3, 2021, the Company granted four thousand shares of restricted stock. The weighted-average fair value per share of these awards on the grant date was \$250.15 .

Restricted Stock Units

The following table summarizes the unvested restricted stock unit award activity for the three months ended April 3, 2021 (in thousands, except per share data):

	Shares	Weighted-Average Grant Date Fair Value per Share
Unvested at December 31, 2020	271	\$ 202.00
Granted	76	\$ 279.66
Vested	(80)	\$ 182.14
Forfeited	(3)	\$ 210.35
Unvested at April 3, 2021	<u>264</u>	\$ 230.28

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

Performance Stock Units

The Company's performance stock units are equity compensation awards with a market vesting condition based on the Company's Total Shareholder Return ("TSR") relative to the TSR of the components of the S&P Health Care Index. TSR is the change in value of a stock price over time, including the reinvestment of dividends. The vesting schedule ranges from 0% to 200% of the target shares awarded. Beginning with the grants made in 2020, the vesting conditions for performance stock units now include a performance condition based on future sales growth.

In determining the fair value of the performance stock units, the Company makes a variety of assumptions and estimates, including volatility measures, expected yields and expected terms. The fair value of each performance stock unit grant was estimated on the date of grant using the Monte Carlo simulation 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 the performance period of the underlying performance stock units. 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 Monte Carlo simulation model. The correlation coefficient is used to model the way in which each company in the S&P Health Care Index tends to move in relation to each other during the performance period. The relevant data used to determine the value of the performance stock units granted during the three months ended April 3, 2021 and March 28, 2020 are as follows:

Performance Stock Units Issued and Significant Assumptions Used to Estimate Fair Values	Three Months Ended	
	April 3, 2021	March 28, 2020
Performance stock units issued (in thousands)	41	58
Risk-free interest rate	0.2%	1.3%
Expected life in years	2.9	2.9
Expected volatility	38.7%	25.1%
Average volatility of peer companies	34.7%	26.1%
Correlation coefficient	45.8%	36.6%
Expected dividends	—	—

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

The following table summarizes the unvested performance stock unit award activity for the three months ended April 3, 2021 (in thousands, except per share data):

	Shares	Weighted-Average Fair Value per Share
Unvested at December 31, 2020	95	\$ 230.36
Granted	41	\$ 315.98
Vested	(5)	\$ 242.94
Forfeited	(33)	\$ 228.24
Unvested at April 3, 2021	<u>98</u>	<u>\$ 266.25</u>

9 Earnings Per Share

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

	Three Months Ended April 3, 2021		
	Net Income (Numerator)	Weighted- Average Shares (Denominator)	Per Share Amount
Net income per basic common share	\$ 148,127	62,260	\$ 2.38
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	372	(0.01)
Net income per diluted common share	<u>\$ 148,127</u>	<u>62,632</u>	<u>\$ 2.37</u>

	Three Months Ended March 28, 2020		
	Net Income (Numerator)	Weighted- Average Shares (Denominator)	Per Share Amount
Net income per basic common share	\$ 53,562	62,232	\$ 0.86
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	394	—
Net income per diluted common share	<u>\$ 53,562</u>	<u>62,626</u>	<u>\$ 0.86</u>

For the three months ended April 3, 2021 and March 28, 2020, the Company had 0.1 million and 0.2 million stock options that were antidilutive, respectively, due to having higher exercise prices than the Company's average stock price during the period. These securities were not included in the computation of diluted EPS. The effect of dilutive securities was calculated using the treasury stock method.

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

10 Accumulated Other Comprehensive Income

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

	Currency Translation	Unrealized Loss on Retirement Plans	Unrealized Gain (Loss) on Investments	Accumulated Other Comprehensive Loss
Balance at December 31, 2020	\$ (98,082)	\$ (19,861)	\$ —	\$ (117,943)
Other comprehensive loss, net of tax	5,825	922	(10)	6,737
Balance at April 3, 2021	<u>\$ (92,257)</u>	<u>\$ (18,939)</u>	<u>\$ (10)</u>	<u>\$ (111,206)</u>

11 Retirement Plans

The Company sponsors various retirement plans. The components of net periodic benefit cost other than the service cost component are included in other expense in the consolidated statements of operations. The summary of the components of net periodic pension costs for the plans for the three months ended April 3, 2021 and March 28, 2020 is as follows (in thousands):

	Three Months Ended			
	April 3, 2021		March 28, 2020	
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans
Service cost	\$ 233	\$ 1,160	\$ 151	\$ 1,099
Interest cost	139	315	176	345
Expected return on plan assets	(255)	(466)	(219)	(456)
Net amortization:				
Prior service credit	(5)	(41)	(5)	(40)
Net actuarial loss	—	262	—	385
Net periodic pension cost	<u>\$ 112</u>	<u>\$ 1,230</u>	<u>\$ 103</u>	<u>\$ 1,333</u>

During fiscal year 2021, the Company expects to contribute a total of approximately \$3 million to \$6 million to the Company's defined benefit plans.

12 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 TM and TA TM.

The Waters operating segment is primarily in the business of designing, manufacturing, selling and servicing LC and MS instruments, columns and other precision 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, selling 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.

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

Net sales for the Company's products and services are as follows for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Product net sales:		
Waters instrument systems	\$ 216,072	\$ 142,829
Chemistry consumables	118,974	97,245
TA instrument systems	46,976	34,109
Total product sales	382,022	274,183
Service net sales:		
Waters service	206,832	174,137
TA service	19,691	16,619
Total service sales	226,523	190,756
Total net sales	<u>\$ 608,545</u>	<u>\$ 464,939</u>

Net sales are attributable to geographic areas based on the region of destination. Geographic sales information is presented below for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net Sales:		
Asia:		
China	\$ 102,919	\$ 47,231
Japan	50,296	45,089
Asia Other	76,327	66,760
Total Asia	229,542	159,080
Americas:		
United States	162,433	143,898
Americas Other	34,924	28,278
Total Americas	197,357	172,176
Europe	181,646	133,683
Total net sales	<u>\$ 608,545</u>	<u>\$ 464,939</u>

Net sales by customer class are as follows for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Pharmaceutical	\$ 360,148	\$ 272,563
Industrial	183,273	143,354
Academic and government	65,124	49,022
Total net sales	<u>\$ 608,545</u>	<u>\$ 464,939</u>

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

Net sales for the Company recognized at a point in time versus over time are as follows for the three months ended April 3, 2021 and March 28, 2020 (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net sales recognized at a point in time:		
Instrument systems	\$ 263,048	\$ 176,938
Chemistry consumables	118,974	97,245
Service sales recognized at a point in time (time & materials)	79,287	67,742
Total net sales recognized at a point in time	461,309	341,925
Net sales recognized over time:		
Service and software sales recognized over time (contracts)	147,236	123,014
Total net sales	<u>\$ 608,545</u>	<u>\$ 464,939</u>

13 Recent Accounting Standard Changes and Developments*Recently Adopted Accounting Standards*

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. Prior guidance required the recognition of a credit loss when it was considered probable that a loss event had occurred. The current 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-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. On January 1, 2020 the Company adopted this new standard using a modified retrospective method for all financial assets measured at amortized cost which only impacted the Company's allowance on trade accounts receivable. The Company did not have any significant off-balance sheet credit exposures which would be impacted by the new guidance. Results for reporting periods beginning after January 1, 2020 are presented under the new standard while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net decrease of \$1 million to stockholders' deficit as of January 1, 2020 for the cumulative effect of adopting the new standard due to converting to the current expected credit loss model for the allowance recorded against trade accounts receivables. This accounting standard did not have an impact on the Company's results of operations and cash flows.

In January 2017, accounting guidance was issued that simplifies the accounting for goodwill impairment. The guidance eliminates step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. This guidance is effective for annual and interim periods beginning after December 15, 2019. The Company adopted this standard on January 1, 2020. The adoption of this standard did not have a material effect on the Company's financial position, results of operations and cash flows.

In August 2018, accounting guidance was issued that modifies the disclosure requirements of fair value measurements. The amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosure and add disclosure requirements identified as relevant. This guidance is effective for annual and interim periods beginning after December 15, 2019. The Company adopted this standard on January 1, 2020. The adoption of this standard did not have a material impact on the Company's financial position, results of operations and cash flows.

In August 2018, accounting guidance was issued that modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosure and add disclosure requirements identified as relevant. This guidance is effective for annual and interim periods ending after December 15, 2020. The Company adopted this standard on January 1, 2020. The adoption of this standard did not have a material impact on the Company's financial position, results of operations and cash flows.

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

In December 2019, accounting guidance was issued that simplifies the accounting for income taxes by removing certain exceptions within the current guidance, including the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The amendment also improves consistent application by clarifying and amending existing guidance related to aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step up in the tax basis of goodwill. This guidance is effective for annual and interim periods beginning after December 15, 2020. The Company adopted this standard on January 1, 2021. The adoption of this standard did not have a material impact on the Company's financial position, results of operations and cash flows.

In January 2020, accounting guidance was issued that clarifies the accounting guidance for equity method investments, joint ventures, and derivatives and hedging. The update clarifies the interaction between different sections of the accounting guidance that could be applicable and helps clarify which guidance should be applied in certain situations which should increase relevance and comparability of financial statement information. This guidance is effective for annual and interim periods beginning after December 15, 2020. The Company adopted this standard on January 1, 2021. The adoption of this standard did not have a material impact on the Company's financial position, results of operations and cash flows.

Recently Issued Accounting Standards

In March 2020, accounting guidance was issued that facilitates the effects of reference rate reform on financial reporting. The amendments in the update provide optional guidance for a limited period of time to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting and apply to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In January of 2021, an update was issued to clarify that certain optional expedients and exceptions under the reference rate reform guidance for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in the reference rate reform guidance, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. This temporary guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company may elect to apply this guidance for all contract modifications or eligible hedging relationships during that time period subject to certain criteria. The Company is still evaluating the impact of reference rate reform and whether this guidance will be adopted.

14 Subsequent Events

The Company has evaluated for the occurrence of subsequent events through the issuance date of the Company's consolidated financial statements. No other recognized or non-recognized subsequent events occurred that require recognition or disclosure in the consolidated financial statements, except as noted below.

The Company has executed a settlement agreement to resolve patent infringement litigation with Bruker Corporation and Bruker Daltronik GmbH regarding their timsTOF product line. In connection with that settlement, the Company will receive \$10 million in guaranteed payments, including minimum royalty payments, which will be recognized within other income in our consolidated statement of operations in the second quarter of 2021.

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

Business Overview

The Company has two operating segments: Waters TM and TA TM. Waters products and services primarily consist of high performance liquid chromatography ("HPLC"), ultra performance liquid chromatography ("UPLC TM" and, together with HPLC, referred to as "LC"), mass spectrometry ("MS") and precision 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 government 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.

COVID-19 Pandemic

Both the Company's domestic and international operations have been and continue to be affected by the ongoing global COVID-19 pandemic that has led to volatility and uncertainty in the U.S. and international markets. The Company is actively managing its business to respond to the COVID-19 impact; however, the Company cannot reasonably estimate the length or severity of the COVID-19 pandemic or the related response, or the extent to which the disruption may materially impact the Company's business, consolidated financial position, consolidated results of operations or consolidated cash flows in the future.

During the three months ended April 3, 2021, the COVID-19 pandemic did not materially impact the Company's manufacturing facilities or those of the third parties to whom it outsources certain manufacturing processes, the distribution centers where its inventory is managed, or the operations of its logistics and other service providers. The Company also did not see material disruptions or delays in shipments of certain materials or components of its products.

The Company has taken decisive and appropriate actions throughout the pandemic, and continues to take proactive measures to guard the health of its global employee base and the safety of all customer interactions. The Company has implemented rigorous protocols to promote a safe work environment in all of its locations that are operational around the world and continues to closely monitor and update its multi-phase process for the safe return of employees to their physical workplaces as social distancing, governmental requirements, including capacity limitations, and other protocols allow.

The vast majority of the markets the Company serves, most notably the pharmaceutical, biomedical research, materials sciences, food/environmental and clinical markets, have continued to operate at various levels, and the Company is working closely with these customers to facilitate their seamless operation.

The COVID-19 pandemic continues to be fluid with uncertainties and risks remaining across the global economy. During 2020, the Company took a proactive approach managing through this unpredictability and implemented a series of cost reduction actions, which included temporary salary reductions, furloughs and reductions in non-essential spending and other working capital reductions in order to preserve liquidity and enhance financial flexibility. These cost reductions were completed by the end of 2020; however, the Company's plan will be adjusted accordingly depending on the pace of the recovery and any further governmental restrictions that may be implemented. The 2020 cost actions reduced the Company's spending by approximately \$100 million with 58% of these savings being realized by the end of the second quarter of 2020 and approximately 21% of the savings being realized in each of the third and fourth quarters of 2020. The majority of these cost saving actions were reinstated at the beginning of 2021 and as a result, the Company expects a significant increase in its expenses and a negative impact on its cash flows during the last three quarters of 2021 from a normalization of these costs.

[Table of Contents](#)

Financial Overview

The Company's operating results are as follows for the three months ended April 3, 2021 and March 28, 2020 (dollars in thousands, except per share data):

	Three Months Ended		% change
	April 3, 2021	March 28, 2020	
Revenues:			
Product sales	\$ 382,022	\$ 274,183	39%
Service sales	226,523	190,756	19%
Total net sales	608,545	464,939	31%
Costs and operating expenses:			
Cost of sales	254,147	210,644	21%
Selling and administrative expenses	143,196	147,735	(3%)
Research and development expenses	38,092	34,989	9%
Purchased intangibles amortization	1,840	2,625	(30%)
Litigation provision	—	666	(100%)
Operating income	171,270	68,280	151%
Operating income as a % of sales	28.1%	14.7%	
Other income (expense), net	9,359	(374)	2,602%
Interest expense, net	(6,845)	(10,043)	(32%)
Income before income taxes	173,784	57,863	200%
Provision for income taxes	25,657	4,301	497%
Net income	\$ 148,127	\$ 53,562	177%
Net income per diluted common share	\$ 2.37	\$ 0.86	176%

Despite the various ongoing challenges caused by the COVID-19 pandemic, the Company's net sales increased 31% in the first quarter of 2021 as compared to the first quarter of 2020 driven by strong sales growth across all major geographies, end markets, and product categories. Overall, first quarter sales benefited from stronger demand for our products and services across all major geographies as a result of our customers continuing to resume laboratory and manufacturing operations, particularly in China where sales grew 118%. Foreign currency translation increased total sales by 4%. In addition, the Company's first quarter of 2021 included five more calendar days than the first quarter of 2020.

Instrument system sales increased 49% in the quarter, due to customer demand continuing to increase to pre-pandemic levels as customer laboratories and manufacturing facilities returned to normal operations. This strength was broad-based, particularly in LC, LC-MS and TA instrument system sales. Foreign currency translation increased instrument system sales by 4%. Recurring revenues (combined sales of precision chemistry consumables and services) increased 20% in the quarter, with foreign currency translation increasing sales by 5%. In the first quarter of 2021, recurring revenues benefited from five additional calendar days as compared to the first quarter of 2020.

Geographically, the Company's sales growth was broad-based across all major regions as sales increased 44% in Asia, 15% in the Americas, and 36% in Europe, with the effect of foreign currency translation increasing sales in those regions by 3%, 1%, and 11%, respectively, during the first quarter of 2021. In the first quarter of 2021, China sales increased 118%, driven by stronger demand due to customers resuming laboratory and manufacturing operations as well as the pent-up demand caused by the 48% decline in China's sales in the first quarter of 2020 when the negative impact of the pandemic lockdowns were first experienced. Foreign currency translation increased China sales growth by 9% in the quarter. Sales increased 13% in the U.S., 12% in Japan and 13% in India. Foreign currency translation increased sales growth in Japan by 4% and decreased sales growth in India by 8% in the first quarter of 2021, respectively.

During the first quarter of 2021, sales to pharmaceutical customers increased 32%, driven by growth in all regions, including 127% in China, 18% in India, and 32% in Europe as strong customer demand continued to recover to pre-pandemic levels. Foreign currency translation increased pharmaceutical sales growth by 4%. Combined sales to industrial customers, which include material characterization, food, environmental and fine chemical markets, increased 28%, with the effect of foreign currency translation increasing sales growth by 4%. During the first quarter of 2021, combined sales to academic and government customers increased 33%, as government customers ramped up their spending in the first quarter following lower spending levels throughout 2020 due to the COVID-19 pandemic.

[Table of Contents](#)

Foreign currency translation increased academic and government sales growth by 4%. Sales to our academic and government customers are highly dependent on when institutions receive funding to purchase our instrument systems and, as such, sales can vary significantly from period to period.

Operating income was \$171 million in the first quarter of 2021, an increase of 151% as compared to the first quarter of 2020. This increase in the quarter was primarily a result of the increase in sales volumes caused by our customers continuing to resume laboratory and manufacturing operations throughout the world. Operating income in the first quarter of 2020 included \$18 million of severance-related costs in connection with a reduction in workforce and lease termination costs.

The Company generated \$218 million and \$152 million of net cash flows from operations in the first quarter of 2021 and 2020, respectively. Cash flows used in investing activities included capital expenditures related to property, plant, equipment and software capitalization of \$40 million and \$51 million in the first quarter of 2021 and 2020, respectively.

The first quarter of 2021 includes \$14 million of capital expenditures related to the expansion of the Company's precision chemistry consumable operations in the U.S. The Company has incurred \$166 million on this facility through the end of the first quarter of 2021 and anticipates spending a total of \$215 million to build and equip this new state-of-the-art manufacturing facility.

In March 2021, the Company issued senior unsecured notes with an aggregate principal amount of \$500 million. The Series N \$100 million notes have a five-year term and a fixed interest rate of 1.68%. The Series O \$400 million notes have a 10-year term and a fixed interest rate of 2.25%.

In January 2019, the Company's Board of Directors authorized the Company to repurchase up to \$4 billion of its outstanding common stock over a two-year period. During the first quarters of 2021 and 2020, the Company repurchased \$173 million and \$167 million of the Company's outstanding common stock, respectively, under authorized share repurchase programs. In December 2020, the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2023.

Results of Operations

Sales by Geography

Geographic sales information is presented below for the three months ended April 3, 2021 and March 28, 2020 (dollars in thousands):

	Three Months Ended		
	April 3, 2021	March 28, 2020	% change
Net Sales:			
Asia:			
China	\$ 102,919	\$ 47,231	118%
Japan	50,296	45,089	12%
Asia Other	76,327	66,760	14%
Total Asia	229,542	159,080	44%
Americas:			
United States	162,433	143,898	13%
Americas Other	34,924	28,278	24%
Total Americas	197,357	172,176	15%
Europe	181,646	133,683	36%
Total net sales	\$ 608,545	\$ 464,939	31%

In the first quarter of 2021, sales benefited from stronger demand for our products and services across all major geographies and customer classes as a result of our customers continuing to resume laboratory and manufacturing operations, as well as the pent-up demand from 2020 caused by the pandemic, particularly in China, where sales grew

[Table of Contents](#)

118%. The sales strength was broad-based, driven by continued growth in recurring revenues and the strong sales growth in instruments, particularly in LC and LC-MS instrument system sales which grew double-digits across all geographies. Recurring revenues sales growth was favorably impacted by the five additional calendar days in the first quarter of 2021 as compared to the first quarter of 2020.

Sales by Trade Class

Net sales by customer class are presented below for the three months ended April 3, 2021 and March 28, 2020 (dollars in thousands):

	Three Months Ended		
	April 3, 2021	March 28, 2020	% change
Pharmaceutical	\$ 360,148	\$ 272,563	32%
Industrial	183,273	143,354	28%
Academic and government	65,124	49,022	33%
Total net sales	<u>\$ 608,545</u>	<u>\$ 464,939</u>	<u>31%</u>

In the first quarter of 2021, the increase in sales to pharmaceutical customers was broad-based and primarily due to stronger demand for our products and services across all major geographies as a result of our customers resuming laboratory and manufacturing operations. Sales also benefited from the demand from certain pharmaceutical customers involved with COVID-19 diagnostic testing and the increase in the development of new drugs and therapies. Foreign currency translation increased sales to pharmaceutical customers by 4%. The increase in sales to industrial and academic and government customers was mostly broad-based across all product classes as customers continued to resume laboratory and manufacturing operations during the quarter.

Waters Products and Services Net Sales

Net sales for Waters products and services were as follows for the three months ended April 3, 2021 and March 28, 2020 (dollars in thousands):

	Three Months Ended				
	April 3, 2021	% of Total	March 28, 2020	% of Total	% change
Waters instrument systems	\$ 216,072	40%	\$ 142,829	34%	51%
Chemistry consumables	118,974	22%	97,245	24%	22%
Total Waters product sales	335,046	62%	240,074	58%	40%
Waters service	206,832	38%	174,137	42%	19%
Total Waters net sales	<u>\$ 541,878</u>	<u>100%</u>	<u>\$ 414,211</u>	<u>100%</u>	<u>31%</u>

The effect of foreign currency translation increased Waters sales by 5% for the first quarter. Chemistry consumables sales increased in the first quarter driven by the strong demand in China, where sales grew 79%, in addition to increased demand in Europe, Japan, and India driven by the uptake in columns and application-specific testing kits to pharmaceutical customers. Waters service sales increased due to higher service demand billings as COVID-19 business closures and lockdowns began to ease, particularly in China and Europe. Waters recurring revenues also benefited by five additional calendar days and the positive impact of foreign currency translation which increased sales by 5% in the first quarter of 2021 as compared to the first quarter of 2020. Waters instrument system sales (LC and MS technology-based) increased in all geographical regions primarily due to higher sales as a result of stronger demand for our products and services by our customers due to our customers resuming laboratory and manufacturing operations throughout the world.

In the first quarter of 2021, Waters sales growth was broad-based and increased 35% in Europe, 11% in the Americas and 47% in Asia, with sales in China growing 129%. Foreign currency translation increased Waters sales by 11%, 3% and 8% in Europe, Asia and China, respectively.

[Table of Contents](#)

TA Product and Services Net Sales

Net sales for TA products and services were as follows for the three months ended April 3, 2021 and March 28, 2020 (dollars in thousands):

	Three Months Ended				
	April 3, 2021	% of Total	March 28, 2020	% of Total	% change
TA instrument systems	\$ 46,976	70%	\$ 34,109	67%	38%
TA service	19,691	30%	16,619	33%	18%
Total TA net sales	<u>\$ 66,667</u>	<u>100%</u>	<u>\$ 50,728</u>	<u>100%</u>	<u>31%</u>

TA product and service sales were broad-based across all major geographies increasing 31% in the first quarter, driven by stronger demand as a result of our customers continuing to resume laboratory and manufacturing operations. The increase in TA instrument system sales in the first quarter of 2021 was primarily driven by strength in the U.S., Europe and China. The increase in TA service sales was primarily due to customers continuing to resume their operations after the restrictions caused by COVID-19 in 2020, as well as sales of service plans and billings to a higher installed base of customers. The effect of foreign currency translation increased TA's sales by 3%.

Cost of Sales

Cost of sales for the first quarter of 2021 increased 21% primarily due to the increase in sales volume. Cost of sales is affected by many factors, including, but not limited to, foreign currency translation, product mix, product costs of instrument systems and amortization of software platforms. At current foreign currency exchange rates, the Company expects foreign currency translation to increase gross profit slightly for the remainder of 2021. To date, the Company has not had significant issues with its supply chain; however, the prolonged impact of COVID-19 on businesses could negatively impact our suppliers' ability to deliver goods to us, as well as possibly increase the cost of those goods used in our manufacturing operations.

Selling and Administrative Expenses

Selling and administrative expenses decreased 3% in the first quarter of 2021 as compared to the first quarter of 2020. In the first quarter of 2021, selling and administrative expenses were impacted by higher merit and incentive compensation costs, compared to the first quarter of 2020 which was impacted by \$18 million of one-time severance-related costs in connection with a reduction in workforce and lease termination costs. Excluding these one-time expenses in 2020, selling and administrative expenses increased 10%. In addition, the effect of foreign currency translation increased selling and administrative expenses by 3% in the first quarter of 2021.

As a percentage of net sales, selling and administrative expenses were 23.5% and 31.8% for the first quarters of 2021 and 2020, respectively. The decrease in this percentage is attributable to the increase in sales and the \$18 million of one-time severance-related and lease termination costs in the first quarter of 2020.

Research and Development Expenses

Research and development expenses increased 9% in the first quarter of 2021. In addition, the effect of foreign currency translation decreased research and development expenses by 1% in the quarter.

Other Income (Expense), net

During the first quarter of 2021, the Company recorded an unrealized gain of \$10 million due to an observable change in the fair value of an existing investment the Company does not have the ability to exercise significant influence over.

Interest Expense, Net

The decrease in net interest expense in the first quarter of 2021 was primarily attributable to lower outstanding debt balances and higher interest income on higher 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 U.K. and Singapore, where the statutory tax rates were 21%, 12.5%, 19% and 17%, respectively, as of April 3, 2021. The Company had a contractual tax rate of 0% on qualifying activities in Singapore through March 2021, based upon the achievement of certain contractual milestones. The Company has a new Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% on certain types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the concessionary income tax rates rather than the statutory tax rate to income from qualifying activities in Singapore increased the Company's net income for the quarter in 2021 and 2020 by \$4 million and \$2 million, respectively, and increased the Company's net income per diluted share by \$0.06 and \$0.04, respectively.

The Company's effective tax rate for the 2021 and 2020 quarters was 14.8% and 7.4%, respectively. The income tax provision included a \$2 million income tax benefit related to stock-based compensation for the first quarter of both 2021 and 2020. The effective tax rate for the 2020 quarter included a \$4 million income tax benefit related to certain restructuring charges. This income tax benefit decreased the effective tax rate by 7.1 percentage points for the 2020 quarter. The remaining differences between the effective tax rates can primarily be attributed to differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

Liquidity and Capital Resources

Condensed Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net income	\$ 148,127	\$ 53,562
Depreciation and amortization	31,356	29,188
Stock-based compensation	8,305	9,196
Deferred income taxes	2,787	(2,525)
Change in accounts receivable	7,945	54,026
Change in inventories	(30,544)	(29,399)
Change in accounts payable and other current liabilities	(29,758)	(15,825)
Change in deferred revenue and customer advances	89,048	46,465
Other changes	(8,862)	6,947
Net cash provided by operating activities	218,404	151,635
Net cash used in investing activities	(159,004)	(130,175)
Net cash provided by financing activities	188,775	32,918
Effect of exchange rate changes on cash and cash equivalents	(1,087)	(32)
Increase in cash and cash equivalents	<u>\$ 247,088</u>	<u>\$ 54,346</u>

Cash Flow from Operating Activities

Net cash provided by operating activities was \$218 million and \$152 million during the first quarter of 2021 and 2020, respectively. This increase in operating cash flow was primarily a result of higher sales volumes in the first quarter of 2021 compared to the first quarter of 2020. The changes within net cash provided by operating activities include the following significant changes in the sources and uses of net cash provided by operating activities, aside from the changes in net income:

- The changes in accounts receivable were primarily attributable to timing of payments made by customers and timing of sales. Days sales outstanding decreased to 84 days at April 3, 2021 as compared to 99 days at March 28, 2020.
- The changes in accounts payable and other current liabilities were a result of the timing of payments to vendors, as well as the annual payment of management incentive compensation.
- Net cash provided from deferred revenue and customer advances results from annual increases in new service contracts as a higher installed base of customers renew 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 Flow from Investing Activities

Net cash used in investing activities totaled \$159 million and \$130 million in the first quarter of April 3, 2021 and March 28, 2020, respectively. Additions to fixed assets and capitalized software were \$40 million and \$51 million in the three months ended April 3, 2021 and March 28, 2020, respectively. In February 2018, the Company's Board of Directors approved expanding its precision chemistry consumable manufacturing operations in the U.S. The Company anticipates spending an estimated \$215 million to build and equip this new state-of-the-art manufacturing facility, which will be paid for with existing cash, investments and debt capacity. The Company incurred \$14 million of costs associated with the construction of this facility during the three months ended April 3, 2021. The Company has incurred \$166 million on this facility through the end of the first quarter of 2021.

During the three months ended April 3, 2021 and March 28, 2020, the Company purchased \$123 million and \$4 million of investments, respectively, while \$3 million and \$1 million of investments matured, respectively, and were used for financing activities described below.

[Table of Contents](#)

In January of 2020, the Company acquired all of the outstanding stock of Andrew Alliance, S.A. and its two operating subsidiaries, Andrew Alliance USA, Inc. and Andrew Alliance France, SASU (collectively “Andrew Alliance”), for \$80 million, net of cash acquired. The Company had an equity investment in Andrew Alliance that was valued at \$4 million and included as part of the total consideration.

Cash Flow from Financing Activities

In March 2021, the Company issued senior unsecured notes with an aggregate principal amount of \$500 million. The Series N \$100 million notes have a five-year term and a fixed interest rate of 1.68%. The Series O \$400 million notes have a 10-year term and a fixed interest rate of 2.25%. The Company used the proceeds from the issuance of these senior unsecured notes to repay other outstanding debt and for general corporate purposes. During the three months ended April 3, 2021 and March 28, 2020, the Company’s net debt borrowings increased by \$350 million and \$215 million, respectively. As of April 3, 2021, the Company had a total of \$1.7 billion in outstanding debt, which consisted of \$1,410 million in outstanding senior unsecured notes and \$300 million borrowed under a term loan under the credit agreement dated November 2017 (“2017 Credit Agreement”). As of April 3, 2021, the Company had a total amount available to borrow under the 2017 Credit Agreement of \$1.5 billion after outstanding letters of credit. As of April 3, 2021, the Company was in compliance with all debt covenants.

In 2018 and 2019, the Company entered into a total of \$560 million of U.S.-to-Euro interest rate cross-currency swap agreements that hedge the Company’s net investment in its Euro denominated net assets. As a result of entering into these agreements, the Company anticipates lowering net interest expense by approximately \$12 million annually over the three-year term of the agreements. During the first quarter of 2021, \$40 million of the Company’s interest rate cross-currency swaps had matured and resulted in a \$3 million payment upon settlement. As of April 3, 2021, the Company had a total of \$520 million of interest rate cross-currency swaps agreements outstanding.

In January 2019, the Company’s Board of Directors authorized the Company to repurchase up to \$4 billion of its outstanding common stock over a two-year period. This new program replaced the remaining amounts available from the pre-existing program. During the three months ended April 3, 2021 and March 28, 2020, the Company repurchased \$173 million and \$167 million, respectively, of the Company’s outstanding common stock under authorized share repurchase programs. In addition, the Company repurchased \$8 million and \$9 million of common stock related to the vesting of restricted stock units during both the three months ended April 3, 2021 and March 28, 2020, respectively. In December 2020, the Company’s Board of Directors authorized the extension of the share repurchase program through January 21, 2023.

The Company received \$16 million and \$12 million of proceeds from the exercise of stock options and the purchase of shares pursuant to the Company’s employee stock purchase plan during the three months ended April 3, 2021 and March 28, 2020, respectively.

The Company had cash, cash equivalents and investments of \$810 million as of April 3, 2021. The majority of the Company’s cash and cash equivalents are generated from foreign operations, with \$317 million held by foreign subsidiaries at April 3, 2021, of which \$256 million was held in currencies other than U.S. dollars.

Management believes, as of the date of this report, that the Company’s financial position, 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 for at least the next twelve months.

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, 2020, as filed with the SEC on February 24, 2021. The Company reviewed its contractual obligations and commercial commitments as of April 3, 2021 and determined that there were no material changes outside the ordinary course of business 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 6, “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.

[Table of Contents](#)

During fiscal year 2021, the Company expects to contribute a total of approximately \$3 million to \$6 million to its defined benefit plans, excluding the U.S. defined benefit pension 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, 2020, as filed with the SEC on February 24, 2021, 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, income taxes, uncertain tax positions, warranty, litigation, pension and other postretirement benefit obligations, stock-based compensation and business combinations and asset acquisitions. The Company reviewed its policies and determined that those policies remain the Company's most critical accounting policies for the three months ended April 3, 2021. The Company did not make any changes in those policies during the three months ended April 3, 2021.

New Accounting Pronouncements

Please refer to Note 13, Recent Accounting Standard 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 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 the ongoing COVID-19 pandemic; the impact of new or proposed tariff or trade regulations or changes in the interpretation or enforcement of existing regulations; 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 of the 2017 Tax Act in the U.S.; 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;

[Table of Contents](#)

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:

- Risks related to the effects of the COVID-19 pandemic on our business, including: portions of our global workforce being unable to work fully and/or effectively due to working remotely, illness, quarantines, government actions, facility closures or other reasons related to the pandemic, increased risks of cyber attacks resulting from our temporary remote working model, disruptions in our manufacturing capabilities or to our supply chain, volatility and uncertainty in global capital markets limiting our ability to access capital, customers being unable to make timely payment for purchases and volatility in demand for our products.
- Foreign currency 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 COVID-19 pandemic; new or proposed tariffs or trade regulations or changes in the interpretation or enforcement of existing regulations; the United Kingdom's exit from 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; changes in timing and demand for the Company's products among the Company's customers and various market sectors or geographies, 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 for the Company's products; 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 United States Food and Drug Administration and the United States 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 in jurisdictions in which the Company operates, specifically as it relates to the 2017 Tax Act in the U.S.; 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.

[Table of Contents](#)

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, 2020, as filed with the SEC on February 24, 2021. 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. Except as required by law, the Company does not assume any obligation to update any forward-looking statements.

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

The Company is exposed to the risk of interest rate fluctuations from the investments of cash generated from operations. Investments with maturities greater than 90 days are classified as investments, and are held primarily in U.S. dollar-denominated treasury bills and commercial paper, bank deposits and corporate debt securities. As of April 3, 2021, the Company estimates that a hypothetical adverse change of 100 basis points across all maturities would not have a material effect on the fair market value of its portfolio.

The Company is also exposed to the risk of exchange rate fluctuations. 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 April 3, 2021 and December 31, 2020, \$317 million out of \$810 million and \$364 million out of \$443 million, respectively, of the Company’s total cash, cash equivalents and investments were held by foreign subsidiaries. In addition, \$256 million out of \$810 million and \$254 million out of \$443 million of cash, cash equivalents and investments were held in currencies other than the U.S. dollar at April 3, 2021 and December 31, 2020, respectively. As of April 3, 2021, the Company had no holdings in auction rate securities or commercial paper issued by structured investment vehicles.

Assuming a hypothetical adverse change of 10% in year-end exchange rates (a strengthening of the U.S. dollar), the fair market value of the Company’s cash, cash equivalents and investments held in currencies other than the U.S. dollar as of April 3, 2021 would decrease by approximately \$25 million, of which the majority would be recorded to foreign currency translation in other comprehensive income within stockholders’ equity.

There have been no other material changes in the Company’s market risk during the three months ended April 3, 2021. 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, 2020, as filed with the SEC on February 24, 2021.

Item 4: *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

The Company’s chief executive officer and chief financial officer (principal executive officer and principal financial officer), 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 Securities Exchange Act of 1934, as amended (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 April 3, 2021 (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 Control 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 April 3, 2021 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

[Table of Contents](#)

Part II: Other Information

Item 1: Legal Proceedings

There have been no material changes in the Company's legal proceedings during the three months ended April 3, 2021 as described in Item 3 of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on February 24, 2021.

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, 2020, as filed with the SEC on February 24, 2021. The Company reviewed its risk factors as of April 3, 2021 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 April 3, 2021 of equity securities registered by the Company under the Exchange Act (in thousands, except per share data):

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Programs</u>	<u>Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs (2)</u>
January 1, 2021 to January 30, 2021	—	\$ —	—	\$ 1,524,905
January 31, 2021 to February 27, 2021	254	\$ 281.49	229	\$ 1,460,425
February 28, 2021 to April 3, 2021	401	\$ 272.22	399	\$ 1,351,782
Total	655	\$ 275.82	628	\$ 1,351,782

- (1) The Company repurchased 27 thousand shares of common stock at a cost of \$8 million related to the vesting of restricted stock during the three months ended April 3, 2021.
- (2) In January 2019, the Company's Board of Directors authorized the Company to repurchase up to \$4 billion of its outstanding common stock in open market or private transactions over a two-year period. This program replaced the remaining amounts available under the pre-existing authorization. In December 2020, the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2023.

[Table of Contents](#)

Item 6: *Exhibits*

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1	Note Purchase Agreement, dated as of March 2, 2021, by and among the Company and the purchasers signatory thereto, including the forms of notes (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, File No. 001-14010, filed on March 4, 2021).
10.2	Employment Offer Letter, dated April 16, 2021, between Waters Corporation and Amol Chaubal.
10.3	Change of Control Agreement, dated April 16, 2021, between Waters Corporation and Amol Chaubal.
10.4	Transition and Consulting Agreement, dated April 16, 2021, between Waters Corporation and Michael C. Harrington.
10.5	Transition and Consulting Agreement, dated April 19, 2021, between Waters Corporation and Ian S. King.
10.6	Letter Agreement, dated April 18, 2021, between Waters Corporation and Jonathan M. Pratt.
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 April 3, 2021, formatted in iXBRL (Inline 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).
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101).

(*) 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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Michael F. Silveira

Michael F. Silveira
Interim Chief Financial Officer
(principal financial officer)
(principal accounting officer)

Date: May 6, 2021



April 16, 2021

Mr. Amol Chaubal
22 Overlook Road
Hopkinton, MA 01748

Dear Amol:

This letter (the "Agreement") confirms the terms and conditions of your employment with Waters Corporation (the "Company").

1. Position and Duties.

(a) Effective as of May 12, 2021 (the "Start Date"), you will be employed by the Company, on a full-time basis, as its Senior Vice President and Chief Financial Officer and you shall report to the President and Chief Executive Officer of the Company. In addition to serving as the Company's Senior Vice President and Chief Financial Officer, you may be asked from time to time to serve as a director or officer of one or more of the Company's Affiliates, in each case, without further compensation. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company.

(b) You agree to perform the duties of your position and such other duties and responsibilities as may be reasonably assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them. Notwithstanding the foregoing, you shall be permitted to engage in civic, charitable and philanthropic activities, manage your passive personal investments and, with the consent of the Board of Directors of the Company (the "Board") or a committee thereof, to serve on the board of directors of for-profit and not-for-profit companies or organizations, provided that, in the aggregate, such activities do not interfere or conflict with your duties to the Company.

(c) Further, you agree that, while employed by the Company, you will comply with all written Company policies, practices and procedures and all codes of ethics or business conduct policies applicable to your position, as in effect from time to time.

2. Compensation and Benefits. During your employment, as compensation for all services performed by you for the Company and its Affiliates, the Company will provide you the following pay and benefits:

(a) Base Salary. The Company shall pay you a base salary at the rate of \$500,000 per year, payable in accordance with the regular payroll practices of the Company and subject to annual review by the Compensation Committee of the Board (the "Compensation Committee") (such base salary, as in effect from time to time, "Base Salary").

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

(b) Annual Incentive Compensation. For each fiscal year completed during your employment with the Company, including the 2021 fiscal year, you will be eligible to earn annual incentive compensation under the Company's Annual Incentive Plan, or such other bonus plan in which Company executives participate generally (such plan, as in effect from time to time, the "AIP"). Your target annual incentive compensation opportunity will be 75% of your Base Salary. The actual amount payable in respect of your annual incentive compensation opportunity, if any, for any fiscal year will be determined by the Compensation Committee based on the achievement of performance goals previously established by the Compensation Committee in its discretion. For the 2021 fiscal year, any annual incentive compensation paid to you under the AIP will be prorated based on the number of months (whether full or partial) you were employed by the Company during such fiscal year. Any annual incentive compensation due hereunder will be paid in accordance with the terms of the AIP and on or before March 15th of the year following the fiscal year with respect to which the annual incentive compensation is earned, subject to your remaining employed by the Company on the date that such annual incentive compensation is paid, except as otherwise specifically provided herein.

(c) Initial Annual Equity Grant. On the Start Date, you will be granted equity-based awards with respect to shares of the Company's common stock, par value \$0.01 per share ("Common Stock"), having a total grant date value of approximately \$1,500,000 (each, an "Initial Award" and, collectively, the "Initial Awards"). It is expected that the Initial Awards will be 50% in the form of a non-qualified stock option and 50% in the form of a restricted stock unit award. The Initial Awards will be granted under the Company's 2020 Equity Incentive Plan (as in effect from time to time, the "EIP") and will be evidenced by award agreements. Each Initial Award will vest as to 20% of the shares of Common Stock underlying the award on each of the first five anniversaries of the date of grant, in each case, subject to your continued employment with the Company on each vesting date, and will be subject to the other terms and conditions of the EIP and the award agreements evidencing the Initial Awards.

(d) Future Annual Equity Grants. You will be eligible for future annual equity grants under the EIP at such times and in such form as determined by the Compensation Committee in its discretion.

(e) Sign-On Bonus. On or as soon as practicable following the Start Date, subject to your continued employment with the Company through the payment date, you will be paid a lump sum cash bonus of \$200,000 (the "Sign-On Bonus"). In the event you resign without Good Reason (as defined below) or your employment is terminated by the Company for Cause (as defined below) within the one (1)-year period following the Start Date, you shall repay to the Company within thirty (30) days following the date of termination a prorated portion of the Sign-On Bonus based on the number of full and partial months remaining in such one (1) year period as of the date of such termination of employment.

(f) Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans or programs from time to time in effect for executives of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided to you under this Agreement. Your participation will be subject to the terms of the applicable plan or program documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law.

(g) Vacations. You will be entitled to earn up to five (5) weeks of vacation per year, in addition to holidays observed by the Company. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.

(h) Business Expenses. The Company will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for expenses under this Agreement shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year; (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred; and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

3. Confidential Information and Restricted Activities.

(a) Confidential Information. During the course of your employment with the Company, you will learn of Confidential Information, as defined below, and you may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person, as defined below (except as required for the good faith performance of your duties and responsibilities for the Company), any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. For purposes of this Agreement, "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement. You understand and acknowledge that you will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law, or for disclosing a trade secret in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets or Confidential Information by unauthorized means. For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates. Notwithstanding the foregoing, nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

(c) Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property (as defined below) to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered “work made for hire” and shall, upon creation, be owned exclusively by the Company. For purposes of this Agreement, “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) (collectively, “Inventions”) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate to the business of the Company or to any prospective activity of the Company or any of its Affiliates, that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates. Notwithstanding the foregoing, Intellectual Property shall not include any Invention that you develop entirely on your own time, without using the equipment, supplies, facilities or trade secret information of the Company or any of its Affiliates, unless such Invention (a) relates to the business of the Company or any of its Affiliates for whom you are performing services or to the actual or demonstrably anticipated research or development of the Company or any of its Affiliates for whom you are performing services or (b) results from any work performed by you for the Company or any of its Affiliates.

(d) Non-Disparagement. Subject to the last sentence of Section 3(a) above, you agree that you will never disparage or criticize any of the Company, its Affiliates, their business, their management or members of the Board or their products or services, and that you will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its Affiliates or harm the interests or reputation of the Company or any of its Affiliates.

(e) Restricted Activities. You acknowledge that by virtue of your employment with the Company or any of its Affiliates, you will provide services or have a material presence or influence in every country, city, county and other locale in which the Company or any of its Affiliates provides services or has a material presence or influence during the last two (2) years of your employment with the Company or any of its Affiliates (the “Restricted Area”). You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates and are supported by mutually agreed upon fair, reasonable, valid and sufficient consideration (including, without limitation, the Initial Awards):

(i) While you are employed by the Company and for (a) one (1) year after your termination of employment for any reason, except as provided in clause (b), or (b) two (2) years following your termination of your employment if, at any time, you have breached any fiduciary duty to the Company or its Affiliates or have engaged in an “Unlawful Taking of Company Property” (as defined below), (either such period, as applies, the “Non-Compete Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates or undertake any planning for any business that is competitive with the business of the Company or

any of its Affiliates in the Restricted Area in a Restricted Position. Specifically, but without limiting the foregoing, you agree not to work or provide services, in a Restricted Position, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning (provided such planning has been approved by the Board) during your employment with the Company anywhere in the Restricted Area; provided, however, this Section 3(e)(i) will not apply after your employment is terminated without "Cause for Purposes of Section 3(e)(i)". Notwithstanding the foregoing, neither (x) nor (y), as provided below, shall be considered a violation of this Section 3(e)(i): (x) the ownership of not more than two percent (2%) of the outstanding securities of any class of any entity that is listed on a national securities exchange or quoted or traded in the over-the-counter market, or (y) the provision of services (as an employee, independent contractor or otherwise) to an entity where no more than a de minimis amount of revenue is derived from a business that is competitive with the business of the Company or any of its Affiliates, provided you are not responsible for (and do not participate in) the day-to-day management or supervision of such business and provided you do not have direct (which shall not mean indirect) supervision over the individual or individuals who are so responsible for such day-to-day management or supervision.

(ii) While you are employed by the Company and during the twenty-four (24)-month period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the "Restricted Period"), you shall not, directly or indirectly, except, while employed by the Company, in the good faith performance of your duties to the Company, (a) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply only with respect to those Persons who are or have been a customer of the Company or any of its Affiliates at any time within the immediately preceding one (1)-year period or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within such one (1)-year period, other than by form letter, blanket mailing or published advertisement.

(iii) During the Restricted Period, you shall not, and shall not assist any other Person to, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment; or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them; provided, however, the foregoing shall not be violated by general advertising or general solicitation for employment not specifically directed at the Company's employees. For the purposes of this Agreement, an "employee" or an "independent contractor" of the Company or any of its Affiliates is any person who was such at any time within the preceding one (1) year.

(iv) In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond. So that the Company may enjoy the full benefit of the covenants contained in this Section 3, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in Section 3(e)(ii) or (iii). You and the

Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. You also agree that each of the Company's Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment relationship with the Company or any of its Affiliates, shall operate to excuse you from the performance of your obligations under this Section 3.

(f) Definitions. For purposes of this Agreement, the following terms will have the meanings set forth below:

(i) "Cause for Purposes of Section 3(e)(i)" will exist if there is either (A) Cause, (B) a reasonable basis for the Company's dissatisfaction with you for reasons such as lack of capacity or diligence, failure to conform to usual standards of conduct, or other culpable or inappropriate behavior, or (C) grounds for termination existing that are reasonably related, in the Company's honest judgment, to the needs of the business.

(ii) "Restricted Position" means a position involving any of the services provided by you to the Company or any of its Affiliates during the last two (2) years of your employment with the Company or any of its Affiliates.

(iii) "Unlawful Taking of Company Property" means your failure to (A) return to the Company or its Affiliate (as applicable), within five (5) days following your termination of employment for any reason, all Documents and physical property of the Company or any of its Affiliates, including but not limited to, any credit cards; work laptops, iPads, mobile phones, data storage devices of any kind or other computer or electronic equipment; employee identification materials; keys; documents, files, papers, memoranda, letters or other communications or work product; or work-related passwords or passcodes, in each case, which you have in your possession, custody or control that were written, created, authorized, signed, received or transmitted during your employment; and (B) at the direction of the Company, within ten (10) days following your termination of employment, either provide copies to the Company and then permanently delete the originals of, or permanently delete the originals of, all electronic property of the Company or any of its Affiliates, including, but not limited to, work files and emails, including, but not limited to, on any personal email account, personal computer, Dropbox account, zip drive, thumb drive, external hard drive, or cloud storage system.

4. Termination of Employment. Your employment with the Company shall continue until terminated pursuant to this Section 4.

(a) By the Company For Cause. The Company may terminate your employment for Cause upon notice to you setting forth in reasonable detail the nature of the cause. For purposes of this Agreement, "Cause" shall mean: (i) your indictment for, or the pleading of guilty or nolo contendere to, any felony or any crime involving moral turpitude; (ii) your gross negligence, breach of fiduciary duty, breach of any non-competition, non-solicitation or developments agreement or covenant in favor of the Company or material breach of any confidentiality agreement or covenant in favor of the Company; (iii) you shall have willfully and continually failed to substantially perform your duties with the Company after a written demand for substantial performance is delivered by the Company, which demand specifically identifies the manner in which the Company believes that you have not substantially performed your duties pursuant to the disciplinary procedures of the Company, and such failure of substantial performance shall have continued for a period of thirty (30) days after such written demand; (iv) you have been chronically absent from work (excluding vacations, illnesses or

leaves of absences); (v) the commission by you of an act of fraud, embezzlement or misappropriation against the Company; (vi) you shall have refused, after explicit notice, to obey any lawful resolution or direction by the Board or a committee thereof or the President and Chief Executive Officer of the Company, in either case, which is consistent with your duties as an officer of the Company; (vii) a breach by you of Section 3(a) or Section 8 of this Agreement, or of any written Company policy, practice or procedure relating to the protection of Confidential Information or to the non-use or disclosure to or on behalf of the Company of confidential or proprietary information of a third party; or (viii) a material breach by you of this Agreement (other than Section 3(a) or Section (8), which shall be governed by clause (vii) above), which breach (if curable) has remained uncured for a period of thirty (30) days following the Company's delivery of written notice to you specifying the manner in which the Agreement has been materially breached.

(b) By the Company Without Cause. The Company may terminate your employment at any time other than for Cause upon notice to you.

(c) Resignation by You Without Good Reason. You may terminate your employment at any time upon sixty (60) days' notice to the Company. The Board may elect to waive such notice period or any portion thereof; but in that event, the Company shall pay you your Base Salary for that portion of the notice period so waived.

(d) Resignation by You With Good Reason. You may terminate your employment as provided below for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (if occurring without your consent): (i) a material diminution in your duties or responsibilities; (ii) a material reduction in your Base Salary (except for salary reductions similarly affecting all senior executives of the Company); (iii) a material change in your place of business (provided, however, that travel for business purposes shall not be considered a change in your place of business for the purpose of this clause (iii)); or (iv) a material breach by the Company of this Agreement; provided that the occurrence of any of the foregoing events shall not constitute Good Reason unless (x)(1) you provide written notice of the event to the Company within ninety (90) days after it first existed; (2) the Company fails to remedy the condition within thirty (30) days after the notice; and (3) you actually terminate employment within thirty (30) days after the expiration of the Company's cure period or (y) if the event follows an event or action by you that would constitute Cause (as defined herein) for termination.

(e) Death and Disability. Your employment hereunder shall automatically terminate in the event of your death during employment and may be terminated due to your disability. In the event that your employment is terminated due to your disability, you will be entitled to the benefits provided under the Company's disability plan or program, subject to the terms of such plan or program and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law.

5. Other Matters Related to Termination.

(a) Final Compensation. In the event of termination of your employment with the Company, howsoever occurring, the Company shall pay you (i) your Base Salary for the final payroll period of your employment, through the date your employment terminates; (ii) any vacation time earned but not used as of the date your employment terminates; (iii) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided that you submit all expenses and supporting documentation required within thirty (30) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect; and (iv) any amounts or benefits due to you under any benefit plan, program or arrangement of the Company in accordance with the terms of

such plan, program or arrangement (all of the foregoing, "Final Compensation"). The Final Compensation shall be paid within thirty (30) days following the termination of your employment. In addition, except if your employment is terminated by the Company for Cause or you resign without Good Reason, the Company shall pay you any unpaid annual incentive compensation under the AIP for the fiscal year preceding the year your employment terminates (the "Prior Year's Bonus"), payable when such annual incentive compensation is paid to active employees of the Company as described in Section 2(b) above. The Prior Year's Bonus shall be paid to you only if you enter into a general release of claims in the form provided by the Company that contains non-competition, non-solicitation and other restrictive covenants substantially similar to those contained in this Agreement (the "Release") within a period of time not to exceed forty-five (45) days from the date of termination of your employment and you do not revoke the Release.

(b) Severance Payments. In the event of a termination of your employment pursuant to Sections 4(b) or 4(d) above, subject to the Change in Control Agreement (as defined below), the Company will pay you, in addition to Final Compensation, (i) an amount equal to the sum of (x) your Base Salary and (y) your target annual incentive compensation opportunity for the year in which such termination occurs, which amount shall be payable in substantially equal installments during the twelve (12) -month period following the date of termination of your employment (the "Severance Payments"); and (ii) in a lump sum, an amount equal to the amount the Company would have paid in premiums under the life, accident, health and dental insurance plans of the Company in which you and your dependents were participating immediately prior to the termination of your employment for the twelve (12) -month period following the date of termination of your employment, with such lump sum amount payable pursuant to this Section 5(b)(ii) to be determined based on the premium rates in effect at the time of the termination of your employment (the "Health Payment").

(c) Conditions to and Timing of Severance Payments. Notwithstanding any other provision of this Agreement to the contrary, the Severance Payments and the Health Payment shall be paid or provided to you only if you enter into the Release within a period of time not to exceed forty-five (45) days from the date of termination of your employment and you do not revoke the Release. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. The Health Payment will be paid in a lump sum. Except as provided in Section 9(a) of this Agreement, the first payment of the Severance Payments and the Health Payment will be made on the Company's next regular payday following the date the Release becomes effective, but no later than the date that is sixty (60) days following the date your employment terminates, with the first payment of the Severance Payments being retroactive to the date of termination of your employment. Notwithstanding the foregoing, if the date your employment terminates occurs in one taxable year and the date that is sixty (60) days following such termination date occurs in a second taxable year, to the extent required by Section 409A of the Internal Revenue Code, as amended and the regulations and guidance promulgated thereunder ("Section 409A"), such payment shall not be made prior to the first day of the second taxable year. For the avoidance of doubt, if you do not execute the Release within the period specified in this Section 5(c) or if you revoke the executed Release within the time period permitted by law, you will not be entitled to any payments or benefits set forth in this Agreement, and neither the Company nor any of its Affiliates will have any further obligations to you under this Agreement or otherwise. Further the obligation of the Company to make payments to you under Section 5(b), and your right to retain the same, are conditioned upon your continued compliance with Section 3 of this Agreement.

6. Termination of Employment in Connection with a Change of Control. Concurrently with the execution of this Agreement, you are entering into a Change of Control/Severance Agreement (the "Change of Control Agreement"). Any rights you may have to payments or benefits upon certain terminations of your employment in connection with a change of control of the Company will be as set forth in the Change of Control Agreement. In no event will you be entitled to severance benefits under both this Agreement and the Change of Control Agreement.

7. Employment At-Will. This Agreement is not intended to constitute a contract of employment for a definite term. Your employment with the Company will be at-will. This means that if you accept this offer both you and the Company will retain the right to terminate our employment relationship at any time, subject to the terms of this Agreement.

8. Conflicting Agreements. You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under it will not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company or its Affiliates any confidential or proprietary information of a third party without the prior written consent of an authorized representative of such party.

9. Timing of Payments and Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a “specified employee,” as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon your death, except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A.

(b) For purposes of this Agreement, all references to “termination of employment” and correlative phrases shall be construed to require a “separation from service” (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

(c) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(d) It is the intent of the parties hereto that the payments and benefits under this Agreement be exempt from or comply with Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event, however, shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

10. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

11. **Recoupment.** The Company may recover amounts paid to you hereunder or under any other plan or program of, or agreement or arrangement with, the Company, and any gain in respect of any equity awards granted to you, in accordance with any applicable Company clawback or recoupment policy that is generally applicable to the Company's other senior executives, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended.

12. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to an entity with which the Company shall hereafter effect a reorganization, consolidate with, or merge into or to which it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of your and the Company's respective successors, executors, administrators, heirs and permitted assigns.

13. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. **Miscellaneous.** This Agreement, together with the Change of Control Agreement, set forth the entire agreement between you and the Company, and replace all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Board. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Provisions of this Agreement shall survive any termination or expiration hereof or any termination of your employment if so provided in this Agreement or necessary or desirable to accomplish the purpose of other surviving provisions. This is a Commonwealth of Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction, except that any equity-based awards granted to you shall be governed by and construed in accordance with the governing law provisions set forth in the EIP or the agreements evidencing such awards. You and the Company agree to submit to the exclusive jurisdiction of the courts of the Commonwealth of Massachusetts in connection with any dispute arising out of this Agreement or your employment with the Company; provided, however, any suit, action or proceeding brought by you or against you in connection with the enforcement of Section 3(e)(i) shall be brought in Suffolk county, Massachusetts, and the superior court or the business litigation session of the superior court shall have exclusive jurisdiction.

15. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chair of the Board, or to such other address as either party may specify by notice to the other actually received.

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

16. **Counsel; Review Period.** You acknowledge that the Company provided you with this Agreement (in draft form) by the earlier of (i) the date of a formal offer of employment from the Company or (ii) ten (10) business days before the Start Date. You acknowledge that you have been and are hereby advised of your right to consult an attorney before signing this Agreement.

17. **No Mitigation or Offset.** You shall not be required, as a condition of receiving any payments or benefits under this Agreement, to seek or obtain any other employment after termination of your employment hereunder or to take any steps to reduce the amount of any payment or benefit described in this Agreement. Further, the amount of any payment or benefit provided in this Agreement shall not be reduced by any compensation earned by you as a result of any employment by another employer, subject to the covenants contained in Section 3 hereof.

18. **Indemnification; D&O Insurance.** You shall be entitled to indemnification in respect of your position as an officer of the Company to the maximum extent permitted by the by-laws and charter of the Company, in each case, as in effect from time to time. You shall be entitled to coverage under the director's and officer's indemnification insurance policy maintained by the Company as in effect from time to time with respect to acts undertaken by you in connection with your employment by the Company in accordance with the terms of such insurance policy.

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me. If you do accept as provided, this Agreement will take effect as a binding agreement between you and the Company as of the Start Date.

Sincerely yours,

Waters Corporation

By: /s/ Udit Batra

Udit Batra

President and Chief Executive Officer

Accepted and Agreed:

/s/ Amol Chaubal

Amol Chaubal

Date: 16 April 2021

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

CHANGE OF CONTROL/SEVERANCE AGREEMENT

This CHANGE OF CONTROL/SEVERANCE AGREEMENT (this “Agreement”), dated as of April 16, 2021, is made by and between Waters Corporation (together with all subsidiaries or affiliates hereinafter referred to as the “Company”) and Amol Chaubal (the “Executive”).

WHEREAS, the Executive has been hired as Senior Vice President and Chief Financial Officer of the Company and is expected to make major contributions to the Company; and

WHEREAS, the Company desires continuity of management; and

WHEREAS, the Executive is willing to render services to the Company subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Executive agree as follows:

1. **Termination prior to a Change of Control.** If, within nine (9) months prior to a Change of Control (as such term is defined in Section 3(c) below) and subsequent to the commencement of substantive discussions that ultimately result in the Change of Control, but prior to such Change of Control, the Company terminates the Executive’s employment with the Company for a reason other than Cause (as such term is defined in the Employment Letter Agreement, dated as of [•], 2021, between the Executive and the Company (the “Employment Letter”)), death or Disability (as such term is defined in Section 3(d) below), or the Executive resigns for Good Reason (as such term is defined in the Employment Letter), the Company shall have paid or shall pay, as applicable, to the Executive the Final Compensation (as such term is defined in the Employment Letter), the Prior Year’s Bonus and the Health Payment (as such term is defined in the Employment Letter) in accordance with the terms of the Employment Letter, and, subject to the Executive’s satisfaction of the Release Condition (as such term is defined in Section 3 below):

(a) **Cash Payment.** (i) Continue to pay to the Executive the Severance Payments (as such term is defined in the Employment Letter) in accordance with the terms of the Employment Letter, and (ii) upon a Change of Control, pay to the Executive a lump sum amount, following the Change of Control in the time period set forth in Section 3, equal to amount by which (A) the sum of (i) twenty-four (24) times his monthly base salary (at the highest monthly base salary rate in effect for the Executive in the twelve (12) –month period prior to the termination of his employment) and (ii) an amount equal to the amount payable pursuant to the immediately preceding clause (i) times the greater of (x) his target bonus percentage under the Company’s Management Incentive Plan or any successor plan for the year in which the termination of the Executive’s employment occurs or (y) his bonus percentage theretofore accrued thereunder for that year (based on actual performance, as determined in good faith by the Compensation Committee of the Board of Directors of the Company (or its successor) (the “Committee”)) exceeds (B) the aggregate amount of the Severance Payments; and

(b) **Benefits.** Pay to the Executive a lump sum amount, following a Change of Control in the time period set forth in Section 3, equal to the amount by which (A) the Company would have paid in premiums under the life, accident, health and dental insurance plans of the Company in which the Executive and his dependents were participating immediately prior to the termination of his employment for the twenty-four (24) –month period following the date of the Change of Control, with such lump sum amount payable pursuant to this Section 1(b) to be determined based on the premium rates in effect at the time of the termination of the Executive’s employment exceeds (B) the Health Payment; and

(c) **Equity Arrangements.** In the event of a termination of employment described in this Section 1, and notwithstanding any contrary provisions of the 2020 Equity Incentive Plan (or any plans that may become the successors to such plan) and any equity incentive agreements (other than performance stock units or any other performance-based awards, as provided for below) entered into between the Company and the Executive pursuant to such plan or plans or otherwise, cause any such outstanding equity awards that are unvested or unexercisable and held by the Executive on the date of such termination of employment to remain outstanding (but not beyond the original expiration dates of such awards that are stock options or stock appreciation rights and such awards shall not otherwise vest or become exercisable except as provided herein) and, subject to a Change of Control occurring within nine (9) months following such date of such termination, to vest or become exercisable, as applicable, upon such Change of Control. To the extent a Change of Control does not occur within such nine (9) -month period, all such equity awards shall terminate at the end of such period. The performance stock units or other performance-based awards that the Executive holds, if any, shall be governed by the applicable award agreement and the 2020 Equity Incentive Plan (or any plans that may become the successors to such plan); and

(d) **Qualified Plan Arrangements.** On the Change of Control, cause any unvested portion of any qualified or non-qualified capital accumulation benefits granted to the Executive under the Waters Investment Plan, Waters 401(k) Restoration Plan, and the Waters Health Care Reimbursement Plan for Retirees (or any plans that may become the successors to such plans), as applicable, to become immediately vested (subject to applicable law);

provided, however, that any amounts and benefits set forth in this Section 1 shall be reduced by any and all other severance or other amounts or benefits paid or payable to the Executive as a result of the termination of his employment under any plan, program or agreement entered into with, or sponsored or maintained by, the Company.

(e) **No Duplication of Benefits.** In no event shall the Executive be entitled to duplication of severance amounts or benefits under this Agreement and the Employment Letter. Amounts that are paid under the Employment Letter and referenced herein shall not again be paid under this Agreement.

2. Termination Following a Change of Control.

If, at any time during a period commencing with a Change of Control and ending eighteen (18) months after such Change of Control, the Company terminates the Executive's employment for a reason other than Cause, death, or Disability or the Executive terminates employment with the Company for Good Reason, the Company shall pay to the Executive the Final Compensation and the Prior Year's Bonus in accordance with the terms of the Employment Letter, and, subject to the Executive's satisfaction of the Release Condition (as such term is defined in Section 3 below):

(a) **Cash Payment.** Pay to the Executive a lump sum amount, within the time period set forth in Section 3, equal to the sum of (i) twenty-four (24) times his monthly base salary (at the highest monthly base salary rate in effect for the Executive in the twelve (12) –month period prior to the termination of his employment) and (ii) an amount equal to the amount payable pursuant to the immediately preceding clause (i) times the greater of (x) his target bonus percentage under the Company's Management Incentive Plan or any successor plan for the year in which the termination of the Executive's employment occurs or (y) his bonus percentage theretofore accrued thereunder for that year (based on actual performance, as determined in good faith by the Committee); and

(b) **Benefits.** Pay to the Executive a lump sum amount, following the Executive's termination of employment in the time period set forth in Section 3, equal to the amount the Company would have paid in premiums under the life, accident, health and dental insurance plans of the Company in which the Executive and his dependents were participating immediately prior to the termination of his employment for the twenty-four (24) –month period following the date of the termination of the Executive's employment, with such lump sum amount payable pursuant to this Section 2(b) to be determined based on the premium rates in effect at the time of the termination of the Executive's employment; and

(c) **Equity Arrangements.** In the event of a termination of employment described in this Section 2 and notwithstanding any contrary provisions of the 2020 Equity Incentive Plan (or any plans that may become the successors to such plan) and any equity incentive agreements (other than performance stock units or any other performance-based awards, as provided for below) entered into between the Company and the Executive pursuant to such plan or plans or otherwise, cause any such outstanding equity awards that are unvested or unexercisable and held by the Executive on the date of such termination of employment to vest or become exercisable, as applicable, upon such termination. The performance stock units or other performance-based awards that the Executive holds, if any, shall be governed by the applicable award agreement and the 2020 Equity Incentive Plan (or any plans that may become the successors to such plan); and

(d) **Qualified Plan Arrangements.** Cause any unvested portion of any qualified and non-qualified capital accumulation benefits granted to the Executive under the Waters Investment Plan, Waters 401(k) Restoration Plan, and the Waters Health Care Reimbursement Plan for Retirees (or any plans that may become the successors to such plans), as applicable, to become immediately vested (subject to applicable law);

provided, however, that any amounts and benefits set forth in this Section 2 shall be reduced by any and all other severance or other amounts or benefits paid or payable to the Executive as a result of the termination of his employment under any plan, program or agreement entered into with, or sponsored or maintained by, the Company. For the avoidance of doubt, upon a termination of employment that meets the conditions set forth in Section 2 the Executive shall only be entitled to receive the payments and benefits under this Section 2 and shall not be entitled to receive any payments or benefits under the Employment Letter.

3. **General.**

(a) **Release.** Notwithstanding any other provision of this Agreement to the contrary, benefits shall be payable under this Agreement only if the Executive enters into a release of claims (the "Release") substantially in the form attached hereto as Exhibit A, with such changes only as may be necessary to comply with applicable law at the time of termination of the Executive's employment, within a period of time not to exceed forty-five (45) days from the date of termination of the Executive's employment and the Executive does not revoke such Release (the "Release Condition"). Except as otherwise provided in Section 3(f) of this Agreement, any payment under this Agreement to be made in a lump sum shall be paid as soon as administratively practicable following the date the Release becomes effective, but not later than the date that is sixty (60) days following the date the Executive's employment terminates. Notwithstanding the foregoing, if the date the Executive's employment terminates occurs in one taxable year and the date that is sixty (60) days following such termination date occurs in a second taxable year, to the extent required by Section 409A of the Internal Revenue Code, as amended ("Section 409A"), such lump sum payment shall not be made prior to the first day of the second taxable year. For the avoidance of doubt, if the Executive does not execute the Release within the period specified in this Section 3(a) or if the Executive revokes the executed Release within the time period permitted by law, the Executive will not be entitled to any payments or benefits (including the accelerated vesting of equity and equity-based awards) set forth in this Agreement, any equity and equity-based awards that vested on account of such termination as provided for in this Agreement shall be cancelled with no consideration due to the Executive, and neither the Company nor any of its affiliates will have any further obligations to the Executive under this Agreement or otherwise.

(b) **Termination for Cause.** In the event the Executive's employment with the Company is terminated by the Company for Cause, the Executive's employment terminates due to death or Disability, or the Executive terminates his employment with the Company other than during the specific time periods set forth in Section 1 or 2, as applicable, or for any reason other than Good Reason, the Executive shall not be entitled to the severance benefits or other considerations described herein by virtue of this Agreement.

(c) **Definition of Change of Control.** For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following, provided such occurrence is also a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, in each

case as those terms are defined in Treasury Regulation Section 1.409A-3(i)(5)(v), (i) the closing of a merger, consolidation, liquidation or reorganization of the Company into or with another company or other legal person, after which merger, consolidation, liquidation or reorganization the capital stock of the Company outstanding prior to consummation of the transaction is not converted into or exchanged for or does not represent more than 50% of the aggregate voting power of the surviving or resulting entity; (ii) the direct or indirect acquisition by any person (as the term “person” is used in Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of more than 50% of the voting capital stock of the Company, in a single or series of related transactions; or (iii) the sale, exchange, or transfer of all or substantially all of the Company’s assets (other than a sale, exchange, or transfer to one or more entities where the stockholders of the Company immediately before such sale, exchange or transfer retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the entities to which the assets were transferred).

(d) **Definition of Disability.** For purposes of this Agreement, “Disability” means an independent medical doctor (selected by the Company’s health or disability insurer) has certified that the Executive has, for six (6) months consecutive or nonconsecutive in any twelve (12) –month period, been disabled in a manner that seriously interferes with his ability to perform his responsibilities as an employee of the Company. Any refusal by the Executive to submit to a medical examination for the purpose of certifying disability shall be deemed to constitute conclusive evidence of the Executive’s Disability.

(e) **No Mitigation or Offset.** The Executive shall not be required, as a condition of receiving any payments or benefits under this Agreement, to seek or obtain any other employment after termination of employment hereunder or to take any steps to reduce the amount of any payment or benefit described in this Agreement. Further, the amount of any payment or benefit provided in this Agreement shall not be reduced by any compensation earned by the Executive as a result of any employment by another employer.

(f) **Timing of Payments and Section 409A.**

(i) Notwithstanding anything to the contrary in this Agreement, if at the time the Executive’s employment terminates, the Executive is a “specified employee,” as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) -month period or, if earlier, upon the Executive’s death; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A.

(ii) For purposes of this Agreement, all references to “termination of employment” and correlative phrases shall be construed to require a “separation from service” (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

(iii) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(iv) It is the intent of the parties hereto that the payments under this Agreement comply with (or be exempt from) Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event, however, shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

(g) **Binding Effect.** Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Company and any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) of the Company. The Company shall require any such successor to assume this Agreement expressly and to be bound by the provisions of this Agreement as if such successor were the Company and for purposes of this Agreement, any such successor of the Company shall be deemed to be the “Company” for all purposes.

(h) **No Employment Agreement; Effect on Other Agreements.** Nothing in this Agreement shall create any obligation on the part of the Company or any other person to continue the employment of the Executive, and nothing herein shall affect the Executive’s obligations under any non-competition, confidentiality, option or similar agreement between the Company and the Executive currently in effect or which may be entered into in the future.

(i) **Withholding.** All payments required to be made by the Company hereunder to the Executive shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it must withhold pursuant to any applicable law or regulation.

(j) **Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled exclusively by single-arbitrator arbitration in Boston, Massachusetts in accordance with the Employment Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each party shall bear the cost of its or his, respectively, own legal fees in connection with such dispute.

(k) **Governing Law; Miscellaneous.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, except that any equity or equity-based awards granted to the Executive

shall be governed by and construed in accordance with the governing law provisions set forth in the agreements evidencing such awards. This Agreement constitutes the entire Agreement between the Executive and the Company concerning the subject matter hereof and supersedes any prior negotiations, understandings, or agreements concerning the subject matter hereof, whether oral or written, and may be amended or rescinded only upon the written consent of the Company and the Executive. The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions of this Agreement and this Agreement shall be construed and reformed to the fullest extent possible. The Executive may not assign any of his rights or obligations under this Agreement; the rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

(l) Section 280G.

(i) If any payment or benefit (including payments and benefits pursuant to this Agreement) that Executive would receive from the Company, or otherwise, contingent on an event covered by Section 280G(b)(2)(A)(i) of the Code (collectively, the “Transaction Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this Section 3(m), be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Executive shall be entitled to receive, whichever of the following that results in the greater amount payable to him on an after-tax basis: (1) payment in full of the entire amount of the Transaction Payment (a “Full Payment”), or (2) payment of only a part of the Transaction Payment so that the Executive receives the largest payment possible without the imposition of the Excise Tax (a “Reduced Payment”).

For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax. If a Reduced Payment is made, (x) Executive shall have no rights to any additional payments and/or benefits constituting the Transaction Payment, and (y) reduction in payments and/or benefits shall occur in the manner that results in the greatest economic benefit to Executive as determined in this paragraph, to the extent permitted by Section 409A. If more than one method of reduction will result in the same economic benefit, the portions of the Payment shall be reduced pro rata, to the extent permitted by Section 409A.

(ii) The Company shall engage an independent registered public accounting firm to make all determinations required to be made under this Section 3(m), and shall bear all reasonable expenses with respect thereto. The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and the Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to the Transaction Payment (whether or not by reason of payment to the Executive of a Reduced Payment), it shall furnish the Company and Executive with detailed supporting calculations of its determination that no Excise Tax will be imposed with respect to the Transaction Payment. All good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and the Executive.

(m) **Counterparts.** This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

WATERS CORPORATION

By: /s/ Udit Batra
Udit Batra
President and Chief Executive Officer

THE EXECUTIVE

By: /s/ Amol Chaubal
Amol Chaubal



April 16, 2021

VIA EMAIL

Mr. Michael C. Harrington
Michael_Harrington@waters.com

Dear Michael:

This letter agreement (this "Agreement") confirms the terms of the remainder of your employment with Waters Corporation (the "Company") and your engagement as a consultant by the Company, as follows:

1. Transition Period.

(a) Transition. Subject to earlier termination as provided herein, from the date hereof through April 30, 2021 (the "Transition Date"), you will continue to serve as Senior Vice President, Global Markets and as an executive officer of the Company and a member of the Executive Committee. On the Transition Date, you will be deemed to resign from any and all: (i) officer positions you hold with the Company or any of its Affiliates (as defined below); (ii) memberships you hold on any boards of directors, boards of managers or other governing boards or bodies of the Company or any of its Affiliates; and (iii) memberships you hold on any of the committees of any such boards or bodies. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company. Subject to earlier termination as provided herein, from the Transition Date until July 2, 2021 (the "Separation Date"), you will be employed by the Company, on a full-time basis, as a non-executive senior advisor and shall not, for the avoidance of doubt, be an executive officer of the Company or a member of the Executive Committee. The period beginning on the Transition Date and ending on the Separation Date is hereinafter referred to as the "Transition Period". Subject to earlier termination as provided for herein, from July 3, 2021 until June 30, 2022 (the "Consulting Period"), you will serve as a non-employee consultant to the Company on the terms and conditions set forth in this Agreement.

(b) Duties and Responsibilities. Prior to the Transition Date, you will continue to perform your current duties. During the Transition Period, you will perform such duties as may be reasonably assigned to you from time to time by the President and Chief Executive Officer of the Company (the "CEO") or his designee, including, without limitation, using best efforts in providing transition assistance as may be reasonably requested by the CEO or his designee. You will at all times continue to devote your best professional efforts to the Company and use your best efforts to abide by all Company policies and procedures as are in effect from time to time.

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W]
www.waters.com

(c) Compensation, Benefits and Reimbursements. From the date hereof until the Separation Date, you will continue to receive your base salary, payable at the rate in effect as of the date hereof (\$468,000 per year) and in accordance with the Company's regular payroll practices, and to participate in all employee benefit plans and programs of the Company in accordance with the terms of those plans and programs, except that you will not be eligible to participate in the Company's annual bonus plan for fiscal year 2021 and, in lieu of such bonus, will be eligible to receive the Designated Bonus (as defined below) on the terms and conditions provided for herein. In addition, from the date hereof until the Separation Date, the Company will pay or reimburse you, in accordance with the Company's reimbursements procedures and practices in effect from time to time, for all reasonable business expenses incurred by you in the performance of your duties and responsibilities to the Company, provided that you submit on a timely basis such documentation and substantiation of those expenses as the Company may require from time to time.

(d) Equity Awards. You acknowledge and agree that Exhibit A attached to this Agreement sets forth a true and complete schedule of all stock options, restricted stock units and performance stock units previously granted by the Company to you that remain outstanding and unexercised, if applicable, as of the date hereof (collectively, the "Equity Awards"). The Equity Awards will continue to vest in accordance with their respective terms, as set forth in the Company's 2012 Equity Incentive Plan or 2020 Equity Incentive Plan, as applicable, and the award agreements between you and the Company thereunder (collectively, the "Equity Documents") from the date hereof until the Separation Date.

2. Employment Termination.

(a) Resignation. On the Separation Date, you will be deemed to resign your position as senior advisor and shall terminate employment with the Company.

(b) Final Compensation. You will receive, on or as soon as reasonably practicable following the Separation Date, (i) your base salary for the final payroll period of your employment, through the Separation Date; (ii) compensation at the rate of your base salary for any unused vacation time in accordance with the Company's policies; and (iii) reimbursement for business expenses incurred by you but not yet paid to you as of the Separation Date, in accordance with the Company's reimbursements procedures and practices in effect from time to time; provided that you submit all expenses and supporting documentation required within sixty (60) days of the Separation Date.

(c) Treatment of Equity Awards. Your termination of employment on the Separation Date will be treated as a "retirement" for purposes of the Equity Awards (to the extent applicable). Without limiting the foregoing, and in each case in accordance with the terms of the applicable Equity Documents, (i) the Equity Awards that are unvested performance stock units shall remain outstanding and eligible to be earned based on performance for the applicable performance period and, to the extent earned, shall vest on a prorated basis based on the portion of the performance period during which you were employed through the Separation Date and (ii) the Equity Awards that are vested stock options shall remain outstanding and eligible to be exercised until the one-year anniversary of the Separation Date (or, if earlier, the expiration date of such stock options)

and, to the extent not exercised on or prior to such one-year anniversary (or such earlier date), shall be forfeited for no consideration payable to you. Any Equity Awards not described in preceding sentence, to the extent not vested as of the Separation Date, shall be forfeited on the Separation Date for no consideration payable to you.

(d) Designated Bonus. The Company will pay you a one-time bonus of \$225,000 (the “Designated Bonus”) as soon as reasonably practicable following the Separation Date, but in no event more than sixty (60) days following the end of the Separation Date. You acknowledge and understand that the Designated Bonus is being paid to you as consideration for the restrictive covenants included in this Agreement.

(e) Employee Benefits. Except for any right you may have to continue participation in the Company’s group health, dental and vision plans under applicable law, which will be communicated to you under separate cover, or as set forth in this Agreement, your active participation in all employee benefit plans and programs of the Company will terminate as of the Separation Date in accordance with the terms of those plans and programs. Following the end of any such continuation coverage period, you may participate in the Company’s retiree health continuation program, a copy of which has been provided to you, or such other Company health, dental and vision insurance programs for which you are eligible in accordance with the terms of the applicable program. Nothing in this Agreement will affect any vested rights you may have under the Company’s benefit plans and programs, including, for the avoidance of doubt, the Company’s 401(k) Restoration Plan.

(f) No Further Compensation. You acknowledge and agree that the payments and benefits described in Sections 2(b) and 2(e) are in complete satisfaction of any and all compensation or benefits due to you from the Company or any of its Affiliates, whether for services provided or otherwise, through the Separation Date, and that, except as expressly provided under this Agreement, no further compensation or benefits are owed or will be paid to you. For the avoidance of doubt, from and after the Separation Date, you will not be eligible to receive any severance payments and benefits under the Change of Control/Severance Agreement between you and the Company, dated March 22, 2017 (the “Change of Control Agreement”).

(g) Release of Claims. In consideration of your continued service to the Company following the Separation Date as contemplated hereunder, the payments and benefits set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you agree to execute and return to the Company a release of claims in the form attached as Exhibit B to this Agreement (a “Release”) within the time period specified therein (but in no event prior to the Separation Date). The execution and non-revocation of such Release is a condition to the receipt of the benefits provided under Sections 2(c), 2(d) and 3 of this Agreement.

3. Consulting Engagement.

(a) Services. During the Consulting Period, you will be engaged to provide consulting services to the Company and its Affiliates relating to the organizational transition of employees, customers and business processes and such other services as may from time to time be

requested by the Company and its Affiliates. Your consulting services shall be provided remotely or at the Company's offices. During the Consulting Period you will report to the CEO or such other person or persons designated by the Company. You and the Company anticipate that during the Consulting Period, you will devote not more than eight (8) hours per week to the performance of the consulting services contemplated by this Agreement. Based on such level of services, it is anticipated that you will experience a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Regulations) from the Company on the Separation Date.

(b) Relationship of the Parties. You and the Company expressly agree that, in providing services to the Company under this Section 3 during the Consulting Period, you will be an independent contractor and will not be an employee or agent of the Company or any of its Affiliates. You agree that you will have no right to make any commitments on behalf of the Company or any of its Affiliates without the express written consent of an authorized officer of the Company or its applicable Affiliate.

(c) Services for Others. During the Consulting Period, you may choose to also provide services for others, provided that such services do not (i) give rise to a conflict of interest or otherwise interfere with your obligations to the Company or any of its Affiliates or (ii) violate the Restrictive Covenants (as defined below).

(d) Compensation. In consideration of the services that you provide to the Company under this Agreement during the Consulting Period, the Company will pay you a consulting fee at the rate of \$10,000 per month during the Consulting Period, prorated for partial months. Any consulting fee owed to you will be paid on a monthly basis in arrears.

(e) Taxes, Insurance and Benefits. You acknowledge and agree that, as an independent contractor during the Consulting Period, you will be solely responsible for all insurance and for the payment of all federal, state and local income taxes, Social Security and Medicare taxes and other legally required payments on any amounts received from the Company. You also acknowledge and agree that, during the Consulting Period, neither you nor any individual claiming through you will be eligible to actively participate in or receive benefits under any of the employee benefit plans, programs and arrangements maintained by the Company or any of its Affiliates, other than as expressly provided in this Agreement.

4. Early Termination. It is expected that your employment with the Company will continue until the Separation Date and that your consulting services will continue for the duration of the Consulting Period. Notwithstanding the foregoing or anything to the contrary in this Agreement, either you or the Company may at any time terminate your employment or service, as applicable, upon thirty (30) days' written notice to other (or immediately upon notice to you, in the event your employment or service, as applicable, is terminated by the Company for Cause (as defined below)) and, in the event such termination of employment or service occurs prior to the end of the Consulting Period, you will receive the accrued and unpaid compensation and benefits required to be paid to you under applicable law and the terms of any applicable employee benefit plans and programs of the Company, and otherwise shall only be entitled to the compensation and benefits set forth in this Section 4.

(a) Termination of Employment without Cause. In the event your employment is terminated by the Company without Cause prior to the Separation Date, subject to your execution and non-revocation of a Release within the time period specified therein and your compliance with the Restrictive Covenants, (i) you will continue to be paid your base salary at the rate in effect as of the date hereof (\$468,000 per year) in accordance with the Company's regular payroll practices beginning on the first payroll date following the date the Release becomes effective (with the first such payment to include all amounts that would have otherwise been paid following such termination of employment) through the Separation Date, (ii) such termination of employment shall be treated as a "retirement" for purposes of the Equity Awards (to the extent applicable), and (iii) you shall remain eligible to receive the Designated Bonus, which shall be paid at the time set forth in Section 2(d) above.

(b) Other Termination of Employment or Service. Except as set forth in Section 4(a) above, in the event of a termination of your employment or service for any reason, you shall not be entitled to receive any additional compensation or benefits under this Agreement or otherwise.

(c) Deemed Resignations. In the event of any termination of your employment for any reason prior to the Separation Date, you will be deemed to resign from any and all: (i) officer positions you hold with the Company or any of its Affiliates; (ii) memberships you hold on any boards of directors, boards of managers or other governing boards or bodies of the Company or any of its Affiliates; and (iii) memberships you hold on any of the committees of any such boards or bodies.

For purposes of this Agreement, "Cause" means (i) the conviction of you by a court of competent jurisdiction of, or the pleading of guilty or nolo contendere to, any felony or any crime involving moral turpitude; (ii) gross negligence, breach of fiduciary duty or material breach of any Restrictive Covenant (as defined below); (iii) you shall have willfully and continually failed to substantially perform your duties with the Company after a written demand for substantial performance is delivered by the Company, which demand specifically identifies the manner in which the Company believes that you have not substantially performed your duties pursuant to the disciplinary procedures of the Company, and such failure of substantial performance shall have continued for a period of thirty (30) days after such written demand; (iv) you have been chronically absent from work (excluding vacations, illnesses or leaves of absences); (v) the commission by you of an act of fraud, embezzlement or misappropriation against the Company; or (vi) you shall have refused, after explicit notice, to obey any lawful resolution or direction by the Board which is consistent with his or her duties as an officer of the Company and, includes your failure to execute an effective Release as required by this Agreement.

5. Withholding. Without limiting the provisions of Section 3(e) of this Agreement, the Company shall have the right to withhold from all payments made under this Agreement or otherwise paid or provided to you in respect of your employment with the Company any taxes or any other amounts required to be withheld by the Company or any of its Affiliates under applicable law, which amounts may be withheld in the discretion of the Company or any of its Affiliates from any amounts payable under this Agreement.

6. Confidential Information and Restricted Activities. You acknowledge the importance to the Company and its Affiliates of protecting their Confidential Information (as defined below) and other legitimate business interests, including the valuable trade secrets and good will that they have developed or acquired. In consideration of your continued service to the Company, the payments and benefits set forth in this Agreement, including Sections 2(d) and 3 of this Agreement, to which you are not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you agree that the following restrictions on your activities are reasonable and necessary to protect the legitimate interests of the Company and its Affiliates (such restrictions, together with any other confidentiality, non-solicitation, invention assignment or other restrictive covenants in favor of the Company or any of its Affiliates to you are bound, the "Restrictive Covenants"). For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

(a) Confidential Information.

(i) During the course of your employment and/or service with the Company and its Affiliates, you may learn or have learned of Confidential Information, and you may develop or have developed Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment and/or service with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment and/or service terminates, regardless of the reason for such termination. For purposes of this Agreement, "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.

(ii) You understand and acknowledge that you will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law, or for disclosing a trade secret in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets or Confidential Information by unauthorized means. Notwithstanding the foregoing, nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to

safeguard all Documents and to surrender to the Company, on or before the Separation Date or at such earlier time or times as the Company or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, on or before the end of the Consulting Period or at such earlier time or times as the Company or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which you have password protected on any computer equipment, network or system of the Company or any of its Affiliates. You further agree to surrender, on or prior to the end of the Consulting Period, or such earlier time or times as the Company or its designee may specify any cellular phone, laptop, iPad or other electronic equipment provided to you by the Company or any of its Affiliates.

(c) Restricted Activities.

(i) From the date hereof until June 30, 2022 (or, if earlier, the date that is one year following the Separation Date) such period, the “Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates or undertake any planning for any business that is competitive with the business of the Company or any of its Affiliates in the Restricted Area. Specifically, but without limiting the foregoing, you agree not to work or provide services, in a Restricted Position, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or any of its Affiliates, as conducted or in planning (provided such planning has been approved by the Board of Directors of the Company) during your service with the Company anywhere in the Restricted Area. You agree that the foregoing restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates. For purposes of this Agreement “Restricted Area” means any country, city, county or other local in which the Company or any of its Affiliates provides services or has a material presence or influence during the preceding two years.

(ii) During the Restricted Period, you shall not, directly or indirectly, (a) solicit or encourage any customer, client, distributor or supplier of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer, client, distributor or supplier of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer, client, advertiser, distributor or supplier conducts or could conduct with the Company or any of its Affiliates.

(iii) During the Restricted Period, you shall not, directly or indirectly, (a) hire or engage, or solicit for hiring or engagement, any employee of the Company or any of its Affiliates or seek to persuade any such employee to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with any of them. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Company or any of its Affiliates is any person who was such at any time within the preceding twelve (12)-months.

(iv) Subject to Section 6(a)(ii) of this Agreement, you shall not at any time, directly or indirectly, disparage or criticize the Company or any of its Affiliates, or any of their respective businesses, directors, management, products or services.

(d) Assurances. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 6. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 6, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond. So that the Company may enjoy the full benefit of the covenants contained in this Section 6, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in this Section 6. You and the Company further agree that, in the event that any provision of this Section 6 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company's Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 6. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your service relationship with the Company or any of its Affiliates shall operate to excuse you from the performance of your obligations under this Section 6.

7. Section 409A.

(a) This Agreement and the payments and benefits provided hereunder are intended to be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be construed consistently with that intent. Notwithstanding the foregoing, in no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to be exempt from, or comply with, the requirements of Section 409A of the Code. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(b) Any reimbursement for expenses payable to you hereunder that would constitute nonqualified deferred compensation subject to Section 409A of the Code shall be subject to the following additional rules: (i) no reimbursement of any such expense shall affect your right to reimbursement of any such expense in any other taxable year; (ii) reimbursement of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

(c) If you are a "specified employee" (as defined below) at the time of your "separation from service" (as defined below), any payments or benefits that are payable under this Agreement or otherwise on account of your separation from service that would (but for this provision) be payable within six (6) months following the date of such separation from service, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of

compensation within the meaning of Section 1.409A-1(b) of the Treasury Regulations (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Section 1.409A-1(a)(5) of the Treasury Regulations; or (iii) other amounts or benefits that are not subject to the requirements of Section 409A of the Code.

(d) For purposes of this Agreement, the term “separation from service” shall have the meaning set forth in Section 1.409A-1(h) of the Treasury Regulations (after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations.

8. Miscellaneous. This Agreement constitutes the entire agreement between you and the Company, and replaces all prior and contemporaneous agreements, whether written or oral, with respect to the subject matter of this Agreement and all related matters, including, without limitation, the Change of Control Agreement. This Agreement may not be amended and no breach will be deemed waived unless agreed to in a signed writing by you and an authorized officer of the Company. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This is a Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any conflict of laws principles that would result in the application of the laws of another jurisdiction. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled exclusively by single-arbitrator arbitration in Boston, Massachusetts in accordance with the Employment Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each party shall bear the cost of its or his or her, respectively, own legal fees in connection with such dispute. This Agreement may be executed in separate counterparts (including by electronically delivered .pdf files or copies of manually signed signature pages), each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement.

[Remainder of page intentionally left blank.]

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to the Company. The enclosed copy of this letter, which you should also sign and date, is for your records.

Sincerely,
WATERS CORPORATION

By: /s/ Udit Batra

Udit Batra
President and Chief Executive Officer

Accepted and agreed:

/s/ Michael C. Harrington

Michael C. Harrington

Date: 16 April 2021

[Signature Page to Transition Agreement]

Exhibit A

Equity Awards

<u>Type of Equity Award</u>	<u>Grant Date</u>	<u>Exercise Price per Share</u>	<u>Number of Options/RSUs/PSUs Vested as of April 16, 2021</u>	<u>Number of Options/RSUs/PSUs Unvested as of April 16, 2021</u>
PSU	2/18/2021	—	—	890
PSU	2/18/2021	—	—	890
NQ	2/18/2021	280.80	—	5,397
PSU	2/12/2020	—	—	1,337
PSU	2/12/2020	—	—	1,337
NQ	2/12/2020	224.37	2,147	8,588
PSU	12/10/2018	—	—	2,374
NQ	12/10/2018	189.54	6,831	10,247
NQ	12/5/2017	194.26	10,833	7,222
NQ	12/9/2016	139.51	4,509	4,508
NQ	2/10/2016	117.68	5,248	—
NQ	12/9/2015	128.93	5,254	—

Exhibit B

Release

For and in consideration of certain benefits to be provided to me under the letter agreement, dated April 16, 2021 (the "Agreement"), between me and Waters Corporation (the "Company"), which are conditioned on my signing this General Release and Waiver of Claims (this "Release of Claims"), and to which I am not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives, successors and assigns, and all others connected with or claiming through me, I hereby release and forever discharge the Company and its Affiliates (as defined in the Agreement), and all of their respective past, present and future officers, directors, shareholders, employees, employee benefits plans, administrators, trustees, agents, representatives, consultants, successors and assigns, and all those connected with any of them, in their official and individual capacities (collectively, the "Released Parties"), from any and all causes of action, suits, rights and claims, demands, damages and compensation of any kind and nature whatsoever, whether at law or in equity, whether now known or unknown, suspected or unsuspected, contingent or otherwise, which I now have or ever have had against the Released Parties, or any of them, including those in any way related to, connected with or arising out of my employment and/or other relationship with the Company or any of its affiliates or the termination thereof, including under or pursuant to Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act), the Employee Retirement Income Security Act, the wage and hour, wage payment and fair employment practices laws of the state or states in which I have provided services to the Company (each, as amended from time to time) and/or any other federal, state or local law, regulation, or other requirement (collectively, the "Claims") through the date that I sign this Release of Claims, and I hereby waive all such Claims.

I understand that nothing contained in this Release of Claims shall be construed to prohibit me from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that I hereby agree to waive my right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by me or by anyone else on my behalf. I further understand that nothing contained in this Release of Claims shall be construed to limit, restrict or in any other way affect my communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

I acknowledge that I will continue to be bound by my obligations under the Agreement that survive the termination of my employment by the terms thereof or by necessary implication, including without limitation my confidentiality, non-competition, non-solicitation and non-disparagement obligations set forth in Section 6 of the Agreement.

I understand that nothing contained in this Release of Claims will adversely affect my rights to enforce the terms of the Agreement, and shall not adversely affect my rights to any defense, indemnification, contribution and/or coverage under the Company's director's and officer's liability insurance policy or the charter or bylaws of the Company, in each case, in accordance

with its respective terms by reason of services I rendered for the Company or any of its subsidiaries as an officer and/or an employee thereof. Further, this release does not include and will not preclude: (a) rights to vested benefits under any applicable retirement and/or pension plans of the Company; (b) claims for unemployment compensation (which the Company will not contest); (c) rights under the Equity Documents (as defined in the Agreement) and/or (d) claims that cannot be waived under applicable law by signing this Release of Claims.

I acknowledge that this Release of Claims creates legally binding obligations, and that the Company has advised me to consult an attorney before signing it. **I understand that I cannot sign this Release of Claims until the date my employment or service, as applicable, with the Company terminates.** In signing this Release of Claims, I give the Company assurance that I have signed it voluntarily and with a full understanding of its terms; that I have had sufficient opportunity of not less than [twenty-one (21)/forty-five (45)]¹ days before signing this Release of Claims to consider its terms and to consult with an attorney, if I wished to do so; and that I have not relied on any promises or representations, express or implied, that are not set forth expressly in this Release of Claims. I understand that I will have seven (7) days after signing this Release of Claims to revoke my signature, and that, if I intend to revoke my signature, I must do so in writing addressed and delivered to the General Counsel of the Company prior to the end of the seven (7)-day revocation period. I understand that this Release of Claims will become effective upon the eighth (8th) day following the date that I sign it, provided that I do not revoke my acceptance in accordance with the immediately preceding sentence.

[Remainder of page intentionally left blank.]

¹ Period to consider the release to be determined by the Company on the Separation Date (for the post-employment release) or the end of the Consulting Period (for the post-consulting release).

Accepted and agreed:

Signature:

Michael C. Harrington

Date:

Agreed and acknowledged by:

Waters Corporation

By:

Name:

Title:

[Signature Page to General Release and Waiver of Claims]



April 16, 2021

VIA EMAIL

Mr. Ian S. King
Ian_King@waters.com

Dear Ian:

This letter agreement (this "Agreement") confirms the terms of the remainder of your employment with Waters Corporation (the "Company") and your engagement as a consultant by the Company, as follows:

1. Transition Period.

(a) Transition. Subject to earlier termination as provided herein, from the date hereof through April 30, 2021 (the "Transition Date"), you will continue to serve as Senior Vice President, Global Products and as an executive officer of the Company and a member of the Executive Committee. On the Transition Date, you will be deemed to resign from any and all: (i) officer positions you hold with the Company or any of its Affiliates (as defined below); (ii) memberships you hold on any boards of directors, boards of managers or other governing boards or bodies of the Company or any of its Affiliates; and (iii) memberships you hold on any of the committees of any such boards or bodies. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company. Subject to earlier termination as provided herein, from the Transition Date until July 2, 2021 (the "Separation Date"), you will be employed by the Company, on a full-time basis, as a non-executive senior advisor and shall not, for the avoidance of doubt, be an executive officer of the Company or a member of the Executive Committee. The period beginning on the Transition Date and ending on the Separation Date is hereinafter referred to as the "Transition Period". Subject to earlier termination as provided for herein, from July 3, 2021 until September 3, 2021 (the "Consulting Period"), you will serve as a non-employee consultant to the Company on the terms and conditions set forth in this Agreement.

(b) Duties and Responsibilities. Prior to the Transition Date, you will continue to perform your current duties. During the Transition Period, you will perform such duties as may be reasonably assigned to you from time to time by the President and Chief Executive Officer of the Company (the "CEO") or his designee, including, without limitation, using best efforts in providing transition assistance as may be reasonably requested by the CEO or his designee. You will at all times continue to devote your best professional efforts to the Company and use your best efforts to abide by all Company policies and procedures as are in effect from time to time.

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

(c) Compensation, Benefits and Reimbursements. From the date hereof until the Separation Date, you will continue to receive your base salary, payable at the rate in effect as of the date hereof (\$430,000 per year) and in accordance with the Company's regular payroll practices, and to participate in all employee benefit plans and programs of the Company in accordance with the terms of those plans and programs, except that you will not be eligible to participate in the Company's annual bonus plan for fiscal year 2021. In addition, from the date hereof until the Separation Date, the Company will pay or reimburse you, in accordance with the Company's reimbursements procedures and practices in effect from time to time, for all reasonable business expenses incurred by you in the performance of your duties and responsibilities to the Company, provided that you submit on a timely basis such documentation and substantiation of those expenses as the Company may require from time to time.

(d) Equity Awards. You acknowledge and agree that Exhibit A attached to this Agreement sets forth a true and complete schedule of all stock options, restricted stock units and performance stock units previously granted by the Company to you that remain outstanding and unexercised, if applicable, as of the date hereof (collectively, the "Equity Awards"). The Equity Awards will continue to vest in accordance with their respective terms, as set forth in the Company's 2012 Equity Incentive Plan or 2020 Equity Incentive Plan, as applicable, and the award agreements between you and the Company thereunder (collectively, the "Equity Documents") from the date hereof until the Separation Date.

2. Employment Termination.

(a) Resignation. On the Separation Date, you will be deemed to resign your position as senior advisor and shall terminate employment with the Company.

(b) Final Compensation. You will receive, on or as soon as reasonably practicable following the Separation Date, (i) your base salary for the final payroll period of your employment, through the Separation Date; (ii) compensation at the rate of your base salary for any unused vacation time in accordance with the Company's policies; and (iii) reimbursement for business expenses incurred by you but not yet paid to you as of the Separation Date, in accordance with the Company's reimbursements procedures and practices in effect from time to time; provided that you submit all expenses and supporting documentation required within sixty (60) days of the Separation Date.

(c) Treatment of Equity Awards. Your termination of employment on the Separation Date will be treated as a "retirement" for purposes of the Equity Awards (to the extent applicable). Without limiting the foregoing, and in each case in accordance with the terms of the applicable Equity Documents, (i) the Equity Awards that are unvested performance stock units shall remain outstanding and eligible to be earned based on performance for the applicable performance period and, to the extent earned, shall vest on a prorated basis based on the portion of the performance period during which you were employed through the Separation Date and (ii) the Equity Awards that are vested stock options shall remain outstanding and eligible to be exercised until the one-year anniversary of the Separation Date (or, if earlier, the expiration date of such stock options) and, to the extent not exercised on or prior to such one-year anniversary (or such earlier date), shall be forfeited for no consideration payable to you. Any Equity Awards not described in preceding sentence, to the extent not vested as of the Separation Date, shall be forfeited on the Separation Date for no consideration payable to you.

(d) Employee Benefits. Except for any right you may have to continue participation in the Company's group health, dental and vision plans under applicable law, which will be communicated to you under separate cover, or as set forth in this Agreement, your active participation in all employee benefit plans and programs of the Company will terminate as of the Separation Date in accordance with the terms of those plans and programs. Following the end of any such continuation coverage period, you may participate in the Company's retiree health continuation program, a copy of which has been provided to you, or such other Company health, dental and vision insurance programs for which you are eligible in accordance with the terms of the applicable program. Nothing in this Agreement will affect any vested rights you may have under the Company's benefit plans and programs, including, for the avoidance of doubt, the Company's 401(k) Restoration Plan.

(e) No Further Compensation. You acknowledge and agree that the payments and benefits described in Sections 2(b) and 2(d) are in complete satisfaction of any and all compensation or benefits due to you from the Company or any of its Affiliates, whether for services provided or otherwise, through the Separation Date, and that, except as expressly provided under this Agreement, no further compensation or benefits are owed or will be paid to you. For the avoidance of doubt, from and after the Separation Date, you will not be eligible to receive any severance payments and benefits under the Change of Control/Severance Agreement between you and the Company, dated March 23, 2017 (the "Change of Control Agreement").

(f) Release of Claims. In consideration of your continued service to the Company following the Separation Date as contemplated hereunder, the payments and benefits set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you agree to execute and return to the Company a release of claims in the form attached as Exhibit B to this Agreement (a "Release") within the time period specified therein (but in no event prior to the Separation Date). The execution and non-revocation of such Release is a condition to the receipt of the benefits provided under Section 3 of this Agreement.

3. Consulting Engagement.

(a) Services. During the Consulting Period, you will be engaged to provide consulting services to the Company and its Affiliates relating to the organizational transition of employees, customers and business processes and such other services as may from time to time be requested by the Company and its Affiliates. Your consulting services shall be provided remotely or at the Company's offices. During the Consulting Period you will report to the CEO or such other person or persons designated by the Company. You and the Company anticipate that during the Consulting Period, you will devote not more than eight (8) hours per week to the performance of the consulting services contemplated by this Agreement. Based on such level of services, it is anticipated that you will experience a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury Regulations) from the Company on the Separation Date.

(b) Relationship of the Parties. You and the Company expressly agree that, in providing services to the Company under this Section 3 during the Consulting Period, you will be

an independent contractor and will not be an employee or agent of the Company or any of its Affiliates. You agree that you will have no right to make any commitments on behalf of the Company or any of its Affiliates without the express written consent of an authorized officer of the Company or its applicable Affiliate.

(c) Services for Others. During the Consulting Period, you may choose to also provide services for others, provided that such services do not (i) give rise to a conflict of interest or otherwise interfere with your obligations to the Company or any of its Affiliates or (ii) violate the Restrictive Covenants (as defined below).

(d) Compensation. In consideration of the services that you provide to the Company under this Agreement during the Consulting Period, the Company will pay you a consulting fee at the rate of \$10,000 per month during the Consulting Period, prorated for partial months. Any consulting fee owed to you will be paid on a monthly basis in arrears.

(e) Taxes, Insurance and Benefits. You acknowledge and agree that, as an independent contractor during the Consulting Period, you will be solely responsible for all insurance and for the payment of all federal, state and local income taxes, Social Security and Medicare taxes and other legally required payments on any amounts received from the Company. You also acknowledge and agree that, during the Consulting Period, neither you nor any individual claiming through you will be eligible to actively participate in or receive benefits under any of the employee benefit plans, programs and arrangements maintained by the Company or any of its Affiliates, other than as expressly provided in this Agreement.

4. Early Termination. It is expected that your employment with the Company will continue until the Separation Date and that your consulting services will continue for the duration of the Consulting Period. Notwithstanding the foregoing or anything to the contrary in this Agreement, either you or the Company may at any time terminate your employment or service, as applicable, upon thirty (30) days' written notice to other (or immediately upon notice to you, in the event your employment or service, as applicable, is terminated by the Company for Cause (as defined below)) and, in the event such termination of employment or service occurs prior to the end of the Consulting Period, you will receive the accrued and unpaid compensation and benefits required to be paid to you under applicable law and the terms of any applicable employee benefit plans and programs of the Company, and otherwise shall only be entitled to the compensation and benefits set forth in this Section 4.

(a) Termination of Employment without Cause. In the event your employment is terminated by the Company without Cause prior to the Separation Date, subject to your execution and non-revocation of a Release within the time period specified therein and your compliance with the Restrictive Covenants, (i) you will continue to be paid your base salary at the rate in effect as of the date hereof (\$430,000 per year) in accordance with the Company's regular payroll practices beginning on the first payroll date following the date the Release becomes effective (with the first such payment to include all amounts that would have otherwise been paid following such termination of employment) through the Separation Date and (ii) such termination of employment shall be treated as a "retirement" for purposes of the Equity Awards (to the extent applicable).

(b) Other Termination of Employment or Service. Except as set forth in Section 4(a) above, in the event of a termination of your employment or service for any reason, you shall not be entitled to receive any additional compensation or benefits under this Agreement or otherwise.

(c) Deemed Resignations. In the event of any termination of your employment for any reason prior to the Separation Date, you will be deemed to resign from any and all: (i) officer positions you hold with the Company or any of its Affiliates; (ii) memberships you hold on any boards of directors, boards of managers or other governing boards or bodies of the Company or any of its Affiliates; and (iii) memberships you hold on any of the committees of any such boards or bodies.

For purposes of this Agreement, "Cause" means (i) the conviction of you by a court of competent jurisdiction of, or the pleading of guilty or nolo contendere to, any felony or any crime involving moral turpitude; (ii) gross negligence, breach of fiduciary duty or material breach of any Restrictive Covenant (as defined below); (iii) you shall have willfully and continually failed to substantially perform your duties with the Company after a written demand for substantial performance is delivered by the Company, which demand specifically identifies the manner in which the Company believes that you have not substantially performed your duties pursuant to the disciplinary procedures of the Company, and such failure of substantial performance shall have continued for a period of thirty (30) days after such written demand; (iv) you have been chronically absent from work (excluding vacations, illnesses or leaves of absences); (v) the commission by you of an act of fraud, embezzlement or misappropriation against the Company; or (vi) you shall have refused, after explicit notice, to obey any lawful resolution or direction by the Board which is consistent with his or her duties as an officer of the Company and, includes your failure to execute an effective Release as required by this Agreement.

5. Withholding. Without limiting the provisions of Section 3(e) of this Agreement, the Company shall have the right to withhold from all payments made under this Agreement or otherwise paid or provided to you in respect of your employment with the Company any taxes or any other amounts required to be withheld by the Company or any of its Affiliates under applicable law, which amounts may be withheld in the discretion of the Company or any of its Affiliates from any amounts payable under this Agreement.

6. Confidential Information and Restricted Activities. You acknowledge the importance to the Company and its Affiliates of protecting their Confidential Information (as defined below) and other legitimate business interests, including the valuable trade secrets and good will that they have developed or acquired. In consideration of your continued service to the Company, the payments and benefits set forth in this Agreement, including Section 3 of this Agreement, to which you are not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you agree that the following restrictions on your activities are reasonable and necessary to protect the legitimate interests of the Company and its Affiliates (such restrictions, together with any other confidentiality, non-solicitation, invention assignment or other restrictive covenants in favor of the Company or any of its Affiliates to you are bound, the "Restrictive Covenants"). For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

(a) Confidential Information.

(i) During the course of your employment and/or service with the Company and its Affiliates, you may learn or have learned of Confidential Information, and you may develop or have developed Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment and/or service with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment and/or service terminates, regardless of the reason for such termination. For purposes of this Agreement, "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.

(ii) You understand and acknowledge that you will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law, or for disclosing a trade secret in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets or Confidential Information by unauthorized means. Notwithstanding the foregoing, nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, on or before the Separation Date or at such earlier time or times as the Company or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, on or before the end of the Consulting Period or at such earlier time or times as the Company or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which you have password protected on any computer equipment, network or system of the Company or any of its Affiliates. You further agree to surrender, on or prior to the end of the Consulting Period, or such earlier time or times as the Company or its designee may specify any cellular phone, laptop, iPad or other electronic equipment provided to you by the Company or any of its Affiliates.

7. Section 409A.

(a) This Agreement and the payments and benefits provided hereunder are intended to be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and shall be construed consistently with that intent. Notwithstanding the foregoing, in no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to be exempt from, or comply with, the requirements of Section 409A of the Code. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(b) Any reimbursement for expenses payable to you hereunder that would constitute nonqualified deferred compensation subject to Section 409A of the Code shall be subject to the following additional rules: (i) no reimbursement of any such expense shall affect your right to reimbursement of any such expense in any other taxable year; (ii) reimbursement of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

(c) If you are a “specified employee” (as defined below) at the time of your “separation from service” (as defined below), any payments or benefits that are payable under this Agreement or otherwise on account of your separation from service that would (but for this provision) be payable within six (6) months following the date of such separation from service, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Section 1.409A-1(b) of the Treasury Regulations (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Section 1.409A-1(a)(5) of the Treasury Regulations; or (iii) other amounts or benefits that are not subject to the requirements of Section 409A of the Code.

(d) For purposes of this Agreement, the term “separation from service” shall have the meaning set forth in Section 1.409A-1(h) of the Treasury Regulations (after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations.

8. Miscellaneous. This Agreement constitutes the entire agreement between you and the Company, and replaces all prior and contemporaneous agreements, whether written or oral, with respect to the subject matter of this Agreement and all related matters, including, without limitation, the Change of Control Agreement. This Agreement may not be amended and no breach will be deemed waived unless agreed to in a signed writing by you and an authorized officer of the Company. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This is a Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any conflict of laws principles that would result in the application of the laws of another jurisdiction. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled exclusively by single-arbitrator arbitration in Boston, Massachusetts in accordance with the Employment Arbitration Rules of the American

Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each party shall bear the cost of its or his or her, respectively, own legal fees in connection with such dispute. This Agreement may be executed in separate counterparts (including by electronically delivered .pdf files or copies of manually signed signature pages), each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement.

[Remainder of page intentionally left blank.]

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to the Company. The enclosed copy of this letter, which you should also sign and date, is for your records.

Sincerely,
WATERS CORPORATION

By: /s/ Udit Batra

Udit Batra
President and Chief Executive Officer

Accepted and agreed:

/s/ Ian S. King

Ian S. King

Date: 19 April 2021

[Signature Page to Transition Agreement]

Exhibit A

Equity Awards

<u>Type of Equity Award</u>	<u>Grant Date</u>	<u>Exercise Price per Share</u>	<u>Number of Options/RSUs/PSUs Vested as of April 16, 2021</u>	<u>Number of Options/RSUs/PSUs Unvested as of April 16, 2021</u>
PSU	2/18/2021	—	—	890
PSU	2/18/2021	—	—	890
NQ	2/18/2021	280.80	—	5,397
PSU	2/12/2020	—	—	1,448
PSU	2/12/2020	—	—	1,449
NQ	2/12/2020	224.37	2,325	9,304
PSU	12/10/2018	—	—	2,057
NQ	12/10/2018	189.54	5,920	8,881
NQ	12/5/2017	194.26	9,628	6,420
NQ	8/17/2017	180.22	3,960	2,640
NQ	12/9/2016	139.51	15,029	3,758
NQ	2/10/2016	117.68	13,119	—
NQ	12/9/2015	128.93	17,825	—
NQ	12/11/2014	113.36	19,000	—

Exhibit B

Release

For and in consideration of certain benefits to be provided to me under the letter agreement, dated April 16, 2021 (the "Agreement"), between me and Waters Corporation (the "Company"), which are conditioned on my signing this General Release and Waiver of Claims (this "Release of Claims"), and to which I am not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives, successors and assigns, and all others connected with or claiming through me, I hereby release and forever discharge the Company and its Affiliates (as defined in the Agreement), and all of their respective past, present and future officers, directors, shareholders, employees, employee benefits plans, administrators, trustees, agents, representatives, consultants, successors and assigns, and all those connected with any of them, in their official and individual capacities (collectively, the "Released Parties"), from any and all causes of action, suits, rights and claims, demands, damages and compensation of any kind and nature whatsoever, whether at law or in equity, whether now known or unknown, suspected or unsuspected, contingent or otherwise, which I now have or ever have had against the Released Parties, or any of them, including those in any way related to, connected with or arising out of my employment and/or other relationship with the Company or any of its affiliates or the termination thereof, including under or pursuant to Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act), the Employee Retirement Income Security Act, the wage and hour, wage payment and fair employment practices laws of the state or states in which I have provided services to the Company (each, as amended from time to time) and/or any other federal, state or local law, regulation, or other requirement (collectively, the "Claims") through the date that I sign this Release of Claims, and I hereby waive all such Claims.

I understand that nothing contained in this Release of Claims shall be construed to prohibit me from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that I hereby agree to waive my right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by me or by anyone else on my behalf. I further understand that nothing contained in this Release of Claims shall be construed to limit, restrict or in any other way affect my communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

I acknowledge that I will continue to be bound by my obligations under the Agreement that survive the termination of my employment by the terms thereof or by necessary implication, including without limitation my confidentiality obligations set forth in Section 6 of the Agreement.

I understand that nothing contained in this Release of Claims will adversely affect my rights to enforce the terms of the Agreement, and shall not adversely affect my rights to any defense, indemnification, contribution and/or coverage under the Company's director's and officer's liability insurance policy or the charter or bylaws of the Company, in each case, in accordance with its respective terms by reason of services I rendered for the Company or any of its subsidiaries

as an officer and/or an employee thereof. Further, this release does not include and will not preclude: (a) rights to vested benefits under any applicable retirement and/or pension plans of the Company; (b) claims for unemployment compensation (which the Company will not contest); (c) rights under the Equity Documents (as defined in the Agreement) and/or (d) claims that cannot be waived under applicable law by signing this Release of Claims.

I acknowledge that this Release of Claims creates legally binding obligations, and that the Company has advised me to consult an attorney before signing it. **I understand that I cannot sign this Release of Claims until the date my employment or service, as applicable, with the Company terminates.** In signing this Release of Claims, I give the Company assurance that I have signed it voluntarily and with a full understanding of its terms; that I have had sufficient opportunity of not less than [twenty-one (21)/forty-five (45)]¹ days before signing this Release of Claims to consider its terms and to consult with an attorney, if I wished to do so; and that I have not relied on any promises or representations, express or implied, that are not set forth expressly in this Release of Claims. I understand that I will have seven (7) days after signing this Release of Claims to revoke my signature, and that, if I intend to revoke my signature, I must do so in writing addressed and delivered to the General Counsel of the Company prior to the end of the seven (7)-day revocation period. I understand that this Release of Claims will become effective upon the eighth (8th) day following the date that I sign it, provided that I do not revoke my acceptance in accordance with the immediately preceding sentence.

[Remainder of page intentionally left blank.]

¹ Period to consider the release to be determined by the Company on the Separation Date (for the post-employment release) or the end of the Consulting Period (for the post-consulting release).

Accepted and agreed:

Signature: _____
Ian S. King

Date: _____

Agreed and acknowledged by:

Waters Corporation

By: _____
Name:
Title:

[Signature Page to General Release and Waiver of Claims]



April 16, 2021

Jonathan M. Pratt
2544 Royal Palm Way
Weston, FL 33327-1505

Dear Jon:

We are pleased to formally offer you the position, initially of Senior Vice President, Waters Division of Waters Corporation (“Waters” or the “Company”), effective May 1, 2021. In this position you will report to Udit Batra, President and Chief Executive Officer. You understand that your title may change in the future. The principal terms associated with this change in role are as follows:

Base Salary

In connection with your change in role, effective May 1, 2021, your base salary will be increased to \$21,846.15 USD per bi-weekly pay period, which annualized, for your reference only, is \$568,000.00 USD (“Base Salary”), less taxes and other deductions. Your performance, and any potential Base Salary increase (if applicable), will continue be reviewed on an annual basis, typically during the month of March. You will not be entitled to overtime pay and your Base Salary is intended to cover all hours worked, including hours worked in excess of 40 in a work week.

Annual Bonus

You will continue to participate in the Waters Annual Incentive Program (“AIP”) and your target annual incentive compensation opportunity under the AIP will continue to be 75% of your base salary. For the 2021 fiscal year, any annual incentive compensation paid to you under the AIP will be determined on a blended basis based on your current rate of your base salary (prior to increase as provided for herein) and the rate of your Base Salary set forth above, based on the number of months (whether full or partial) you received each such rate.

One-Time Supplemental Equity Award

In connection with your change in role, subject to the terms of approval as set forth by the Compensation Committee of the Board of Directors of Waters (the “Compensation Committee”), you will be granted a one-time supplemental equity award with a total value of approximately \$300,000.00 (the “Supplemental Equity Award”). The Supplemental Equity Award will be in the form of non-qualified stock options (totaling 50% of the total grant value) and restricted stock units (totaling 50% of the total grant value), in each case, as determined by the Compensation Committee. These non-qualified stock options and restricted stock units will vest 20% per year on each of the first five anniversaries of the date of grant, subject to your continued employment through each applicable vesting date. The

34 Maple Street Milford, MA 01757-3696 U.S.A. [T] 508.478.2000 [T] 1.800.252.4752 [F] 508.872.1990 [W] www.waters.com

Supplemental Equity Award will be granted under the Company's 2020 Equity Incentive Plan and will be evidenced by, and subject to the terms and conditions described in, individual award agreements to be entered into between you and Waters.

Benefits and Vacation Time

You will continue to be eligible to participate in the Company's applicable benefit plans and accrue vacation time in accordance with the Company's practices and applicable law and in accordance with the terms of the applicable benefit plans and/or Company policies.

Restrictive Covenants

By signing below, you acknowledge and agree to be bound by the restrictive covenants set forth in Exhibit A to this agreement, which shall become effective on May 3, 2021, unless you revoke this agreement prior to such date. You acknowledge and agree that the increase in Base Salary and the Supplemental Equity Award are contingent upon your execution and non-revocation of this agreement, your agreeing to be bound by such restrictive covenants and such restrictive covenants becoming effective on May 3, 2021. In the event that you do not sign this agreement, or revoke this agreement prior to the restrictive covenants becoming effective, the increase in Base Salary described in this agreement will not take effect, the Supplemental Equity Award will not be made, and you will forfeit any entitlement to the Supplemental Equity Award.

At-Will Employment

While we hope that our relationship will continue to be mutually satisfying, your employment with Waters continues to be on an at-will basis. Accordingly, to the extent permitted by applicable laws, the Company recognizes the right to terminate or discontinue your employment for any reason with or without notice. Likewise, the Company recognizes your reciprocal right to terminate or discontinue your employment with the Company for any reason, with or without notice.

If you are in agreement with the terms and conditions set forth above and in Exhibit A, please accept this agreement by signing, dating and returning it by April 19, 2021. By signing below, you acknowledge that (1) the Company provided you with the restrictive covenants set forth in Exhibit A at least ten (10) business days before the effective date of such covenants, (2) you have been and are hereby advised of your right to consult an attorney before signing this agreement, and (3) you have carefully read this agreement, including Exhibit A, and understand and agree to all of the provisions in this agreement.

Regards,

/s/ Udit Batra

Udit Batra
President and Chief Executive Officer

Accepted and agreed:

/s/ Jonathan M. Pratt

Signature:

Jonathan M. Pratt

Date:

18 April 2021

Exhibit A

Restrictive Covenants

(a) **Confidential Information**. During the course of your employment with the Company, you have learned and will continue to learn of Confidential Information, as defined below, and you may have developed or may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required for the good faith performance of your duties and responsibilities for the Company), any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this **Exhibit A**. You understand and acknowledge that you will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law, or for disclosing a trade secret in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets or Confidential Information by unauthorized means. Notwithstanding the foregoing, nothing in this **Exhibit A** limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity.

(b) **Protection of Documents**. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the "**Documents**"), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

(c) **Assignment of Rights to Intellectual Property**. You shall promptly and fully disclose all Intellectual Property (as defined below) to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered "work made for hire" and shall, upon creation, be owned exclusively by the Company.

(d) Non-Disparagement. Subject to the last sentence of Section (a) above, you agree that you will never disparage or criticize any of the Company, its Affiliates, their business, their management or members of the Board or their products or services, and that you will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its Affiliates or harm the interests or reputation of the Company or any of its Affiliates.

(e) Restricted Activities. You acknowledge that by virtue of your employment with the Company or any of its Affiliates, you have provided or will provide services or have had or will have a material presence or influence in every country, city, county and other locale in which the Company or any of its Affiliates provides services or has a material presence or influence during the last two (2) years of your employment with the Company or any of its Affiliates (the “Restricted Area”). You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates and are supported by mutually agreed upon fair, reasonable, valid and sufficient consideration (including, without limitation, the increase in Base Salary and Supplemental Equity Award described in the agreement to which this Exhibit A is attached):

(i) While you are employed by the Company and for (a) one (1) year after your termination of employment for any reason, except as provided in clause (b), or (b) two (2) years following your termination of your employment if, at any time, you have breached any fiduciary duty to the Company or its Affiliates or have engaged in an “Unlawful Taking of Company Property” (as defined below), (either such period, as applies, the “Non-Compete Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates or undertake any planning for any business that is competitive with the business of the Company or any of its Affiliates in the Restricted Area in a Restricted Position. Specifically, but without limiting the foregoing, you agree not to work or provide services, in a Restricted Position, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning (provided such planning has been approved by the Board of Directors of the Company) during your employment with the Company anywhere in the Restricted Area; provided, however, this Section (e)(i) will not apply after your employment is terminated without “Cause for Purposes of Section (e)(i)”. Notwithstanding the foregoing, neither (x) nor (y), as provided below, shall be considered a violation of this Section (e)(i): (x) the ownership of not more than two percent (2%) of the outstanding securities of any class of any entity that is listed on a national securities exchange or quoted or traded in the over-the-counter market, or (y) the provision of services (as an employee, independent contractor or otherwise) to an entity where no more than a de minimis amount of revenue is derived from a business that is competitive with the business of the Company or any of its Affiliates, provided you are not responsible for (and do not participate in) the day-to-day management or supervision of such business and provided you do not have direct (which shall not mean indirect) supervision over the individual or individuals who are so responsible for such day-to-day management or supervision.

(ii) While you are employed by the Company and during the twenty-four (24)-month period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, directly or indirectly, except, while employed by the Company, in the good faith performance of your duties to the Company, (a) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that

these restrictions shall apply only with respect to those Persons who are or have been a customer of the Company or any of its Affiliates at any time within the immediately preceding one (1)-year period or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within such one (1)-year period, other than by form letter, blanket mailing or published advertisement.

(iii) During the Restricted Period, you shall not, and shall not assist any other Person to, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment; or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them; provided, however, the foregoing shall not be violated by general advertising or general solicitation for employment not specifically directed at the Company's employees. For the purposes of this Exhibit A, an "employee" or an "independent contractor" of the Company or any of its Affiliates is any person who was such at any time within the preceding one (1) year.

(iv) In signing the agreement to which this Exhibit A is attached, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Exhibit A, including the restraints imposed on you hereunder. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Exhibit A, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond. So that the Company may enjoy the full benefit of the covenants contained in this Section (e), you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in Section (e)(ii) or (iii). You and the Company further agree that, in the event that any provision of this Exhibit A is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. You also agree that each of the Company's Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Exhibit A. Finally, no claimed breach of the agreement to which this Exhibit A is attached or other violation of law attributed to the Company, or change in the nature or scope of your employment relationship with the Company or any of its Affiliates, shall operate to excuse you from the performance of your obligations under this Exhibit A.

(f) Definitions. For purposes of this Exhibit A, the following terms will have the meanings set forth below:

(i) "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

(ii) "Board" means the Board of Directors of the Company.

(iii) "Cause for Purposes of Section (e)(i)" means (solely with respect to this Exhibit A and notwithstanding any other agreement between the Company or any of its Affiliates and me containing this defined term) the occurrence of any of the following, as determined by the Company

in its reasonable discretion: (i) your failure to perform your duties and responsibilities to the Company or any of its Affiliates, or the performance of your duties and responsibilities to the Company or any of its Affiliates in a manner deemed by the Company to be in any way unsatisfactory; (ii) your breach of this Exhibit A or any other agreement between you and the Company or any of its Affiliates; (iii) your commission of, or plea of nolo contendere to, a felony or other crime; (iv) any misconduct by you or other conduct by you that is or could reasonably be expected to be harmful to the business interests or reputation of the Company or any of its Affiliates; (v) your violation or disregard for any rule or procedure or policy of the Company or any of its Affiliates; (vi) any other reasonable basis for Company dissatisfaction with you, including for reasons such as lack of capacity or diligence, failure to conform to usual standards of conduct, or other culpable or inappropriate behavior; or (vii) any other grounds for discharge that are reasonably related, in the Company's honest judgment, to the needs of the business of the Company or any of its Affiliates.

(iv) "Confidential Information" means any and all information of the Company and its Affiliates that is not generally available to the public.

(v) "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) (collectively, "Inventions") conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate to the business of the Company or to any prospective activity of the Company or any of its Affiliates, that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates. Notwithstanding the foregoing, Intellectual Property shall not include any Invention that you develop entirely on your own time, without using the equipment, supplies, facilities or trade secret information of the Company or any of its Affiliates, unless such Invention (a) relates to the business of the Company or any of its Affiliates for whom you are performing services or to the actual or demonstrably anticipated research or development of the Company or any of its Affiliates for whom you are performing services or (b) results from any work performed by you for the Company or any of its Affiliates.

(vi) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

(vii) "Restricted Position" means a position involving any of the services provided by you to the Company or any of its Affiliates during the last two (2) years of your employment with the Company or any of its Affiliates.

(viii) "Unlawful Taking of Company Property" means your failure to (A) return to the Company or its Affiliate (as applicable), within five (5) days following your termination of employment for any reason, all Documents and physical property of the Company or any of its Affiliates, including but not limited to, any credit cards; work laptops, iPads, mobile phones, data storage devices of any kind or other computer or electronic equipment; employee identification materials; keys; documents, files, papers, memoranda, letters or other communications or work product; or work-related passwords or passcodes, in each case, which you have in your possession, custody or control that were written, created, authorized, signed, received or transmitted during your employment; and (B) at the direction of the Company, within ten (10) days following your termination of employment, either provide copies to the Company and then permanently delete the originals of, or permanently delete the originals of, all electronic property of the Company or any of its Affiliates, including, but not limited to, work files and emails, including, but not limited to, on any personal email account, personal computer, Dropbox account, zip drive, thumb drive, external hard drive, or cloud storage system.

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

I, Dr. Udit Batra, 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: May 6, 2021

/s/ Dr. Udit Batra

Dr. Udit Batra
Chief Executive Officer

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

I, Michael F. Silveira, 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: May 6, 2021

/s/ Michael F. Silveira

Michael F. Silveira

Interim Chief Financial Officer

**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 April 3, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dr. Udit Batra, 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: May 6, 2021

By: /s/ Dr. Udit Batra

Dr. Udit Batra

Chief Executive Officer

**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 April 3, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael F. Silveira, 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: May 6, 2021

By: /s/ Michael F. Silveira

Michael F. Silveira
Interim Chief Financial Officer