

Waters

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**Annual Reconciliation of GAAP to Adjusted Non-GAAP Financials
as Disclosed in the Company's Annual Earnings Press Release**

The 2012 - 2010 adjusted amounts presented below are used by the management of the Company to measure operating performance with prior periods and forecasts and are not in accordance with generally accepted accounting principles (GAAP). The Company believes that the use of Non-GAAP measures, such as Non-GAAP Earnings Per Share (EPS) and Non-GAAP Operating Income, help management and investors gain a better understanding of our core operating results and future trends, and is consistent with how management measures compensation and forecasts the Company's performance. The reconciliation identifies items management has excluded as non-operational transactions. Management has excluded the following items:

- Purchased Intangibles Amortization and Step-Up Expenses were excluded to allow for comparisons of operating results that are consistent over periods of time.
- Restructuring Costs, Asset Impairments, Acquisition-Related Costs and Other One-Time Costs were excluded as the Company believes that costs to consolidate operations, reduce overhead and complete acquisitions are infrequent or unusual and are not indicative of normal operating costs.
- Litigation Provisions and Non-Income Tax Audit Settlement Provisions were excluded as these costs are isolated, unpredictable and not expected to recur regularly.
- Net Operating Loss Tax Benefit was excluded as this was a one-time tax benefit recognized in 2012 as a result of a refinancing of certain inter-company debt arrangements that enabled the Company to recognize a deferred tax asset associated with a non-U.S. net operating loss carryforward.
- One-Time Income Tax Benefits and the Reversal of Income Tax Reserves Upon Audit Settlement were excluded as these costs and benefits are typically the result of audit examination settlements or updates in management's assessment of ongoing examinations and are not indicative of the Company's normal or future income tax expense.

Waters Corporation
Annual Reconciliation of GAAP to Adjusted Non-GAAP Financials
2012 - 2010

(Dollars in thousands, except EPS)

	2012	2011	2010
GAAP Gross Profit	\$ 1,106,027	\$ 1,120,691	\$ 990,068
Asset Impairments	1,903	-	-
Adjusted Non-GAAP Gross Profit	\$ 1,107,930	\$ 1,120,691	\$ 990,068

GAAP Selling and Administrative Expenses (including Purchased Intangibles Amortization and Litigation Provisions)	\$ (498,533)	\$ (499,744)	\$ (455,862)
Purchased Intangibles Amortization & Step-Up Expenses	14,420	10,583	10,934
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	5,843	6,291	3,632
Litigation Provisions	7,434	-	-
Non-Income Tax Audit Settlement Provisions	484	2,050	3,380
Adjusted Non-GAAP Selling & Administrative Expenses	\$ (470,352)	\$ (480,820)	\$ (437,916)

GAAP Operating Income	\$ 511,490	\$ 528,600	\$ 449,932
Purchased Intangibles Amortization & Step-Up Expenses	14,420	10,583	10,934
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	7,746	6,291	3,632
Litigation Provisions	7,434	-	-
Non-Income Tax Audit Settlement Provisions	484	2,050	3,380
Adjusted Non-GAAP Operating Income	\$ 541,574	\$ 547,524	\$ 467,878

GAAP Provision for Income Taxes	\$ (26,182)	\$ (76,284)	\$ (56,100)
Purchased Intangibles Amortization & Step-Up Expenses	(4,601)	(3,409)	(3,437)
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	(2,864)	(1,984)	(1,048)
Litigation Provisions	(2,788)	-	-
Non-Income Tax Audit Settlement Provisions	(182)	(759)	(1,183)
Net Operating Loss Tax Benefit	(36,250)	-	-
One-Time Tax Benefits	(6,035)	(1,617)	(1,500)
Reversal of Income Tax Reserves Upon Audit Settlement	-	-	(7,581)
Adjusted Non-GAAP Provision for Income Taxes	\$ (78,902)	\$ (84,053)	\$ (70,849)

GAAP Net Income	\$ 461,443	\$ 432,968	\$ 381,763
Purchased Intangibles Amortization & Step-Up Expenses	9,819	7,174	7,497
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	4,882	4,307	2,584
Litigation Provisions	4,646	-	-
Non-Income Tax Audit Settlement Provisions	302	1,291	2,197
Net Operating Loss Tax Benefit	(36,250)	-	-
One-Time Tax Benefits	(6,035)	(1,617)	(1,500)
Reversal of Income Tax Reserves Upon Audit Settlement	-	-	(7,581)
Adjusted Non-GAAP Net Income	\$ 438,807	\$ 444,123	\$ 384,960

GAAP EPS	\$ 5.19	\$ 4.69	\$ 4.06
Purchased Intangibles Amortization & Step-Up Expenses	0.11	0.08	0.08
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	0.05	0.05	0.03
Litigation Provisions	0.05	-	-
Non-Income Tax Audit Settlement Provisions	0.00	0.01	0.02
Net Operating Loss Tax Benefit	(0.41)	-	-
One-Time Tax Benefits	(0.07)	(0.02)	(0.02)
Reversal of Income Tax Reserves Upon Audit Settlement	-	-	(0.08)
Adjusted Non-GAAP EPS	\$ 4.93	\$ 4.81	\$ 4.09