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

Form 10-K

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

For the fiscal year ended December 31, 2023

or

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

Commission File Number: 01-14010

Waters Corporation

(Exact name of registrant as specified in its charter)

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which reg
Common Stock, par value $0.01 per share	**WAT**	**New York Stock Exchange, I**

Securities registered pursuant to Section 12(g) of the Act:	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 19 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 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 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 ☑ N

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting
			Emerging growth

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 revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal c financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in t reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation rec of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant as of June 30, 2023: $15,633,596,711.

Indicate the number of shares outstanding of the registrant’s common stock as of February 23, 2024: 59,202,626

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WATERS CORPORATION AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K

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PART I

Item 1: *Business*

General

Waters Corporation (the “Company,” “Waters,” “we,” “our,” or “us”), a global leader in analytical instruments and software, has pioneered i in chromatography, mass spectrometry and thermal analysis serving life, materials and food sciences for more than 65 years. With approxim employees worldwide, Waters operates directly in over 35 countries and has products available in more than 100 countries. The Company pr designs, manufactures, sells and services high-performance liquid chromatography (“HPLC”), ultra-performance liquid chromatography (“U together with HPLC, referred to as “LC”) and mass spectrometry (“MS”) technology systems and support products, including chromatograp other consumable products and comprehensive post-warranty service plans. These systems are complementary products that are frequently e together (“LC-MS”) and sold as integrated instrument systems using common software platforms. In addition, the Company designs, manuf and services thermal analysis, rheometry and calorimetry instruments through its TA Instruments™ (“TA”) product line. The Company is al developer and supplier of advanced software-based products that interface with the Company’s instruments, as well as other manufacturers’

The Company’s products are used by pharmaceutical, clinical, biochemical, industrial, nutritional safety, environmental, academic and governmental customers working in research and development, quality assurance and other laboratory applications. LC is a standard techniq utilized in a broad range of industries to detect, identify, monitor and measure the chemical, physical and biological composition of material purify a full range of compounds. MS technology, principally in conjunction with chromatography, is employed in drug discovery and devel including clinical trial testing, the analysis of proteins in disease processes (known as “proteomics”), nutritional safety analysis and environ testing. LC-MS instruments combine a liquid phase sample introduction and separation system with mass spectrometric compound identific quantification. The Company’s thermal analysis, rheometry and calorimetry instruments are used in predicting the suitability and stability of chemicals, pharmaceuticals, water, polymers, metals and viscous liquids for various industrial, consumer goods and healthcare products, as life science research.

Waters Corporation, organized as a Delaware corporation in 1991, is a holding company that owns all of the outstanding common stoc Technologies Corporation, its operating subsidiary. Waters Corporation became a publicly traded company with its initial public offering (“I November 1995. Since the IPO, the Company has added three significant and complementary technologies to its range of products with the of TA Instruments in May 1996, Micromass Limited in September 1997 and Wyatt Technology in May 2023. On May 16, 2023, the Compan the acquisition of Wyatt Technology, LLC and its three operating subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France Technology UK Ltd. (collectively, “Wyatt”), for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scattering flow fractionation instruments, software, accessories and services. The acquisition will expand Waters™ portfolio and increase exposure to molecule applications.

Business Segments

The Company’s business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief o decision maker. As a result of this evaluation, the Company determined that it has two operating segments: Waters and TA. The Waters opera segment is primarily in the business of designing, manufacturing, selling and servicing LC and MS instrument systems, columns and other p chemistry consumables that can be integrated and used along with other analytical instruments. The TA operating segment is primarily in the designing, manufacturing, selling and servicing thermal analysis, rheometry and calorimetry instruments. The Company’s two operating seg 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 purposes. Operations of the recently acquired Wyatt business are part of the Waters operating segment.

Information concerning revenues and long-lived assets attributable to each of the Company's products, services and geographic areas i in Note 18 in the Notes to the Consolidated Financial Statements, which is incorporated herein by reference.

Waters Products and Markets

High-Performance and Ultra-Performance Liquid Chromatography

HPLC is a standard technique used to identify and analyze the constituent components of a variety of chemicals and other materials. The Co believes that HPLC's performance capabilities enable it to separate, identify and quantify a high proportion of all known chemicals. As a res used to analyze substances in a wide variety of industries for research and development purposes, quality control and process engineering ap

The most significant end-use markets for HPLC are those served by the pharmaceutical and life science industries. In these markets, H extensively to understand diseases, identify new drugs, develop manufacturing methods and assure the potency and purity of new pharmaceu HPLC is also used in a variety of other applications, such as analyses of foods and beverages for nutritional labeling and compliance with sa regulations and the testing of water and air purity within the environmental testing industry, as well as applications in other industries, such a and consumer products. Waters also has in vitro diagnostic labelled products that are used as general-purpose instruments for clinical diagno applications, such as newborn screening and therapeutic drug management, in countries where these products are registered. HPLC is also u universities, research institutions and governmental agencies, such as the United States Food and Drug Administration ("FDA") and the Uni Environmental Protection Agency ("EPA") and their foreign counterparts that mandate safety and efficacy testing.

In 2004, Waters introduced a novel technology that the Company describes as ultra-performance liquid chromatography that utilizes a material with small, uniform diameter particles and a specialized instrument, the ACQUITY™ UPLC™ System, to accommodate the increa pressure and narrower chromatographic bands that are generated by these small and tightly packed particles. By using the ACQUITY UPLC researchers and analysts are able to achieve more comprehensive chemical separations and faster analysis times in comparison with many an previously performed by HPLC. In addition, in using the ACQUITY UPLC System, researchers have the potential to extend the range of app beyond that of HPLC, enabling them to uncover more levels of scientific information. While offering significant performance advantages, th ACQUITY UPLC System is also compatible with the Company's software products and the general operating protocols of HPLC. For these Company's customers and field sales and support organizations are well positioned to utilize this innovative technology and instrument. In 2 Company introduced the ACQUITY Arc™ Bio System, a versatile, iron-free, bio-inert, quaternary liquid chromatograph specifically engine improve bioseparation analytical methods. The Company also introduced the ACQUITY UPLC PLUS System series in 2018, consisting of t ACQUITY UPLC H-Class PLUS System, ACQUITY UPLC H-Class PLUS Bio System and ACQUITY UPLC I-Class PLUS Systems, whic incorporate foundational enhancements into the legacy systems.

Waters manufactures LC instruments that are offered in configurations that allow for varying degrees of automation, from component systems for academic teaching and research applications to fully automated systems for regulated and high sample throughput testing, and th variety of detection technologies, from optical-based ultra-violet absorbance, refractive index and fluorescence detectors to a suite of MS-ba detectors, optimized for certain analyses.

In 2019, the Company introduced the ACQUITY Advanced Polymer Chromatography™ System, which is the first fully solvent-comp UPLC System to perform size exclusion, gradient polymer elution and solvent compatible reversed-phase liquid chromatographic separation single platform. The all-in-one system gives research scientists greater analytical versatility and speed when conducting research on next-ger polymers. In 2020, the Company introduced the Waters Arc HPLC System, a new HPLC system for routine testing in the pharmaceutical, fo academic and materials markets. A key target application is quality control in laboratories performing batch release tests on small molecule pharmaceuticals. In 2021, the Company introduced the new ACQUITY Premier LC solution and the Arc Premier System both featuring Wat MaxPeak™ High Performance Surface ("HPS") Technology. MaxPeak HPS Technology, which was first introduced with the Company's in of ACQUITY Premier Columns in 2020, is a surface technology that forms a barrier between the sample and the metal surfaces of both the s column, eliminating the need for system passivation, mitigating the loss of metal-sensitive analytes and yielding higher quality data in less ti effort.

During the second half of 2023, Waters introduced the DynaPro™ ZetaStar™ instrument through its Wyatt Technology™ portfolio fo nanoparticle analysis. The new instrument simultaneously enables dynamic and static light scattering and dynamic and electrophoretic light measurements, all in one device. By combining multiple light scattering techniques and automatically assessing data quality and performing data capture, the ZetaStar instrument delivers both increased sensitivity and faster measurements to aid the precise development of complex using extremely low sample volumes.

The primary consumable products for LC instruments are chromatography columns. These columns are packed with separation media LC testing process and are typically replaced at regular intervals. The chromatography column contains one of several types of packing mate typically stationary phase particles made from silica or polymeric resins. As a pressurized sample is introduced to the column inlet and perm through the packed column, it is separated into its constituent components.

Waters HPLC columns can be used on Waters-branded and competitors' LC systems. The Company believes that it is one of a few sup world that manufactures silica and polymeric resins, packs columns and distributes its own products. In doing so, the Company believes it ca ensure product consistency, a key attribute for its customers in quality control laboratories and can react quickly to new customer requiremen Company believes that its ACQUITY UPLC Columns are used primarily on its ACQUITY UPLC Systems and, furthermore, that its ACQUI Systems primarily use ACQUITY UPLC Columns. In 2019, the Company introduced the BioResolve™ SCX mAb Columns and VanGuard Cartridge technologies. These new cation exchange column lines with specialized consumables are designed to simplify and improve the characterization and monitoring of monoclonal antibody ("mAb") therapeutics, as well as enable mAb charge-variant analyses as required b Health Organization, the FDA and the International Conference on Harmonization for confirming the efficacy and safety of biologics and bi with discovery, development and manufacturing applications. In 2020, Waters introduced ACQUITY Premier Columns, at the time a new fa premium sub-2-micron columns featuring MaxPeak HPS Technology. The columns are for use with any brand of UPLC System and can mea improve data quality by mitigating the loss of sample analytes due to analyte-to-surface interactions.

The Company's precision chemistry consumable products also include environmental and nutritional safety testing products, including Reference Materials and Proficiency Testing products. Laboratories around the world and across multiple industries use these products for q control and proficiency testing and also purchase product support services required to help with their federal and state mandated accreditatio requirements or with quality control over critical pharmaceutical analysis.

In 2023, the Company introduced the first in a new line of size exclusion chromatography columns aimed at improving analysis while the cost of gene therapies, specifically adeno-associated viral ("AAV") vectors. The new Waters XBridge™ Premier GTx BEH™ size exclu chromatography columns double the speed of measuring the potency and safety of AAVs. Combining the columns with light scattering technologies from its Wyatt Technology p deepens the level of information acquired from a single experiment and optimizes the manufacturing of these novel gene delivery vehicles.

In 2020, the Company acquired all of the outstanding stock of Andrew Alliance, S.A. (“Andrew Alliance”). Andrew Alliance offers lal automation solutions with the combination of its software platform and smart, connected laboratory equipment and accessories. The additior Alliance to our portfolio has allowed us to positively impact our customers’ workflows by improving the repeatability, performance and spec laboratory operations and chemistry workflows.

In 2023, the Company introduced the Alliance™ iS HPLC System, the next-generation intelligent HPLC System, designed to reduce risk by adding new levels of proactive error detection, troubleshooting and ease-of-use. When combined with Waters compliance-ready Emp Chromatography Software and eConnect™ HPLC Columns, the Alliance iS HPLC System streamlines the task of making accurate and prec measurements by detecting and eliminating common errors. In doing so, the Alliance iS HPLC System helps quality control laboratories to meet quality, safety, compliance and on-time product delivery goals. This system also integrates with the cloud-native waters_connect™ Sy Monitoring Software enabling real-time monitoring of the Alliance iS HPLC System and any other chromatography instruments controlled b Software. Laboratory managers can view the live status of their HPLC instrument fleet from anywhere and at any time to further improve eq utilization and overall productivity.

Also in 2023, the Company introduced the new bioprocess walk-up solutions designed to further simplify biologic sample preparation analysis. This solution eliminated the need to send bioreactor samples to a central laboratory for analysis making it even easier to accelerate bioprocess development by up to six weeks over traditional methods.

Mass Spectrometry and Liquid Chromatography-Mass Spectrometry

MS is a powerful analytical technology that is used to identify unknown compounds, to quantify known materials and to elucidate the structu chemical properties of molecules by measuring the masses of molecules that have been converted into ions.

The Company is a technology and market leader in the development, manufacture, sale and service of MS instruments and component instruments are typically integrated and used along with other complementary analytical instruments and systems, such as LC, chemical elec and gas chromatography. A wide variety of instrumental designs fall within the overall category of MS instrumentation, including devices th incorporate quadrupole, ion trap, time-of-flight (“Tof”), magnetic sector and ion mobility technologies. Furthermore, these technologies are in tandem to maximize the speed and/or efficacy of certain experiments.

Currently, the Company offers a wide range of MS instrument systems utilizing various combinations of quadrupole, Tof and ion mob These instrument systems are used in drug discovery and development, as well as for environmental, clinical and nutritional safety testing. T overwhelming majority of mass spectrometers sold by the Company are designed to utilize an LC system and a liquid compatible interface (electrospray ionization source) as the sample introduction device. These products supply a diverse market with a strong emphasis on the pha biomedical, clinical, food and beverage and environmental market segments worldwide.

MS is an increasingly important detection technology for LC. The Company’s smaller-sized mass spectrometers, such as the single qu detector and the tandem quadrupole detector (“TQD”), are often referred to as LC “detectors” and are typically sold as part of an LC system system upgrade. Larger quadrupole systems, such as the Xevo™ TQ MS System and Xevo TQ-S MS System, are used primarily for experin performed for late-stage drug development, including clinical trial testing. Quadrupole time-of-flight

(“Q-Tof”) instruments, such as the Company’s SYNAPT™ G2-S HDMS System, are often used to analyze the role of proteins in disease pr application sometimes referred to as “proteomics.”

LC and MS are typically embodied within an analytical system tailored for either a dedicated class of analyses or as a general-purpose device. An increasing percentage of the Company’s customers are purchasing LC and MS components simultaneously and it has become co LC and MS instrumentation to be used within the same laboratory and operated by the same user. The descriptions of LC and MS above refl historical segmentation of these analytical technologies and the historical categorization of their respective practitioners. Increasingly in toda instrument market, this segmentation and categorization is becoming obsolete as a high percentage of instruments used in the laboratory emb LC and MS technologies as part of a single device. In response to this development and to further promote the high utilization of these hybri instruments, the Company has organized its Waters operating segment to develop, manufacture, sell and service integrated LC-MS systems.

In 2019, the Company introduced the BioAccord™ System, a liquid chromatography-mass spectrometry solution that expands access resolution time-of-flight mass spectrometry capabilities. The system provides new levels of user experience with automated setup and self-d delivered through an intuitive user interface. Also in 2019, the Company introduced the SELECT SERIES™ Cyclic™ IMS System, which s integrates cyclic ion mobility technology into a high-performance research-grade time-of-flight mass spectrometer. In addition, the Company the SYNAPT XS System, a new highly flexible, high-resolution mass spectrometer for research and development labs focused on discovery applications. The Company also reinforced its tandem quadrupole mass spectrometry portfolio during the current year with upgrades to the X micro MS System and the introduction of the new Xevo TQ-S cronos MS System. The Xevo TQ-S micro System features new performance enhancements that bring the quantitation of highly polar, ionic compounds in food to a higher level. The Xevo TQ-S cronos System is a new quadrupole mass spectrometer purposely built for routine quantitation of large numbers of small-molecule organic compounds over a wide c range. The Xevo TQ-S micro System and the Xevo TQ-S cronos System are also well suited to meet regulatory requirements for pesticide re analysis, the monitoring for contaminants in processed foods, identifying drugs of abuse, and performing impurity profiling of pharmaceutic the Company introduced the RADIAN™ ASAP™ System, a novel direct mass detector engineered for non-mass spectrometry experts to co and accurate analyses of solids and liquids with minimal sample prep. Also in 2020, the Company introduced enhancements for the Waters X QTof System, SYNAPT XS System and SELECT SERIES Cyclic IMS System, including a new fragmentation technique and imaging optio

In 2021, the Company introduced the SELECT SERIES MRT MS System, a high-resolution mass spectrometer that combines Multi-R Time-of-Flight (“MRT”) technology with enhanced desorption electrospray ionization and new matrix-assisted laser desorption ionization in sources. The platform will serve as the basis for Waters next generation Tof instruments with applications in pharmaceutical, biomedical, nat products, and materials research. Also in 2021, the Company released the ACQUITY RDa™ Detector featuring SmartMS™ Technology, th newest Tof MS designed to improve the ease and reliability of small molecule analysis for pharmaceutical, academic, food, and forensic app The Company also introduced a new peptide multi-attribute method workflow for the BioAccord LC-MS System in 2021, which is an end-to workflow for analyzing monoclonal antibodies and other protein and peptide-based drugs.

In 2022, the Company introduced the Xevo TQ Absolute System, the most sensitive and compact benchtop tandem mass spec in its cla Company introduced the new Xevo G3 Q-Tof Mass Spectrometer with CONFIRM Sequence, a new oligonucleotide sequencing confirmatio the waters_connect Software platform and an electrospray ionization source for the high-resolution SELECT SERIES MRT Mass Spectrome

Based upon 2023 reports from independent marketing research firms and publicly disclosed sales figures from competitors, the Comp
that it is one of the world's largest manufacturers and distributors of LC and LC-MS instrument systems, chromatography columns and othe
consumables and related services.

The Company has been a developer and supplier of software-based products that interface with both the Company's and other supplie
instruments. The Company's newest software technology for mass spectrometry is the waters_connect Software platform. In 2019, the Com
introduced the first of a series of applications on this platform supporting the BioAccord System and the Xevo G2 XS Mass Spectrometer. T
applications support biopharmaceutical workflows, simplifying the collection of often complex LCMS data for use in biopharmaceutical de
and into QC where it is used to assure the quality of existing medicines and new drug formulations. The platform design of waters_connect
enabled rapid delivery of several major updates including new biopharma application workflows designed in close collaboration with bioph
innovators to solve specific challenges they face with existing solutions. The platform also provides the foundation for the connected lab of
where data is no longer siloed but can be securely shared among a community of connected scientists. The waters_connect Software joins th
suite of informatics products: Empower Chromatography Data Software, MassLynx™ Mass Spectrometry Software and NuGenesis™ Scie
Management System, each of which is used to support innovations within world-leading institutions. In 2020, Waters announced the availab
Empower BC LAC/E™ Solution with SecureSync, an enhanced solution to preserve the ability for laboratories to work locally when organi
distributed laboratory environments experience an enterprise interruption.

On December 15, 2020, the Company acquired all of the outstanding stock of Integrated Software Solutions Pty Limited and its two o
subsidiaries Integrated Software Solutions Limited and Integrated Software Solutions USA, LLC (collectively, "ISS"). ISS offers clinical la
software systems that support and further expand product offerings within our clinical business. The net assets acquired primarily relate to I
laboratory information system, OMNI-Lab.

In 2022, the Company introduced a new Per-and Polyfluoroalkyl Substances ("PFAS") quantitation workflow enabled by enhancemen
waters_connect Software for quantitation software and the Company introduced Extraction+™ Connected Device, a new software-controlle
for the Waters Andrew+™ Pipetting Robot that automates the preparation of biological, food, forensics and environmental samples by solid
extraction.

In 2023, the Company introduced the next generation Xevo TQ Absolute IVD Mass Spectrometer, expanding its family of MassTrak™
LC-MS/MS Systems for clinical diagnostic applications. The powerful analytical performance of the Xevo TQ Absolute IVD Mass Spectro
to five times more sensitive for quantifying clinical analytes. This sensitivity enables clinical laboratories to detect and measure trace level a
within a sample at lower detection levels than previously possible. It can also extend the testing capabilities of the clinical laboratory to incl
volume samples obtained in less-invasive assays such as saliva, breath, dried blood spots and multiplex panels and large molecules. The new
LC-MS/MS IVD System includes the ACQUITY UPLC I-Class PLUS System with the Xevo TQ Absolute IVD Mass Spectrometer. The AC
UPLC I-Class PLUS System is designed to deliver rapid and accurate sample analysis to enhance the sensitivity of any mass spectrometer a
the characterization of the most complex sample. The Xevo TQ Absolute IVD System provides more consistent instrument-to-instrument pe
with a user-friendly design that maximizes service uptime. Its innovative design is also 45% smaller and uses 50% less nitrogen gas and ele
comparable tandem quadrupole-mass spectrometry systems, making it ideal for hospital labs and independent commercial labs with both su
and business growth goals to meet.

In addition, in 2023, the Company introduced the industry's first targeted imaging mass spectrometer based on its Xevo TQ Absolute
Quadrupole Mass Spectrometer which is the most sensitive and compact mass spectrometer in its class. The new instrument combines the W
XS source with the Xevo TQ Absolute

System and is five times more sensitive and five times faster than discovery-based imaging systems at precisely determining whether a parti molecule drug product, and how much of it, reaches its intended target, such as a brain, liver or lung, in a test subject.

Also in 2023, the Company announced new updates to its SELECT SERIES MRT System that increases its specificity and utility for UPLC-MS/MS metabolomics and drug discovery applications and for mass spectrometry imaging experiments. The MRT System now offer higher resolution, making it capable of 300,000 FWHM resolution, a 3X faster scan rate and parts-per-billion mass accuracy. These MRT Sy enhancements are designed to help research scientists unambiguously identify analytes of interest in samples of blood, urine and tissue, cont greater understanding of molecules and their mechanisms of action in numerous scientific fields. It is compatible with numerous MS imagin including DESI and MALDI, and generates crystal-clear, high-resolution images without compromising mass spectral resolution or accuracy

In addition, in 2023, the Company combined its BioAccord LC-MS System and the Waters Andrew+ Pipetting Robot, connecting via protocols in OneLab™ Software to create fully integrated and easy-to-use bioprocess walk-up solutions. It is designed to enable less experie LC-MS users to acquire critical quality attribute data for analysis of drug product and cell culture media. Capturing data directly at the biopr laboratory can help bioprocess engineers improve process understanding, leading to more robust manufacturing processes and accelerated de timelines.

Waters Service

Services provided by Waters enable customers to maximize technology productivity, support customer compliance activities and provide tra into enterprise resource management efficiencies. The customer benefits from improved budget control, data-driven technology adoption and accelerated workflow at a site or on a global perspective. The Company considers its service offerings to be highly differentiated from its co as evidenced by a consistent increase in annual service revenues. The Company's principal competitors in the service market include Revvit Agilent Technologies, Inc. and Thermo Fisher Scientific Inc. These competitors can provide certain services on Waters instruments to varyin and always present competitive risk.

The servicing and support of instruments, software and accessories is an important source of revenue and represented over 35% of sal in 2023. These revenues are derived primarily through the sale of support plans, demand services, spare parts, customer performance validat and customer training. Support plans typically involve scheduled instrument maintenance and an agreement to promptly repair a non-functio instrument in return for a fee described in a contract that is priced according to the configuration of the instrument.

The waters_connect System Monitoring is a new Software-as-a-Service application that enables laboratory managers and analysts to r real-time status of any chromatography instruments, regardless of the manufacturer, running on Waters Empower Software. The waters_con Monitoring application was developed especially for high-volume quality assurance/quality control laboratories. It can reduce the turnaroun product release samples and facilitate the planning and progress of critical analyses via live, at-a-glance dashboard views of the operational s chromatography instruments. The cloud-native application also helps lab managers utilize capital resources better by providing an understan instrument history and usage levels and improve the productivity of their teams.

TA Products and Markets

Thermal Analysis, Rheometry and Calorimetry

Thermal analysis measures the physical or thermodynamic characteristics of materials as a function of temperature. Changes in temperature several characteristics of materials, such as their heat flow

characteristics, physical state, weight, dimension and mechanical and electrical properties, which may be measured by one or more thermal a
techniques, including calorimetry. Consequently, thermal analysis techniques are widely used in the development, production and characteriz
materials in various industries, such as plastics, chemicals, automobiles, pharmaceuticals and electronics.

Rheometry instruments often complement thermal analyzers in characterizing materials. Rheometry characterizes the flow properties o
and measures their viscosity, elasticity and deformation under different types of "loading" or other conditions. The information obtained und
conditions provides insight into a material's behavior during processing, packaging, transport, usage and storage.

Thermal analysis, rheometry and calorimetry instruments are heavily used in material testing laboratories and, in many cases, provide
useful in predicting the suitability and stability of industrial polymers, fine chemicals, pharmaceuticals, water, metals and viscous liquids in v
industrial, consumer goods and healthcare products, as well as for life science research. As with systems offered by Waters, a range of instru
configurations is available with increasing levels of sample handling and information processing automation. In addition, systems and accom
software packages can be tailored for specific applications.

In 2020, TA introduced the new Discovery™ X3™ Differential Scanning Calorimeter ("X3 DSC"), Discovery Hybrid Rheometers an
Micro XL isothermal microcalorimeter. The X3 DSC accelerates productivity in customers' laboratories by enabling three samples to be mea
single experiment, compared to the single-sample series operation of the other available DSC offerings in the market. This particularly addre
in high-throughput laboratories in industries such as composites, electronics and polymer manufacturing. The new line of Discovery Hybrid
provides increased sensitivity and versatility of rheometry measurements, supporting the development of next-generation, high-performance
by improving the productivity and efficiency of materials science research. The TAM IV Micro XL isothermal calorimeter supports the deve
new battery chemistries by measuring self-discharge and unwanted reactions that reduce battery life and efficiency.

In 2021, TA introduced the TMA 450 RH Instrument and the Discovery SA Instrument. The TMA 450 RH Instrument provides measu
dimensional compatibility of materials under controlled temperature and humidity that are important for the development of new electronic d
Discovery SA Instrument is used in pharmaceutical development to assess the impact of moisture in drug product processing and storage on
structure, which is related to drug product efficacy.

In 2021, TA introduced the TRIOS™ AutoPilot Software for its thermal analyzer product line. This software helps laboratory staff usi
thermal analyzers create routine and streamlined standard operating procedures improving the speed and productivity of thermal analysis me

In 2022, TA introduced the Powder Rheology Accessory, which enables our Discovery Hybrid Rheometers to characterize the behavio
powders during storage, dispensing, processing and end-use. The Powder Rheology Accessory provides relevant property and processing me
for battery electrode coatings to prevent defects that cause cell failure and pharmaceutical tablets to prevent instabilities of API blends.

In 2022, TA introduced Polymer Workflow Guided Methods, which provides walk up and use functionality by codifying polymer wor
Guided Methods leverages the power of TRIOS AutoPilot Software and enables novice users to quickly learn and use the instrument to set u
methods, run tests, and execute analyses across our Thermal Analysis and Rheology product lines.

In 2023, TA introduced a new Battery Cycler Microcalorimeter Solution for high-resolution characterization of battery cells. The instr
software combination enables non-destructive testing under real-world operating conditions and significantly reduces experiment time from
weeks, while providing decisive insights for greater battery efficiency, safety and stability.

TA Service

Similar to Waters, the servicing and support of TA's instruments is an important source of revenue and represented more than 25% of sales f 2023. TA operates independently from the Waters operating segment, though many of its overseas offices are jointly occupied with Waters to operational efficiencies. TA has dedicated field sales and service operations. Service sales are primarily derived from the sale of support plar replacement parts and billed labor fees associated with the repair, maintenance and upgrade of installed systems.

Global Customers

The Company typically has a broad and diversified customer base that includes pharmaceutical accounts, other industrial accounts, universit governmental agencies. Purchase of the Company's instrument systems is often dependent on its customers' capital spending, or funding as of academic, governmental and research institutions, which often fluctuate from year to year. The pharmaceutical segment represents the Co largest sector and includes multinational pharmaceutical companies, generic drug manufacturers, contract research organizations ("CROs") a biotechnology companies. The Company's other industrial customers include chemical manufacturers, polymer manufacturers, food and bev companies and environmental testing laboratories. The Company also sells to universities and governmental agencies worldwide. The Comp technical sales and support staff members work closely with its customers in developing and implementing applications that meet their full r analytical requirements. During 2023, 57% of the Company's net sales were to pharmaceutical accounts, 31% to other industrial accounts ar academic institutions and governmental agencies. Although the Company transacts business with various government agencies, no governm is of such magnitude that a renegotiation of profits or termination of the contract at the election of the government agency would have a mat effect on the Company's financial results.

The Company typically experiences seasonality in its orders that is reflected as an increase in sales in the fourth quarter, as a result of habits for capital goods of many customers who tend to exhaust their spending budgets by calendar year-end. The Company does not rely or customer for a material portion of its sales. During fiscal years 2023, 2022 and 2021, no single customer accounted for more than 2% of the net sales.

Sales and Service

The Company has one of the largest direct sales and service organizations focused exclusively on the analytical workflows offered by the Co Across these product technologies, using respective specialized sales and service workforces, the Company serves its customer base with 85 offices throughout the world as of December 31, 2023 and approximately 4,300, 4,500 and 4,300 field representatives in 2023, 2022 and 202 respectively. This investment in sales and service personnel serves to maintain and expand the Company's installed base of instruments. The sales representatives have direct responsibility for account relationships, while service representatives work in the field to install instruments customers and minimize instrument downtime. In-house and field-based technical support representatives work directly with customers, pro assistance with applications and procedures on Company products. The Company provides customers with comprehensive information throu corporate and geographic-specific internet websites and product literature, and also makes consumable products available through electronic facilities and a dedicated catalog.

Manufacturing and Distribution

The Company provides high product quality by overseeing each stage of the production of its instruments, columns and chemical reagents.

The Company currently assembles a portion of its LC instruments at its facility in Milford, Massachusetts, where it performs machinin and testing. The Milford facility maintains quality management and environmental management systems in accordance with the requirement 9001:2015, ISO 13485:2016, ISO 45001:2018 and ISO 14001:2015, and adheres to applicable regulatory requirements (including the FDA C System Regulation and the European In-Vitro Diagnostic Directive). The Company outsources manufacturing of certain electronic compone computers, monitors and circuit boards, to outside vendors that meet the Company's quality requirements. In addition, the Company outsour manufacturing of certain LC instrument systems and components to well-established contract manufacturing firms in Singapore. The Compa Singapore entity is ISO 9001:2015 certified and manages all Asian outsourced manufacturing as well as the distribution of all products from Company may pursue outsourcing opportunities as they arise but believes it maintains adequate supply chain and manufacturing capabilities of disruption or natural disasters.

The Company primarily manufactures and distributes its LC columns at its facilities in Taunton, Massachusetts and Wexford, Ireland. 2018, the Company's Board of Directors approved expanding its Taunton location. The Company has incurred costs of approximately $248 new state-of-the-art facility, which is substantially complete as of December 31, 2023. The Taunton facility processes, sizes and treats silica polymeric media that are packed into columns, solid phase extraction cartridges and bulk shipping containers in both Taunton and Wexford. Wexford facility also manufactures and distributes certain data, instruments and software components for the Company's LC, MS and TA pr The Company's Taunton facility is certified to ISO 9001:2015 and ISO 14001:2015. The Wexford facility is certified to ISO 9001:2015, ISO 13485:2016/EN ISO 13485:2016 and ISO 14001:2015. VICAM manufactures antibody-linked resins and magnetic beads that are packed int and kits in Milford, Massachusetts and Nixa, Missouri. The Company manufactures and distributes its Analytical Standards and Reagents an Environmental Resource Associates ("ERA") product lines at its facility in Golden, Colorado, which is certified to ISO 9001:2015 and accre ISO/IEC 17025:2017, ISO/IEC 17034:16, ISO/IEC 17043:2010 and TNI Standard Vol. 3:2016. Some ERA products are also manufactured i Wexford, Ireland facility, which is also accredited to ISO/IEC 17025:2017 and ISO/IEC 17034:2016.

The Company manufactures and distributes its MS products at its facilities in Wilmslow, England and Wexford, Ireland. Certain comp modules of the Company's MS instruments are manufactured at its facility in Solihull, England and by long-standing outside contractors. Ea this supply chain is closely monitored by the Company to maintain high quality and performance standards. The instruments, components or are then returned to the Company's facilities, where its engineers perform final assembly, calibrations to customer specifications and quality procedures. The Company's MS facilities are certified to ISO 9001:2015, ISO 13485:2016/EN ISO 13485:2016 and ISO 14001:2015 (Wexf and adhere to applicable regulatory requirements (including the FDA Quality System Regulation and the European In-Vitro Diagnostic Dire

TA's thermal analysis, rheometry and calorimetry products are manufactured and distributed at the Company's New Castle, Delaware, Prairie, Minnesota, Lindon, Utah and Hüllhorst, Germany facilities. Similar to MS, elements of TA's products are manufactured by outside c and are then returned to the Company's facilities for final assembly, calibration and quality control. The Company's New Castle facility is ce the ISO 9001:2015 standard and the Eden Prairie facility is certified to both ISO 9001:2015 and ISO/IEC 17025:2017 standards, and the Lin is certified to ISO 9001:2015.

All instrument manufacturing for Wyatt products takes place at its facilities in Santa Barbara, California. The Company's Wyatt facilit Barbara, California is certified to ISO 9001:2015

Raw Materials

The Company purchases a variety of raw materials, primarily consisting of high temperature alloy sheet metal and castings, forgings, pre-pla and electrical components from various vendors. The materials used by

the Company's operations are generally available from a number of sources and in sufficient quantities to meet current requirements subject
lead times.

The Company is subject to rules of the Securities and Exchange Commission ("SEC") under the Dodd-Frank Wall Street Reform and C
Protection Act, which require disclosure as to whether certain materials (tantalum, tin, gold and tungsten), known as conflict minerals, which
contained in the Company's products, are mined from the Democratic Republic of the Congo and adjoining countries. In 2022, the Company
able to determine with certainty the country of origin of some of the conflict minerals in its manufactured products. However, the Company
have knowledge that any of its conflict minerals originated from the Democratic Republic of the Congo or adjoining countries. The Compan
process of evaluating its 2023 supply chain, and the Company plans to file its 2023 Form SD with the SEC in May 2024. The results of this
evaluations may impose additional costs and may introduce new risks related to the Company's ability to verify the origin of any conflict mi
contained in its products.

In addition, the Company continues to monitor environmental, health and safety regulations in countries in which it operates througho
in particular, European Union and China Restrictions on the use of certain Hazardous Substances in electrical and electronic equipment and
Union Waste Electrical and Electronic Equipment directives. Further information regarding these regulations is available on the Company's
www.waters.com, under the caption "About Waters / Corporate Governance".

Research and Development

The Company maintains an active research and development program focused on the development and commercialization of products that e
complement and update its existing product offering. The Company's research and development expenditures for 2023, 2022 and 2021 were
$175 million, $176 million and $168 million, respectively.

Nearly all of the Company's LC products have been developed at the Company's main research and development center located in Mi
Massachusetts, with input and feedback from the Company's extensive field organizations and customers. The majority of the Company's M
are developed at facilities in England and most of the Company's current materials characterization products are developed at the Company'
and development center in New Castle, Delaware. At December 31, 2023, 2022 and 2021, there were approximately 1,200 employees involv
Company's research and development efforts. The Company has increased research and development expenses from its continued commitm
significantly in new product development and existing product enhancements, and as a result of acquisitions. Despite the Company's active r
development programs, there can be no assurance that the Company's product development and commercialization efforts will be successful
products developed by the Company will be accepted by the marketplace.

In 2020, the Company opened a new research laboratory in Cambridge, MA, which serves as a strategic, collaborative space in the co
where Waters can partner with academia, research and industry to accelerate the next generation of scientific advancements.

Human Capital

We believe that our people differentiate our business and are vital to our continued success. As a result, we have made important investment
workforce through initiatives and programs that support talent development and inclusion and enhance our Total Rewards programs.

Employees

The Company employed approximately 7,900, 8,200 and 7,800 employees at December 31, 2023, 2022 and 2021, respectively, with approxi
of the Company's employees located in the United States. The

Company believes its employee relations are generally good. The Company's employees are not unionized or affiliated with any internal or e
labor organizations.

In July 2023, the Company made organizational changes to better align its resources with its growth and innovation strategies, resultin
worldwide workforce reduction that impacted approximately 5% of the Company's employees.

Talent Development

We believe that our future success depends in a significant part on our continued ability to attract and retain highly skilled employees and th
contribute to the growth and development of these employees.

We further the growth and development of our employees by investing in various programs, digital platforms and workshops that buil
professional and technical skills. In addition, management periodically assesses succession planning for certain key positions and reviews ou
to identify high potential employees for future growth and development.

Inclusion & Diversity

We believe inclusion is a core tenet of organizational success and that fostering a sense of inclusivity allows our employees to maximize the
performance contribution to our business. In 2021, we hired our first Director of Diversity, Equity and Inclusion to help strategize and focus
inclusivity efforts. As part of our company-led initiatives to drive an inclusive workplace, we have created Employee Circles and Employee
are voluntary, employee-driven employee resource groups worldwide to foster a diverse and inclusive culture through awareness, education
employee connections. Our five Employee Circles are people of color, LGBTQ+ pride, veterans, women and disability. Our global Employe
provide opportunities for Waters employees to connect with teammates throughout the world, while Employee Hubs encourage engagement
level. Our Employee Circles and Hubs led various initiatives in 2023 to build a strong culture of inclusion and awareness. We have also rolle
training to all employees to support an inclusive culture that values diverse perspectives.

We believe that part of fostering a diverse, inclusive and equitable organization and workforce means understanding the makeup of ou
employees. As of December 31, 2023, our workforce identifies as:

- 32% female, with women occupying 34% of company leadership roles (defined as Senior Director or above) compared with 22
an increase of 12 percentage points; and

- 23% racially and/or ethnically diverse, with 11% of our workforce identifying as Asian, 3.5% as identifying as Black or African
7% identifying as Hispanic/Latinx and 1% identifying as two or more races.

Recruitment

Waters has focused on expanding diversity in our recruitment processes, including developing partnerships with organizations that support d
hiring and employee engagement. Current partnerships include: the National Organization of Black Chemists and Chemical Engineers, Out
Vercida, Home Base and Fairygodboss to expand the pipeline of strong candidates.

Health and Safety

The health and safety of our employees is our highest priority. Through online and in-person training programs, we believe that we foster a s
workplace and ensure that all employees are empowered to prevent accidents and injuries.

We manufacture products deemed essential to critical infrastructure, including health and safety, food and agriculture, and energy, and the majority of our production sites continued operating during the COVID-19 pandemic.

Competition

The analytical instrument systems, supplies and services market is highly competitive. The Company encounters competition from several w suppliers and other companies in both domestic and foreign markets for each of its three primary technologies. The Company competes in it primarily on the basis of product performance, reliability, service and, to a lesser extent, price. Competitors continuously introduce new proc have instrument businesses that are generally more diversified than the Company's business. Some competitors have greater financial resour broader distribution than the Company's.

In the markets served by Waters, the Company's principal competitors include: Agilent Technologies, Inc., Shimadzu Corporation, Bru Corporation, Danaher Corporation and Thermo Fisher Scientific Inc. In the markets served by TA, the Company's principal competitors incl Elmer, Inc., NETZSCH-Geraetebau GmbH, Thermo Fisher Scientific Inc., Malvern PANalytical Ltd., a subsidiary of Spectris plc, Anton-Pa and others not identified here.

The market for consumable LC products, including separation columns, is highly competitive and generally more fragmented than the instruments market. The Company encounters competition in the consumable columns market from chemical companies that produce colum and small specialized companies that primarily pack purchased sorbents into columns and subsequently package and distribute columns. The believes that it is one of the few suppliers that processes silica and polymeric resins, packs columns and distributes its own products. The Co competes in this market on the basis of performance, reproducibility, reputation and, to a lesser extent, price. In recent years, the Company's competitors for consumable products have included: Danaher Corporation; Merck KGaA; Agilent Technologies, Inc.; General Electric Comp Thermo Fisher Scientific Inc. The ACQUITY UPLC Instrument is designed to offer a predictable level of performance when used with ACQ UPLC Columns and the Company believes that the expansion of the ACQUITY UPLC Instrument base will enhance its chromatographic co business because of the high level of synergy between ACQUITY UPLC Columns and the ACQUITY UPLC Instruments.

Patents, Trademarks and Licenses

The Company owns a number of United States and foreign patents and has patent applications pending in the United States and abroad. Cert technology and software has been acquired or is licensed from third parties. The Company also owns a number of trademarks. The Company trademarks and licenses are viewed as valuable assets to its operations. However, the Company believes that no one patent or group of paten trademark or license is, in and of itself, essential to the Company such that its loss would materially affect the Company's business as a whol

Environmental Matters and Climate Change

The Company is subject to foreign and U.S. federal, state and local laws, regulations and ordinances that (i) govern activities or operations t have adverse environmental effects, such as discharges to air and water as well as handling and disposal practices for solid and hazardous wa (ii) impose liability for the costs of cleaning up and certain damages resulting from sites of past spills, disposals or other releases of hazardo substances. The Company believes that it currently conducts its operations and has operated its business in the past in substantial complianc applicable environmental laws. From time to time, Company operations have resulted or may result in noncompliance with environmental la liability for cleanup pursuant to environmental laws. The Company does not currently anticipate any material adverse effect on its operations, financial condition or competitive position as a result of its efforts to comply with environmental laws.

The Company is sensitive to the growing global debate with respect to climate change. An internal sustainability working group devel increasingly robust data with respect to the Company's utilization of carbon producing substances in an effort to continuously reduce the Co carbon footprint. In 2019, the Company published a sustainability report identifying the various actions and behaviors the Company adopted concerning its commitment to both the environment and the broader topic of social responsibility. The Company has continued to publish a sustainability report (which was renamed the ESG Report in 2022) on an annual basis. In November 2023, the Company published its 2023 detailing the Company's efforts to address its environmental impact and uphold its social responsibilities in 2023. See Item 1A, Risk Factors effects of climate change could harm the Company's business, for more information on the potential significance of climate change legislati Note 18 in the Notes to the Consolidated Financial Statements for financial information about geographic areas.

Available Information

The Company files or furnishes all required reports with the SEC. The Company is an electronic filer and the SEC maintains a website that c reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the S electronic filing website is http://www.sec.gov. The Company also makes available, free of charge on its website, its annual report on Form 1 quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports as soon as reasonably practicable after su is electronically filed with or furnished to the SEC. The website address for Waters Corporation is http://www.waters.com and SEC filings ca under the caption "Investors". The Company is providing its website address solely for the information of investors. The Company does not address to be an active link or to otherwise incorporate the contents of the website, including any reports that are noted in this annual report 10-K (this "Annual Report") as being posted on the website, into this Annual Report. Investors and others should note that we may announce information to our investors using our investor relations website (ir.waters.com), SEC filings, press releases, public conference calls and web use these channels, as well as social media, to communicate with our investors and the public about our Company, our business and other iss possible that the information that we post on these channels could be deemed to be material information. We therefore encourage investors t websites from time to time.

Forward-Looking Statements

This Annual Report, including the information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as an "Exchange Act"). Statements that are not statements of historical fact may be deemed forward-looking statements. You can identify these for looking statements by the use of the words "feels", "believes", "anticipates", "plans", "expects", "may", "will", "would", "intends", "sugges "appears", "estimates", "projects", "should" and similar expressions, whether in the negative or affirmative. These forward-looking statemen subject to various risks and uncertainties, many of which are outside the control of the Company, including, and without limitation:

- foreign currency exchange rate fluctuations potentially affecting translation of the Company's future non-U.S. operating results, when a foreign currency weakens against the U.S. dollar;

- current global economic, sovereign and political conditions and uncertainties, including the effect of new or proposed tariff or tr regulations, changes in inflation and interest rates, the impacts and costs of war, in particular as a result of the ongoing conflicts Russia and Ukraine and in the Middle East, and the possibility of further escalation resulting in new geopolitical and regulatory and the Chinese government's ongoing tightening of restrictions on procurement by government-funded customers;

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- the Company’s ability to access capital, maintain liquidity and service the Company’s debt in volatile market conditions;
- risks related to the effects of any pandemic on our business, financial condition, results of operations and prospects;
- changes in timing and demand for the Company’s products among the Company’s customers and various market sectors, particu result of fluctuations in their expenditures or ability to obtain funding;
- the ability to realize the expected benefits related to the Company’s various cost-saving initiatives, including workforce reductio organizational restructurings;
- the introduction of competing products by other companies and loss of market share, as well as pressures on prices from compet customers;
- changes in the competitive landscape as a result of changes in ownership, mergers and continued consolidation among the Comp competitors;
- regulatory, economic and competitive obstacles to new product introductions, lack of acceptance of new products and inability t organically through innovation;
- rapidly changing technology and product obsolescence;
- risks associated with previous or future acquisitions, strategic investments, joint ventures and divestitures, including risks associ achieving the anticipated financial results and operational synergies; contingent purchase price payments; and expansion of our into new or developing markets;
- risks associated with unexpected disruptions in operations;
- failure to adequately protect the Company’s intellectual property, infringement of intellectual property rights of third parties and obtain licenses on commercially reasonable terms;
- the Company’s ability to acquire adequate sources of supply and its reliance on outside contractors for certain components and r well as disruptions to its supply chain;
- risks associated with third-party sales intermediaries and resellers;
- the impact and costs of changes in statutory or contractual tax rates in jurisdictions in which the Company operates as well as sh taxable income among jurisdictions with different effective tax rates, the outcome of ongoing and future tax examinations and c legislation affecting the Company’s effective tax rate;
- the Company’s ability to attract and retain qualified employees and management personnel;
- risks associated with cybersecurity and technology, including attempts by third parties to defeat the security measures of the Co its third-party partners;

- increased regulatory burdens as the Company’s business evolves, especially with respect to the U.S. Food and Drug Administrat
U.S. Environmental Protection Agency, among others, and in connection with government contracts;

- regulatory, environmental and logistical obstacles affecting the distribution of the Company’s products, completion of purchase
documentation and the ability of customers to obtain letters of credit or other financing alternatives;

- risks associated with litigation and other legal and regulatory proceedings; and

- the impact and costs incurred from changes in accounting principles and practices.

Certain of these and other factors are further described below in Item 1A, Risk Factors, of this Annual Report. Actual results or events
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 da Annual Report, and forward-looking statements in documents that are incorporated by reference hereto speak only as of the date of those do Such forward-looking statements are expressly qualified in their entirety by the cautionary statements included in this report. Except as requ the Company does not assume any obligation to update any forward-looking statements.

Item 1A: ***Risk Factors***

The Company is subject to risks and uncertainties, including, but not limited to, the following:

RISKS RELATED TO MACROECONOMIC CONDITIONS

The Company's international operations may be negatively affected by political events, wars or terrorism, economic conditions and regulato related to either a specific country or a larger region. These potential political, currency and economic disruptions, as well as foreign curre exchange rate fluctuations, could have a material adverse effect on the Company's results of operations or financial condition.
Approximately 69% and 70% of the Company's net sales in 2023 and 2022, respectively, were outside of the United States and were primari denominated in foreign currencies. In addition, the Company has considerable manufacturing operations in Ireland and the U.K., as well as s subcontractors located in Singapore. As a result, a significant portion of the Company's sales and operations are subject to certain risks, inclu adverse developments in the political, regulatory and economic environment, in particular, uncertainty regarding possible changes to foreign domestic trade policy; the effect of the U.K.'s exit from the European Union as well as the financial difficulties and debt burden experienced number of European countries; impact and costs of terrorism or war, in particular as a result of the ongoing conflict between Russia and Ukr the Middle East, and the possibility of further escalation resulting in new geopolitical and regulatory instability; the instability and possible d of the euro as a single currency; sudden movements in a country's foreign exchange rates due to a change in a country's sovereign risk profi exchange regulatory practices; trade protection measures including embargoes, sanctions and tariffs; differing tax laws and changes in those restrictions on investments and/or limitations regarding foreign ownership; nationalization of private enterprises which may result in the con assets; credit risk and uncertainties regarding the collectability of accounts receivable; the impact of global health pandemics and epidemics, COVID-19; changes in inflation and interest rates; instability in the global banking industry; rising energy prices and potential energy shorta difficulties in protecting intellectual property; difficulties in staffing and managing foreign operations; and associated adverse operational, co and tax consequences.

In 2023, the Company generated $441 million of total net sales from China, down from $565 million in 2022. This significant 22% re sales from China resulted from lower customer demand for our products across all customer classes, driven by various factors. Such factors decline in the economic conditions in China, trade tensions and tariffs between the U.S. and China and their impact on our customers' purch decisions, increased competition from local and international competitors in China, the Chinese government's ongoing tightening of restricti procurement by government-funded customers and other regulatory and compliance challenges and uncertainties in the Chinese market, all o had, and may continue to have, an adverse effect on our business and operations in China.

In particular, China's government continues to play a significant role in regulating industry development by imposing sector-specific p it maintains control over China's economic growth through setting monetary policy and determining treatment of particular industries or com U.S. government has called for substantial changes to foreign trade policy with China and has recently raised, and has proposed to further ra future, tariffs on several Chinese goods. China has retaliated with increased tariffs on U.S. goods, which may increase our cost of doing busi China. Any further changes in U.S. trade policy could trigger retaliatory actions by affected countries, including China, resulting in trade wa increased costs for goods imported into the U.S. and impacting our ability to sell our products in China and other affected countries. Accordingly, our financial results of operations can be adversely influenced by political, economic, legal, compliance, social and business conditions in China generall

Additionally, the U.S. dollar value of the Company's net sales, cost of sales, operating expenses, interest, taxes and net income varies currency exchange rate fluctuations. Significant increases or decreases in the value of the U.S. dollar relative to certain foreign currencies, p the euro, Japanese yen, British pound and Chinese renminbi, could have a material adverse effect or benefit on the Company's results of ope financial condition.

From time to time, the Company enters into certain foreign currency exchange contracts that are intended to offset some of the market associated with sales denominated in foreign currencies. We cannot predict the effectiveness of these transactions or their impact upon our f operating results, and from time to time they may negatively affect our quarterly earnings.

Global economic conditions may have an adverse effect on the demand for, and supply of, the Company's products and harm the Company's results.

The Company is a global business that may be adversely affected by changes in global economic conditions such as changes in the rate of in (including the cost of raw materials, commodities and supplies) and interest rates. Both our domestic and international markets experience v degrees of inflationary and interest rate pressures. These changes in global economic conditions may affect the demand for, and supply of, th Company's products and services. This may result in a decline in sales in the future, increased rate of order cancellations or delays, increase excess or obsolete inventories, longer sales cycles and potential difficulty in collecting sales proceeds. There can be no assurance regarding the Company's products and services in the future.

Disruption in worldwide financial markets could adversely impact the Company's access to capital and financial condition.

Financial markets in the U.S., Europe and Asia have experienced times of extreme disruption, including, among other things, sharp increase of new capital, credit rating downgrades and bailouts, severely diminished capital availability and severely reduced liquidity in money mark Financial and banking institutions have also experienced disruptions, resulting in large asset write-downs, higher costs of capital, rating dow reduced desire to lend money. There can be no assurance that there will not be future deterioration or prolonged disruption in financial mark financial institutions. Any future deterioration or prolonged disruption in financial markets or financial institutions in which the Company pa may impair the Company's ability to access its existing cash, utilize its existing syndicated bank credit facility funded by such financial inst access sources of new capital, which it may need to meet its capital needs. The cost to the Company of any new capital raised and interest e would increase if this were to occur.

Public health crises, epidemics or pandemics, such as the COVID-19 pandemic have had, and could in the future have, a negative impact o Company's business and operations.

Public health crises, epidemics or pandemics have had, and could in the future have, a negative impact on our business and operations, inclu Company sales and cash flow. Such public health crises, epidemics and pandemics have the potential to create significant volatility, uncerta worldwide economic disruption, resulting in an economic slowdown of potentially extended duration, as seen with the COVID-19 pandemi to 2022. The Company's global operations expose it to risks associated with such public health crises, epidemics and pandemics, which cou adverse effect on its business, results of operations and financial condition. The degree to which such public health crisis, epidemics or pand ultimately affects the Company's business, results of operations and financial condition is highly uncertain and cannot be predicted.

RISKS RELATED TO OUR BUSINESS

The Company's financial results are subject to changes in customer demand, which may decrease for a number of reasons, many beyond the control.

The demand for the Company's products is dependent upon the size of the markets for its LC, LC-MS, light scattering, thermal analysis, rhe calorimetry products; the timing and level of capital spending and expenditures of the Company's customers; changes in governmental regul particularly those affecting drug, food and drinking water testing; funding available to academic, governmental and research institutions; ger economic conditions and the rate of economic growth in the Company's major markets; and competitive considerations. The Company typic experiences seasonality in its orders that is reflected as an increase in sales in its fourth quarter as a result of purchasing habits for capital go customers that tend to exhaust their spending budgets by calendar year-end. However, there can be no assurance that the Company will effec forecast customer demand and appropriately allocate research and development expenditures to products with high growth and high margin Additionally, there can be no assurance that the Company's results of operations or financial condition will not be adversely impacted by a c any of the factors listed above or the continuation of uncertain global economic conditions.

The analytical instrument market may also, from time to time, experience low sales growth. Approximately 57% and 59% of the Com sales in 2023 and 2022, respectively, were to worldwide pharmaceutical accounts, which are periodically subject to unfavorable market conc consolidations. Unfavorable industry conditions could have a material adverse effect on the Company's results of operations or financial con

Competitors may introduce more effective or less expensive products than the Company's, which could result in decreased sales. The compet landscape may transform as a result of potential changes in ownership, mergers and continued consolidations among the Company's compe could harm the Company's business.

The analytical instrument market, and, in particular, the portion related to the Company's HPLC, UPLC, LC-MS, light scattering, thermal ar rheometry and calorimetry product lines, is highly competitive. The Company encounters competition from several international instrument and other companies in both domestic and foreign markets. Some competitors have instrument businesses that are generally more diversified Company's business, but are typically less focused on the Company's chosen markets. Over the years, some competitors have merged with c competitors for various reasons, including increasing product line offerings, improving market share and reducing costs. There can be no ass the Company's competitors will not introduce new, disruptive technologies that displace the Company's existing technologies or more effect costly products than those of the Company or that the Company will be able to increase its sales and profitability from new product introduc can be no assurance that the Company's sales and marketing forces will compete successfully against the Company's competitors in the futu

Strategies for organic growth require developing new technologies and bringing these new technologies to market, which could negatively i Company's financial results.

The Company's corporate strategy is fundamentally based on winning through organic innovation and deep application expertise. The Comp process of developing new products with recently acquired technologies. The future development of these new products will require a signif amount of spending over the next few years before any significant, robust sales will be realized. Furthermore, these new products will be sol the non-clinical and clinical markets, and any new products requiring FDA clearance may take longer to bring to market. There can be no as given as to the timing of these new product launches and the ultimate realization of sales and profitability in the future.

In addition, the Company's products are subject to rapid changes in technology. Rapidly changing technology could make some or all product lines obsolete unless the Company is able to continually improve our existing products and develop new products. If the Company f develop and introduce products in a timely manner in response to changing technology, market demands or the requirements of our customers, the Company's product sales decline, and we could experience an adverse effect on our results of operations or financial condition.

The Company may face risks associated with previous or future acquisitions, strategic investments, joint ventures and divestitures.
In the normal course of business, the Company may engage in discussions with third parties relating to possible acquisitions, strategic invest ventures and divestitures. The Company may pursue transactions that complement or augment its existing products and services, such as the acquisition that was completed in May 2023. Such transactions involve numerous risks, including difficulties in integrating the acquired ope technologies and products; diversion of management's attention from other business concerns; inability to predict financial results; potential of key employees of the acquired company; and difficulties in effectively transferring divested businesses and liabilities. If the Company suc identifies acquisitions in the future, completing such acquisitions may result in new issuances of the Company's stock that may be dilutive to owners; increases in the Company's debt and contingent liabilities; and additional amortization expense related to intangible assets. For exa Company financed the Wyatt acquisition, in part, through borrowings under its revolving credit facility, resulting in a significant increase in Company's outstanding debt. Acquired businesses may also expose the Company to new risks and new markets, and the Company may have addressing these risks in a cost-effective and timely manner. Any of these transaction-related risks could have a material adverse effect on th Company's profitability. In addition, the Company may not be able to identify, successfully complete, or integrate potential acquisitions in th Even if the Company can do so, it cannot be sure that these acquisitions will have a positive impact on the Company's business or operating

The Company's software or hardware may contain coding or manufacturing errors that could impact their function, performance and securi result in other negative consequences.
Despite testing prior to the release and throughout the lifecycle of a product or service, the detection and correction of any errors in released hardware can be time consuming and costly. This could delay the development or release of new products or services, or new versions of pro services, create security vulnerabilities in the Company's products or services, and adversely affect market acceptance of products or service Company experiences errors or delays in releasing its software or hardware, or new versions thereof, its sales could be affected and revenues decline. Errors in software or hardware could expose the Company to product liability, performance and warranty claims as well as harm to reputation, which could impact future sales.

A successful product liability claim brought against the Company in excess of, or outside the coverage of, the Company's insurance co could have a material adverse effect on our business, financial condition and results of operations. The Company may not be able to maintai liability insurance on acceptable terms, if at all, and insurance may not provide adequate coverage against potential liabilities.

Disruption of operations at the Company's manufacturing facilities could harm the Company's financial condition.
The Company manufactures LC instruments at facilities in Milford, Massachusetts and through a subcontractor in Singapore; precision chem separation columns at its facilities in Taunton, Massachusetts and Wexford, Ireland; MS products at its facilities in Wilmslow, England, Solil England and Wexford, Ireland; thermal analysis and rheometry products at its facilities in New Castle, Delaware; and other instruments and consumables at various other locations as a result of the Company's acquisitions. Any prolonged disruption to the operations at any of these whether due to labor difficulties, destruction of or damage to any facility, power interruptions, cybersecurity incidents, weather events or nat disasters (including the potential impacts of climate change) or other reasons, could harm our customer relationships, impede our ability to g sales and have a material adverse effect on the Company's results of operations or financial condition.

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Failure to adequately protect intellectual property could have materially adverse effects on the Company's results of operations or financial
Our success depends on our ability to obtain, maintain, and enforce patents on our technology, maintain our trademarks, and protect our trad There can be no assurance that any patents held by the Company will not be challenged, invalidated or circumvented or that the rights grante thereunder will provide competitive advantages to the Company. Additionally, there could be successful claims against the Company by thir patent holders with respect to certain Company products that may infringe the intellectual property rights of such third parties. In the event t relating to intellectual property is asserted against the Company, or third parties hold pending or issued patents that relate to the Company's technology, the Company may seek licenses to such intellectual property or challenge those patents. However, the Company may be unable these licenses on commercially reasonable terms, if at all, and the challenge of the patents may be unsuccessful. The Company's failure to o necessary licenses or other rights could impact the sale, manufacture, or distribution of its products and, therefore, could have a material adv on its results of operations and financial condition. The Company's patents, including those licensed from others, expire on various dates.

The Company also depends in part on its trademarks and the strength of its proprietary brands, which the Company considers importa business. The Company's inability to protect or preserve the value of its intellectual property rights for any reason, including the Company's successfully defend against counterfeit, knock-offs, grey-market, infringing or otherwise unauthorized products, could damage the Company reputation and harm its business.

The Company also relies on trade secrets and proprietary know-how with which it seeks to protect its products, in part, by confidentia agreements with its collaborators, employees and consultants. These agreements may not adequately protect the Company's trade secrets an proprietary rights. These agreements may be breached, and the Company may not have adequate remedies for any breach. In addition, the C trade secrets may otherwise become known or be independently developed by its competitors. If the Company is unable to protect its intelle property rights, it could have an adverse and material effect on the Company's results of operations or financial condition.

The Company's business would suffer if the Company were unable to acquire adequate sources of supply.
Most of the raw materials, components and supplies purchased by the Company are available from a number of different suppliers; however of items are purchased from limited or single sources of supply. Consolidation among such suppliers could also result in other limited or sol suppliers for the Company in the future. Disruption of these sources could have, at a minimum, a temporary adverse effect on shipments and financial results of the Company. In addition, price increases from these suppliers could have an adverse effect on the Company's margins. A inability to obtain certain materials or components could have an adverse effect on the Company's financial condition or results of operation result in damage to its relationships with its customers and, accordingly, adversely affect the Company's business.

The Company's sales would deteriorate if the Company's outside contractors fail to provide necessary components or modules.
Certain components or modules of the Company's LC and MS instruments are manufactured by outside contractors, including the manufact instrument systems and related components by contract manufacturing firms in Singapore. The ability of these contractors to perform their o largely outside of the Company's control. Failure by these outside contractors to perform their obligations in a timely manner or at satisfacto levels could have an adverse effect on the supply chain and the financial results of the Company. In addition, if one or more of such contract experience significant disruption in services or institute a significant price increase, the Company may have to seek alternative providers, its increase and the delivery of its products could be prevented or delayed. A prolonged inability to obtain these components or modules could l adverse effect on the Company's financial condition or results of operations.

The Company's business could be harmed by actions of third-party sales intermediaries and other third parties that sell our products.
The Company sells some products through third parties, including third-party sales intermediaries and value-added resellers. This exposes u risks, including competitive pressure, concentration of sales volumes, credit risks and compliance risks. We may rely on one or a few key thi sales intermediaries for a product or market and the loss of these third-party sales intermediaries could reduce our revenue or net earnings. T sales intermediaries may also face financial difficulties, including bankruptcy, which could harm our collection of accounts receivable. More violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act or similar anti-bribery laws by distributors or other thir intermediaries could materially and adversely impact our business, reputation and results of operations. Risks related to our use of third-part intermediaries and other third parties may reduce sales, increase expenses and weaken our competitive position.

The Company is subject to laws and regulations governing government contracts, and failure to address these laws and regulations or comp government contracts could harm its business by leading to a reduction in revenues associated with these customers.
The Company derives a portion of its revenue from direct and indirect sales to U.S. federal, state and local as well as foreign governments a respective agencies, and, as a result, it is subject to various statutes and regulations that apply to companies doing business with the governm laws governing government contracts differ from the laws governing private contracts and government contracts may contain pricing terms conditions that are not applicable to private contracts. The Company is also subject to investigation for compliance with the regulations gov government contracts. A failure to comply with these regulations could result in suspension of these contracts, criminal, civil and administra penalties or debarment, which could negatively impact the Company's business and operations. If the Company's government contracts are if it is suspended from government work or if its ability to compete for new contracts is adversely affected, the Company's business could b impacted.

The Company's financial results are subject to unexpected shifts in pre-tax income between tax jurisdictions, changing application of tax lav audit examinations.
The Company is subject to rates of income tax that range from 0% up to 34% in various jurisdictions in which it conducts business. In additi Company typically generates a substantial portion of its income in the fourth quarter of each fiscal year. Geographical shifts in income from quarters' projections caused by factors including, but not limited to, changes in volume and product mix and fluctuations in foreign currency rates, could therefore have potentially significant favorable or unfavorable effects on the Company's income tax expense, effective tax rate a operations.

Governments in the jurisdictions in which the Company operates implement changes to tax laws and regulations from time to time. Fr various foreign jurisdictions are beginning to implement aspects of the guidance issued by the Organization for Economic Co-operation and Development related to the new Pillar Two system of global minimum tax rules. These new tax laws and regulations, and any changes in co income tax rates or regulations regarding transfer pricing or repatriation of dividends or capital, as well as changes in the interpretation of ex laws and regulations, could adversely affect the Company's cash flow and lead to increases in its overall tax burden, which would negativel Company's profitability. The Company continues to monitor the adoption of the Pillar Two rules in additional jurisdictions.

The Company entered into a new Development and Expansion Incentive in Singapore that provides a concessionary income tax rate o certain types of income for the period April 1, 2021 through March 31, 2026. Prior to April 1, 2021, the Company had a tax exemption in Si certain types of income, based upon the achievement and continued satisfaction of certain operational and financial milestones, which the C as of December 31, 2020 and maintained through March 2021. The Company had determined that it was more likely than not to realize the t exemption in Singapore and, accordingly, did not recognize any reserves for unrecognized tax benefits on its balance sheet related to this tax If any of the milestone targets were not met, the Company would not have been entitled to the tax exemption on income earned in Singapore to the start date of the agreement (April 1, 2016), and all the tax benefits previously recognized would be reversed, resulting in the recognition of income tax expense equal to the statutory tax of 17% on income earned during

As a global business, the Company is subject to tax audit examinations in various jurisdictions throughout the world. The Company m the cost and disruption of responding to governmental audits, investigations and proceedings. In addition, the impact of the settlement of per future tax audit examination could have an unfavorable effect on the Company's income tax expense, effective tax rate and results of operati

The Company may be required to recognize impairment charges for our goodwill and other intangible assets.

As of December 31, 2023, the net carrying value of the Company's goodwill and other intangible assets totaled approximately $1.9 billion. T acquisition significantly increased the carrying value of the Company's goodwill and other intangible assets, which could lead to potential in if Wyatt's financial results are significantly less than anticipated in the future. In accordance with generally accepted accounting principles, t Company periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions t Company's business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of our a changes in the structure of our business, divestitures, market capitalization declines or increases in associated discount rates can impair the C goodwill and other intangible assets. Any charges relating to such impairments adversely affect the Company's financial statements in the pe recognized.

RISKS RELATED TO HUMAN CAPITAL MANAGEMENT

We may not be able to attract and retain qualified employees.

Our future success depends upon the continued service of our executive officers and other key management and technical personnel, and on to continue to identify, attract, retain and motivate them. Implementing our business strategy requires specialized engineering and other talen revenues are highly dependent on technological and product innovations. The market for employees in our industry is extremely competitive competitors for talent, particularly engineering talent, increasingly attempt to hire, and to varying degrees have been successful in hiring, our A number of such competitors for talent are significantly larger than us and are able to offer compensation in excess of what we are able to o Additionally, macroeconomic conditions, including wage inflation, could have a material impact on our ability to attract and retain talent, ou rate and the cost of operating our business. In July 2023, the Company made organizational changes to better align its resources with its grow innovation strategies, resulting in a worldwide workforce reduction that impacted approximately 5% of the Company's employees. These wo reductions may not have the desired impact on our cost-saving initiatives, as they could adversely affect our productivity, morale, customer relationships, product quality, innovation capabilities and ability to execute our strategic plans. Moreover, these workforce reductions could potential litigation, severance costs, reputational damage and loss of key personnel. If we are unable to manage the effects of these workforc or achieve the expected benefits from them, our business, financial condition and results of operations could be materially and adversely affe Further, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities United States, making the pool of available talent even smaller. If we are unable to attract and retain qualified employees, our business may

The loss of key members of management and the risks inherent in succession planning could adversely affect the Company's results of opera financial condition.

The operation of the Company requires managerial and operational expertise. None of the Company's key management employees, with the of the Chief Executive Officer and Chief Financial Officer, have an employment contract with the Company and there can be no assurance th individuals will remain with the Company. If, for any reason, other key personnel do not continue to be active in management, the Company operations or financial condition could be adversely affected. The Company's success also depends on its ability to execute leadership succe The inability to successfully transition key management roles could have a material adverse effect on the Company's operating results.

RISKS RELATED TO CYBERSECURITY

Disruption, cyber-attack or unforeseen problems with the security, maintenance or upgrade of the Company's information and web-based sy have an adverse effect on the Company's business strategy, results of operations and financial condition.

The Company relies on its technology infrastructure and that of its third-party partners, including its software and banking partners, among c functions, to interact with suppliers, sell products and services, fulfill contract obligations, ship products, collect and make electronic wire ar based payments and otherwise conduct business. The Company's technology infrastructure and that of its third-party partners has been, and future be, vulnerable to damage or interruption from, but not limited to, natural disasters, power loss, telecommunication failures, terrorist at computer viruses, ransomware, unauthorized access to customer or employee data, unauthorized access to and funds transfers from Compan accounts and other attempts to harm the Company's systems. In the event of such an incident, the Company has in the past, and may in the f interruptions in service, loss of assets or data or reduced functionality. The Company attempts to mitigate cybersecurity risks by employing a proactive measures, including mandatory ongoing employee training and awareness, technical security controls, enhanced data protection ar maintenance of backup and protective systems. Despite these mitigation measures, the Company's systems and those of its partners remain p vulnerable to cybersecurity threats, any of which could have a material adverse effect on the Company's business. To date, cybersecurity inc not resulted in a material adverse impact to the Company's business strategy, results of operations, or financial condition, but future incident such an impact. Additionally, the Company must maintain and periodically upgrade its information and web-based systems, which has cause in the future cause temporary interruptions to its technology infrastructure. Any prolonged disruption to the Company's technology infrastru of its facilities, could have a material adverse effect on the Company's business strategy, results of operations or financial condition. While t maintains cyber insurance, this insurance may not, however, be sufficient to cover the financial, legal, business or reputational losses that ma from an interruption or breach of its systems.

If the Company's security measures are compromised or fail to adequately protect its technology infrastructure, research and development ef manufacturing operations, the Company's products and services may be perceived as vulnerable or unreliable, the information protected by Company's controls and processes may be subject to unauthorized access, acquisition or modification, the Company's brand and reputation damaged, the services that the Company provides to its customers could be disrupted, and customers may stop using the Company's product services, all of which could reduce the Company's revenue and earnings, increase its expenses and expose it to legal claims and regulatory a

The Company is in the business of designing, manufacturing, selling and servicing analytical instruments to life science, pharmaceutical, bio industrial, nutritional safety and environmental, academic and governmental customers working in research and development, quality assura other laboratory applications, and the Company is also a developer and supplier of software and software-based products that support instrur systems. Many of the Company's customers are in highly regulated industries. While the Company has invested time and resources impleme measures designed to protect the integrity and security of its technology infrastructure, research and development processes, manufacturing products and services, and the internal and external data managed by the Company, there is a risk these measures will be defeated or compro that they are otherwise insufficient to protect against existing or emerging threats. The Company also has acquired companies, products, serv technologies over time and may face inherent risk when integrating these acquisitions into the Company. In addition, at times, the Company attempts by third parties to defeat its security measures or exploit vulnerabilities in its systems. These risks will increase as the Company co grow and expand geographically, and its systems, products and services become increasingly digital and sensor-and web-based.

The Company could suffer significant damage to its brand and reputation if a security incident resulted in unauthorized access to, acqu or modification to the Company's technology infrastructure, research and development processes, manufacturing operations, its products and well as the internal and external data managed by the Company. Such an incident could disrupt the Company's operations and customers could lose confidence in the Compa to deliver quality and reliable products or services. This could negatively impact sales and could increase costs related to fixing and addressi incidents and any vulnerabilities exposed by them, as well as to lawsuits, regulatory investigations, claims or legal liability including contrac liability, costs and expenses owed to customers and business partners.

RISKS RELATED TO COMPLIANCE, REGULATORY OR LEGAL MATTERS

Changes in governmental regulations and compliance failures could harm the Company's business.

The Company is subject to regulation by various federal, state and foreign governments and agencies in areas including, among others, healt import/export, privacy and data protection, FCPA and environmental laws and regulations. A portion of the Company's operations are subjec regulation by the FDA and similar foreign regulatory agencies. These regulations are complex, can change frequently and govern an array of activities, including design, development, labeling, manufacturing, promotion, sales and distribution. Any failure by the Company to comply applicable governmental regulations could result in product recalls, the imposition of fines, restrictions on the Company's ability to conduct its operations or the cessation of all or a portion of its operations. Additionally, the Company develops, configures and markets its products a to meet customer needs created by these regulations, and any significant change in regulations could reduce demand for its products, increas expenses or otherwise materially impact its financial position and results of operations.

Regulators globally are increasingly imposing greater fines and penalties for privacy and data protection violations, and the European example, has enacted a broad data protection regulation with fines based on a percentage of global revenues. Changes in laws or regulations with enhanced protection of certain sensitive types of personal information, such as information related to health, could greatly increase the compliance and the cost of providing the Company's products or services. Any failure, or perceived failure, by the Company to comply with regulations on privacy, data security or consumer protection, or other policies, public perception, standards, self-regulatory requirements or l obligations, could result in lost or restricted business, proceedings, actions or fines brought against the Company or levied by governmental others, or could otherwise adversely affect the business and harm the Company's reputation.

Some of the Company's operations are subject to domestic and international laws and regulations with respect to the manufacturing, h or sale of toxic or hazardous substances. This requires the Company to devote substantial resources to maintain compliance with those appli and regulations. If the Company fails to comply with such requirements in the manufacturing or distribution of its products, it could face civ criminal penalties and potentially be prohibited from distributing or selling such products until they are compliant.

Some of the Company's products are also subject to the rules of certain industrial standards bodies, such as the International Standards Organization. The Company must comply with these rules, as well as those of other agencies, such as the United States Occupational Safety Administration. Failure to comply with such rules could result in the loss of certification and/or the imposition of fines and penalties, which a material adverse effect on the Company's operations.

As a publicly-traded company, the Company is subject to the rules of the SEC and the New York Stock Exchange. In addition, the Co comply with the Sarbanes-Oxley regulations, which require the Company to establish and maintain adequate internal control over financial r The Company's efforts to comply with such laws and regulations are time consuming and costly. While we continue to enhance our controls be certain that we will be able to prevent future significant deficiencies or material weaknesses. Failure to comply with such regulations or h inadequate internal controls could have a material adverse effect on the Company's financial condition and operations, which could cause in lose confidence in our reported financial information and could have a negative effect on the trading price of our stock and our access to cap

The Company is subject to the rules of the SEC under the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requi
as to whether certain materials (tantalum, tin, gold and tungsten), known as conflict minerals, which may be contained in the Company's pro
mined from the Democratic Republic of the Congo and adjoining countries. In 2022, the Company was not able to determine with certainty
of origin of some of the conflict minerals in its manufactured products. However, the Company does not have knowledge that any of its con
minerals originated from the Democratic Republic of the Congo or adjoining countries. The Company is in the process of evaluating its 202
chain, and the Company plans to file its 2023 Form SD with the SEC in May 2024. The results of this and future evaluations may impose ad
costs and may introduce new risks related to the Company's ability to verify the origin of any conflict minerals contained in its products.

The Company may be harmed by improper conduct of any of our employees, agents or business partners.
We cannot provide assurance that our internal controls and compliance systems will always protect the Company from acts committed by en
agents or business partners that would violate domestic and international laws, including laws governing payments to government officials,
fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import compliance, m
laundering and data privacy. In particular, the FCPA, the U.K. Bribery Act and similar anti-bribery laws generally prohibit companies and th
intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate i
of the world that have experienced governmental corruption to some degree. Any such improper actions or allegations of such acts could da
reputation and subject us to civil or criminal investigations in the U.S. and in other jurisdictions and related shareholder lawsuits, could lead
substantial civil and criminal, monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees. In a
government may seek to hold us liable as a successor for violations committed by companies in which we invest or that we acquire. We also
suppliers to adhere to our supplier standards of conduct and material violations of such standards of conduct could occur that could have a m
effect on our business, reputation and financial statements. In addition, any allegations of issues resulting from the misuse of our products c
untrue, adversely affect our reputation and our customers' willingness to purchase products from us. Any such allegations could cause us to
customers and divert our resources from other tasks, which could materially and adversely affect our business and operating results.

*Environmental, social and corporate governance ("ESG") issues, including those related to climate change and sustainability, may have an
effect on our business, financial condition and results of operations and damage our reputation.*
There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Addi
public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet regula
requirements or investor, customer, consumer, employee or other stakeholders' evolving expectations and standards for responsible corporat
in areas including environmental stewardship and sustainability, support for local communities, director and employee diversity, human cap
management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our
brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to conduct busine

Customers, consumers, investors and other stakeholders are increasingly focusing on environmental issues, including climate change,
water use, plastic waste and other sustainability concerns. Concern over climate change or plastics and packaging materials, in particular, m
new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment. Changing customer and consumer pre
increased regulatory requirements may result in increased demands or requirements regarding plastics and packaging materials, including si
non-recyclable plastic products and packaging, other components of our products and their environmental impact on sustainability, or increa
customer and

consumer concerns or perceptions (whether accurate or inaccurate) regarding the effects of substances present in certain of our products. Co with these demands or requirements could cause us and companies in our supply chain to incur additional manufacturing, operating or produ development costs.

If we do not adapt to or comply with new regulations, or fail to meet evolving investor, industry or stakeholder expectations and conce regarding ESG issues, investors may reconsider their capital investment in our Company, and customers and consumers may choose to stop our products, which could have a material adverse effect on our reputation, business or financial condition.

The Company is subject to or otherwise responsible for a variety of litigation and other legal and regulatory proceedings in the ordinary co business that can adversely affect our business, results of operations and financial condition.
From time to time, the Company and its subsidiaries are subject to or otherwise responsible for a variety of litigation and other legal and reg proceedings in the ordinary course of business, as well as regulatory subpoenas, requests for information, investigations and enforcement. D otherwise responding to these matters can divert the Company's management's attention and may cause it to incur significant expenses. The believes it has meritorious arguments in its current litigation matters and believes any outcome, either individually or in the aggregate, will n material to the Company's financial position or results of operations. However, each of these matters is subject to uncertainties, and it is poss some of these matters may be resolved unfavorably to the Company.

GENERAL RISK FACTORS

The effects of climate change could harm the Company's business.
The Company's manufacturing processes for certain of its products involve the use of chemicals and other substances that are regulated und international, federal, state and local laws governing the environment. In the event that any future climate change legislation would require t standards be imposed by domestic or international environmental regulatory authorities with respect to the use and/or levels of possible emis such chemicals and/or other substances, the Company may be required to make certain changes and adaptations to its manufacturing process such changes could have a material adverse effect on the financial statements of the Company.

Another potential effect of climate change is an increase in the severity of global weather conditions. The Company's manufacturing f located in the U.S., U.K., Ireland and Germany. In addition, the Company manufactures a growing percentage of its HPLC, UPLC and MS p both Singapore and Ireland. Severe weather and geological conditions or events, including earthquakes, hurricanes and/or tsunamis, could po cause significant damage to the Company's manufacturing facilities in each of these countries. The effects of such damage and the resulting of manufacturing operations and the impact of lost sales could have a material adverse impact on the financial results of the Company.

Estimates and assumptions made in accounting for the Company's results from operations are dependent on future results, which involve sig judgments and may be imprecise and may differ materially from actual results.
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the Company to m estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent lia the dates of the financial statements. These estimates and assumptions must be made due to certain information used in preparation of our fin statements which is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of readily calculated based on generally accepted methodologies. The Company believes that the accounting related to revenue recognition, go intangible assets, income taxes, uncertain tax positions, litigation, business combinations and asset acquisitions and inventory valuation invo

significant judgments and estimates. Actual results for all estimates could differ materially from the estimates and assumptions used, which c material adverse effect on our financial condition and results of operations.

The Company's financial condition and results of operations could be adversely affected by changes to the Company's retirement plans or re plan assets.

The Company sponsors various retirement plans, both inside and outside the United States. Any changes in regulations made by government countries in which the Company sponsors retirement plans could adversely impact the Company's cash flows or results of operations. In con with these retirement plans, the Company is exposed to market risks associated with changes in the various capital markets. For example, ch long-term interest rates affect the discount rate that is used to measure the Company's retirement plan obligations and related expense. In ad changes in the market value of investments held by the retirement plans could materially impact the funded status of the retirement plans, an related pension expense and level and timing of contributions required under applicable laws.

The Company's financial condition and results of operations could be adversely affected if the Company is unable to maintain a sufficient le flow.

The Company had $2.4 billion in debt and $396 million in cash, cash equivalents and investments as of December 31, 2023. As of Decembe the Company also had the ability to borrow an additional $0.9 billion from its existing, committed credit facility. All but a small portion of th Company's debt was in the U.S. There is a substantial cash requirement in the United States to fund operations and capital expenditures, serv interest obligations, finance potential United States acquisitions and continue authorized stock repurchase programs. As such, the Company' condition and results of operations could be adversely impacted if the Company is unable to generate and maintain a sufficient level of cash address these requirements through (1) cash from operations, (2) the Company's ability to access its existing cash and revolving credit facili ability to expand the Company's borrowing capacity and (4) other sources of capital obtained at an acceptable cost.

Debt covenants, and the Company's failure to comply with them, could negatively impact the Company's capital and financial results.

The Company's existing debt is, and future debt may be, subject to restrictive debt covenants that limit the Company's ability to engage in c activities that could otherwise benefit the Company. These debt covenants include restrictions on the Company's ability to enter into certain agreements, which may limit the Company's ability to make dividend or other payments, secure other indebtedness, enter into transactions w affiliates and consolidate, merge or transfer all or substantially all of the Company's assets. The Company is also required to meet specified ratios under the terms of the Company's debt agreements. The Company's ability to comply with these financial restrictions and all other co dependent on the Company's future performance, which is subject to, but not limited to, prevailing economic conditions and other factors, in factors that are beyond the Company's control, such as foreign exchange rates, interest rates, changes in technology and changes in the level competition. Failure to comply with restrictive debt covenants that are not waived or cured could result in an event of default under the appli instrument, which could permit acceleration of the applicable debt and require the Company to prepay the debt before its scheduled due date

Item 1B: ***Unresolved Staff Comments***

None.

Item 1C: ***Cybersecurity***

We maintain a robust system of data protection and cybersecurity resources, technology and processes. We regularly evaluate new and emerg and ever-changing legal and compliance requirements. We make strategic investments to address these risks and legal and compliance requirements to keep Company, customer and employee data secure. W risks of sensitive information compromise at our business partners where relevant and reevaluate these risks on a periodic basis. We also per and ongoing cybersecurity training and awareness for our employees.

We have a longstanding information security risk management framework structured according to the National Institute of Standards a Technology Cybersecurity Framework, industry best practices, privacy legislation, and other global and local standards and regulations. This management framework is under the specific oversight of the Company's Vice President and Chief Information Officer (the "CIO") and incl defense-in-depth approach with multiple layers of security controls, including network segmentation, security monitoring, endpoint protectio identity and access management, as well as data protection best practices and data loss prevention controls. Our Audit and Finance Committ updated on the overall performance of our information security risk management framework on an annual basis by the CIO.

Our cybersecurity awareness program includes regular phishing simulations, annual general cybersecurity awareness, and data protect modules, as well as more contextual and personalized modules for targeted users and roles. We also perform simulations and drills at both a and leadership level at least annually. We incorporate external expertise and guidance in all aspects of our cybersecurity program. We compl internal security audits and vulnerability assessments of the Company's information systems and related controls, including systems affectin data. In addition, we leverage cybersecurity specialists to complete annual external audits and objective assessments of our cybersecurity pro practices, including our data protection practices, as well as to conduct targeted attack simulations. We continually enhance our information capabilities in order to protect against emerging threats, while also increasing our ability to detect and respond to cyber incidents and maxim resilience to recover from potential cyber-attacks. We have a robust incident response plan in place that provides a documented playbook for to cybersecurity incidents and facilitates coordination across multiple parts of our Company. Additionally, we have purchased network secur cyber liability insurance in order to provide a level of financial protection, should a data breach occur.

Despite the existence of mitigation measures, the Company's systems and those of its partners remain potentially vulnerable to cyberse threats, any of which could have a material adverse effect on the Company's business. To date, cybersecurity incidents have not resulted in a adverse impact to the Company's business strategy, results of operations and financial condition, but future incidents could have such an imp Item 1A, Risk Factors - Risks Related to Cybersecurity.

The Board of Directors oversees the Company's information security risk management framework that seeks to identify new risks, dev implement risk mitigation plans, and monitor the results affecting the Company's business and operations on an ongoing basis. The CIO man framework, in collaboration with the Company's businesses and functions. The CIO presents updates to the Audit and Finance Committee at annually and, as necessary, to the full Board of Directors. These reports include detailed updates on the Company's performance preparing fo preventing, detecting, responding to and recovering from cyber incidents. The CIO also promptly informs and updates the Board of Director information security incidents that may pose significant risk to the Company. The Company's program is periodically evaluated by external the results of those reviews are reported to the Audit and Finance Committee and the Board of Directors. Together with management, the Au Finance Committee reviews the Company's risk assessment and risk management practices and discusses major cybersecurity risk exposure steps taken by management to monitor and control such exposures.

The Company's Vice President and Chief Information Officer has over 24 years of business experience managing risks from cybersecu developing and implementing cybersecurity policies and procedures, as well as several relevant certifications.

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Item 2: ***Properties***

Waters Corporation operates 21 United States facilities and 71 international facilities, including field offices. The Company believes its facil suitable and adequate for its current production level and for reasonable growth over the next several years. The Company's primary facilitie summarized in the table below.

Primary Facility Locations (1)

Location	Function (2)	O
Golden, CO	M, R, S, D, A	
New Castle, DE	M, R, S, D, A	
Franklin, MA	D	
Milford, MA	M, R, S, A	
Taunton, MA	M, R	
Cambridge, MA	R, S	
Eden Prairie, MN	M, R, S, D, A	
Nixa, MO	M, S, D, A	
Lindon, UT	M, R, S, D, A	
Santa Barbara, CA	M, R, S, D, A	
Beijing, China	S, A	
Shanghai, China	R, S, A	
Solihull, England	M, A	
Wilmslow, England	M, R, S, D, A	
St. Quentin, France	S, A	
Hüllhorst, Germany	M, R, S, D, A	
Wexford, Ireland	M, R, D, A	
Bangalore, India	M, R, S, D, A	Ov
Etten-Leur, Netherlands	S, D, A	
Brasov, Romania	R, A	
Singapore	R, S, D, A	

(1) The Company operates more than one primary facility within certain states and foreign countries.

(2) M = Manufacturing; R = Research; S = Sales and Service; D = Distribution; A = Administration

The Company operates and maintains 10 field offices in the United States and 58 field offices abroad in addition to sales offices in the facilities listed above. The Company's field office locations are listed below.

Field Office Locations (3)

United States	International		
Costa Mesa, CA	Australia	Hong Kong	People's Republic of C
Pleasanton, CA	Austria	India	Portugal
Wood Dale, IL	Belgium	Ireland	Poland
Carmel, IN	Brazil	Israel	Puerto Rico
Woburn, MA	Canada	Italy	Spain
Columbia, MD	Czech Republic	Japan	Sweden
Morrisville, NC	Denmark	Korea	Switzerland
Parsippany, NJ	Finland	Malaysia	Taiwan
Plymouth Meeting, PA	France	Mexico	United Arab Emirates
Bellaire, TX	Germany	Netherlands	United Kingdom
	Hungary	Norway	

(3) The Company operates more than one field office within certain states and foreign countries.

Item 3: ***Legal Proceedings***

From time to time, the Company and its subsidiaries are involved in various lawsuits, claims, investigations and proceedings covering a wid
matters that arise in the ordinary course of business. The Company believes it has meritorious arguments in its current litigation matters and
outcome, either individually or in the aggregate, will not be material to the Company's financial position or results of operations. However, e
matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company.

Item 4: ***Mine Safety Disclosures***

Not applicable.

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PART II

Item 5:	*Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

The Company's common stock is registered under the Exchange Act and is listed on the New York Stock Exchange under the symbol "WAT February 23, 2024, the Company had 69 common stockholders of record. The Company has not declared or paid any dividends on its comm its past three fiscal years and does not intend to pay cash dividends in the foreseeable future. Any future determination to pay cash dividends made at the discretion of the Board of Directors and will depend on restrictions and other factors the Board of Directors may deem relevant. Company has not made any sales of unregistered equity securities in the years ended December 31, 2023, 2022 and 2021.

Securities Authorized for Issuance under Equity Compensation Plans

Equity compensation plan information is incorporated by reference from Part III, Item 12, Security Ownership of Certain Beneficial Owners Management and Related Stockholder Matters, of this document and should be considered an integral part of this Item 5.

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Stock Price Performance Graph

The following performance graph and related information shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that the Co specifically incorporates it by reference into such filing.

The following graph compares the cumulative total return on $100 invested as of December 31, 2018 (the last day of public trading of the C common stock in fiscal year 2018) through December 31, 2023 (the last day of public trading of the common stock in fiscal year 2023) in th Company's common stock, the NYSE Market Index, the SIC Code 3826 Index and the S&P 500 Index. The return of the indices is calculate reinvestment of dividends during the period presented. The Company has not paid any dividends since its IPO. The stock price performance the graph below is not necessarily indicative of future price performance.

**COMPARISON OF CUMULATIVE TOTAL RETURN SINCE DECEMBER 31, 2018
AMONG WATERS CORPORATION, NYSE MARKET INDEX, SIC CODE 3826 INDEX – LABORATORY ANALYTICAL INST
AND S&P 500 INDEX**

LOGO

	2018	2019	2020	2021	2022
WATERS CORPORATION	100.00	123.85	131.15	197.51	181.60
NYSE MARKET INDEX	100.00	125.51	134.28	162.04	146.89
SIC CODE INDEX	100.00	124.58	165.82	209.38	140.93
S&P 500 INDEX	100.00	131.49	155.68	200.37	164.08

Purchases of Equity Securities by the Issuer

The following table provides information about purchases by the Company during the three months ended December 31, 2023 of equity secu
registered by the Company under the Exchange Act (in thousands, except per share data):

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Ma Va Tha P
October 1, 2023 to October 28, 2023	—	$ —	—	$
October 29, 2023 to November 25, 2023	—	$ —	—	$
November 26, 2023 to December 31, 2023	2	$ 317.00	—	$
Total	2	$ 317.00	—	$

(1) The Company repurchased approximately one thousand shares of common stock at a cost of less than $1 million related to the vesting restricted stock during the three months ended December 31, 2023.

(2) In January 2019, the Company's Board of Directors authorized the Company to repurchase up to $4 billion of its outstanding commor open market or private transactions over a two-year period. This program replaced the remaining amounts available under the pre-exis authorization. In December 2020, the Company's Board of Directors authorized the extension of the share repurchase program throug January 21, 2023. In December 2022, the Company's Board of Directors amended and extended this repurchase program's term by on that it shall now expire on January 21, 2024 and increased the total authorization to $4.8 billion, an increase of $750 million. In Decer the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2025. The Company authorization is $1.0 billion. The size and timing of these purchases, if any, will depend on our stock price and market and business co well as other factors.

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Item 6: ***Reserved***

Item 7: ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Business Overview

The Company has two operating segments: Waters and TA. Waters products and services primarily consist of high-performance liquid chron ("HPLC"), ultra-performance liquid chromatography ("UPLC" and, together with HPLC, referred to as "LC"), mass spectrometry ("MS") ar chemistry consumable products and related services. TA products and services primarily consist of thermal analysis, rheometry and calorime instrument systems and service sales. The Company's products are used by pharmaceutical, biochemical, industrial, nutritional safety, enviro academic and government customers. These customers use the Company's products to detect, identify, monitor and measure the chemical, pl biological composition of materials and to predict the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals an liquids in various industrial, consumer goods and healthcare products. Operations of the recently acquired Wyatt business are part of the Wa operating segment.

Wyatt Acquisition

On May 16, 2023, the Company completed the acquisition of Wyatt Technology, LLC and its three operating subsidiaries, Wyatt Technology GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. (collectively, "Wyatt"), for a total purchase price of $1.3 billion in cash. W pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories, and services. The acquisition will expa portfolio and increase exposure to large molecule applications. The Company financed this transaction with a combination of cash on its bal and borrowings under its revolving credit facility. The Company's financial results for the year ended December 31, 2023 include the financ the Wyatt acquisition from the acquisition date.

Financial Overview

The Company's operating results are as follows for the years ended December 31, 2023, 2022 and 2021 (dollars in thousands, except per sha

	Year Ended December 31,			% cha
	2023	2022	2021	*2023 vs 2022*
Revenues:				
Product sales	$1,903,050	$1,988,169	$1,822,070	*(4%)*
Service sales	1,053,366	983,787	963,804	*7%*
Total net sales	2,956,416	2,971,956	2,785,874	*(1%)*
Costs and operating expenses:				
Cost of sales	1,195,223	1,248,182	1,156,533	*(4%)*
Selling and administrative expenses	736,014	658,026	626,968	*12%*
Research and development expenses	174,945	176,190	168,358	*(1%)*
Purchased intangibles amortization	32,558	6,366	7,143	*411%*
Acquired in-process research and development	—	9,797	—	**
Litigation provision	—	—	5,165	—
Operating income	817,676	873,395	821,707	*(6%)*
Operating income as a % of sales	*27.7%*	*29.4%*	*29.5%*	
Other income, net	807	2,228	17,203	*(64%)*
Interest expense, net	(82,240)	(37,777)	(32,717)	*118%*
Income before income taxes	736,243	837,846	806,193	*(12%)*
Provision for income taxes	94,009	130,091	113,350	*(28%)*
Net income	$ 642,234	$ 707,755	$ 692,843	*(9%)*
Net income per diluted common share	$ 10.84	$ 11.73	$ 11.17	*(8%)*

** Percentage not meaningful

The Company's net sales decreased 1% in 2023 as compared to 2022 and increased 7% in 2022 as compared to 2021. The Company's s 2023 were negatively impacted by a 22% reduction of sales in China due to lower customer demand for our products. The sales growth in 20 driven by strong customer demand across most major geographies, end markets and product categories. Excluding China, the Company's sa increased 5% and 6% in 2023 and 2022, respectively. Foreign currency translation decreased sales growth by 1% and 5% in 2023 and 2022, respectively. The Wyatt acquisition increased sales growth by 3% in 2023.

Instrument system sales decreased 7% in 2023 as compared to 2022 and increased 11% in 2022 as compared to 2021. In 2023, the dec instrument system sales resulted from weaker customer demand in China, which was partially offset by sales growth in the U.S. and Europe. China, the Company's instrument system sales grew 1%. In addition, Wyatt's instrument system sales added 4% to the Company's instrumen sales growth. In 2022, the increase was driven by the broad-based increase in customer demand across all existing and newly introduced LC and Thermal Analysis instrument system sales. Foreign currency translation decreased instrument system sales growth by 1% and 5% in 202 respectively.

Recurring revenues (combined sales of precision chemistry consumables and services) increased 6% and 3% in 2023 and 2022, respec Recurring revenues were negatively impacted by foreign currency translation in 2023 and 2022, which decreased sales by 1% and 6%, respe

Operating income was $818 million in 2023, a decrease of 6% as compared to 2022. This decrease in operating income was primarily higher salary expenses related to merit compensation, $26 million in severance-related costs associated with a workforce reduction and costs the Wyatt acquisition, including $13 million in due diligence costs, $27 million of intangible asset amortization and $19 million of costs asso retention agreements. The negative effect of foreign currency translation lowered operating income by approximately $23 million during 20

In July 2023, the Company made organizational changes to better align its resources with its growth and innovation strategies, resultin worldwide workforce reduction that impacted approximately 5% of the Company's employees. The Company incurred approximately $26 n severance-related costs and paid approximately $19 million of severance-related costs in 2023, with the remaining costs to be paid in the firs 2024. The Company estimates that the savings from this reduction in workforce will be approximately $48 million on an annual basis.

Operating income was $873 million in 2022, an increase of 6% as compared to 2021. This increase was primarily a result of the increa volume and pricing increases, partially offset by higher electronic component and freight inflationary costs and the negative effect of foreign translation. The effect of foreign currency translation lowered operating income by approximately $71 million during 2022.

Operating income as a percentage of sales was 27.7%, 29.4% and 29.5% in 2023, 2022 and 2021, respectively.

The Company's effective tax rates were 12.8%, 15.5% and 14.1% for 2023, 2022 and 2021, respectively. Net income per diluted share $10.84, $11.73 and $11.17 in 2023, 2022 and 2021, respectively.

The Company generated $603 million, $612 million and $747 million of net cash flows provided by operating activities in 2023, 2022 respectively. The decrease in 2023 operating cash flow was primarily a result of lower sales volumes, higher income tax payments and highe compensation payments in 2023 as compared to 2022.

Net cash used in investing activities included $1.3 billion for the Wyatt acquisition in 2023 and capital expenditures related to property equipment and software capitalization of $161 million, $176 million and

$161 million in 2023, 2022 and 2021, respectively. The cash flows used in investing activities in 2023, 2022 and 2021 included $16 million, $32 million, and $49 million, respectively, of capital expenditures related to the major expansion of the Company's precision chemistry cons operations in the United States.

During 2023, the Company funded the Wyatt acquisition with a combination of cash on hand and borrowings under its revolving credi The Company's outstanding debt on December 31, 2023 was $2.4 billion, a change of $0.8 billion from December 31, 2022, which resulted Company's interest expense in 2023 increasing by $50 million to $99 million.

On March 3, 2023, the Company entered into an agreement to amend the credit agreement governing its revolving credit facility (the " Amendment"). The 2023 Amendment increases the borrowing capacity by $200 million to an aggregate total borrowing capacity of $2.0 bill

In December 2023, the Company's Board of Directors authorized the extension of the existing share repurchase program through Janu 2025. The Company's remaining authorization is $1.0 billion. During the years ended December 31, 2023, 2022 and 2021, the Company rep $58 million, $616 million and $640 million of the Company's outstanding common stock, respectively, under the share repurchase programs Company believes that it has the financial flexibility to fund these share repurchases, as well as to invest in research, technology and busines acquisitions, given current cash levels and debt borrowing capacity, it has temporarily suspended its share repurchases due to its acquisition the second quarter of 2023.

Results of Operations

Sales by Geography

Geographic sales information is presented below for the years ended December 31, 2023, 2022 and 2021 (dollars in thousands):

	Year Ended December 31,			*% char*
	2023	**2022**	**2021**	*2023 vs. 2022*
Net Sales:				
Asia:				
China	$ 440,707	$ 565,143	$ 521,128	*(22%)*
Japan	167,202	167,220	182,597	—
Asia Other	399,916	399,380	372,040	—
Total Asia	1,007,825	1,131,743	1,075,765	*(11%)*
Americas:				
United States	927,982	886,140	774,014	*5%*
Americas Other	180,591	169,495	151,206	*7%*
Total Americas	1,108,573	1,055,635	925,220	*5%*
Europe	840,018	784,578	784,889	*7%*
Total net sales	$2,956,416	$2,971,956	$2,785,874	*(1%)*

In 2023, sales decreased 1% as compared to 2022, primarily as a result of a 22% decrease in China sales during 2023, which was parti by broad-based sales growth across most other major regions. The decline in China sales was primarily driven by lower demand for our instr systems and chemistry products resulting from increased government regulations and lower spending by our customers due to weak econom conditions in China. Excluding China, the Company's sales increased 5% and 6% in 2023 and 2022, respectively. Foreign currency translati sales growth by 1% and 5% in 2023 and 2022, respectively.

In 2023, sales increased 5% in the U.S. and 7% in Europe, while decreasing 11% in Asia, with the effect of foreign currency translatio sales growth in Europe by 2% and decreasing sales growth in Asia by 4%,

which includes a 9% decrease in sales in Japan resulting from foreign currency translation. Wyatt's sales contributed 5% and 3% of sales gro
U.S. and Europe in 2023, respectively.

The sales growth in 2022 was broad-based across most major regions. Foreign currency translation decreased total sales growth by 5%
the U.S. dollar strengthened significantly against all other major currencies. The geographies that were the most negatively impacted by the strengthening of the U.S. dollar in 2022 were Europe and Japan, as the weakening of the euro and Japanese yen lowered sales growth in Eur
Japan by 10% and 17%, respectively. China sales increased 8% in 2022, with foreign currency translation decreasing China sales growth by
This increase in China sales was driven by strong customer demand for our products and services despite the negative impact that the COVI
pandemic had on our business in China in 2022.

Sales by Trade Class

Net sales by customer class are presented below for the years ended December 31, 2023, 2022 and 2021 (dollars in thousands):

	Year Ended December 31,			% cha
	2023	2022	2021	*2023 vs. 2022*
Pharmaceutical	$1,696,875	$1,751,665	$1,667,061	*(3%)*
Industrial	909,003	909,805	829,204	—
Academic and government	350,538	310,486	289,609	*13%*
Total net sales	$2,956,416	$2,971,956	$2,785,874	*(1%)*

In 2023, sales to pharmaceutical customers decreased 3%, primarily driven by weakness in customer demand in China, with foreign cu
translation decreasing pharmaceutical sales growth by 1% and Wyatt contributing 3% to the Company's pharmaceutical sales growth. Comb
industrial customers, which include material characterization, food, environmental and fine chemical markets, were flat in 2023, with foreig
translation decreasing industrial sales growth by 1% and Wyatt contributing 1% to industrial sales growth. Combined sales to academic and
customers increased 13% in 2023, with foreign currency translation decreasing academic and government sales growth by 1% and Wyatt con
4% to academic and government sales growth. Sales to our academic and government customers are highly dependent on when institutions r
funding to purchase our instrument systems and, as such, sales can vary significantly from period to period.

In 2022, sales to pharmaceutical customers increased 5%, driven by strong growth in most major regions, partially offset by the negati
from foreign currency translation which decreased pharmaceutical sales by 5%. Combined sales to industrial customers increased 10%, with
currency translation decreasing sales growth by 5%. Combined sales to academic and government customers increased 7%, with foreign cur
translation decreasing academic and government sales growth by 6%.

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Waters Products and Services Net Sales

Net sales for Waters products and services were as follows for the years ended December 31, 2023, 2022 and 2021 (dollars in thousands):

	Year Ended December 31,						% ch
	2023	% of Total	2022	% of Total	2021	% of Total	2023 vs. 2022
Waters instrument systems	$1,108,702	43%	$1,210,456	46%	$1,089,248	44%	(8%)
Chemistry consumables	541,469	20%	525,399	20%	507,209	21%	3%
Total Waters product sales	1,650,171	63%	1,735,855	66%	1,596,457	65%	(5%)
Waters service	951,419	37%	890,607	34%	876,626	35%	7%
Total Waters net sales	$2,601,590	100%	$2,626,462	100%	$2,473,083	100%	(1%)

Waters products and service sales decreased 1% and 6% in 2023 and 2022, respectively, with the effect of foreign currency translation Waters sales growth by 1% and 6% in 2023 and 2022, respectively. The Wyatt acquisition increased Waters products and service sales by ap 3% in 2023. Waters instrument system sales (LC and MS technology-based) decreased 8% in 2023, primarily driven by weaker customer de China. Excluding China, the Company's instrument system sales were flat as compared to 2022. In addition, Wyatt's instrument system sale 5% to Waters instrument system sales growth in 2023. Waters chemistry consumables sales were significantly impacted by the lower custom in China for our products. Excluding China, the Company's chemistry sales grew 7% in 2023. This sales growth was primarily due to the co strong demand in most major geographies, driven by the uptake in columns and application-specific testing kits to pharmaceutical customer offset by the negative impact from foreign currency translation, which decreased chemistry sales growth by 1% in 2023. Waters service sale 7% in 2023 due to higher service demand billing, partially offset by the negative impact from foreign currency translation, which decreased growth by 1% in 2023. Wyatt service revenues added 2% to Waters service revenue growth in 2023.

In 2022, Waters products and service sales increased 6%, with foreign currency translation decreasing Waters sales growth by 6%. Wa instrument system sales grew 11%, with foreign currency translation lowering sales growth by 5%. The increase in the Waters instrument sy can be attributed to strong customer demand for our existing products as well as growing contributions made by recent product introduction increase in Waters chemistry consumables sales was primarily due to the strong demand in most major geographies, partially offset by the n impact from foreign currency translation which decreased sales by 5%. Waters service sales increased due to higher service demand billing, in China and the United States, partially offset by the negative impact from foreign currency translation which decreased by 6%.

TA Product and Services Net Sales

Net sales for TA products and services were as follows for the years ended December 31, 2023, 2022 and 2021 (dollars in thousands):

	Year Ended December 31,						% ch
	2023	% of Total	2022	% of Total	2021	% of Total	2023 vs. 2022
TA instrument systems	$252,879	71%	$252,314	73%	$225,613	72%	—
TA service	101,947	29%	93,180	27%	87,178	28%	9%
Total TA net sales	354,826	100%	345,494	100%	312,791	100%	3%

TA instrument system and service sales increased 3% and 10% in 2023 and 2022, respectively. Foreign currency translation had minin on sales growth in 2023 and decreased sales growth by 6% in 2022. In

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2023, sales growth was broad-based across most major geographies, partially offset by weakness in China and the rest of Asia. These increas
primarily driven by strong customer demand for our thermal analysis instruments and services.

Cost of Sales

Cost of sales decreased 4% in 2023 as compared to 2022, primarily due to the change in sales mix and the lower material and freight costs. I of sales increased 8% as compared to 2021, primarily due to the increase in sales volumes during the year as well as an increase in electroni and freight inflationary costs.

Cost of sales is affected by many factors, including, but not limited to, foreign currency translation, product mix, product costs of instr systems and amortization of software platforms. At current foreign currency exchange rates, the Company expects foreign currency translati neutral to gross profit during 2024.

Selling and Administrative Expenses

Selling and administrative expenses increased 12% and 5% in 2023 and 2022, respectively. The increase in 2023 is primarily driven by seve related costs in connection with a reduction in workforce, which increased expenses by 4%; the Wyatt acquisition due diligence and integrat which increased expenses by 2%; and the Wyatt acquisition-related retention expense, which increased expenses by 3%. These increases we offset by lower incentive compensation costs. The increase in selling and administrative expenses in 2022 as compared to 2021 can be attrib higher salary merit and variable incentive compensation costs due to an increase in the number of employees. The effect of foreign currency had minimal impact on selling and administrative expenses in 2023 and decreased expenses by 4% in 2022.

As a percentage of net sales, selling and administrative expenses were 24.9%, 22.1% and 22.5% for 2023, 2022, and 2021, respectivel

Research and Development Expenses

Research and development expenses decreased 1% and increased 5% in 2023 and 2022, respectively. The decrease in research and developn expenses in 2023 can be attributed to increases from merit compensation and costs associated with new products and the development of nev technology initiatives, being offset by lower incentive compensation costs. The impact of foreign currency exchange decreased expenses by in 2023 and 2022, respectively.

Purchased Intangibles Amortization

The increase in purchased intangible amortization of $26 million in 2023 can be attributed to the Wyatt acquisition intangible assets.

Acquired In-Process Research & Development

In 2022, the Company completed an asset acquisition in which the CDMS technology assets of Megadalton were acquired for approximatel $10 million in total purchase price, of which $5 million was paid at closing and the remaining $4 million will be paid in the future at various through 2029.

Other (Expense) Income, net

In 2022, the Company sold equity an equity investment for $10 million in cash and recorded a gain on the sale of approximately $7 million i income, net on the statement of operations. The Company also incurred $6 million in losses on an equity investment within other income, ne statement of operations.

In 2021, the Company executed a settlement agreement to resolve patent infringement litigation with Bruker Corporation and Bruker I GmbH regarding their timsTOF product line. In connection with the

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settlement, the Company is entitled to receive $10 million in guaranteed payments, including minimum royalty payments. In 2021, the Com recorded an unrealized gain of $10 million due to an observable change in the fair value of an existing investment that the Company does no ability to exercise significant influence over.

Interest Expense, net

Net interest expense in 2023 increased $44 million as compared to 2022 due to the additional borrowings by the Company to fund the Wyatt in 2023. Net interest expense in 2022 increased $5 million as compared to 2021 due to the lower interest income benefit from the lower noti of interest rate cross currency swap agreements.

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 ra 21%, 12.5%, 25% and 17%, respectively, as of December 31, 2023. The Company has a new Development and Expansion Incentive in Sing provides a concessionary income tax rate of 5% on certain types of income for the period April 1, 2021 through March 31, 2026. Prior to Ap the Company had a tax exemption on income arising from qualifying activities in Singapore based upon the achievement of certain contract milestones, which the Company met as of December 31, 2020 and maintained through March 2021. The effect of applying the concessionary rates rather than the statutory tax rate to income arising from qualifying activities in Singapore increased the Company's net income by $16 $20 million and $20 million, and increased the Company's net income per diluted share by $0.27, $0.33 and $0.32 for the years ended Dece 2023, 2022 and 2021, respectively.

The Company's effective tax rate for the years ended December 31, 2023, 2022 and 2021 was 12.8%, 15.5% and 14.1%, respectively.

The 2023 effective tax rate differed from the 21% U.S. statutory tax rate primarily due to the jurisdictional mix of earnings, an $18 mi recognition of a previously unrecognized tax benefit as a result of the completion of a tax examination, a $15 million provision related to the Intangible Low-Taxed Income ("GILTI") tax and a tax benefit of $3 million on stock-based compensation.

The 2022 effective tax rate differed from the 21% U.S. statutory tax rate primarily due to the jurisdictional mix of earnings, an $18 mi provision related to the GILTI tax and a tax benefit of $7 million on stock-based compensation.

The 2021 effective tax rate differed from the U.S. federal statutory tax rate primarily due to the jurisdictional mix of earnings, a $10 m provision related to the GILTI tax and a tax benefit of $7 million on stock-based compensation.

Effective starting in 2024, various foreign jurisdictions are beginning to implement aspects of the guidance issued by the Organization Economic Co-operation and Development related to the new Pillar Two system of global minimum tax rules. The Company does not believe changes in tax law will have a material impact on the Company's financial position, results of operations and cash flows in 2024. The Comp continues to monitor the adoption of the Pillar Two rules in additional jurisdictions.

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Liquidity and Capital Resources

Condensed Consolidated Statements of Cash Flows (in thousands):

	Year Ended December 31,	
	2023	2022
Net income	$ 642,234	$ 707,755
Depreciation and amortization	165,905	130,423
Stock-based compensation	36,868	42,564
Deferred income taxes	(1,197)	(31,988)
Observable unrealized gain on investment	—	—
Acquired in-process research and development and other non-cash items	—	10,003
Change in accounts receivable	49,179	(137,874)
Change in inventories	(45,443)	(101,902)
Change in accounts payable and other current liabilities	(79,524)	60,984
Change in deferred revenue and customer advances	10,433	12,862
Other changes	(175,646)	(81,166)
Net cash provided by operating activities	602,809	611,661
Net cash used in investing activities	(1,442,265)	(107,967)
Net cash used in financing activities	754,951	(509,633)
Effect of exchange rate changes on cash and cash equivalents	(948)	(14,766)
(Decrease) increase in cash and cash equivalents	$ (85,453)	$ (20,705)

Cash Flow from Operating Activities

Net cash provided by operating activities was $603 million, $612 million and $747 million in 2023, 2022 and 2021, respectively. The decrea operating cash flow was primarily a result of lower net income, higher inventory levels, higher income tax payments and higher incentive co payments in 2023 as compared to 2022. The changes within net cash provided by operating activities include the following significant chang sources and uses of net cash provided by operating activities, in addition to the changes in net income:

- The changes in accounts receivable were primarily attributable to timing of payments made by customers and timing of sales. outstanding was 78 days at December 31, 2023, 77 days at December 31, 2022 and 66 days at December 31, 2021.

- The increase in inventory can primarily be attributed to higher material costs as well as an increase in safety stock levels to hel any future supply chain issues.

- The changes in accounts payable and other current liabilities were a result of the timing of payments to vendors, as well as the payment of management incentive compensation.

- An increase in income tax payments of $83 million as compared to the prior year and the payment of $26 million in Wyatt acq liabilities.

- Net cash provided from deferred revenue and customer advances results from annual increases in new service contracts as a hi 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 accrua current assets, other assets and other liabilities.

Cash Flow from Investing Activities

Net cash used in investing activities totaled $1.4 billion, $108 million and $232 million in 2023, 2022 and 2021, respectively. Additions to fi
and capitalized software were $161 million, $176 million and $161 million

in 2023, 2022 and 2021, respectively. The cash flows from investing activities in 2023, 2022 and 2021 include $16 million, $32 million and respectively, of capital expenditures related to the major expansion of the Company's precision chemistry consumable operations in the Unit The Company has incurred costs of $248 million on this new state-of-the-art facility, which is substantially complete as of December 31, 20

During 2023, 2022 and 2021, the Company purchased $2 million, $11 million and $280 million of investments, respectively, while $2 $78 million and $218 million of investments matured, respectively, and were used for financing activities described below.

In 2023, the Company completed the acquisition of Wyatt for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innov scattering and field-flow fractionation instruments, software, accessories, and services. The acquisition will expand Waters' portfolio and inc exposure to large molecule applications.

In 2022, the Company paid $5 million for the CDMS technology and intellectual property right asset from Megadalton, and the Comp required to make an additional $4 million of guaranteed payments at various dates in the future through 2029. The total purchase price of ap $10 million was accounted for as Acquired In-Process Research and Development and expensed as part of costs and operating expenses in th of operations in 2023.

There were no business acquisitions in 2022 and 2021.

In 2022, the Company received $10 million in proceeds and made $1 million of investments in certain equity investments. In 2021, th made $2 million of investments in certain equity investments.

Cash Flow from Financing Activities

The Company entered into a credit agreement in September 2021 governing the Company's five-year, $1.8 billion revolving facility that ma September 2026. On March 3, 2023, in anticipation of closing of the Wyatt acquisition, the Company entered into an agreement to amend th agreement governing its revolving credit facility (the "2023 Amendment"). The 2023 Amendment increases the borrowing capacity by $200 an aggregate total borrowing capacity of $2.0 billion. As of December 31, 2023, the Company had a total of $2.4 billion in outstanding debt, consisted of $1.3 billion in outstanding senior unsecured notes and $1.1 billion in borrowings under its credit agreement. The Company's ne borrowings as of December 31, 2023, 2022 and 2021 were $780 million, $60 million and $160 million higher than as of December 31, 2022 2020, respectively.

As of December 31, 2023, the Company has entered into three-year interest rate cross-currency swap derivative agreements with a not $625 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its euro-denominated and yen-denc asset investments. As a result of entering into these agreements, the Company lowered net interest expense by approximately $11 million, $9 $15 million in 2023, 2022 and 2021, respectively. The Company anticipates that these swap agreements will lower net interest expense by approximately $7 million in 2024.

In December 2023, the Company's Board of Directors authorized the extension of the existing share repurchase program through Janu 2025. The Company's remaining authorization is $1.0 billion. During 2023, 2022 and 2021, the Company repurchased $58 million, $616 mi $640 million, respectively, of the Company's outstanding common stock under authorized share repurchase programs. In addition, the Comp repurchased $12 million, $11 million and $9 million of common stock related to the vesting of restricted stock units during 2023, 2022 and 2 respectively.

The Company received $30 million, $43 million and $56 million of proceeds from the exercise of stock options and the purchase of sh pursuant to the Company's employee stock purchase plan during 2023, 2022 and 2021, respectively.

The Company had cash, cash equivalents and investments of $396 million as of December 31, 2023. The majority of the Company's c
equivalents are generated from foreign operations, with $321 million held by foreign subsidiaries at December 31, 2023, of which $233 mill
in currencies other than U.S. dollars.

As of December 31, 2023, the Company's material cash requirements include the following contractual and other obligations:

Long-term debt. As of December 31, 2023, the Company had $2.4 billion of cash requirements for the principal on long-term debt that will
be paid as follows: $50 million in 2024; $1.5 billion in 2026; $50 million in 2028; $300 million in 2029; $50 million in 2030 and $400 milli

Interest on Senior Unsecured Notes. As of December 31, 2023, the Company had $189 million of cash requirements for the interest on senio
notes that is to be paid as follows: $39 million in 2024; $38 million in 2025; $32 million in 2026; $25 million in 2027; $23 million in 2028;
in 2029; $10 million in 2030; and $2 million in 2031. See also Note 9 in the Notes to the Consolidated Financial Statements for financial inf
about interest payable.

2017 Tax Act liabilities. As a result of the 2017 Tax Act, the Company incurred a Transition Toll Tax, that would be paid over an eight-year
starting in 2018, and will not accrue interest. As of December 31, 2023, the Company had a remaining cash requirement of $216 million of
$96 million and $120 million will be paid in 2024 and 2025, respectively. See also Note 10 in the Notes to the Consolidated Financial Stater
financial information about tax liabilities.

Operating Leases. The Company's cash requirements for future lease payments were approximately $93 million as of December 31, 2023. S
12 in the Notes to the Consolidated Financial Statements for financial information about lease liabilities.

Long-term Software Contract Commitments. For contracts the Company is committed to that are not cancelable without penalties. The Com
contractual obligation with these vendors was approximately $22 million as of December 31, 2023.

Wyatt Retention Agreements. In conjunction with the Wyatt acquisition, the Company entered into retention agreements with certain employ
which the Company agreed to pay a total of $40 million by the end of the second anniversary of the acquisition date provided the employees
employed over that period of time.

Management believes, as of the date of this report, that the Company's financial position, along with expected future cash flows from earnin
historical trends and the ability to raise funds from external sources and the borrowing capacity from existing, committed credit facilities, wi
sufficient to service debt and fund working capital and capital spending requirements, authorized share repurchase amounts and potential ac
for at least the next twelve months.

Critical Accounting Policies and Estimates

Summary

The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amount
liabilities, revenues and expenses, and related disclosure of contingent liabilities. Critical accounting policies are those that are central to the
presentation of the Company's financial condition and results of operations that require management to make estimates about matters that a
uncertain and that would have a material impact on the Company's results of operations given changes in the estimate that are reasonably lik
from period to period or use of different estimates that reasonably could have been used in the current period. On an ongoing basis, the Com
evaluates its policies and

estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable und
circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily
from other sources. Actual amounts may differ from these estimates under different assumptions or conditions. There are other items within
Company's consolidated financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used
and other items could potentially have a material impact on the Company's consolidated financial statements.

Revenue Recognition

The Company recognizes revenue upon transfer of control of promised products and services to customers in an amount that reflects the con
the Company expects to receive in exchange for those products or services. The Company generally enters into contracts that include a comb
products and services. Revenue is allocated to distinct performance obligations and is recognized net of allowances for returns and discounts

The Company recognizes revenue on product sales at the time control of the product transfers to the customer. In substantially all of th
Company's arrangements, title of the product transfers at shipping point and, as a result, the Company determined control transfers at the po
shipment. In more limited cases, there are destination-based shipping terms and, thus, control is deemed to transfer when the products arrive
customer site.

Generally, the Company's contracts for products include a performance obligation related to installation. The Company has determined
installation represents a distinct performance obligation and revenue is recognized separately upon the completion of installation. The Comp
determines the amount of the transaction price to allocate to the installation service based on the standalone selling price of the product and t
which requires judgment. The Company determines the relative standalone selling price of installation based upon a number of factors, inclu
service billing rates and estimated installation hours. In developing these estimates, the Company considers past history, competition, billing
current services and other factors.

The Company has sales from standalone software, which are included in product revenue. These arrangements typically include softw
and maintenance contracts, both of which the Company has determined are distinct performance obligations. The Company determines the a
the transaction price to allocate to the license and maintenance contract based on the relative standalone selling price of each performance ob
Software license revenue is recognized at the point in time when control has been transferred to the customer. The revenue allocated to the s
maintenance contract is recognized on a straight-line basis over the maintenance period, which is the contractual term of the contract, as a tim
measure of progress best reflects the Company's performance in satisfying this obligation. Unspecified rights to software upgrades are typica
part of the maintenance contract on a when-and-if-available basis.

Service revenue includes (i) service and software maintenance contracts and (ii) service calls (time and materials). Instrument service
and software maintenance contracts are typically annual contracts, which are billed at the beginning of the contract or maintenance period. T
of the service and software maintenance contract is recognized on a straight-line basis to revenue over the maintenance service period, which
contractual term of the contract, as a time-based measure of progress best reflects the Company's performance in satisfying this obligation. T
deferred costs associated with the service contract, as the cost of the service is recorded when the service is performed. Service calls are reco
revenue at the time a service is performed.

The Company's deferred revenue liabilities at December 31, 2023 of $324 million on the consolidated balance sheets consist of instrum
contract obligations and customer payments received in advance, prior to transfer of control of the instrument. The Company records deferre
primarily related to its service contracts, where consideration is billable at the beginning of the service period.

Loss Provision on Inventory
The Company values all of its inventories at the lower of cost or net realizable value on a first-in, first-out basis ("FIFO"). The Company est revisions to its inventory valuations based on technical obsolescence, historical demand, projections of future demand, including in the Com current backlog of orders, and industry and market conditions. If actual future demand or market conditions are less favorable than those pro management, additional write-downs may be required. The Company's inventory balance at December 31, 2023 was recorded at its net reali of $516 million, which is net of write-downs of $41 million.

Long-Lived Assets, Intangible Assets and Goodwill
Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment on an annual basis, or on an interim basis events or changes in circumstances indicate that the carrying value may not be recoverable. In assessing the recoverability of goodwill and i lived intangible assets, we must make assumptions regarding the estimated future cash flows, including forecasted revenue growth and the d to determine the fair value of these assets. If these estimates or their related assumptions change in the future, we may be required to record charges against these assets in the reporting period in which the impairment is determined.

We test goodwill for impairment at the reporting unit level, which is the operating segment or one level below an operating segment. V option of performing a qualitative assessment to determine whether further impairment testing is necessary before performing the quantitativ assessment. If as a result of the qualitative assessment, it is more-likely-than-not that the fair value of a reporting unit is less than its carrying quantitative impairment test will be required. Otherwise, no further testing will be required. If a quantitative impairment test is performed, w the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. Estimating the fair value of the repo requires significant judgment by management. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an impa charge is recognized for the amount by which the carrying value amount exceeds the reporting unit's fair value up to the total amount of goo allocated to the reporting unit. The Company performs an annual goodwill impairment assessment for its reporting units as of December 31 The Company has two reporting units: Waters and TA. Goodwill is allocated to the reporting units at the time of acquisition.

The Company's intangible assets include purchased technology; capitalized software; costs associated with acquiring Company patent trademarks and intellectual properties, such as licenses; and acquired IPR&D. Purchased intangibles are recorded at their fair market values acquisition date and amortized over their estimated useful lives, ranging from one to fifteen years. Other intangibles are amortized over a pe from one to ten years. Acquired IPR&D is amortized from the date of completion of the acquired program over its estimated useful life.

Goodwill totaled $1.3 billion and $430 million as of December 31, 2023 and 2022, respectively. Net intangible assets and long-lived a amounted to $629 million and $639 million, as of December 31, 2023, respectively, and $227 million and $582 million as of December 31, respectively.

Income Taxes
As part of the process of preparing the consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the Company estimating its income taxes, taking into account the amount, timing an of taxable income, tax deductions and credits and assessing changes in tax laws, regulations, agreements and treaties. Differing treatment of tax and accounting purposes, such as depreciation, amortization and inventory reserves, result in deferred tax assets and liabilities, which are within the consolidated balance sheets. In the event that actual results differ from these estimates, or the Company adjusts these estimates in periods, such changes could materially impact the Company's financial position and results of operations.

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The Company continually evaluates the necessity of establishing or changing a valuation allowance for deferred tax assets depending it is more likely than not that the actual benefit of those assets will be realized in future periods.

Uncertain Tax Positions

The Company accounts for its uncertain tax return positions in accordance with the accounting standards for income taxes, which require fir statement reporting of the expected future tax consequences of uncertain tax positions on the presumption that all concerned tax authorities p knowledge of those tax positions, as well as all of the pertinent facts and circumstances, but prohibit any discounting of unrecognized tax be associated with those positions for the time value of money. The Company classified interest and penalties related to unrecognized tax benef component of the provision for income taxes. At December 31, 2023, the Company had unrecognized tax benefits, excluding interest and pe $14 million, which represents a decrease of $15 million resulting, primarily, from the completion of a tax examination in 2023. This decreas the income tax expense in the statement of operations and did not impact cash flows.

The Company has a new Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% on of income for the period April 1, 2021 through March 31, 2026. This new incentive has similar requirements for business spending targets, a sustaining employment targets and performance of certain research and manufacturing activities as previous agreements. Prior to April 1, 20 Company had a tax exemption on income arising from qualifying activities in Singapore, based upon the achievement of certain contractual which the Company met as of December 31, 2020 and maintained through March 2021. These milestones include the following types of obj reaching and maintaining annual revenue and business spending targets; meeting capital expenditures targets; attaining and sustaining emplo targets; and establishing a local research and development and service center. The Company determined that it was more likely than not to re exemption in Singapore and, accordingly, did not recognize any reserves for unrecognized tax benefits on its balance sheet related to this exe the event that any of the milestone targets were not met, the Company would not be entitled to the tax exemption on income earned in Singa the tax benefits previously recognized would be reversed, resulting in the recognition of income tax expense equal to the statutory tax of 17% earned during that period.

The effect of applying these concessionary income tax rates rather than the statutory tax rate to income arising from qualifying activiti Singapore increased the Company's net income by $16 million, $20 million and $20 million and increased the Company's net income per di by $0.27, $0.33 and $0.32 for the years ended December 31, 2023, 2022 and 2021, respectively.

Business Combinations and Asset Acquisitions

We use assumptions and estimates in determining the fair value of assets acquired and liabilities assumed in a business combination. The det of the fair value of intangible assets, which represents a significant portion of the purchase price in our recent acquisition of Wyatt, requires significant judgment with regard to (i) the fair value; and (ii) whether such intangibles are amortizable or non-amortizable and, if the former, and the method by which the intangible asset will be amortized. We utilize commonly accepted valuation techniques, such as the income, co market approaches, as appropriate, in establishing the fair value of intangible assets. Typically, key assumptions include projections of cash arise from identifiable intangible assets of acquired businesses as well as discount rates based on an analysis of the weighted average cost of adjusted for specific risks associated with the assets.

In our recent acquisition of Wyatt, customer relationship intangible assets have been the most significant identifiable assets acquired. T customer relationships were valued using the multi-period excess earnings method under the income approach. Our cash flow projections fo customer relationships acquired included significant judgments and assumptions related to customer attrition rate, discount rate, and forecast revenues. The value of the client relationships acquired was $331 million in fiscal year 2023, the majority of which relates to US customer r

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Recent Accounting Standard Changes and Developments

Information regarding recent accounting standard changes and developments is incorporated by reference from Part II, Item 8, Financial Sta Supplementary Data, of this document and should be considered an integral part of this Item 7. See Note 2 in the Notes to the Consolidated I Statements for recently adopted and issued accounting standards.

Item 7A: Quantitative and Qualitative Disclosures About Market Risk

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 expen balance sheet amounts are significantly impacted by fluctuations in foreign currency exchange rates. The Company is exposed to currency p foreign currency exchange rate fluctuations when it translates its non-U.S. dollar foreign subsidiaries' financial statements into U.S. dollars, 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 th currency-denominated liabilities on the Company's balance sheet against corresponding assets of the same currency, such that any changes i due to fluctuations in foreign currency exchange rates are typically offset by corresponding changes in assets and (2) mitigate foreign exchar exposure of international operations by hedging the variability in the movement of foreign currency exchange rates on a portion of its euro-c and yen-denominated net asset investments. The Company presents the derivative transactions in financing activities in the statement of cash

Foreign Currency Exchange Contracts

The Company does not specifically enter into any derivatives that hedge foreign-currency-denominated operating assets, liabilities or comm its balance sheet, other than a portion of certain third-party accounts receivable and accounts payable, and the Company's net worldwide inte receivables and payables, which are eliminated in consolidation. The Company periodically aggregates these net worldwide balances by curr then enters into foreign currency exchange contracts that mature within 90 days to hedge a portion of the remaining balance to minimize son Company's currency price risk exposure. The foreign currency exchange contracts are not designated for hedge accounting treatment. Princi currencies include the euro, Japanese yen, British pound, Mexican peso and Brazilian real.

Cash Flow Hedges

The Company's Credit Facility is a variable borrowing and has interest payments based on a contractually specified interest rate index. The c specified index on the Credit Facility is the 3-month Term SOFR. The variable rate interest payments create interest risk for the Company as payments will fluctuate based on changes in the contractually specified interest rate index over the life of the Credit Facility. In order to redu rate risk, the Company enters into interest rate swaps that will effectively lock-in the forecasted interest payments on the variable rate borrov term. The interest rate swaps represent cash flow hedges and are assessed for hedge effectiveness each reporting period. When the hedge rela highly effective at achieving offsetting changes in cash flows, the Company will record the entire change in fair value of the interest rate swa accumulated other comprehensive loss. The amount in accumulated other comprehensive loss is reclassified to earnings in the period that th transaction impacts consolidated earnings. If it becomes probable that the forecasted transaction will not occur, the hedge relationship will b designated and amounts accumulated in other comprehensive loss will be reclassified to earnings in the current period. Interest settlements d benchmark interest rate changes are recorded in interest income or interest expense. For the year ended December 31, 2023, the Company di any cash flow hedges that were deemed ineffective.

Interest Rate Cross-Currency Swap Agreements

As of December 31, 2023, the Company had three-year interest rate cross-currency swap derivative agreements with a notional value of $62 hedge the variability in the movement of foreign currency exchange rates on a portion of its euro-denominated and yen-denominated net ass investments. Under hedge accounting, the change in fair value of the derivative that relates to changes in the foreign currency spot rate are r the currency translation adjustment in other comprehensive income and remain in accumulated other comprehensive income in stockholders the sale or substantial liquidation of the foreign operation. The difference between the interest rate received and paid under the interest rate c currency swap derivative agreement is recorded in interest income in the statement of operations.

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

	December 31, 2023		Decemb
	Notional Value	Fair Value	Notional Value
Foreign currency exchange contracts:			
Other current assets	$ 24,155	$ 183	$ 42,047
Other current liabilities	$ 16,000	$ 207	$ 13,450
Interest rate cross-currency swap agreements:			
Other assets	$220,000	$ 4,835	$400,000
Other liabilities	$405,000	$13,384	$185,000
Accumulated other comprehensive (loss) income		$ (7,975)	
Interest rate swap cash flow hedges:			
Other liabilities	$100,000	$ 2,974	$ —
Accumulated other comprehensive (loss) income		$ (2,974)	

The following is a summary of the activity included in the consolidated statements of operations and statements of comprehensive inc to the foreign currency exchange contracts, and interest rate cross-currency swap agreements and interest rate swap agreements designated a hedges (in thousands):

	Financial Statement Classification	Year Ended December 31,	
		2023	2022
Foreign currency exchange contracts:			
Realized gains (losses) on closed contracts	Cost of sales	$ 224	$ (3,855)
Unrealized losses on open contracts	Cost of sales	(156)	(176)
Cumulative net pre-tax gains (losses)	Cost of sales	$ 68	$ (4,031)
Interest rate cross-currency swap agreements:			
Interest earned	Interest income	$ 10,974	$ 8,872
Unrealized (losses) gains on open contracts	Accumulated other comprehensive loss	$ (18,001)	$ 25,969
Interest rate swap cash flow hedges:			
Interest earned	Interest income	$ 326	$ —
Unrealized losses on open contracts	Accumulated other comprehensive loss	$ (2,974)	$ —

Assuming a hypothetical adverse change of 10% in year-end exchange rates (a strengthening of the U.S. dollar), the fair market value foreign currency exchange contracts outstanding as of December 31, 2023 would increase pre-tax earnings by approximately $5 million. Ass hypothetical adverse change of 10% in year-end exchange rates (a strengthening of the U.S. dollar), the fair market value of the interest rate cross-currency swap agreements outstanding as of December 31, 2023 would increase by approximately $1 million and would be recorded t currency translation in other comprehensive income within stockholders' equity. The related impact on interest income would not have a ma on pre-tax earnings.

The Company's cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instrument Company's cash equivalents represent highly liquid investments, with original maturities of 90 days or less, primarily in bank deposits, U.S. money market funds and commercial paper. As of December 31, 2023, the carrying value of the Company's cash and cash equivalents appro value.

The Company is exposed to the risk of interest rate fluctuations from the investments of cash generated from operations. Investments maturities greater than 90 days are classified as investments, and are held primarily in U.S. dollar-denominated treasury bills and commercia bank deposits and corporate debt securities. As of December 31, 2023, the Company estimates that a hypothetical adverse change of 100 bas 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 ac excess of federally insured limits, and in foreign subsidiary accounts in currencies other than the U.S. dollar. As of December 31, 2023 and 2 $321 million out of $396 million and $472 million out of $481 million, respectively, of the Company's total cash, cash equivalents and inves held by foreign subsidiaries. In addition, $233 million out of $396 million and $336 million out of $481 million of cash, cash equivalents an investments were held in currencies other than the U.S. dollar at December 31, 2023 and 2022, respectively. As of December 31, 2023, the C 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 Company's cash, cash equivalents and investments held in currencies other than the U.S. dollar as of December 31, 2023 would decrease by approximately $23 million, of which the majority would be recorded to foreign currency translation in other comprehensive income within s equity.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement that will be filed for the 2024 Annual Meeting of Stockholders are incorporated by reference in

Item 8: ***Financial Statements and Supplementary Data***

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is def Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become i because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — In Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation u framework in Internal Control — Integrated Framework (2013), our management, including our chief executive officer and chief financial o concluded that our internal control over financial reporting was effective as of December 31, 2023.

We excluded Wyatt Technology, LLC, and its three operating subsidiaries, (Wyatt Technology Europe GmbH, Wyatt Technology Fran Wyatt Technology UK Ltd) (collectively "Wyatt") from our assessment of internal control over financial reporting as of December 31, 2023 Wyatt was acquired by the Company in a purchase business combination during 2023. The total assets and total revenues of Wyatt represent respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoope independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Waters Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Waters Corporation and its subsidiaries (the "Company") as of December and 2022, and the related consolidated statements of operations, of comprehensive income, of stockholders' equity and of cash flows for eac three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statem also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Co December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 3 conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integ Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financ reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Compan Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with t federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to ob reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, ar effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consol financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examin test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the a principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial st Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessi that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed ri audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Wyatt Technology, LLC, anc operating subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France, and Wyatt Technology UK Ltd (collectively Wyatt) fro assessment of internal control over financial reporting as of December 31, 2023, because it was acquired by the Company in a purchase business combination during 2023. We have also excluded Wyatt from our audit of internal control over financial reporting. Wyatt is a wholl subsidiary whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial rep represent 2% and 2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of finan reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A co internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonab accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transaction recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that rec expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that c material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of an of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the de compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the co financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit ma not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical au below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Product Revenue Recognition

As described in Note 2 to the consolidated financial statements, the Company recognizes revenue upon transfer of control of promised produ customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. The Company recogn revenue on product sales at the time control of the product transfers to the customer. Certain of the Company’s customers have terms where the product transfers to the customer on shipment, while others have terms where control transfers to the customer on delivery. Product sales $1.9 billion for the year ended December 31, 2023.

The principal consideration for our determination that performing procedures relating to product revenue recognition is a critical audit matte degree of auditor effort in performing procedures related to the Company’s product revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to product revenue recognition. Th procedures also included, among others, (i) evaluating the recognition of revenue for a sample of transactions by obtaining and inspecting so documents, such as invoices, customer purchase orders, and shipping documents, and (ii) obtaining and inspecting evidence of remittance of payment from customers, as applicable, related to product revenue.

Acquisition of Wyatt Technology, LLC—Valuation of U.S. Customer Relationships

As described in Notes 1, 2 and 7 to the consolidated financial statements, on May 16, 2023, the Company completed the Wyatt acquisition fo
purchase price of $1.3 billion. Management allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assum
on their estimated fair values as of the acquisition date. As disclosed by management, of the $330.6 million of customer relationships record
connection with the acquisition, a majority relates to U.S. customer relationships. The customer relationships were valued using the multi-pe
earnings method under the income approach. Management's cash flow projections for the customer relationships acquired included significa
judgments and assumptions related to customer attrition rate, discount rate, and forecasted revenues.

The principal considerations for our determination that performing procedures relating to the valuation of U.S. customer relationships acqui
acquisition of Wyatt Technology, LLC is a critical audit matter are (i) the significant judgment by management when determining the fair va
of the U.S. customer relationships acquired; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and eva
management's significant assumptions related to the customer attrition rate, discount rate, and forecasted revenues, and (iii) the audit effort i
use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the
consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, inclu
controls over management's valuation of the U.S. customer relationships acquired. These procedures also included, among others, (i) readin
purchase agreement; (ii) testing management's process for developing the fair value estimate of the U.S. customer relationships acquired; (ii
the appropriateness of the multi-period excess earnings method used by management; (iv) testing the completeness and accuracy of the unde
used in the multi-period excess earnings method; and (v) evaluating the reasonableness of the significant assumptions used by management
the customer attrition rate, discount rate, and forecasted revenues. Evaluating the reasonableness of the significant assumptions used by man
related to the customer attrition rate, discount rate and forecasted revenues involved considering (i) the current and past performance of the
business; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtain
areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the multi-pe
earnings method under the income approach and (ii) the reasonableness of the customer attrition, discount rate, and forecasted revenue assum

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 27, 2024

We have served as the Company's auditor since 1994.

WATERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	202
	(In thousands, except per share d	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 395,076	$ 4
Investments	898	
Accounts receivable, net	702,168	7
Inventories	516,236	4
Other current assets	138,489	1
Total current assets	1,752,867	1,7
Property, plant and equipment, net	639,073	5
Intangible assets, net	629,187	2
Goodwill	1,305,446	4
Operating lease assets	84,591	
Other assets	215,690	1
Total assets	$ 4,626,854	$ 3,2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and debt	$ 50,000	$
Accounts payable	84,705	
Accrued employee compensation	69,391	1
Deferred revenue and customer advances	256,675	2
Current operating lease liabilities	27,825	
Accrued income taxes	120,257	1
Accrued warranty	12,050	
Other current liabilities	168,677	1
Total current liabilities	789,580	7
Long-term liabilities:		
Long-term debt	2,305,513	1,5
Long-term portion of retirement benefits	47,559	
Long-term income tax liabilities	137,123	2
Long-term operating lease liabilities	58,926	
Other long-term liabilities	137,812	1
Total long-term liabilities	2,686,933	1,9
Total liabilities	3,476,513	2,7
Commitments and contingencies (Notes 9, 10, 11, 12, 13 and 17)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share, 5,000 shares authorized, none issued at December 31, 2023 and December 31, 2022	—	
Common stock, par value $0.01 per share, 400,000 shares authorized, 162,709 and 162,425 shares issued, 59,176 and 59,104 shares outstanding at December 31, 2023 and December 31, 2022, respectively	1,627	
Additional paid-in capital	2,266,265	2,1
Retained earnings	9,150,821	8,5
Treasury stock, at cost, 103,533 and 103,321 shares at December 31, 2023 and December 31, 2022, respectively	(10,134,252)	(10,0
Accumulated other comprehensive loss	(134,120)	(1
Total stockholders' equity	1,150,341	5
Total liabilities and stockholders' equity	$ 4,626,854	$ 3,2

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

WATERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2023	2022
	(In thousands, except per share d	
Revenues:		
Product sales	$ 1,903,050	$ 1,988,169
Service sales	1,053,366	983,787
Total net sales	2,956,416	2,971,956
Costs and operating expenses:		
Cost of product sales	766,374	836,209
Cost of service sales	428,849	411,973
Selling and administrative expenses	736,014	658,026
Research and development expenses	174,945	176,190
Purchased intangibles amortization	32,558	6,366
Litigation provision	—	—
Acquired in-process research and development	—	9,797
Total costs and operating expenses	2,138,740	2,098,561
Operating income	817,676	873,395
Other income, net	807	2,228
Interest expense	(98,861)	(48,797)
Interest income	16,621	11,020
Income before income taxes	736,243	837,846
Provision for income taxes	94,009	130,091
Net income	$ 642,234	$ 707,755
Net income per basic common share	$ 10.87	$ 11.80
Weighted-average number of basic common shares	59,076	59,985
Net income per diluted common share	$ 10.84	$ 11.73
Weighted-average number of diluted common shares and equivalents	59,270	60,331

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

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WATERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December	
	2023	2022
		(In thousands)
Net income	$642,234	$707,755
Other comprehensive income (loss):		
Foreign currency translation	17,761	(46,135)
Unrealized losses on derivative instruments before reclassifications	(2,648)	—
Amounts reclassified to interest income	(326)	—
Unrealized losses on derivative instruments before income taxes	(2,974)	—
Income tax benefit	714	—
Unrealized losses on derivative instruments, net of tax	(2,260)	—
Unrealized gains (losses) on investments before income taxes	—	26
Income tax (expense) benefit	—	(6)
Unrealized gains (losses) on investments, net of tax	—	20
Retirement liability adjustment before reclassifications	(10,153)	20,953
Amounts reclassified to other income, net	(98)	574
Retirement liability adjustment before income taxes	(10,251)	21,527
Income tax benefit (expense)	2,202	(5,119)
Retirement liability adjustment, net of tax	(8,049)	16,408
Other comprehensive income (loss)	7,452	(29,707)
Comprehensive income	$649,686	$678,048

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

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WATERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 642,234	$ 707,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	36,868	42,564
Deferred income taxes	(1,197)	(31,988)
Depreciation	84,625	71,998
Amortization of intangibles	81,280	58,425
Observable unrealized gain on investment	—	—
Realized gain on sale of investment	(742)	—
In-process research and development and other non-cash charges	—	10,003
Change in operating assets and liabilities, net of acquisitions:		
Decrease (increase) in accounts receivable	49,179	(137,874)
Increase in inventories	(45,443)	(101,902)
Increase in other current assets	(43,164)	(23,074)
(Increase) decrease in other assets	(26,264)	(5,514)
(Decrease) increase in accounts payable and other current liabilities	(79,524)	60,984
Increase in deferred revenue and customer advances	10,433	12,862
Decrease in other liabilities	(105,476)	(52,578)
Net cash provided by operating activities	602,809	611,661
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(160,632)	(175,921)
Asset and business acquisitions, net of cash acquired	(1,282,354)	—
Proceeds from (investments in) equity investments, net	742	8,903
Payments for intellectual property licenses	—	(7,535)
Purchases of investments	(1,791)	(11,407)
Maturities and sales of investments	1,770	77,993
Net cash used in investing activities	(1,442,265)	(107,967)
Cash flows from financing activities:		
Proceeds from debt issuances	1,450,040	205,000
Payments on debt	(670,040)	(145,000)
Payments of debt issuance costs	(400)	—
Proceeds from stock plans	29,792	42,801
Purchases of treasury shares	(70,277)	(626,061)
Proceeds from derivative contracts	15,836	13,627
Net cash provided by (used in) financing activities	754,951	(509,633)
Effect of exchange rate changes on cash and cash equivalents	(948)	(14,766)
(Decrease) increase in cash and cash equivalents	(85,453)	(20,705)
Cash and cash equivalents at beginning of period	480,529	501,234
Cash and cash equivalents at end of period	$ 395,076	$ 480,529
Supplemental cash flow information:		
Income taxes paid	$ 243,316	$ 160,082
Interest paid	$ 94,099	$ 48,083

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

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WATERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	S
	(In thousands)						
Balance December 31, 2020	161,666	$ 1,617	$ 2,029,465	$ 7,107,989	$ (8,788,984)	$ (117,943)	$
Net income	—	—	—	692,843	—	—	
Other comprehensive income	—	—	—	—	—	6,078	
Issuance of common stock for employees:							
Employee Stock Purchase Plan	40	—	9,578	—	—	—	
Stock options exercised	282	3	46,062	—	—	—	
Treasury stock	—	—	—	—	(648,930)	—	
Stock-based compensation	96	1	29,775	—	—	—	
Balance December 31, 2021	162,084	$ 1,621	$2,114,880	$7,800,832	$ (9,437,914)	$ (111,865)	$
Net income	—	—	—	707,755	—	—	
Other comprehensive loss	—	—	—	—	—	(29,707)	
Issuance of common stock for employees:							
Employee Stock Purchase Plan	37	—	10,952	—	—	—	
Stock options exercised	192	2	31,676	—	—	—	
Treasury stock	—	—	—	—	(626,061)	—	
Stock-based compensation	112	1	42,316	—	—	—	
Balance December 31, 2022	162,425	$ 1,624	$ 2,199,824	$ 8,508,587	$(10,063,975)	$ (141,572)	$
Net income	—	—	—	642,234	—	—	
Other comprehensive income	—	—	—	—	—	7,452	
Issuance of common stock for employees:							
Employee Stock Purchase Plan	41	—	11,124	—	—	—	
Stock options exercised	100	1	17,635	—	—	—	
Treasury stock	—	—	—	—	(70,277)	—	
Stock-based compensation	143	2	37,682	—	—	—	
Balance December 31, 2023	162,709	$ 1,627	$ 2,266,265	$ 9,150,821	$(10,134,252)	$ (134,120)	$

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Description of Business and Organization

Waters Corporation (the “Company,” “we,” “our,” or “us”), a global leader in analytical instruments and software, has pioneered innovations chromatography, mass spectrometry and thermal analysis serving life, materials and food sciences for more than 65 years. The Company pri designs, manufactures, sells and services high-performance liquid chromatography (“HPLC”), ultra-performance liquid chromatography (“U together with HPLC, referred to as “LC”) and mass spectrometry (“MS”) technology systems and support products, including chromatograp other consumable products and comprehensive post-warranty service plans. These systems are complementary products that are frequently e together (“LC-MS”) and sold as integrated instrument systems using common software platforms. LC is a standard technique and is utilized range of industries to detect, identify, monitor and measure the chemical, physical and biological composition of materials, and to purify a fu compounds. MS technology, principally in conjunction with chromatography, is employed in drug discovery and development, including cli testing, the analysis of proteins in disease processes (known as “proteomics”), nutritional safety analysis and environmental testing. LC-MS combine a liquid phase sample introduction and separation system with mass spectrometric compound identification and quantification. In a Company designs, manufactures, sells and services thermal analysis, rheometry and calorimetry instruments through its TA Instruments proc These instruments are used in predicting the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals and viscous various industrial, consumer goods and healthcare products, as well as for life science research. The Company is also a developer and suppli advanced software-based products that interface with the Company’s instruments, as well as other manufacturers’ instruments.

On May 16, 2023, the Company completed the acquisition of Wyatt Technology, LLC and its three operating subsidiaries, Wyatt Tech Europe GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. (collectively, “Wyatt”), for a total purchase price of $1.3 billion in is a pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories and services. The acquisition will ex Waters’ portfolio and increase exposure to large molecule applications. The Company financed this transaction with a combination of cash o sheet and borrowings under its revolving credit facility.

2 Basis of Presentation and Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (“GAAP”) requires the Co make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of conting liabilities at the dates of the financial statements. On an ongoing basis, the Company evaluates its estimates, including those related to reven recognition, goodwill and intangible assets, income taxes, litigation and inventory valuation. The Company bases its estimates on historical and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these esti different assumptions or conditions.

Risks and Uncertainties

The Company is subject to risks common to companies in the analytical instrument industry, including, but not limited to, global economic 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, dependenc personnel, protection and litigation of proprietary technology, shifts in taxable income between tax jurisdictions and compliance with regula U.S. Food and Drug Administration and similar foreign regulatory authorities and agencies.

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Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly owned. The Company co entities in which it owns or controls 50% or more of the voting shares. All inter-company balances and transactions have been eliminated.

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 t Company's subsidiaries in Hong Kong, Singapore and the Cayman Islands, where the underlying transactional cash flows are denominated i other than the respective local currency of domicile. The functional currency of the Hong Kong, Singapore and Cayman Islands subsidiaries 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 while revenues and expenses are translated at average exchange rates prevailing during the respective period. Any resulting translation gains are included in accumulated other comprehensive loss in the consolidated balance sheets.

The Company's net sales derived from operations outside the United States were 69%, 70% and 72% in 2023, 2022 and 2021, respect and losses from foreign currency transactions are included primarily in cost of sales in the consolidated statements of operations. In 2023, 2 2021, foreign currency transactions resulted in net losses of $16 million, $31 million and $5 million, respectively.

Seasonality of Business

The Company typically experiences seasonality in its orders that is reflected as an increase in sales in the fourth quarter, as a result of purcha for capital goods of customers that tend to exhaust their spending budgets by calendar year-end.

Cash, Cash Equivalents and Investments

Cash equivalents represent highly liquid investments, with original maturities of 90 days or less, primarily in bank deposits, U.S. treasury bi market funds and commercial paper. Investments with longer maturities are classified as investments, and are held primarily in U.S. treasury dollar-denominated treasury bills and commercial paper, bank deposits and corporate debt securities.

Investments are classified as available-for-sale ("AFS") debt securities. If the AFS debt security's fair value exceeds the security's am the unrealized gain is recognized in accumulated other comprehensive loss in stockholders' equity (deficit), net of the related tax effects. If t security's fair value declines below its amortized cost the Company considers all available evidence to evaluate the extent to which the decl credit-related factors or noncredit-related factors. If the decline is due to noncredit-related factors then no credit loss is recorded and the unr is recognized in accumulated other comprehensive income in stockholders' equity, net of the related tax effects. If the decline is considered t credit-related impairment, it is recognized as an allowance on the consolidated balance sheet with a corresponding charge to the statement o The credit allowance is limited to the difference between the fair value and the amortized cost basis. No credit-related allowances or impair been recognized on the Company's investments in available-for-sale debt securities. The Company classifies its investments exclusive of th categorized as cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company maintains cash balances in various operating accounts in excess of federally insured limits, and in foreign subsidiary ac currencies other than the U.S. dollar. As of December 31, 2023 and 2022, $321 million out of $396 million and $472 million out of $481 mi respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidiaries. In addition, $233 million out $396 million and $336 million out of $481 million of cash, cash equivalents and investments were held in currencies other than the U.S. dol December 31, 2023 and 2022, 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 ot considerations payable to customers and, as a result, the transaction price determination does not have any material variable consideration. T Company does not consider there to be significant concentrations of credit risk with respect to trade receivables due to the short-term nature balances, the Company having a large and diverse customer base, and the Company having a strong historical experience of collecting recei minimal defaults. As a result, credit risk is considered low across territories and trade receivables are considered to be a single class of finan 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 b estimate a general reserve balance along with an additional adjustment for any specific receivables with known or anticipated issues affectin likelihood of recovery. Past due balances with a probability of default based on historical data as well as relevant available forward-looking 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 r 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 rec 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. adjusted fair value is compared to the receivable balance and the difference would be recorded as the expected credit loss.

The following is a summary of the activity of the Company's allowance for credit losses for the twelve months ended December 31, 2 and 2021 (in thousands):

	Balance at Beginning of Period	Additions	Deductions
Allowance for Credit Losses			
December 31, 2023	$ 14,311	$ 8,120	$ (3,096)
December 31, 2022	$ 13,228	$ 6,509	$ (5,426)
December 31, 2021	$ 14,381	$ 5,380	$ (6,533)

Concentration of Credit Risk

The Company sells its products and services to a significant number of large and small customers throughout the world, with net sales to the pharmaceutical industry of approximately 57%, 59% and 60% in 2023, 2022 and 2021, respectively. None of the Company's individual cust accounted for more than 2% of annual Company sales in 2023, 2022 or 2021. The Company performs continuing credit evaluations of its cu generally does not require collateral, but in certain circumstances may require letters of credit or deposits. Historically, the Company has not experienced significant credit losses.

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Inventory

The Company values all of its inventories at the lower of cost or net realizable value on a first-in, first-out basis (“FIFO”).

Income Taxes

As part of the process of preparing the consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the Company estimating its income taxes, taking into account the amount, timing an of taxable income, tax deductions and credits and assessing changes in tax laws, regulations, agreements and treaties. Differing treatment of tax and accounting purposes, such as depreciation, amortization and inventory reserves, result in deferred tax assets and liabilities, which are within the consolidated balance sheets. In the event that actual results differ from these estimates, or the Company adjusts these estimates in periods, such changes could materially impact the Company’s financial position and results of operations.

The accounting standards for income taxes require that a company continually evaluate the necessity of establishing or changing a val allowance for deferred tax assets depending on whether it is more likely than not that the actual benefit of those assets will be realized in fut

The Company accounts for its uncertain tax return positions in accordance with the accounting standards for income taxes, which requ statement reporting of the expected future tax consequences of uncertain tax positions on the presumption that all concerned tax authorities p knowledge of those tax positions, as well as all of the pertinent facts and circumstances, but prohibit any discounting of unrecognized tax be associated with those positions for the time value of money. The Company classified interest and penalties related to unrecognized tax benef component of the provision for income taxes.

Leases

The Company’s lease portfolio consists primarily of operating leases. The Company’s operating leases consist of property leases for sales, demonstration, laboratory, warehouse and office spaces, automotive leases for sales and service personnel and equipment leases, primarily u manufacturing and distribution operations. The Company categorizes leases as either operating or finance leases at the commencement date The Company does not have any material financing leases.

The Company makes variable lease payments that do not depend on a rate or index, primarily for items such as real estate taxes and ot expenses. These expenses are recorded as variable costs in the period incurred. For the years ended December 31, 2023, 2022 and 2021, vari incurred were not material.

The Company’s lease agreements may include tenant improvement allowances, rent holidays, and/or contingent rent provisions as wel certain number of these leases contain rental escalation clauses that are either fixed or adjusted periodically for inflation of market rates whic factored into our determination of lease payments at lease inception. The Company’s leases also sometimes include renewal options and/or t options which are included in the determination of the lease term when they are reasonably certain to be exercised.

The Company has lease agreements which contain lease and non-lease components, which are accounted for as a single lease compon underlying classes of assets.

For leases with terms greater than 12 months, the Company records a right-of-use asset and lease liability at the present value of lease over the term of the leases and records rent expense on a straight-line basis over the lease term. The Company has elected not to apply the re requirements to short-term leases with terms less than 12 months. For short-term leases, the Company recognizes lease payments in net inco

straight-line basis over the term of the lease. For the years ended December 31, 2023, 2022 and 2021, costs incurred related to short-term lea
not material.

When available, the Company uses the rate implicit in the lease to discount lease payments to determine the present value of the lease however, most of the leases do not provide a readily determinable implicit rate and, as required by the accounting guidance, the Company es incremental secured borrowing rate to discount the lease payments based on information available at lease commencement (or, for the leases existence on the adoption date, the January 1, 2019 information). The Company's incremental borrowing rate reflects the estimated rate of in the Company would pay to borrow on a collateralized basis over a similar term to the lease payments in a similar economic environment.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense, while the costs of sign improvements are capitalized. Depreciation is provided using the straight-line method over the following estimated useful lives: buildings — thirty-nine years; building improvements — five to ten years; leasehold improvements — the shorter of the economic useful life or life of le production and other equipment — three to ten years. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are eliminated from the consolidated balance sheets and related gains or losses are reflected in the consolidated statements of op

Asset Impairments

The Company reviews its long-lived assets for impairment in accordance with the accounting standards for property, plant and equipment. W events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company evaluates the recoverability of th value of the asset based on the expected future cash flows, relying on a number of factors, including, but not limited to, operating results, bu economic projections and anticipated future cash flows. If the asset is deemed not recoverable, it is written down to fair value and the impai recorded in the consolidated statements of operations.

During 2022, the Company recorded a total non-cash charge of $6 million in other income (expense), net in the consolidated statemen operations for the impairment of various equity investments without readily determinable fair values accounted for under the measurement a the equity method of accounting. The impairments resulted from the substantial doubt of the investees ability to continue as a going concern

Business Combinations and Asset Acquisitions

The Company accounts for business acquisitions under the accounting standards for business combinations. The results of each acquisition a in the Company's consolidated results as of the acquisition date and the purchase price of an acquisition is allocated to tangible and intangib assumed liabilities based on their estimated fair values. Any excess of the fair value consideration transferred over the estimated fair values assets acquired is recognized as goodwill. We use assumptions and estimates in determining the fair value of assets acquired and liabilities a determination of the fair value of intangible assets, which represents a significant portion of the purchase price in our recent acquisition of W requires the use of significant judgment with regard to (i) the fair value; and (ii) whether such intangibles are amortizable or non-amortizabl former, the period and the method by which the intangible asset will be amortized. We utilize commonly accepted valuation techniques, such income, cost and market approaches, as appropriate, in establishing the fair value of intangible assets. Typically, key assumptions include pr cash flows that arise from identifiable intangible assets of acquired businesses as well as discount rates based on an analysis of the weighted cost of capital, adjusted for specific risks associated with the assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In our recent acquisition of Wyatt, customer relationship intangible assets have been the most significant identifiable assets acquired. T customer relationships were valued using the multi-period excess earnings method under the income approach. Our cash flow projections fo customer relationships acquired included significant judgments and assumptions related to customer attrition rate, discount rate, and forecast revenues.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment on an annual basis, or on an interim basis events or changes in circumstances indicate that the carrying value may not be recoverable. In assessing the recoverability of goodwill and in lived intangible assets, we must make assumptions regarding the estimated future cash flows, including forecasted revenue growth and the d to determine the fair value of these assets. If these estimates or their related assumptions change in the future, we may be required to record i charges against these assets in the reporting period in which the impairment is determined.

We test goodwill for impairment at the reporting unit level, which is the operating segment or one level below an operating segment. W option of performing a qualitative assessment to determine whether further impairment testing is necessary before performing the quantitativ assessment. If as a result of the qualitative assessment, it is more-likely-than-not that the fair value of a reporting unit is less than its carrying quantitative impairment test will be required. Otherwise, no further testing will be required. If a quantitative impairment test is performed, w the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. Estimating the fair value of the repo requires significant judgment by management. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an impa charge is recognized for the amount by which the carrying value amount exceeds the reporting unit's fair value up to the total amount of goo allocated to the reporting unit. The Company performs an annual goodwill impairment assessment for its reporting units as of December 31 The Company has two reporting units: Waters and TA. Goodwill is allocated to the reporting units at the time of acquisition.

The Company's intangible assets include purchased technology; capitalized software; costs associated with acquiring Company patent trademarks and intellectual properties, such as licenses; and acquired IPR&D. Purchased intangibles are recorded at their fair market values acquisition date and amortized over their estimated useful lives, ranging from one to fifteen years. Other intangibles are amortized over a pe from one to ten years. Acquired IPR&D is amortized from the date of completion of the acquired program over its estimated useful life.

Goodwill totaled $1.3 billion and $430 million as of December 31, 2023 and 2022, respectively. Net intangible assets and long-lived a amounted to $629 million and $639 million, as of December 31, 2023, respectively, and $227 million and $582 million as of December 31, 2 respectively.

Software Development Costs

The Company capitalizes internal and external software development costs for products offered for sale in accordance with the accounting st the costs of software to be sold, leased, or otherwise marketed. Capitalized costs are amortized to cost of sales over the period of economic b which approximates a straight-line basis over the estimated useful lives of the related software products, generally three to ten years. The Co capitalized $44 million, $46 million and $36 million of direct expenses that were related to the development of software in 2023, 2022 and 2 respectively. Net capitalized software included in intangible assets totaled $165 million and $148 million at December 31, 2023 and 2022, re See Note 8, Goodwill and Other Intangibles.

The Company capitalizes software development costs for internal use. Capitalized internal software development costs are amortized o period of economic benefit, which approximates a straight-line basis

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over ten years. Net capitalized internal software included in property, plant and equipment totaled $14 million and $15 million at December and 2022, respectively.

Other Investments

The Company accounts for its investments that represent less than twenty percent ownership, and for which the Company does not have the exercise significant influence, using the accounting standards for investments in equity securities. Investments for which the Company does ability to exercise significant influence, and for which there is not a readily determinable market value, are accounted for at cost, adjusted fo observable price changes as applicable. The Company periodically evaluates the carrying value of its investments for which the Company do the ability to exercise significant influence, and for which there is not a readily determinable fair value and carries them at cost, less impairm adjusted for subsequent observable price changes. For equity investments in which the Company has the ability to exercise significant influe operating and financial policies of the investee, the equity method of accounting is used. The Company's share of net income or losses of eq investments is included in the consolidated statements of operations and was not material in any period presented.

During the year ended 2023, the Company received $1 million in proceeds from, and made no investments in, unaffiliated companies. year ended December 31, 2022 the Company received $10 million in proceeds from unaffiliated companies. During the years ended Decemb and 2021, the Company made investments of $1 million and $2 million in unaffiliated companies, respectively.

In 2022, the Company recorded a realized gain of $7 million in other income (expense), net in the consolidated statement of operation sales of various equity investments as well as incurring $6 million in impairment losses. The Company also recognized an additional $2 mill non-cash gain on the cashless exercise of a warrant.

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

Fair Value Measurements

In accordance with the accounting standards for fair value measurements and disclosures, certain of the Company's assets and liabilities are fair value on a recurring basis as of December 31, 2023 and 2022. Fair values determined by Level 1 inputs utilize observable data, such as prices in active markets. Fair values determined by Level 2 inputs utilize data points other than quoted prices in active markets that are obse directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points for which there is little or no market data, wh the reporting entity to develop its own assumptions.

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The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2023 (
thousands):

	Total at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Time deposits	$ 898	$ —	$ 898
Waters 401(k) Restoration Plan assets	28,995	28,995	—
Foreign currency exchange contracts	183	—	183
Interest rate cross-currency swap agreements	4,835	—	4,835
Total	$ 34,911	$ 28,995	$ 5,916
Liabilities:			
Foreign currency exchange contracts	$ 207	$ —	$ 207
Interest rate cross-currency swap agreements	13,384	—	13,384
Interest rate swap cash flow hedge	2,974	—	2,974
Total	$ 16,565	$ —	$ 16,565

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2022 (
thousands):

	Total at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Time deposits	$ 862	$ —	$ 862
Waters 401(k) Restoration Plan assets	25,532	25,532	—
Foreign currency exchange contracts	231	—	231
Interest rate cross-currency swap agreements	19,163	—	19,163
Total	$ 45,788	$ 25,532	$ 20,256
Liabilities:			
Contingent consideration	$ 1,509	$ —	$ —
Foreign currency exchange contracts	98	—	98
Interest rate cross-currency swap agreements	4,783	—	4,783
Total	$ 6,390	$ —	$ 4,881

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 cl
Level 1. The fair values of the assets in the plan are determined through market and observable sources from daily quoted prices on national
recognized securities exchanges.

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

The fair values of the Company's cash equivalents, investments, foreign currency exchange contracts, interest rate cross-currency swap agre interest rate swap cash flow hedges are determined through market and observable sources and have been classified as Level 2. These assets liabilities have been initially valued at the transaction price and subsequently valued, typically utilizing third-party pricing services. The pric use many inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer quotes, current spot rates ar industry and economic events. The Company validates the prices provided by third-party pricing services by reviewing their pricing method obtaining market values from other pricing sources.

Fair Value of Contingent Consideration

The fair value of the Company's liability for contingent consideration is determined using a probability-weighted discounted cash flow mod uses significant unobservable inputs, and has been classified as Level 3. Subsequent changes in the fair value of the contingent consideration recorded in the results of operations.

Fair Value of Other Financial Instruments

The Company's accounts receivable and accounts payable are recorded at cost, which approximates fair value due to their short-term nature. carrying value of the Company's variable interest rate debt approximates fair value due to the variable nature of the interest rate. The carryin the Company's fixed interest rate debt was $1.3 billion at both December 31, 2023 and 2022. The fair value of the Company's fixed interest was estimated using discounted cash flow models, based on estimated current rates offered for similar debt under current market conditions Company. The fair value of the Company's fixed interest rate debt was estimated to be $1.2 billion and $1.1 billion at December 31, 2023 ar 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 expen balance sheet amounts are significantly impacted by fluctuations in foreign currency exchange rates. The Company is exposed to currency p foreign currency exchange rate fluctuations when it translates its non-U.S. dollar foreign subsidiaries' financial statements into U.S. dollars a 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 th currency-denominated liabilities on the Company's balance sheet against corresponding assets of the same currency, such that any changes i due to fluctuations in foreign currency exchange rates are typically offset by corresponding changes in assets and (2) mitigate foreign exchar exposure of international operations by hedging the variability in the movement of foreign currency exchange rates on a portion of its euro-c and yen-denominated net asset investments. The Company presents the derivative transactions in financing activities in the statement of cash

<u>Foreign Currency Exchange Contracts</u>

The Company does not specifically enter into any derivatives that hedge foreign-currency-denominated operating assets, liabilities or comm its balance sheet, other than a portion of certain third-party accounts

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receivable and accounts payable, and the Company's net worldwide intercompany receivables and payables, which are eliminated in consoli Company periodically aggregates its net worldwide balances by currency and then enters into foreign currency exchange contracts that matu days to hedge a portion of the remaining balance to minimize some of the Company's currency price risk exposure. The foreign currency exc contracts are not designated for hedge accounting treatment. Principal hedged currencies include the euro, Japanese yen, British pound, Mex and Brazilian real.

Cash Flow Hedges

The Company's Credit Facility is a variable borrowing and has interest payments based on a contractually specified interest rate index. The c specified index on the Credit Facility is the 3-month Term SOFR. The variable rate interest payments create interest risk for the Company as payments will fluctuate based on changes in the contractually specified interest rate index over the life of the Credit Facility. In order to redu rate risk, the Company enters into interest rate swaps that will effectively lock-in the forecasted interest payments on the variable rate borrov term. The interest rate swaps represent cash flow hedges and are assessed for hedge effectiveness each reporting period. When the hedge rela highly effective at achieving offsetting changes in cash flows, the Company will record the entire change in fair value of the interest rate swa accumulated other comprehensive loss. The amount in accumulated other comprehensive loss is reclassified to earnings in the period that the transaction impacts consolidated earnings. If it becomes probable that the forecasted transaction will not occur, the hedge relationship will be de-designated and amounts accumulated in other comprehensive loss will be reclassified to earnings in the current period. Interest settlemen benchmark interest rate changes are recorded in interest income or interest expense. For the year ended December 31, 2023, the Company di any cash flow hedges that were deemed ineffective.

Interest Rate Cross-Currency Swap Agreements

As of December 31, 2023, the Company had entered into interest rate cross-currency swap derivative agreements with durations up to three an aggregate notional value of $625 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its e denominated and yen-denominated net asset investments. Under hedge accounting, the change in fair value of the derivative that relates to cl the foreign currency spot rate are recorded in the currency translation adjustment in other comprehensive income and remain in accumulated comprehensive loss in stockholders' equity until the sale or substantial liquidation of the foreign operation. The difference between the intere received and paid under the interest rate cross-currency swap derivative agreement is recorded in interest income in the statement of operatio

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

	December 31, 2023		December 3
	Notional Value	Fair Value	Notional Value
Foreign currency exchange contracts:			
Other current assets	$ 24,155	$ 183	$ 42,047
Other current liabilities	$ 16,000	$ 207	$ 13,450
Interest rate cross-currency swap agreements:			
Other assets	$ 220,000	$ 4,835	$ 400,000
Other liabilities	$ 405,000	$ 13,384	$ 185,000
Accumulated other comprehensive (loss) income		$ (7,975)	
Interest rate swap cash flow hedges:			
Other liabilities	$ 100,000	$ 2,974	$ —
Accumulated other comprehensive (loss) income		$ (2,974)	

The following is a summary of the activity included in the consolidated statements of operations and statements of comprehensive income re foreign currency exchange contracts, interest rate cross-currency swap agreements and interest rate swap agreements designated as cash flow thousands):

	Financial Statement Classification	Year Ended Decemb	
		2023	2022
Foreign currency exchange contracts:			
Realized gains (losses) on closed contracts	Cost of sales	$ 224	$ (3,855)
Unrealized losses on open contracts	Cost of sales	(156)	(176)
Cumulative net pre-tax gains (losses)	Cost of sales	$ 68	$ (4,031)
Interest rate cross-currency swap agreements:			
Interest earned	Interest income	$ 10,974	$ 8,872
Unrealized (losses) gains on open contracts	Accumulated other comprehensive loss	$ (18,001)	$ 25,969
Interest rate swap cash flow hedges:			
Interest earned	Interest income	$ 326	$ —
Unrealized losses on open contracts	Accumulated other comprehensive loss	$ (2,974)	$ —

Stockholders' Equity

In December 2023, the Company's Board of Directors authorized the extension of the existing share repurchase program through January 21 Company's remaining authorization is $1.0 billion. During 2023, 2022 and 2021, the Company repurchased 0.2 million, 2.0 million and 2.0 shares of the Company's outstanding common stock at a cost of $58 million, $616 million and $640 million, respectively, under the January authorization and other previously announced programs. In addition, the Company repurchased $12 million, $11 million and $9 million of c stock related to the vesting of restricted stock units during the years ended December 31, 2023, 2022 and 2021, respectively. As of Decembe the Company has a total of $1.0 billion authorized for future repurchases.

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Revenue Recognition

The Company recognizes revenue upon transfer of control of promised products and services to customers in an amount that reflects the con the Company expects to receive in exchange for those products or services. The Company generally enters into contracts that include a comb products and services. Revenue is allocated to distinct performance obligations and is recognized net of allowances for returns and discounts

The Company recognizes revenue on product sales at the time control of the product transfers to the customer. Certain of the Company customers have terms where control of the product transfers to the customer on shipment, while others have terms where control transfers to customer on delivery. All incremental costs of obtaining a contract are expensed as and when incurred if the expected amortization period of that would have been recognized is one year or less. Shipping and handling costs are included as a component of cost of sales. In situations control of the goods transfers prior to the completion of the Company's obligation to ship the products to its customers, the Company has ele practical expedient to account for the shipping services as a fulfillment cost. Accordingly, such costs are recognized when control of the rela transferred to the customer. In more rare situations, the Company has revenue associated with products that contain specific customer accept and the related revenue is not recognized before the customer acceptance criteria are satisfied. The Company elected to exclude from the me of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with specific revenue-produc transactions and collected by the Company from a customer.

Generally, the Company's contracts for products include a performance obligation related to installation. The Company has determine installation represents a distinct performance obligation and revenue is recognized separately upon the completion of installation. The Comp determines the amount of the transaction price to allocate to the installation service based on the standalone selling price of the product and which requires judgment. The Company determines the relative standalone selling price of installation based upon a number of factors, inclu service billing rates and estimated installation hours. In developing these estimates, the Company considers past history, competition, billing current services and other factors.

The Company has sales from standalone software, which are included in product revenue. These arrangements typically include softw and maintenance contracts, both of which the Company has determined are distinct performance obligations. The Company determines the a the transaction price to allocate to the license and maintenance contract based on the relative standalone selling price of each performance ob Software license revenue is recognized at the point in time when control has been transferred to the customer. The revenue allocated to the s maintenance contract is recognized on a straight-line basis over the maintenance period, which is the contractual term of the contract, as a tim measure of progress best reflects the Company's performance in satisfying this obligation. Unspecified rights to software upgrades are typica part of the maintenance contract on a when-and-if-available basis.

Payment terms and conditions vary among the Company's revenue streams, although terms generally include a requirement of paymen to 60 days of product shipment. Prior to providing payment terms to customers, an evaluation of their credit risk is performed. Returns and c credits are infrequent and insignificant and are recorded as a reduction to sales. Rights of return are not included in sales arrangements and, t there is minimal variable consideration included in the transaction price of our products.

Service revenue includes (1) service and software maintenance contracts and (2) service calls (time and materials). Instrument service and software maintenance contracts are typically annual contracts, which are billed at the beginning of the contract or maintenance period. T of the service and software maintenance contract is recognized on a straight-line basis to revenue over the maintenance service period, which is the contractual term of the contract, as a time-based measure of progress best reflects the Company’s performance in satisfying this obliga are no deferred costs associated with the service contract, as the cost of the service is recorded when the service is performed. Service calls a recognized to revenue at the time a service is performed.

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 operations. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating of its component suppliers, the Company’s warranty obligation is affected by product failure rates, material usage and service delivery costs correcting a product failure. The amount of the accrued warranty liability is based on historical information, such as past experience, produc 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 twelve months ended December 31, 20 and 2021 (in thousands):

	Balance at Beginning of Period	Accruals for Warranties	Settlements Made
Accrued warranty liability:			
December 31, 2023	$ 11,949	$ 7,727	$ (7,626)
December 31, 2022	$ 10,718	$ 10,067	$ (8,836)
December 31, 2021	$ 10,950	$ 8,799	$ (9,031)

Advertising Costs

All advertising costs are expensed as incurred and are included in selling and administrative expenses in the consolidated statements of oper Advertising expenses were $7 million for the years ended December 31, 2023, 2022 and 2021.

Research and Development Expenses

Research and development expenses are comprised of costs incurred in performing research and development activities, including salaries a facilities costs, overhead costs, contract services and other outside costs. Research and development expenses are expensed as incurred.

Stock-Based Compensation

The Company has two stock-based compensation plans, which are described in Note 14, “Stock-Based Compensation”.

Earnings Per Share

In accordance with the earnings per share accounting standards, the Company presents two earnings per share (“EPS”) amounts. Income per common share is based on income available to common shareholders and the weighted-average number of common shares outstanding durin periods presented. Income per diluted common share includes additional dilution from potential common stock, such as stock issuable pursu exercise of stock options outstanding.

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Retirement Plans

The Company sponsors various retirement plans, which are described in Note 17, “Retirement Plans”.

Comprehensive Income

The Company accounts for comprehensive income in accordance with the accounting standards for comprehensive income, which establish accounting rules for reporting and displaying comprehensive income. These standards require that all components of comprehensive income in a financial statement that is displayed with the same prominence as other financial statements.

Restructuring

In July 2023, the Company made organizational changes to better align its resources with its growth and innovation strategies, resulting in a workforce reduction, that has impacted approximately 5% of the Company’s employees. During 2023, the Company incurred $26 million of related costs in connection with this reduction, which was recorded in selling and administrative expenses in the consolidated statement of o During 2023, the Company paid $19 million of these costs with the majority of the remaining costs to be paid in the first half of 2024.

Recently Adopted Accounting Standards

In October 2021, accounting guidance was issued that requires acquirers in a business combination to recognize and measure contract assets contract liabilities acquired in a business combination in accordance with Topic 606. The new guidance requires that at the acquisition date, should account for the related revenue contracts in accordance with 606 as if it had originated the contracts. This guidance differs from curre which requires an acquirer to recognize assets acquired and liabilities assumed in a business combination, including contract assets and cont liabilities arising from revenue contracts with customers and other similar contracts that are accounted for in accordance with 606, at fair val acquisition date. This guidance is effective for public business entities for fiscal years beginning after December 15, 2022, including interim within those years. The Company adopted this standard on January 1, 2023. The adoption of this standard did not have a material impact on 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 i provide optional guidance for a limited period of time to ease the potential burden in accounting for or recognizing the effects of reference ra on financial reporting and apply to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transa reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. In January of 2021, an update was clarify that certain optional expedients and exceptions under the reference rate reform guidance for contract modifications and hedge accoun to derivatives that are affected by the discounting transition. Specifically, certain provisions in the reference rate reform guidance, if elected apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of rate reform. This temporary guidance is effective for all entities as of March 12, 2020, through December 31, 2022. In December 2022, an u issued because the cessation date for overnight LIBOR rates being published was extended to June 30, 2023, which was beyond the current date of this guidance. The update extended the sunset date to December 31, 2024. The Company may elect to apply this guidance for all con modifications or eligible hedging relationships during that time period subject to certain criteria. The Company does not believe that it has n reference

rate exposure which would require utilizing the guidance under this accounting pronouncement and if adopted does not believe that this stan
have a material impact on the Company's financial position, results of operations and cash flows.

In November 2023, accounting guidance was issued that requires additional disclosures of reportable segment information. The guidar
that public entities disclose, on an annual and interim basis (1) significant segment expenses that are regularly provided to the chief operatin
maker ("CODM") and included within each reported measure of segment profit or loss, (2) an amount for other segment items by reportable
and a description of its composition (the other segment items category is the difference between segment revenue less the segment expenses
under the significant expense principle and each reported measure of segment profit or loss), (3) provide all annual disclosures about a repor
segment's profit or loss and assets currently required by Topic 280 in interim periods, (4) clarify that if the CODM uses more than one meas
segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of
additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure
is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in
entity's consolidated financial statements, (5) the title and position of the CODM and an explanation of how the CODM uses the reported m
segment profit or loss in assessing segment performance and deciding how to allocate resources, and (6) if a public entity has a single report
segment to provide all the disclosures required by the amendments in this update and all existing segment disclosures in Topic 280. The ame
this update do not change how operating segments are identified or aggregated nor how the quantitative thresholds are applied to determine
reportable segments. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods w
years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update should be applied retrospectively to a
periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods sho
based on the significant segment expense categories identified and disclosed in the period of adoption. The Company does not believe this a
standard update will have material impact on the Company's financial position, results of operations and cash flows. The Company is curren
evaluating the impact the adoption of this accounting standard update will have on our footnote disclosures.

In December 2023, accounting guidance was issued to enhance the transparency and decision usefulness of income tax disclosures. Th
amendments in this update change disclosure requirements related to the rate reconciliation, income taxes paid and other disclosures. For the
reconciliation the amendments require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliatio
(2) provide additional information for reconciling items that meet a quantitative threshold. For income taxes paid the amendments require th
entities disclose on an annual basis the following information; (1) the amount of income taxes paid (net of refunds received) disaggregated b
(national), state, and foreign taxes, (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in
income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). Finally,
disclosures the amendments require that all entities disclose the following information: (1) income (or loss) from continuing operations befo
tax expense (or benefit) disaggregated between domestic and foreign, and (2) income tax expense (or benefit) from continuing operations di
by federal (national), state, and foreign. This update also eliminates the requirement for all entities to (1) disclose the nature and estimate of
the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of th
cannot be made. As well as removing the requirement to disclose the cumulative amount of each type of temporary difference when a deferr
liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joi
The amendments in this update are effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual f
statements that have

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not yet been issued or made available for issuance. The amendments in this update should be applied on a prospective basis and retrospectiv
is permitted. The Company does not believe this accounting standard update will have material impact on the Company's financial position,
operations and cash flows. The Company is currently evaluating the impact the adoption of this accounting standard update will have on our
disclosures.

3 Revenue Recognition

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

The following is a summary of the activity of the Company's deferred revenue and customer advances for the twelve months ended D
2023, 2022 and 2021 (in thousands):

	December 31,	
	2023	2022
Balance at the beginning of the period	$ 285,175	$ 273,598
Recognition of revenue included in balance at beginning of the period	(240,808)	(230,615)
Revenue deferred during the period, net of revenue recognized	279,149	242,192
Balance at the end of the period	$ 323,516	$ 285,175

The Company classified $67 million and $57 million of deferred revenue and customer advances in other long-term liabilities at December 3
2022, respectively.

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

	Dece
Deferred revenue and customer advances expected to be recognized in:	
One year or less	$
13-24 months	
25 months and beyond	
Total	$

4 Marketable Securities

The Company's marketable securities within cash equivalents and investments included in the consolidated balance sheets consist of time de
mature in one year or less with an amortized cost and a fair value of $0.9 million at both December 31, 2023 and 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5 Inventories

Inventories are classified as follows (in thousands):

	December 31, 2023	
Raw materials	$ 233,952	
Work in progress	20,198	
Finished goods	262,086	
Total inventories	$ 516,236	

During 2023, 2022 and 2021, the Company recorded inventory-related excess and obsolescence provisions of $11 million, $14 millior $9 million, respectively.

6 Property, Plant and Equipment

Property, plant and equipment consist of the following (in thousands):

	December 3	
	2023	
Land and land improvements	$ 35,635	
Buildings and leasehold improvements	488,667	
Production and other equipment	748,411	
Construction in progress	118,492	
Total property, plant and equipment	1,391,205	
Less: accumulated depreciation and amortization	(752,132)	
Property, plant and equipment, net	$ 639,073	

During 2023, 2022 and 2021, the Company retired and disposed of approximately $48 million, $24 million and $23 million of propert equipment, respectively, most of which was fully depreciated and no longer in use. Gains or losses on disposals were immaterial for the year December 31, 2023, 2022 and 2021.

7 Acquisitions

On May 16, 2023, the Company acquired all of the issued and outstanding equity interests of Wyatt for $1.3 billion, net of cash acquired. Wy pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories and services. The acquisition will expan portfolio and increase exposure to large molecule applications. As a result of the acquisition, the results of Wyatt are included in the Compar consolidated financial statements from the acquisition date.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estin values as of the acquisition date. The purchase price allocation was based upon preliminary information and is subject to change if additiona information about the facts and circumstances that existed at the acquisition date becomes available. The Company is in the ongoing process conducting a valuation of the assets acquired and liabilities assumed related to the acquisition. The final fair value of the net assets acquired in adjustments to these assets and liabilities, including goodwill.

The intangible assets were valued with input from valuation specialists. The Company used variations of the income approach, which inputs, in determining the fair value of intangible assets acquired in the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Wyatt acquisition. Specifically, the customer relationships were valued using the multi-period excess earnings method under the income app
Company utilized the relief from royalty method to determine the fair value of the tradename and the developed technology. The following t
presents the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed on the clos
May 16, 2023 (in thousands):

Purchase Price	
Cash paid	$
Less: cash acquired	
Net cash consideration	
Identifiable Net Assets (Liabilities) Acquired	
Accounts receivable	
Inventory	
Deferred tax assets	
Prepaid and other assets	
Property, plant and equipment	
Operating lease assets	
Intangible assets	
Accounts payable and accrued expenses	
Operating lease liabilities	
Tax liabilities	
Deferred revenue	
Other liabilities	
Total identifiable net assets acquired	
Goodwill	
Cash consideration paid	$

The details of the purchase price allocated to the intangible assets acquired and the estimated useful lives are as follows (dollars in tho

	Amount	Weig
Developed technology	$ 80,000	
Customer relationships	330,600	
Trade name	7,500	
Total	$418,100	

The Company allocated $864 million of the purchase price to goodwill which is primarily deductible for tax purposes and has been all
the Waters Division operating segment. The goodwill arising from the acquisition consists largely of the value of intangible assets that do no
separate recognition such as workforce in place and cash flows from the integration of acquired technology, distribution channels and produ
Company's products, which are higher than if the acquired companies' technology, customer access or products were utilized on a stand-alo

During the twelve months ended December 31, 2023, the Company's consolidated results included net sales of $73 million, and a net
loss of $18 million since the acquisition closed on May 16, 2023. The Company also incurred transaction related costs of $13 million during
months ended December 31, 2023, which are recorded in selling and administrative expenses in the consolidated statement of operations.

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Unaudited Pro Forma Financial Information

The following unaudited pro forma information is presented for illustrative purposes only. It is not necessarily indicative of the actual results operations that actually would have been realized had the entities been a single company as of January 1, 2022 or the future operating results combined entity. The unaudited pro forma information does not give effect to the potential impact of current financial conditions, regulatory any anticipated synergies that may be associated with the acquisition. The unaudited pro forma information also does not include any integra that the Company may incur related to the acquisition as part of combining the operations of the companies.

The following unaudited pro forma information shows the results of the Company's operations for the twelve months ended Decembe and 2022, as if the acquisition had occurred on January 1, 2022 (in thousands):

	December 31, 2023	Decer
Revenue	$ 2,995,001	$
Net income	658,431	

To reflect the acquisition of Wyatt as if it had occurred on January 1, 2022, the unaudited pro forma information includes adjustments among other things, the incremental intangible asset amortization to be incurred based on the preliminary values of each identifiable intangil Wyatt and the interest expense from debt financings obtained to partially fund the cash consideration transferred. Pro forma adjustments wer effected at the Company's historical statutory rates in effect for the respective periods.

Pro forma net income for the twelve months ended December 31, 2023, was adjusted to exclude certain non-recurring expenses relate transaction costs incurred and the fair value adjustment of inventory. These non-recurring expenses were reclassified to the prior period and the pro forma net income for the twelve months ended December 31, 2022.

In conjunction with the Wyatt acquisition, the Company entered into retention agreements with certain employees, in which the Comp to pay a total of $40 million, in two equal installments upon the first and second anniversary of the acquisition date. As these employees are their individual cash award by providing service over the two-year period that benefit the Company, the $40 million will be recognized with and operating expenses in the consolidated statements of operations over the two-year service period. The Company has recorded $19 millio expense in the consolidated statement of operations for the year ended December 31, 2023.

On January 31, 2022, the Company completed an asset acquisition in which the charge detection mass spectrometry technology ("CDI technology") assets of Megadalton Solutions, Inc. ("Megadalton") were acquired for approximately $10 million in total purchase price, of w $5 million was paid at closing and the remaining $4 million will be paid in the future at various dates through 2029. This CDMS technology possible to analyze extremely large proteins and protein complexes used in cell and gene therapies that would otherwise be difficult to analy conventional mass spectrometry. Once this technology is further developed, it will extend the capabilities of our mass spectrometry portfolio broader set of applications, and as such, the cost of this technology asset has been accounted for as Acquired In-Process Research and Devel expensed in costs and operating expenses in the statement of operations.

8 Goodwill and Other Intangibles

The carrying amount of goodwill was $1.3 billion and $430 million at December 31, 2023 and 2022, respectively. The acquisition of Wyatt i goodwill by $864 million, while the effect of foreign currency translation increased goodwill by $10 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	December 31, 2023			December 31, 2022	
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization
Capitalized software	$ 660,273	$ 495,317	5 years	$ 589,604	$ 441,414
Purchased intangibles	614,357	197,154	10 years	197,805	166,735
Trademarks	9,680	—	—	9,680	—
Licenses	14,798	8,429	7 years	14,070	6,729
Patents and other intangibles	111,962	80,983	8 years	104,139	73,021
Total	$ 1,411,070	$ 781,883	7 years	$ 915,298	$ 687,899

The Company capitalized $468 million, $54 million and $55 million of intangible assets for the years ended December 31, 2023, 2022 respectively. The gross carrying value of intangible assets and accumulated amortization for intangible assets increased by $32 million and $ respectively, in the year ended December 31, 2023 due to the effects of foreign currency translation. Amortization expense for intangible ass $81 million, $58 million and $60 million for the years ended December 31, 2023, 2022 and 2021, respectively. In addition, in the year ended December 31, 2023, the company wrote off a $4 million intangible asset that was fully amortized. Amortization expense for intangible asset estimated to be $98 million per year for each of the next five years.

9 Debt

On May 16, 2023, the Company financed the Wyatt acquisition with a combination of cash on its balance sheet and borrowings under its rev credit facility. As a result of the Wyatt transaction, the Company's outstanding debt on December 31, 2023 was $2.4 billion.

On May 11, 2023, the Company issued the following senior unsecured notes:

Senior Unsecured Notes	Term	Interest Rate	Face Value (in millions)	Maturity
Series P	5 years	4.91%	$50	May 20
Series Q	7 years	4.91%	$50	May 20

The Company used the proceeds from the issuance of these senior unsecured notes to repay other outstanding debt and for general cor purposes. Interest on the Series P and Q Senior Notes is payable semi-annually in arrears. The Company may prepay some or all of the Senio any time and from time to time, in an amount not less than 10% of the aggregate principal amount of the Senior Notes then outstanding, plus applicable make-whole amount for Series P and Q Senior Notes, in each case, upon no more than 60 nor less than 20 days' written notice to 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 re prepay the Senior Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. Other provisions for thes unsecured notes are similar to the existing senior unsecured notes, as described below.

The Company has a five-year, $1.8 billion revolving facility (the "Credit Facility") that expires in September 2026. On March 3, 2023 Company amended the Credit Facility to increase the borrowing capacity by $200 million to an aggregate total borrowing capacity of $2.0 b which did not affect the maturity date of September 17, 2026. The amendment also replaced all references in the Credit Facility to LIBOR w SOFR as the benchmark rate. As of December 31, 2023 and December 31, 2022, the Credit Facility had a total of $1.1 billion and $270 mill outstanding, respectively.

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The interest rates applicable under the Credit Facility are, at the Company's option, equal to either the alternate base rate (which is a ra 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 annum and (3) the adjusted Term SOFR rate for a one-month interest period as published two U.S. Government Securities Business Days pr day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day annum) or the applicable 1, 3 or 6 month adjusted Term SOFR or EURIBO rate for euro-denominated loans, in each case, plus an interest ra 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 points for Term SOFR or EURIBO rate loans. The facility fee on the Credit Facility ranges between 7.5 and 25 basis points per annum, base leverage ratio, of the amount of the revolving facility commitments and the outstanding term loan. The Credit Facility requires that the Comp 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 a leverage ratio test of not more than 3.50:1 as of the end of any fiscal quarter. In addition, the Credit Facility includes negative covenants, a covenants, representations and warranties and events of default that are customary for investment grade credit facilities.

As of both December 31, 2023 and 2022, the Company had a total of $1.3 billion of outstanding senior unsecured notes. Interest on th senior unsecured notes is payable semi-annually each year. Interest on the floating rate senior unsecured notes is payable quarterly. The Com 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. I of a change in control of the Company (as defined in the note purchase agreement), the Company may be required to prepay the senior unsec at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. These senior unsecured notes require that the Com 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 o than 3.50:1 as of the end of any fiscal quarter. In addition, these senior unsecured notes include customary negative covenants, affirmative co representations and warranties and events of default.

The Company had the following outstanding debt at December 31, 2023 and 2022 (in thousands):

	December 31, 2023	Decem
Senior unsecured notes - Series I - 3.13%, due May 2023	$ —	$
Senior unsecured notes - Series G - 3.92%, due June 2024	50,000	
Total notes payable and debt, current	50,000	
Senior unsecured notes - Series G - 3.92%, due June 2024	—	
Senior unsecured notes - Series H - floating rate*, due June 2024	—	
Senior unsecured notes - Series K - 3.44%, due May 2026	160,000	
Senior unsecured notes - Series L - 3.31%, due September 2026	200,000	
Senior unsecured notes - Series M - 3.53%, due September 2029	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	
Senior unsecured notes - Series P - 4.91%, due May 2028	50,000	
Senior unsecured notes - Series Q - 4.91%, due May 2030	50,000	
Credit agreement	1,050,000	
Unamortized debt issuance costs	(4,487)	
Total long-term debt	2,305,513	
Total debt	$ 2,355,513	$

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2023 and 2022, the Company had a total amount available to borrow under the Credit Facility of $0.9 billion and respectively, after outstanding letters of credit. The weighted-average interest rates applicable to the senior unsecured notes and credit agree borrowings collectively were 4.69% and 3.54% at December 31, 2023 and 2022, respectively. As of December 31, 2023, the Company was i compliance with all debt covenants.

The Company and its foreign subsidiaries also had available short-term lines of credit totaling $114 million and $113 million at Decem 2023 and December 31, 2022, respectively, for the purpose of short-term borrowing and issuance of commercial guarantees. None of the Co foreign subsidiaries had outstanding short-term borrowings as of December 31, 2023 or December 31, 2022.

Annual maturities of debt outstanding at December 31, 2023 are as follows (in thousands):

2024	$
2025	
2026	
2027	
2028	
Thereafter	
Total	$

10 Income Taxes

Income tax data for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands):

	Year Ended Decembe	
	2023	2022
The components of income before income taxes are as follows:		
Domestic	$ 74,119	$ 133,816
Foreign	662,124	704,030
Total	$ 736,243	$ 837,846

	Year Ended Decembe	
	2023	2022
The components of the income tax provision were as follows:		
Federal	$ 178	$ 62,153
State	6,427	8,025
Foreign	88,601	91,901
Total current tax provision	$ 95,206	$ 162,079
Federal	$ (2,457)	$ (26,551)
State	(3,029)	(4,420)
Foreign	4,289	(1,017)
Total deferred tax provision	(1,197)	(31,988)
Total provision	$ 94,009	$ 130,091

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The differences between income taxes computed at the United States statutory rate and the provision for income taxes are summarized for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December	
	2023	2022
Federal tax computed at U.S. statutory income tax rate	$154,611	$175,948
GILTI, net of foreign tax credits	15,103	17,812
Uncertain tax positions	(16,211)	1,051
State income tax, net of federal income tax benefit	2,880	3,605
Net effect of foreign operations	(48,587)	(55,273)
Effect of stock-based compensation	(2,262)	(7,341)
Other, net	(11,525)	(5,711)
Provision for income taxes	$ 94,009	$130,091

The Company's effective tax rate was 12.8%, 15.5% and 14.1% for the years ended December 31, 2023, 2022 and 2021, respectively. decrease in the Company's effective tax rate in 2023 can primarily be attributed to the recognition of a previously unrecognized tax benefit c $18 million as a result of the completion of a tax examination, decreasing the Company's 2023 effective tax rate by approximately 2.5%.

The Company's effective income tax rate differs from the U.S. federal statutory rate each year due to differences in the proportionate a pre-tax income recognized in jurisdictions with different effective tax rates and the items discussed below.

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the U.K. and Singapore, where the statutory were 21%, 12.5%, 25% and 17%, respectively, as of December 31, 2023. The Company has a new Development and Expansion Incentive in that provides a concessionary income tax rate of 5% on certain types of income for the period April 1, 2021 through March 31, 2026. Prior t 2021, the Company had a tax exemption on income arising from qualifying activities in Singapore based upon the achievement of certain co milestones, which the Company met as of December 31, 2020 and maintained through March 2021. The effect of applying these concessiona tax rates rather than the statutory tax rate to income arising from qualifying activities in Singapore increased the Company's net income by $ $20 million and $20 million and increased the Company's net income per diluted share by $0.27, $0.33 and $0.32 for the years ended Decem 2023, 2022 and 2021, respectively.

During 2023, the Company's effective tax rate differed from the 21% U.S. statutory tax rate primarily due to the jurisdictional mix of e $18 million recognition of a previously unrecognized tax benefit as a result of the completion of a tax examination, a $15 million provision r GILTI tax, including the impact of capitalizing research and development expenditures pursuant to IRC Section 174, and a tax benefit of $3 stock-based compensation.

The 2022 effective tax rate differed from the 21% U.S. statutory tax rate primarily due to the jurisdictional mix of earnings, a $18 mill provision related to the GILTI tax and a tax benefit of $7 million on stock-based compensation.

The 2021 effective tax rate differed from the 21% U.S. statutory tax rate primarily due to the jurisdictional mix of earnings, an $10 mi provision related to the GILTI tax and a tax benefit of $7 million on stock-based compensation.

The Company recorded a tax provision of $4 million, $4 million and $3 million for 2023, 2022 and 2021, respectively, for future with taxes and U.S. state taxes on the repatriation of 2023, 2022 and 2021 undistributed earnings.

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The tax effects of temporary differences and carryforwards which give rise to deferred tax assets and deferred tax liabilities are summa
follows (in thousands):

	Decembe
	2023
Deferred tax assets:	
Net operating losses and credits	$ 54,901
Depreciation	1,517
Operating leases	20,307
Amortization	5,905
Stock-based compensation	7,754
Deferred compensation	14,886
Deferred revenue	17,127
Revaluation of equity investments and licenses	1,884
Inventory	7,534
Accrued liabilities and reserves	5,720
Capitalized interest	12,586
Unrealized foreign currency gain/loss	700
Capitalized Section 174 Expenditures	34,487
Other	5,086
Total deferred tax assets	190,394
Valuation allowance	(57,873)
Deferred tax assets, net of valuation allowance	132,521
Deferred tax liabilities:	
Capitalized software	(29,281)
Operating leases	(20,117)
Indefinite-lived intangibles	(14,824)
Deferred tax liability on foreign earnings	(20,374)
Total deferred tax liabilities	(84,596)
Net deferred tax assets	$ 47,925

The Company has gross foreign net operating losses of $231 million, of which $192 million do not expire under current laws and $39
expiring in 2024. As of December 31, 2023, the Company has provided a deferred tax valuation allowance of $58 million, of which $52 mill
to certain foreign net operating losses. The Company's net deferred tax assets associated with net operating losses and tax credit carryforwar
approximately $3 million as of December 31, 2023, which represent the future tax benefit of foreign net operating loss carryforwards that do
under current law.

The Company accounts for its uncertain tax return positions in accordance with the accounting standards for income taxes, which requ
statement reporting of the expected future tax consequences of uncertain tax reporting positions on the presumption that all concerned tax au
possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but prohibit any discounting o
unrecognized tax benefits associated with those reporting positions for the time value of money. The Company continues to classify interest
penalties related to unrecognized tax benefits as a component of the provision for income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	2023	2022
Balance at the beginning of the period	$ 29,019	$28,692
Net reductions for settlement of tax audits	(17,651)	—
Net reductions for lapse of statutes taken during the period	(512)	(818)
Net additions for tax positions taken during the prior period	2,473	—
Net additions for tax positions taken during the current period	994	1,145
Balance at the end of the period	$ 14,323	$29,019

As of 2023, the total amount of gross unrecognized tax benefits was $14 million, all of which, if recognized, would impact the Compa effective tax rate. This represents a decrease of $18 million resulting from the completion of a tax audit in 2023. This decrease reduced the i expense in the statement of operations and did not impact cash flows. The Company is subject to various foreign audits and inquiries, and w do not expect any material adjustments.

With limited exceptions, the Company is no longer subject to tax audit examinations in significant jurisdictions for the years ended on December 31, 2018. The Company continuously monitors the lapsing of statutes of limitations on potential tax assessments for related chang measurement of unrecognized tax benefits, related net interest and penalties and deferred tax assets and liabilities.

As of December 31, 2023, the Company expects to record additional reductions in the measurement of its unrecognized tax benefits a net interest and penalties of approximately $2 million within the next twelve months due to potential tax audit settlements and the lapsing of limitations on potential tax assessments. The Company does not expect to record any other material reductions in the measurement of its unr tax benefits within the next twelve months.

The following is a summary of the activity of the Company's valuation allowance for the years ended December 31, 2023, 2022 and 2 thousands):

	Balance at Beginning of Period	Charged to Provision for Income Taxes*	Other**
Valuation allowance for deferred tax assets:			
2023	$ 54,300	$ 1,467	$ 2,106
2022	$ 58,834	$ (1,647)	$(2,887)
2021	$ 60,101	$ 2,919	$(4,186)

* These amounts have been recorded as part of the income statement provision for income taxes. The income statement effects of these have largely been offset by amounts related to changes in other deferred tax balance sheet accounts.

** The changes in the valuation allowance during the years ended December 31, 2023, 2022 and 2021 are primarily due to the effect of f currency translation on a valuation allowance related to a net operating loss carryforward.

11 Litigation

From time to time, the Company and its subsidiaries are involved in various litigation matters arising in the ordinary course of business. The believes it has meritorious arguments in its current litigation matters and believes any outcome, either individually or in the aggregate, will r material to the Company's financial position, results of operations or cash flows. During the year ended December 31, 2021, the Company e settlement agreement to resolve patent infringement litigation with Bruker Corporation and Bruker Daltronik

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GmbH regarding their timsTOF product line. In connection with the settlement, the Company is entitled to receive $10 million in guarantee including minimum royalty payments, which was recognized within other income (expense), net in the consolidated statement of operations ended December 31, 2021. During the years ended December 31, 2023, 2022 and 2021, the Company received $2 million, $1 million and $3 respectively, in guaranteed payments, net of applicable withholding taxes. The Company also recorded a litigation provision of $5 million du year ended December 31, 2021, related to a legal settlement.

12 Leases

As of December 31, 2023 and 2022, the Company had lease agreements that expire at various dates through 2034, with weighted-average re lease terms of 4.5 years and 4.4 years, respectively. Rental expense was $38 million, $36 million and $34 million for the years ended Decem 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, the weighted-average discount rates used to determine the present va liabilities were 4.15% and 3.24%, respectively. During the years ended December 31, 2023, 2022 and 2021, cash paid for amounts included measurement of lease liabilities in operating activities in the statement of cash flows was $38 million, $36 million and $34 million, respectiv Company recorded $2 million, $12 million and $3 million of right-of-use assets in exchange for new operating lease liabilities during the ye December 31, 2023, 2022 and 2021, respectively.

The Company's right-of-use lease assets and lease liabilities included in the consolidated balance sheets are classified as follows (in th

		Dece
	Financial Statement Classification	**2023**
Assets:		
Property operating lease assets	Operating lease assets	$55,006
Automobile operating lease assets	Operating lease assets	28,675
Equipment operating lease assets	Operating lease assets	910
Total lease assets		$84,591
Liabilities:		
Current operating lease liabilities	Current operating lease liabilities	$27,825
Long-term operating lease liabilities	Long-term operating lease liabilities	58,926
Total lease liabilities		$86,751

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Undiscounted future minimum rents payable as of December 31, 2023 under non-cancelable leases with initial terms exceeding one ye
to lease liabilities included in the consolidated balance sheet as follows (in thousands):

2024	
2025	
2026	
2027	
2028	
2029 and thereafter	
Total future minimum lease payments	
Less: amount of lease payments representing interest	
Present value of future minimum lease payments	
Less: current operating lease liabilities	
Long-term operating lease liabilities	

13 Other Commitments and Contingencies

The Company licenses certain technology and software from third parties in the course of ordinary business. Future minimum license fees pa
existing license agreements as of December 31, 2023 are immaterial for the years ended December 31, 2023 and thereafter.

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

14 Stock-Based Compensation

In May 2020, the Company's shareholders approved the Company's 2020 Equity Incentive Plan ("2020 Plan"). As of December 31, 2023, th
has 6.3 million shares available for grant in the form of incentive or non-qualified stock options, stock appreciation rights ("SARs"), restricte
other types of awards (e.g. restricted stock units and performance stock units). The Company issues new shares of common stock upon exerc
options, restricted stock unit conversion or performance stock unit conversion. Under the 2020 Plan, the exercise price for stock options may
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 ger
expire no later than ten years after the date on which they are granted and will become exercisable as directed by the Compensation Commit
Board of Directors and generally vest in equal annual installments over a five-year period. A SAR may be granted alone or in conjunction w
or other award. Shares of restricted stock, restricted stock units and performance stock units may be issued under the 2020 Plan for such con
is determined by the Compensation Committee of the Board of Directors. As of December 31, 2023, the Company had stock options, restric
and restricted and performance stock unit awards outstanding.

In May 2009, the Company's shareholders approved the 2009 Employee Stock Purchase Plan, under which eligible employees may co
to 15% of their earnings toward the quarterly purchase of the Company's

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

common stock. The plan makes available 0.8 million shares of the Company's common stock, which includes the remaining shares available 1996 Employee Stock Purchase Plan. As of December 31, 2023, 1.7 million shares have been issued under both the 2009 and 1996 Employe Purchase Plans. Each plan period lasts three months beginning on January 1, April 1, July 1 and October 1 of each year. The purchase price share of stock is the lesser of 90% of the market price on the first day of the plan period or 100% of the market price on the last day of the pl Stock-based compensation expense related to this plan was $1 million for each of the years ended December 31, 2023, 2022 and 2021.

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

The consolidated statements of operations for the years ended December 31, 2023, 2022 and 2021 include the following stock-based compensation expense related to stock option awards, restricted stock awards, restricted stock unit awards, performance stock unit awards a employee stock purchase plan (in thousands):

	2023	2022
Cost of sales	$ 2,014	$ 3,498
Selling and administrative expenses	31,012	32,192
Research and development expenses	3,842	6,874
Total stock-based compensation	$36,868	$42,564

Stock Options

In determining the fair value of the stock options, the Company makes a variety of assumptions and estimates, including volatility measures 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 model. The Company uses implied volatility on its publicly-traded options as the basis for its estimate of expected volatility. The Company implied volatility is the most appropriate indicator of expected volatility because it is generally reflective of historical volatility and expectat future volatility will differ from historical volatility. The expected life assumption for grants is based on historical experience for the populat qualified stock option exercises. The risk-free interest rate is the yield currently available on U.S. Treasury zero-coupon issues with a remair approximating the expected term used as the input to the Black-Scholes model. The relevant data used to determine the value of the stock op granted during the twelve months ended December 31, 2023, 2022 and 2021 are as follows:

Options Issued and Significant Weighted-Average Assumptions Used to Estimate Option Fair Values	2023	2022
Options issued in thousands	132	138
Risk-free interest rate	3.9%	2.0%
Expected life in years	6	6
Expected volatility	31.1%	30.7%
Expected dividends	—	—

Weighted-Average Exercise Price and Fair Value of Options on the Date of Grant	2023	2022
Exercise price	$331.76	$321.15
Fair value	$126.73	$107.99

The following table summarizes stock option activity for the plans for the twelve months ended December 31, 2023 (in thousands, exc share data):

	Number of Shares	Exercise Price per Share		
Outstanding at December 31, 2022	597	$ 99.22	to	$371.64
Granted	132	$253.64	to	$345.59
Exercised	(99)	$ 99.22	to	$314.98
Canceled	(43)	$195.75	to	$345.59
Outstanding at December 31, 2023	587	$113.88	to	$371.64

The following table details the options outstanding at December 31, 2023 by range of exercise prices (in thousands, except per share d

Exercise Price Range	Number of Shares Outstanding	Weighted-Average Exercise Price	Remaining Contractual Life of Options Outstanding	Number of Shares Exercisable
$113.88 to $235.06	192	$ 187.37	4.7	150
$235.07 to $303.64	166	$ 267.95	6.8	80
$303.65 to $371.64	229	$ 328.38	8.6	29
Total	587	$ 265.17	6.8	259

During 2023, 2022 and 2021, the total intrinsic value of the stock options exercised (i.e., the difference between the market price at ex the price paid by the employee to exercise the options) was $11 million, $31 million and $43 million, respectively. The total cash received fr exercise of these stock options was $18 million, $32 million and $46 million for the years ended December 31, 2023, 2022 and 2021, respec

The aggregate intrinsic value of the outstanding stock options at December 31, 2023 was $39 million. There were 0.3 million options at December 31, 2023, 2022 and 2021. The weighted-average exercise prices of options exercisable at December 31, 2023, 2022 and 2021 w $223.37, $188.21 and $162.09, respectively. The weighted-average remaining contractual life of the exercisable outstanding stock options at December 31, 2023 was 5.1 years. The aggregate intrinsic value of stock options exercisable as of December 31, 2023 was $28 million.

At December 31, 2023, the Company had 0.6 million stock options that are vested and expected to vest. The intrinsic value, weighted- exercise price and remaining contractual life of the vested and expected to vest stock options were $39 million, $264.78 and 6.7 years, respe December 31, 2023.

The amount of compensation costs recognized for the years ended December 31, 2023, 2022 and 2021 on the stock options expected t $10 million, $8 million and $7 million, respectively. As of December 31, 2023, there were $25 million of total unrecognized compensation c to unvested stock option awards that are expected to vest. These costs are expected to be recognized over a weighted-average period of 3.4 y

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Restricted Stock

During the years ended December 31, 2023, 2022 and 2021, the Company granted three thousand, three thousand and four thousand shares o stock, respectively. The weighted-average fair value per share on the grant date of the restricted stock granted in 2023, 2022 and 2021 was $ $363.44 and $256.28, respectively. The Company has recorded $1 million of compensation expense in each of the years ended December 31 2022 and 2021 related to the restricted stock grants. As of December 31, 2023, the Company had three thousand unvested shares of restricte outstanding, which have been fully expensed.

Restricted Stock Units

The following table summarizes the unvested restricted stock unit award activity for the twelve months ended December 31, 2023 (in thousa per share data):

	Shares	Weig Gra Val
Unvested at December 31, 2022	238	$
Granted	100	$
Vested	(74)	$
Forfeited	(29)	$
Unvested at December 31, 2023	235	$

Restricted stock units are generally granted annually in February and vest in equal annual installments over a five-year period. The am compensation costs recognized for the years ended December 31, 2023, 2022 and 2021 on the restricted stock units expected to vest were $1 $19 million and $17 million, respectively. As of December 31, 2023, there were $50 million of total unrecognized compensation costs relate restricted stock unit awards that are expected to vest. These costs are expected to be recognized over a weighted-average period of 3.3 years.

Performance Stock Units

The Company's performance stock units are equity compensation awards with a market vesting condition based on the Company's Total Sha 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, the reinvestment of dividends. The vesting schedule ranges from 0% to 200% of the target shares awarded. Beginning with the grants made 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 vo measures, expected yields and expected terms. The fair value of each performance stock unit grant was estimated on the date of grant using Carlo simulation model. The Company uses implied volatility on its publicly traded options as the basis for its estimate of expected volatilit Company believes that implied volatility is the most appropriate indicator of expected volatility because it is generally reflective of historica and expectations of how future volatility will differ from historical volatility. The expected life assumption for grants is based on the perforn of the underlying performance stock units. The risk-free interest rate is the yield currently available on U.S. Treasury zero-coupon issues wi remaining term approximating the expected term used as the input to the Monte Carlo simulation model. The correlation coefficient is used 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 relev to determine

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the value of the performance stock units granted during the years ended December 31, 2023, 2022 and 2021 are as follows:

Performance Stock Units Issued and Significant Assumptions Used to Estimate Fair Values	2023	2022
Performance stock units issued in thousands	45	40
Risk-free interest rate	4.8%	1.6%
Expected life in years	2.9	2.9
Expected volatility	33.3%	25.4%
Average volatility of peer companies	32.8%	34.5%
Correlation Coefficient	38.2%	43.0%
Expected dividends	—	—

The following table summarizes the unvested performance stock unit award activity for the twelve months ended December 31, 2023 thousands, except per share data):

	Shares	Weig Fa
Unvested at December 31, 2022	111	$
Granted	45	$
Vested	(46)	$
Forfeited	(17)	$
Change in performance shares in the year due to exceeding performance targets	15	$
Unvested at December 31, 2023	108	$

The amount of compensation costs recognized for the years ended December 31, 2023, 2022 and 2021 on the performance stock units vest were $5 million, $13 million and $3 million, respectively. As of December 31, 2023, there were $15 million of total unrecognized comp costs related to the performance stock unit awards that are expected to vest. These costs are expected to be recognized over a weighted-avera 1.9 years.

15 Earnings Per Share

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

	Year Ended December 31, 2023	
	Net Income (Numerator)	Weighted-Average Shares (Denominator)
Net income per basic common share	$ 642,234	59,076
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	194
Net income per diluted common share	$ 642,234	59,270

	Year Ended December 31, 2022	
	Net Income (Numerator)	Weighted-Average Shares (Denominator)
Net income per basic common share	$ 707,755	59,985

Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	346
Net income per diluted common share	$ 707,755	60,331

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2021	
	Net Income (Numerator)	Weighted-Average Shares (Denominator)
Net income per basic common share	$ 692,843	61,575
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	453
Net income per diluted common share	$ 692,843	62,028

For the years ended December 31, 2023, 2022 and 2021, the Company had 245 thousand, 66 thousand and 3 thousand stock options th antidilutive, respectively, due to having higher exercise prices than the Company's average stock price during the period. These securities we included in the computation of diluted EPS. The effect of dilutive securities was calculated using the treasury stock method.

16 Accumulated Other Comprehensive Loss

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

	Currency Translation	Unrealized Gain (Loss) on Retirement Plans	Unrealized Gain (Loss) on Investments	Unrealized Loss on Derivative Instruments	A Co
Balance at December 31, 2021	$ (99,985)	$ (11,860)	$ (20)	$ —	$
Other comprehensive (loss) income, net of tax	(46,135)	16,408	20	—	
Balance at December 31, 2022	$(146,120)	$ 4,548	$ —	$ —	$
Other comprehensive (loss) income, net of tax	17,761	(8,049)	—	(2,260)	
Balance at December 31, 2023	$(128,359)	$ (3,501)	$ —	$ (2,260)	$

17 Retirement Plans

U.S. employees are eligible to participate in the Waters Employee Investment Plan, a 401(k) defined contribution plan, immediately upon hi Employees may contribute up to 60% of eligible pay on a pre-tax or post-tax basis and the Company makes matching contributions of 100% contributions up to 6% of eligible pay. The Company also sponsors a 401(k) Restoration Plan, which is a nonqualified defined contribution p Employees are 100% vested in employee and Company matching contributions for both plans. For the years ended December 31, 2023, 202 the Company's matching contributions amounted to $22 million, $21 million and $19 million, respectively.

The Company also sponsors other employee benefit plans in the U.S., including a retiree healthcare plan, which provides reimburseme medical expenses and is contributory. There are various employee benefit plans outside the United States (both defined benefit and defined c plans). Certain non-U.S. defined benefit plans ("Non-U.S. Pension Plans") are included in the disclosures below, which are required under th accounting standards for retirement benefits.

The Company contributed $18 million, $16 million and $17 million in the years ended December 31, 2023, 2022 and 2021, respective non-U.S. plans (primarily defined contribution plans) which are currently outside of the scope of the required disclosures. The eligibility anc non-U.S. plans are consistent with local laws and regulations.

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The net periodic pension cost is made up of several components that reflect different aspects of the Company’s financial arrangements the cost of benefits earned by employees. These components are determined using the projected unit credit actuarial cost method and are bas certain actuarial assumptions. The Company’s accounting policy is to reflect in the projected benefit obligation all benefit changes to which Company is committed as of the current valuation date; use a market-related value of assets to determine pension expense; amortize increase service costs on a straight-line basis over the expected future service of active participants as of the date such costs are first recognized; and cumulative actuarial gains and losses in excess of 10% of the larger of the market-related value of plan assets and the projected benefit oblig the expected future service of active participants.

Summary data for the U.S. Retiree Healthcare Plan and Non-U.S. Pension Plans are presented in the following tables, using the measu dates of December 31, 2023 and 2022, respectively.

The reconciliation of the projected benefit obligations for the plans at December 31, 2023 and 2022 is as follows (in thousands):

	2023		2022
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Projected benefit obligation, January 1	$ 22,583	$74,025	$ 25,958
Service cost	275	3,073	775
Employee contributions	1,105	601	1,139
Interest cost	1,262	2,797	706
Actuarial losses (gains)	2,166	11,387	(4,657)
Benefits paid	(1,649)	(2,051)	(1,338)
Plan amendments	—	(500)	—
Plan settlements	—	(488)	—
Currency impact	—	3,547	—
Projected benefit obligation, December 31	$ 25,742	$92,391	$ 22,583

The reconciliation of the fair value of the plan assets at December 31, 2023 and 2022 is as follows (in thousands):

	2023		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Fair value of plan assets, January 1	$ 15,724	$77,697	$ 18,314
Actual return on plan assets	2,444	4,144	(2,895)
Company contributions	529	3,224	504
Employee contributions	1,105	601	1,139
Plan settlements	—	(488)	—
Benefits paid	(1,649)	(2,051)	(1,338)
Currency impact	—	3,460	—
Fair value of plan assets, December 31	$ 18,153	$86,587	$ 15,724

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The summary of the funded status for the plans at December 31, 2023 and 2022 is as follows (in thousands):

	2023		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Projected benefit obligation	$ (25,742)	$ (92,391)	$ (22,583)
Fair value of plan assets	18,153	86,587	15,724
Funded status	$ (7,589)	$ (5,804)	$ (6,859)

The change in the Company's projected benefit obligation for the year ended December 31, 2023 was primarily due to net actuarial lo arose during the year driven by a decrease in discount rates, differences between expected and actual return on plan assets, and fluctuations i currency exchange rates during the year. The change in the Company's projected benefit obligation for the year ended December 31, 2022 w due to net actuarial gains that arose during the year driven by an increase in discount rates, differences between expected and actual return o assets, and fluctuations in foreign currency exchange rates during the year.

The summary of the amounts recognized in the consolidated balance sheets for the plans at December 31, 2023 and 2022 is as follows thousands):

	2023		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Long-term assets	$ —	$ 5,220	$ —
Long-term liabilities	(7,589)	(11,024)	(6,859)
Net amount recognized at December 31	$ (7,589)	$ (5,804)	$ (6,859)

The accumulated benefit obligation for all defined benefit pension plans was $81 million and $64 million at December 31, 2023 and 2 respectively.

The summary of the Non-U.S. Pension Plans that have accumulated benefit obligations in excess of plan assets at December 31, 2023 as follows (in thousands):

	2023
Accumulated benefit obligations	$60,815
Fair value of plan assets	$52,894

The summary of the Non-U.S. Pension Plans that have projected benefit obligations in excess of plan assets at December 31, 2023 anc follows (in thousands):

	2023
Projected benefit obligations	$63,918
Fair value of plan assets	$52,894

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The summary of the components of net periodic pension costs for the plans for the years ended December 31, 2023, 2022 and 2021 is (in thousands):

	2023		2022		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Service cost	$ 275	$ 3,073	$ 775	$ 4,018	$ 884
Interest cost	1,262	2,797	706	1,360	559
Expected return on plan assets	(978)	(2,653)	(1,138)	(1,972)	(1,011)
Settlement loss	—	221	—	73	—
Net amortization:					
Prior service credit	(19)	(105)	(19)	(129)	(19)
Net actuarial (gain) loss	—	(195)	—	649	10
Net periodic pension cost	$ 540	$ 3,138	$ 324	$ 3,999	$ 423

The summary of the changes in amounts recognized in other comprehensive income (loss) for the plans for the years ended December 2022 and 2021 is as follows (in thousands):

	2023		2022		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Prior service credit	$ —	$ —	$ —	$ —	$ —
Net (loss) gain arising during the year	(699)	(9,396)	623	19,025	1,524
Amortization:					
Prior service credit	(19)	(105)	(19)	(129)	(19)
Net loss	—	26	—	722	10
Currency impact	—	(58)	—	1,305	—
Total recognized in other comprehensive (loss) income	$ (718)	$(9,533)	$ 604	$20,923	$ 1,515

The components of net periodic benefit cost other than the service cost component are included in other income, net in the consolidate of operations.

The summary of the amounts included in accumulated other comprehensive loss in stockholders' equity for the plans at December 31, 2022 is as follows (in thousands):

	2023		202
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Net actuarial (loss) gain	$ (964)	$(3,241)	$ (266)
Prior service credit (cost)	17	(156)	36
Total	$ (947)	$(3,397)	$ (230)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The plans' investment asset mix is as follows at December 31, 2023 and 2022:

	2023		2022
	U.S. Retiree Healthcare Plan	Non-U.S. Pension Plans	U.S. Retiree Healthcare Plan
Equity securities	70%	4%	77%
Debt securities	30%	18%	23%
Cash and cash equivalents	0%	2%	0%
Insurance contracts and other	0%	76%	0%
Total	100%	100%	100%

The plans' investment policies include the following asset allocation guidelines:

	U.S. Retiree Healthcare Plan		
	Policy Target	Range	Pe Po
Equity securities	60%	30% - 90%	
Debt securities	35%	20% - 50%	
Cash and cash equivalents	0%	0% - 10%	
Insurance contracts and other	5%	0% - 10%	

The asset allocation policy for the U.S. Retiree Healthcare Plan was developed in consideration of the following long-term investment achieving a return on assets consistent with the investment policy, achieving portfolio returns which compare favorably with those of other s professionally managed portfolios and of appropriate market indexes and maintaining sufficient liquidity to meet the obligations of the plan. equity portfolio of the U.S. Retiree Healthcare Plan, investments are diversified among market capitalization and investment strategy, and ta allocation of the equity portfolio to be invested in financial markets outside of the United States. The Company does not invest in its own sto the U.S. Retiree Healthcare Plan's assets.

Plan assets are measured at fair value using the following valuation techniques and inputs:

Level 1:	The fair value of these types of investments is based on market and observable sources from daily quoted prices on natio recognized securities exchanges.
Level 2:	The fair value of these types of investments utilizes data points other than quoted prices in active markets that are observ directly or indirectly.
Level 3:	These bank and insurance investment contracts are issued by well-known, highly-rated companies. The fair value disclos represents the present value of future cash flows under the terms of the respective contracts. Significant assumptions use determine the fair value of these contracts include the amount and timing of future cash flows and counterparty credit ris

There have been no changes in the above valuation techniques associated with determining the value of the plans' assets during the ye December 31, 2023 and 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value of the Company's retirement plan assets are as follows at December 31, 2023 (in thousands):

	Total at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Retiree Healthcare Plan:			
Mutual funds[(a)]	18,153	18,153	—
Total U.S. Retiree Healthcare Plan	18,153	18,153	—
Non-U.S. Pension Plans:			
Cash equivalents[(b)]	1,611	1,611	—
Mutual funds[(c)]	18,785	18,785	—
Bank and insurance investment contracts[(d)]	66,191	—	—
Total Non-U.S. Pension Plans	86,587	20,396	—
Total fair value of retirement plan assets	$ 104,740	$ 38,549	$ —

The fair value of the Company's retirement plan assets are as follows at December 31, 2022 (in thousands):

	Total at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Retiree Healthcare Plan:			
Mutual funds[(e)]	15,724	15,724	—
Total U.S. Retiree Healthcare Plan	15,724	15,724	—
Non-U.S. Pension Plans:			
Cash equivalents[(b)]	1,527	1,527	—
Mutual funds[(f)]	18,176	18,176	—
Bank and insurance investment contracts[(d)]	57,994	—	—
Total Non-U.S. Pension Plans	77,697	19,703	—
Total fair value of retirement plan assets	$ 93,421	$ 35,427	$ —

a) The mutual fund balance in the U.S. Retiree Healthcare Plan is invested in the following categories: 41% in the common stock of larg companies, 29% in the common stock of international growth companies and 30% in fixed income bonds of U.S. companies and the U government.

b) Primarily represents deposit account funds held with various financial institutions.

c) The mutual fund balance in the Non-U.S. Pension Plans is primarily invested in the following categories: 76% in international bonds, common stock of international companies and 7% in various other global investments.

d) Amount represents bank and insurance guaranteed investment contracts.

e)	The mutual fund balance in the U.S. Retiree Healthcare Plan is invested in the following categories: 49% in the common stock of larg companies, 28% in the common stock of international growth companies and 23% in fixed income bonds of U.S. companies and the U government.

f)	The mutual fund balance in the Non-U.S. Pension Plans is invested in the following categories: 59% in international bonds, 22% in th stock of international companies and 19% in various other global investments.

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The following table summarizes the changes in fair value of the Level 3 retirement plan assets for the years ended December 31, 2023
(in thousands):

Fair value of assets, December 31, 2021	
Net purchases (sales) and appreciation (depreciation)	
Fair value of assets, December 31, 2022	
Net purchases (sales) and appreciation (depreciation)	
Fair value of assets, December 31, 2023	

The weighted-average assumptions used to determine the benefit obligation in the consolidated balance sheets at December 31, 2023, 2021 are as follows:

	2023		2022		20
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.
Discount rate	5.18%	2.97%	5.42%	3.82%	2.70%
Increases in compensation levels	**	2.90%	**	3.14%	**
Interest crediting rate	5.25%	2.05%	5.25%	1.57%	5.25%

** Not applicable

The weighted-average assumptions used to determine the net periodic pension cost for the years ended December 31, 2023, 2022 and follows:

	2023		2022		20
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.
Discount rate	5.42%	4.70%	2.70%	2.09%	2.25%
Return on plan assets	6.25%	3.95%	6.25%	3.07%	6.25%
Increases in compensation levels	**	4.32%	**	3.58%	**
Interest crediting rate	5.25%	1.47%	5.25%	1.55%	5.25%

** Not applicable

To develop the expected long-term rate of return on assets assumption, the Company considered historical returns and future expectati returns for each asset class, as well as the target asset allocation of the pension portfolio and historical expenses paid by the plan. A one-quar percentage point increase in the assumed long-term rate of return on assets would decrease the Company's net periodic benefit cost by less t $1 million. A one-quarter percentage point increase in the discount rate would decrease the Company's net periodic benefit cost by less than

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During fiscal year 2024, the Company expects to contribute a total of approximately $3 million to $6 million to the Company's define plans. Estimated future benefit payments from the plans as of December 31, 2023 are as follows (in thousands):

	U.S. Retiree Healthcare Plans	Non-U.S. Pension Plans
2024	$ 1,959	$ 4,018
2025	2,068	4,062
2026	2,153	3,376
2027	2,251	4,192
2028	2,444	5,420
2029 - 2033	13,807	26,732

18 Business Segment Information

The accounting standards for segment reporting establish standards for reporting information about operating segments in annual financial s and require selected information for those segments to be presented in interim financial reports of public business enterprises. They also esta standards for related disclosures about products and services, geographic areas and major customers. The Company's business activities, for discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this eva Company determined that it has two operating segments: Waters and TA.

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

Net sales for the Company's products and services are as follows for the years ended December 31, 2023, 2022 and 2021 (in thousand

	2023	2022
Product net sales:		
Waters instrument systems	$ 1,108,702	$ 1,210,456
Chemistry consumables	541,469	525,399
TA instrument systems	252,879	252,314
Total product sales	1,903,050	1,988,169
Service net sales:		
Waters service	951,419	890,607
TA service	101,947	93,180
Total service sales	1,053,366	983,787
Total net sales	$ 2,956,416	$ 2,971,956

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net sales are attributable to geographic areas based on the region of destination. Geographic sales information is presented below for t ended December 31, 2023, 2022 and 2021 (in thousands):

	2023	2022
Net Sales:		
Asia:		
China	$ 440,707	$ 565,143
Japan	167,202	167,220
Asia Other	399,916	399,380
Total Asia	1,007,825	1,131,743
Americas:		
United States	927,982	886,140
Americas Other	180,591	169,495
Total Americas	1,108,573	1,055,635
Europe	840,018	784,578
Total net sales	$ 2,956,416	$ 2,971,956

None of the Company's individual customers accounts for more than 2% of annual Company sales. Net sales by customer class are as the years ended December 31, 2023, 2022 and 2021 (in thousands):

	2023	2022
Pharmaceutical	$ 1,696,875	$ 1,751,665
Industrial	909,003	909,805
Academic and government	350,538	310,486
Total net sales	$ 2,956,416	$ 2,971,956

Net sales for the Company recognized at a point in time versus over time are as follows for the years ended December 31, 2023, 2022 (in thousands):

	2023	2022
Net sales recognized at a point in time:		
Instrument systems	$ 1,361,581	$ 1,462,770
Chemistry consumables	541,469	525,399
Service sales recognized at a point in time (time & materials)	372,530	367,501
Total net sales recognized at a point in time	2,275,580	2,355,670
Net sales recognized over time:		
Service and software maintenance sales recognized over time (contracts)	680,836	616,286
Total net sales	$ 2,956,416	$ 2,971,956

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-lived assets information at December 31, 2023, 2022 and 2021 is presented below (in thousands):

	December 31,	
	2023	2022
Long-lived assets:		
United States	$440,993	$429,469
Americas Other	2,632	1,663
Total Americas	443,625	431,132
Europe	167,948	133,465
Asia	27,500	17,620
Total long-lived assets	$639,073	$582,217

The Americas Other category includes Canada, Latin America and Puerto Rico. Long-lived assets exclude goodwill, other intangible a
other assets.

19 Unaudited Quarterly Results

The Company's unaudited quarterly results are summarized below (in thousands, except per share data):

2023	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$684,674	$740,576	$711,692	$819,474
Costs and operating expenses:				
Cost of sales	284,380	301,076	291,407	318,360
Selling and administrative expenses	181,956	186,953	186,748	180,357
Research and development expenses	42,691	45,873	41,995	44,386
Purchased intangibles amortization	1,479	6,815	12,116	12,148
Total costs and operating expenses	510,506	540,717	532,266	555,251
Operating income	174,168	199,859	179,426	264,223
Other income (expense), net	1,388	(352)	328	(557)
Interest expense	(14,444)	(23,272)	(30,442)	(30,703)
Interest income	4,061	4,040	3,883	4,637
Income before income taxes	165,173	180,275	153,195	237,600
Provision for income taxes	24,250	29,721	18,643	21,395
Net income	$140,923	$150,554	$134,552	$216,205
Net income per basic common share	2.39	2.56	2.28	3.66
Weighted-average number of basic common shares	59,023	58,857	59,093	59,142
Net income per diluted common share	2.38	2.55	2.27	3.65
Weighted-average number of diluted common shares and equivalents	59,317	59,010	59,225	59,311

2022	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$690,572	$714,319	$708,555	$858,510
Costs and operating expenses:				
Cost of sales	285,685	307,206	307,101	348,190
Selling and administrative expenses	157,475	161,877	164,417	174,257
Research and development expenses	40,472	44,006	43,435	48,277
Purchased intangibles amortization	1,673	1,598	1,592	1,503
Acquired in-process research and development	9,797	—	—	—
Total costs and operating expenses	495,102	514,687	516,545	572,227
Operating income	195,470	199,632	192,010	286,283
Other income (expense), net	170	1,535	895	(372)
Interest expense	(11,059)	(11,419)	(12,420)	(13,899)
Interest income	2,114	2,526	2,896	3,484
Income before income taxes	186,695	192,274	183,381	275,496
Provision for income taxes	26,864	27,410	27,383	48,434
Net income	$159,831	$164,864	$155,998	$227,062
Net income per basic common share	2.64	2.74	2.61	3.83
Weighted-average number of basic common shares	60,580	60,206	59,801	59,329
Net income per diluted common share	2.62	2.72	2.60	3.81
Weighted-average number of diluted common shares and equivalents	60,952	60,510	60,081	59,644

The Company typically experiences an increase in sales in the fourth quarter, as a result of purchasing habits for capital goods of custo tend to exhaust their spending budgets by calendar year-end. Selling and administrative expenses are typically higher after the first quarter i as the Company's annual payroll merit increases take effect.

The Company experienced significant increases in purchased intangibles amortization and interest expense beginning in Q2 of 2023 a the Wyatt acquisition.

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Item 9: *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A: *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 partic management, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) Exchange Act) as of the end of the period covered by this annual report on Form 10-K. Based on this evaluation, the Company's chief execu and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023 (1) to e information required to be disclosed by the Company, including its consolidated subsidiaries, in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, to all decisions regarding the required disclosure and (2) to provide reasonable assurance that information required to be disclosed by the Compan reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in rules and forms.

Management's Annual Report on Internal Control Over Financial Reporting

See Management's Report on Internal Control Over Financial Reporting in Item 8 on page 50 of this Annual Report.

Report of the Independent Registered Public Accounting Firm

See the report of PricewaterhouseCoopers LLP in Item 8 beginning on page 51 of this Annual Report.

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 E Act) during the quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's int over financial reporting.

Item 9B: *Other Information*

Insider Trading Arrangements and Related Disclosures

None.

Amendment and Restatement of Bylaws

On February 23, 2024, the Board of Directors of the Company approved an amendment and restatement of the bylaws of the Company (the " Bylaws"), effective as of such date.

Among other matters, the Amended Bylaws:

(1)	revise procedures and disclosure requirements for the nomination of directors and the submission of proposals for consideration at me stockholders of the Company, including, among other things, limiting the scope of persons to whom such disclosure requirements app adding a requirement that a stockholder seeking to nominate director(s) at an annual meeting deliver to the Company reasonable evide has complied with the requirements of Rule 14a-19 of the Exchange Act, no less than seven business days prior to the meeting;

(2) clarify the applicability of the majority voting standard for contested elections of directors;

(3) clarify the position, duties and powers of the Chairman and Vice Chairman within the Company structure;

(4) make certain administrative, modernizing, clarifying and conforming changes, including making updates to reflect recent amendment General Corporation Law of the State of Delaware; and

(5) adopt gender-neutral terms when referring to particular positions, offices or title holders, including the adoption of the title Chair in pl Chairman.

The foregoing description of the Amended Bylaws does not purport to be complete and is qualified in its entirety by reference to the full tex Amended Bylaws, a copy of which is attached hereto as Exhibit 3.5 and incorporated herein by reference.

Item 9C: ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

None.

PART III

Item 10:	***Directors, Executive Officers and Corporate Governance***

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Officers of the Company are elected annually by the Board of Directors and hold office at the discretion of the Board of Directors. The follo persons serve as executive officers of the Company:

Dr. Udit Batra, 53, was appointed a Director of the Company as well as President and CEO on September 1, 2020. He most recently s Chief Executive Officer of the Life Science business of Merck KGaA, Darmstadt, Germany, which operates as MilliporeSigma in the Unite States and Canada, and as a member of its Executive Board, roles he held from 2014 and 2016, respectively, through July 2020. Prior to that served as President and Chief Executive Officer of Merck KGaA, Darmstadt, Germany's Consumer Health business. Dr. Batra oversaw the Bioethics Advisory Panel and had Board responsibility for the global Information Technology function. Before joining Merck KGaA, Darm Germany, Dr. Batra held several positions of increasing responsibility at Novartis, including Global Head of Corporate Strategy in Switzerla President for the Pharma Business of Novartis in Australia and New Zealand and the Global Head of Public Health and Market Access in Ca Massachusetts. Dr. Batra also served at the global consultancy McKinsey & Company across the healthcare, consumer and non-profit sector started his career at Merck Research Labs in West Point, Pennsylvania as a research engineer.

Jianqing Bennett, 54, was appointed Senior Vice President of TA Instruments Division on May 1, 2021. Previously, Ms. Bennett serve Vice President, High Growth Markets at Beckman Coulter Diagnostics from November 2017 to March 2021. Prior to that, from 2007-2017, various senior management positions at Carestream Health Inc, including serving as President, Medical Digital Solutions from August 2015 November 2017.

Amol Chaubal, 48, was appointed Chief Financial Officer of Waters Corporation on May 12, 2021. Previously, Mr. Chaubal was Chie Officer of Quanterix Corporation, a life sciences company, where he served as Chief Financial Officer since April 2019. Before Quanterix, M served as Chief Financial Officer, Global Operations at Smith & Nephew, a global medical devices company, from October 2017 to April 20 his time at Smith & Nephew, he served as Corporate Vice President and Head of Finance for the Clinical Research Services and Access busi Parexel from July 2015 to October 2017.

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Information regarding the Company's directors, any material changes to the process by which security holders may recommend nomin
Board of Directors and the information required by the Item will be contained in our definitive proxy statement for the 2024 Annual Meeting
Stockholders, to be filed with the SEC not later than 120 days after the close of business of the fiscal year and is incorporated in this report b
(the "2024 Proxy Statement"), under the headings "Election of Directors", "Directors Meetings and Board Committees", "Corporate Govern
"Report of the Audit and Finance Committee of the Board of Directors" and "Compensation of Directors and Executive Officers". Informati
regarding compliance with Section 16(a) of the Exchange Act will be contained in the 2024 Proxy Statement, under the heading "Delinquent
Section 16(a) Reports". Information regarding the Company's Audit and Finance Committee and Audit and Finance Committee Financial Ex
contained in the 2024 Proxy Statement, under the headings "Report of the Audit and Finance Committee of the Board of Directors" and "Di
Meetings and Board Committees". Such information is incorporated herein by reference.

The Company has adopted a Global Code of Business Conduct & Ethics (the "Code") that applies to all of the Company's employees
its executive officers) and directors and that is in compliance with Item 406 of Regulation S-K. The Code has been distributed to all employe
Company. In addition, the Code is available on the Company's website, https://www.waters.com, under the caption "Corporate Governance"
Company intends to satisfy the disclosure requirement regarding any amendment to, or waiver of a provision of, the Code applicable to any
officer or director by posting such information on its website. The Company shall also provide to any person without charge, upon request, a
Code. Any such request must be made in writing to the Secretary of the Company, c/o Waters Corporation, 34 Maple Street, Milford, MA 01

The Company's corporate governance guidelines and the charters of the audit committee, compensation committee and nominating an
governance committee of the Board of Directors are available on the Company's website, https://www.waters.com, under the caption "Corpo
Governance". The Company shall provide to any person without charge, upon request, a copy of any of the foregoing materials. Any such re
be made in writing to the Secretary of the Company, c/o Waters Corporation, 34 Maple Street, Milford, MA 01757.

Item 11:	***Executive Compensation***

This information will be contained in the 2024 Proxy Statement, under the headings "Compensation of Directors and Executive Officers",
"Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report". Such information is incorporated l
reference.

Item 12: ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Except for the Equity Compensation Plan information set forth below, this information will be contained in the 2024 Proxy Statement, under
"Security Ownership of Certain Beneficial Owners and Management". Such information is incorporated herein by reference.

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Equity Compensation Plan Information

The following table provides information as of December 31, 2023 about the Company's common stock that may be issued upon the exercis
warrants and rights under its existing equity compensation plans (in thousands):

	A	B	C
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (1)	Number of Remaining A Future Issu Equity Compe (excluding reflected in
Equity compensation plans approved by security holders	939	$ 265.17	
Equity compensation plans not approved by security holders	—	—	
Total	939	$ 265.17	

(1) Column (a) includes an aggregate of 352 shares of common stock to be issued upon settlement of restricted stock, restricted stock unit performance stock units. The weighted-average share price in column (b) does not take into account restricted stock, restricted stock u performance stock units, which do not have an exercise price.

See Note 14, Stock-Based Compensation, in the Notes to Consolidated Financial Statements for a description of the material features Company's equity compensation plans.

Item 13: ***Certain Relationships and Related Transactions and Director Independence***

This information is contained in the 2024 Proxy Statement, under the headings "Directors Meetings and Board Committees", "Corporate Go and "Compensation of Directors and Executive Officers". Such information is incorporated herein by reference.

Item 14: ***Principal Accountant Fees and Services***

This information is contained in the 2024 Proxy Statement, under the headings "Ratification of Selection of Independent Registered Public A Firm" and "Report of the Audit and Finance Committee of the Board of Directors". Such information is incorporated herein by reference.

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PART IV

Item 15: ***Exhibits, Financial Statement Schedules***

(a) Documents filed as part of this report:

(1) Financial Statements:

The consolidated financial statements of the Company and its subsidiaries are filed as part of this Annual Report and are
pages 54 to 100. The report of PricewaterhouseCoopers LLP (PCAOB ID: 238), an independent registered public accoun
dated February 27, 2024, is set forth beginning on page 51 of this Annual Report.

(2) Exhibits:

Exhibit Number	Description of Document
2.1	Share Purchase Agreement, dated as of February 14, 2023, by and among Wyatt Technology Corporation, Waters Technolo Corporation, the shareholders named therein and Geofrey Wyatt in his capacity as representative of the shareholders (Incor reference to the Registrant's Report on Form 8-K dated February 15, 2023 (File No. 001-14010)).
3.1	Second Amended and Restated Certificate of Incorporation of Waters Corporation (Incorporated by reference to the Registr on Form 10-K dated March 29, 1996 (File No. 001-14010)).+
3.2	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Waters Corporation, dated as of 1999 (Incorporated by reference to the Registrant's Report on Form 10-Q dated August 11, 1999 (File No. 001-14010)).
3.3	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Waters Corporation, dated as of 2000 (Incorporated by reference to the Registrant's Report on Form 10-Q dated August 8, 2000 (File No. 001-14010)).
3.4	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Waters Corporation, dated as of 2001 (Incorporated by reference to the Registrant's Report on Form 10-K dated March 28, 2002 (File No. 001-14010)).
3.5	Amended and Restated Bylaws of Waters Corporation, dated as of February 23, 2024.
4.1	Description of Registrant's Securities. (Incorporated by reference to Exhibit 4.1 of the Registrant's Report on Form 10-K da February 24, 2021 (File No. 001-14010)).
10.1	Waters Corporation Retirement Plan. (Incorporated by reference to the Registrant's Registration Statement on Form S-1 dat October 24, 1996 (File No. 333-96934)).*+
10.2	Amended and Restated Waters 401(k) Restoration Plan, effective January 1, 2008. (Incorporated by reference to the Registr on Form 10-Q dated November 2, 2007 (File No. 001-14010)).*
10.3	Amended and Restated Waters Retirement Restoration Plan, effective January 1, 2008 (Incorporated by reference to the Re Report on Form 10-Q dated February 27, 2009 (File No. 001-14010)).*
10.4	Amended and Restated Waters Corporation 1996 Non-Employee Director Deferred Compensation Plan, Effective January (Incorporated by reference to the Registrant's Report on Form 10-Q dated February 27, 2009 (File No. 001-14010)).*
10.5	2014 Waters Corporation Management Incentive Plan. (Incorporated by reference to the Registrant's Report on Form 10-Q February 27, 2015 (File No. 001-14010)).*
10.6	Waters Corporation 2009 Employee Stock Purchase Plan (Incorporated by reference to the Registrant's Report on Form S-8 July 10, 2009 (File No. 333-160507)).*

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Exhibit Number	Description of Document
10.7	Waters Corporation 2012 Equity Incentive Plan. (Incorporated by reference to the Registrant's Report on Form S-8 dated S 2012 (File No. 333-183721)).*
10.8	Form of Waters 2012 Stock Option Agreement - Executive Officers (Incorporated by reference to the Registrant's Report o dated December 11, 2012 (File No. 001-14010)).*
10.9	Form of Waters 2012 Stock Option Agreement - Directors (Incorporated by reference to the Registrant's Report on Form 8- December 11, 2012 (File No. 001-14010)).*
10.10	Form of Waters 2012 Restricted Stock Agreement - Directors (Incorporated by reference to the Registrant's Report on Form December 11, 2012 (File No. 001-14010)).*
10.11	Form of Waters 2012 Restricted Stock Unit Agreement for Executive Officers - Five Year Vesting. (Incorporated by referen Registrant's Report on Form 8-K dated December 11, 2013 (File No. 001-14010)).*
10.12	Form of Waters 2012 Restricted Stock Unit Agreement for Executive Officers - One Year Vesting (Incorporated by referenc Registrant's Report on Form 8-K dated December 11, 2013 (File No. 001-14010)).*
10.13	Note Purchase Agreement, dated June 30, 2014, between Waters Corporation and the purchases named therein (Incorporate reference to the Registrant's Report on Form 10-Q dated August 1, 2014 (File No. 001-14010)).
10.14	First Amendment to the Note Purchase Agreement, dated as of June 30, 2014 (Incorporated by reference to the Registrant's Form 10-K/A dated March 1, 2019 (File No. 001-14010)).
10.15	Note Purchase Agreement, dated as of May 12, 2016, between Waters Corporation and the purchasers named therein (Incor reference to the Registrant's Report on Form 10-Q dated August 5, 2016 (File No. 001-14010)).
10.16	First Amendment to the Note Purchase Agreement, dated as of May 12, 2016 (Incorporated by reference to the Registrant's Form 10-K/A dated March 1, 2019 (File No. 001-14010)).
10.17	Form of Waters 2012 Performance Stock Unit Award Agreement (Incorporated by reference to the Registrant's Report on F dated December 15, 2016 (File No. 001-14010)).*
10.18	Form of Change of Control/Severance Agreement (Incorporated by reference to the Registrant's Report on Form 8-K dated 2017 (File No. 001-14010)).*
10.19	Credit Agreement, dated as of November 30, 2017, among Waters Corporation, JPMorgan Chase Bank, N.A., JP Morgan E Limited and other Lenders party thereto (Incorporated by reference to the Registrant's Report on Form 10-K dated Februar (File No. 001-14010)).
10.20	First Amendment to the Credit Agreement, dated as of November 30, 2017, among Waters Corporation, JPMorgan Chase B JP Morgan Europe Limited and other Lenders party thereto (Incorporated by reference to the Registrant's Report on Form 1 dated March 1, 2019 (File No. 001-14010)).
10.21	Amendment and Restatement Agreement to the Credit Agreement, dated as of September 17, 2021, by and among the lend issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to the Reg Report on Form 8-K dated September 20, 2021 (File No. 001-14010)).
10.22	Amendment and Incremental Commitment Agreement, dated as of March 3, 2023, by and among the Company, Waters Tec Corporation, TA Instruments - Waters L.L.C., Waters Asia Limited, Environmental Resource Associates, Inc., the lenders pa the issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to the I Report on Form 8-K dated March 7, 2023 (File No. 001-14010)).

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Exhibit Number	Description of Document
10.23	Note Purchase Agreement, dated as of September 12, 2019, between Waters Corporation and the purchasers named therein (Incorporated by reference to the Registrant's Report on Form 8-K dated September 16, 2019 (File No. 001-14010)).
10.24	Form of Performance Stock Unit Award Agreement under the Waters Corporation 2012 Equity Incentive Plan. (Incorporate reference to the Registrant's Report on Form 10-K dated February 25, 2020 (File No. 001-14010)).*
10.25	President and Chief Executive Employment Agreement, dated July 14, 2020, between Waters Corporation and Udit Batra (by reference to the Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.26	Change of Control/Severance Agreement, dated as of July 14, 2020, between Waters Corporation and Udit Batra (Incorpora reference to the Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.27	Waters Corporation 2020 Equity Incentive Plan (Incorporated by reference to Exhibit 4.2 of the Registration Statement file S-8 dated June 8, 2020 (File No. 333-239020)).*
10.28	Employee Form of Stock Option Award Agreement under the Waters Corporation 2020 Equity Incentive Plan (Incorporated reference to the Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.29	Director Form of Stock Option Award Agreement under the Waters Corporation 2020 Equity Incentive Plan. (Incorporated to the Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.30	Form of RSU Agreement under the Waters Corporation 2020 Equity Incentive Plan. (Incorporated by reference to the Regis Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.31	CEO Form of PSU Agreement under the Waters Corporation 2020 Equity Incentive Plan (Incorporated by reference to the Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.32	Employee (Non-CEO) PSU Agreement under the Waters Corporation 2020 Equity Incentive Plan (Incorporated by referenc Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.33	Director Form of RSA Agreement under the Waters Corporation 2020 Equity Incentive Plan (Incorporated by reference to t Registrant's Report on Form 10-Q dated July 29, 2020 (File No. 001-14010)).*
10.34	Note Purchase Agreement, dated as of March 2, 2021, by and among the Company and the purchasers signatory thereto, in forms of notes (Incorporated by reference to the Registrant's Report on Form 8-K dated March 4, 2021 (File No. 001-1401
10.35	Employment Offer Letter, dated April 16, 2021, between Waters Corporation and Amol Chaubal (Incorporated by reference Registrant's Report on Form 10-Q dated May 6, 2021 (File No. 001-14010)).*
10.36	Change of Control and Severance Agreement, dated April 16, 2021, between Waters Corporation and Amol Chaubal (Incor reference to the Registrant's Report on Form 10-Q dated May 6, 2021 (File No. 001-14010)).*
10.37	Multi-Currency Note Purchase and Private Shelf Agreement, dated as of May 11, 2023, between Waters Corporation, PGIM each of the purchasers listed on Schedules A-1 and A-2 attached thereto (Incorporated by reference to the Registrant's Repo 8-K dated May 11, 2023 (File No. 001-14010)).

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Exhibit Number	Description of Document
21.1	Subsidiaries of Waters Corporation.
23.1	Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm.
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 Sarba 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 Sarban Act of 2002.**
97	Waters Mandatory Clawback Policy
101	The following materials from Waters Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, fo iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statem Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (Consolidated Statements of Stockholders' Equity (Deficit) and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Date File (formatted in iXBRL and contained in Exhibit 101).

+	Paper Filing
*	Management contract or compensatory plan required to be filed as an Exhibit to this Annual Report.
**	This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that se shall it be deemed incorporated by reference into any filing under the Securities Act, or the Exchange Act, whether made before or aft hereof and irrespective of any general incorporation language in any filing, except to the extent the Company specifically incorporates reference.

(b) See Item 15 (a) (2) above.

Item 16: ***Form 10-K Summary***

The optional summary in Item 16 has not been included in this Annual Report.

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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 t on its behalf by the undersigned, thereunto duly authorized.

WATERS CORPORATION
/s/ Amol Chaubal
Amol Chaubal
Senior Vice President and Chief Financial
(Principal Financial Officer)
(Principal Accounting Officer)

Date: February 27, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of registrant and in the capacities indicated on February 27, 2024.

/s/ Dr. Flemming Ornskov, M.D., M.P.H.		Chairman of the Board of Directors
Dr. Flemming Ornskov, M.D., M.P.H.		
/s/ Udit Batra, Ph.D.		President and Chief Executive Officer
Udit Batra, Ph.D.		Director (Principal Executive Officer)
/s/ Amol Chaubal		Senior Vice President and Chief Financial Office
Amol Chaubal		(Principal Financial Officer)
		(Principal Accounting Officer)
/s/ Linda Baddour		Director
Linda Baddour		
/s/ Dan Brennan		Director
Dan Brennan		
/s/ Richard Fearon		Director
Richard Fearon		
/s/ Pearl S. Huang, Ph.D.		Director
Pearl S. Huang, Ph.D.		
/s/ Wei Jiang		Director
Wei Jiang		
/s/ Christopher A. Kuebler		Director
Christopher A. Kuebler		
/s/ Mark Vergnano		Director
Mark Vergnano		