

Waters Corporation and Subsidiaries
Quarterly Reconciliation of GAAP to Adjusted Non-GAAP Financials
(in thousands, except per share data)

The 2014 and 2013 adjusted amounts presented below are used by the management of the Company to measure operating performance against prior periods and forecasts and are not in accordance with generally accepted accounting principles (GAAP). These Non-GAAP amounts should be considered supplemental to, and not a substitute for, financial performance in accordance with GAAP. The Company believes that the use of Non-GAAP measures, such as Adjusted Non-GAAP Earnings Per Share (EPS) and Adjusted Non-GAAP Operating Income, help management and investors gain a better understanding of our core operating results, and is consistent with how management measures performance for purposes of executive compensation and forecasts the Company's performance. The reconciliation identifies items management has excluded as non-operational items. Management has excluded the following items:

- * Purchased Intangibles Amortization was excluded to allow for comparisons of operating results that are consistent over periods of time.
- * Acquired In-Process Research and Development was excluded as the Company believes that the costs to license certain intellectual property are infrequent and are not indicative of normal operating costs. In 2014, the Company entered into licensing arrangements for mass spectrometry technologies, primarily related to new medically-focused applications.
- * 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.
- * Infrequent Income Tax Items were excluded as these costs and benefits are typically the result of audit examination settlements, updates in management's assessment of ongoing examinations or other unusual tax items and are not indicative of the Company's normal or future income tax expense.

	(Unaudited)			
	Three Months Ended		Twelve Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
GAAP Selling and Administrative Expenses (including Purchased Intangibles Amortization)	\$ (134,532)	\$ (133,305)	\$ (523,341)	\$ (502,883)
Purchased Intangibles Amortization	2,616	2,625	10,634	9,964
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	3,140	2,713	17,697	9,499
Adjusted Non-GAAP Selling & Administrative Expenses	\$ (128,776)	\$ (127,967)	\$ (495,010)	\$ (483,420)
GAAP Research & Development Expenses (including Acquired In-Process Research and Development)	\$ (44,180)	\$ (26,975)	\$ (123,182)	\$ (100,536)
Acquired In-Process Research and Development	15,456	-	15,456	-
Adjusted Non-GAAP Research & Development Expenses	\$ (28,724)	\$ (26,975)	\$ (107,726)	\$ (100,536)
GAAP Operating Income	\$ 172,039	\$ 176,177	\$ 517,908	\$ 517,343
Purchased Intangibles Amortization	2,616	2,625	10,634	9,964
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	3,140	2,713	17,697	9,499
Acquired In-Process Research and Development	15,456	-	15,456	-
Adjusted Non-GAAP Operating Income	\$ 193,251	\$ 181,515	\$ 561,695	\$ 536,806
GAAP Provision for Income Tax Expense	\$ (13,181)	\$ (27,743)	\$ (59,120)	\$ (40,102)
Purchased Intangibles Amortization	(718)	(738)	(3,024)	(2,849)
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	(925)	(893)	(4,979)	(3,186)
Acquired In-Process Research and Development	(3,323)	-	(3,323)	-
Infrequent Income Tax Items	(357)	915	2,383	(27,467)
Adjusted Non-GAAP Provision for Income Tax Expense	\$ (18,504)	\$ (28,459)	\$ (68,063)	\$ (73,604)
GAAP Net Income	\$ 151,292	\$ 141,582	\$ 431,620	\$ 450,003
Purchased Intangibles Amortization	1,898	1,887	7,610	7,115
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	2,215	1,820	12,718	6,313
Acquired In-Process Research and Development	12,133	-	12,133	-
Infrequent Income Tax Items	(357)	915	2,383	(27,467)
Adjusted Non-GAAP Net Income	\$ 167,181	\$ 146,204	\$ 466,464	\$ 435,964
GAAP EPS	\$ 1.80	\$ 1.65	\$ 5.07	\$ 5.20
Purchased Intangibles Amortization	0.02	0.02	0.09	0.08
Restructuring Costs, Asset Impairments, Acquisitions & Other One-Time Costs	0.03	0.02	0.15	0.07
Acquired In-Process Research and Development	0.14	-	0.14	-
Infrequent Income Tax Items	-	0.01	0.03	(0.32)
Adjusted Non-GAAP EPS	\$ 1.99	\$ 1.70	\$ 5.48	\$ 5.04