



**MASIMO CORPORATION**  
**SUPPLEMENTAL NON-GAAP INFORMATION**  
(unaudited in thousands, except per share amounts)

**RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP net income, as previously reported under ASC 605	\$ 27,577	\$ 30,023	\$ 27,773	\$ 215,293	\$ 300,666	\$ 45,334	\$ 46,680	\$ 39,235	\$ 367	\$ 131,616	\$ 45,630	\$ 43,853	\$ 57,126	\$ 146,609
ASC 606 adjustments	2,102	(194)	2,473	6,050	10,431	6,199	(1,542)	(3,382)	(8,102)	(6,827)	-	-	-	-
GAAP net income, as adjusted <sup>(1)</sup>	29,679	29,829	30,246	221,343	311,097	51,533	45,138	35,853	(7,735)	124,789	45,630	43,853	57,126	146,609
Non-GAAP adjustments:														
Acquisition-related depreciation and amortization:														
Cost of goods sold	159	159	159	159	636	152	116	116	116	500	114	115	115	344
Operating expenses	274	274	274	275	1,097	275	274	274	274	1,097	246	246	246	738
Subtotal - acquisition-related depreciation and amortization	433	433	433	434	1,733	427	390	390	390	1,597	360	361	361	1,082
Litigation awards and damages:														
Operating expenses	-	-	-	(270,000)	(270,000)	-	-	-	-	-	-	-	500	500
Non-operating other (income) expense:														
Realized and unrealized foreign currency gains or losses	(891)	(1,456)	(293)	2,537	(103)	(557)	348	448	31	270	(1,113)	566	1,311	764
Tax impact of non-GAAP adjustments	(95)	(11)	(82)	84,002	83,814	(102)	(135)	(137)	(82)	(456)	120	122	(376)	(134)
Tax impact of expiration of certain statutes of limitation related to unique and non-recurring tax positions	-	-	-	-	-	-	-	-	-	-	-	-	(4,169)	(4,169)
Excess tax benefits from stock-based compensation	(1,010)	(4,091)	(2,638)	(5,263)	(13,002)	(15,147)	(15,079)	(4,867)	(4,148)	(39,241)	(3,148)	(3,947)	(14,647)	(21,742)
2017 U.S. Tax Reform <sup>(2)(3)</sup>	-	-	-	-	-	-	-	-	41,392	41,392	16	-	(16)	-
Total non-GAAP net income adjustments	(1,563)	(5,125)	(2,580)	(188,290)	(197,558)	(15,379)	(14,476)	(4,166)	37,583	3,562	(3,765)	(2,898)	(17,036)	(23,699)
Non-GAAP net income	\$ 28,116	\$ 24,704	\$ 27,666	\$ 33,053	\$ 113,539	\$ 36,154	\$ 30,662	\$ 31,687	\$ 29,848	\$ 128,351	\$ 41,865	\$ 40,955	\$ 40,090	\$ 122,910
Net income per diluted share:														
GAAP net income per diluted share	\$ 0.57	\$ 0.57	\$ 0.56	\$ 4.09	\$ 5.85	\$ 0.93	\$ 0.80	\$ 0.64	\$ (0.15)	\$ 2.23	\$ 0.82	\$ 0.79	\$ 1.02	\$ 2.59
Non-GAAP net income per diluted share <sup>(4)</sup>	\$ 0.54	\$ 0.47	\$ 0.52	\$ 0.61	\$ 2.13	\$ 0.65	\$ 0.55	\$ 0.56	\$ 0.54	\$ 2.30	\$ 0.75	\$ 0.73	\$ 0.71	\$ 2.17

**RECONCILIATION OF GAAP NET INCOME PER DILUTED SHARE TO NON-GAAP NET INCOME PER DILUTED SHARE:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP net income per diluted share, as previously reported under ASC 605	\$ 0.53	\$ 0.57	\$ 0.52	\$ 3.97	\$ 5.65	\$ 0.82	\$ 0.83	\$ 0.70	\$ 0.01	\$ 2.36	\$ 0.82	\$ 0.79	\$ 1.02	\$ 2.59
ASC 606 adjustments	0.04	(0.00)	0.04	0.12	0.20	0.11	(0.03)	(0.06)	(0.16)	(0.13)	-	-	-	-
GAAP net income, as adjusted <sup>(1)</sup>	0.57	0.57	0.56	4.09	5.85	0.93	0.80	0.64	(0.15)	2.23	0.82	0.79	1.02	2.59
Non-GAAP adjustments:														
Acquisition-related depreciation and amortization	0.01	0.01	0.01	0.01	0.03	(0.00)	0.01	(0.00)	0.01	0.03	0.01	(0.00)	-	0.02
Realized and unrealized foreign currency gains or losses	(0.02)	(0.03)	(0.00)	0.04	(0.01)	(0.01)	0.01	0.01	0.00	0.01	(0.02)	0.01	0.02	0.01
Litigation awards and damages	-	-	-	(4.98)	(5.08)	-	-	-	-	-	-	-	0.01	0.01
Tax Impact of Pre-Tax Non-GAAP Adjustment	(0.00)	(0.00)	(0.00)	1.55	1.58	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	0.00	0.00	(0.01)	(0.01)
Tax impact of expiration of certain statutes of limitation related to unique and non-recurring tax positions	-	-	-	-	-	-	-	-	-	-	-	-	(0.07)	(0.07)
Excess tax benefits from stock-based compensation	(0.02)	(0.08)	(0.05)	(0.10)	(0.24)	(0.27)	(0.27)	(0.09)	(0.07)	(0.70)	(0.06)	(0.07)	(0.26)	(0.38)
2017 U.S. Tax Reform <sup>(2)(3)</sup>	-	-	-	-	-	-	-	-	0.74	0.74	0.00	0.00	0.00	0.00
Total non-GAAP net income per diluted share adjustments	(0.03)	(0.10)	(0.04)	(3.48)	(3.72)	(0.28)	(0.25)	(0.08)	0.68	0.07	(0.07)	(0.06)	(0.31)	(0.42)
Anti-dilutive effect given the net loss (basic and diluted EPS are the same) in the period	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-
Non-GAAP net income per diluted share	\$ 0.54	\$ 0.47	\$ 0.52	\$ 0.61	\$ 2.13	\$ 0.65	\$ 0.55	\$ 0.56	\$ 0.54	\$ 2.30	\$ 0.75	\$ 0.73	\$ 0.71	\$ 2.17

**RECONCILIATION OF GAAP PRODUCT REVENUE TO NON-GAAP PRODUCT REVENUE:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP product revenue, as previously reported under ASC 605	\$ 163,290	\$ 164,607	\$ 160,286	\$ 175,663	\$ 663,846	\$ 178,097	\$ 182,802	\$ 181,271	\$ 199,154	\$ 741,324	\$ 204,389	\$ 202,004	\$ 202,068	\$ 608,461
ASC 606 adjustments	4,872	395	4,839	10	10,116	4,369	(3,075)	(1,575)	(2,801)	(3,082)	-	-	-	-
GAAP product revenue, as adjusted <sup>(1)</sup>	168,162	165,002	165,125	175,673	673,962	182,466	179,727	179,696	196,353	738,242	204,389	202,004	202,068	608,461
Non-GAAP adjustments:														
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-GAAP product revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP Product revenue	\$ 168,162	\$ 165,002	\$ 165,125	\$ 175,673	\$ 673,962	\$ 182,466	\$ 179,727	\$ 179,696	\$ 196,353	\$ 738,242	\$ 204,389	\$ 202,004	\$ 202,068	\$ 608,461

**RECONCILIATION OF GAAP TOTAL REVENUE TO NON-GAAP TOTAL REVENUE:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP total revenue, as previously reported under ASC 605	\$ 171,167	\$ 172,636	\$ 167,621	\$ 183,201	\$ 694,625	\$ 186,302	\$ 192,933	\$ 193,692	\$ 225,181	\$ 798,108	\$ 212,953	\$ 211,621	\$ 210,583	\$ 635,157
ASC 606 adjustments	4,872	395	4,839	8,167	18,273	10,341	(627)	(332)	(17,242)	(7,860)	-	-	-	-
GAAP total revenue, as adjusted <sup>(1)</sup>	176,039	173,031	172,460	191,368	712,898	196,643	192,306	193,360	207,939	790,248	212,953	211,621	210,583	635,157
Non-GAAP adjustments:														
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-GAAP revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP revenue	\$ 176,039	\$ 173,031	\$ 172,460	\$ 191,368	\$ 712,898	\$ 196,643	\$ 192,306	\$ 193,360	\$ 207,939	\$ 790,248	\$ 212,953	\$ 211,621	\$ 210,583	\$ 635,157



**MASIMO CORPORATION**  
**SUPPLEMENTAL NON-GAAP INFORMATION**  
(unaudited in thousands, except per share amounts)

**RECONCILIATION OF GAAP GROSS PROFIT TO NON-GAAP GROSS PROFIT:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP gross profit, as previously reported under ASC 605														
Product gross profit	\$ 106,336	\$ 107,106	\$ 102,787	\$ 116,791	\$ 433,020	\$ 115,929	\$ 118,372	\$ 116,889	\$ 130,007	\$ 481,197	\$ 135,271	\$ 132,732	\$ 132,389	\$ 400,392
Royalty and other revenue gross profit	7,877	8,029	7,335	7,538	30,779	8,205	10,066	11,776	23,856	53,903	8,390	9,415	8,364	26,169
Total GAAP gross profit	114,213	115,135	110,122	124,329	463,799	124,134	128,438	128,665	153,863	535,100	143,661	142,147	140,753	426,561
ASC 606 adjustments:														
Product gross profit	3,983	169	3,873	33	8,058	3,499	(3,258)	(5,514)	(2,277)	(7,550)	-	-	-	-
Royalty & other revenue gross profit	-	-	-	6,481	6,481	4,781	1,721	914	(12,934)	(5,518)	-	-	-	-
GAAP gross profit, as adjusted <sup>(1)</sup>	118,196	115,304	113,995	130,843	478,338	132,414	126,901	124,065	138,652	522,032	143,661	142,147	140,753	426,561
GAAP product gross profit %	65.6%	65.0%	64.6%	66.5%	65.4%	65.5%	64.0%	62.0%	65.1%	64.2%	66.2%	65.7%	65.5%	65.8%
GAAP total gross profit %	67.1%	66.6%	66.1%	68.4%	67.1%	67.3%	66.0%	64.2%	66.7%	66.1%	67.5%	67.2%	66.8%	67.2%
Non-GAAP product gross profit adjustments:														
Acquisition-related depreciation and amortization	159	159	159	159	636	152	116	116	116	500	114	115	115	344
Non-GAAP gross profit														
Product gross profit	110,478	107,434	106,819	116,983	441,714	119,580	115,230	111,491	127,846	474,147	135,385	132,847	132,504	400,736
Royalty and other revenue gross profit	7,877	8,029	7,335	14,019	37,260	12,986	11,787	12,690	10,922	48,385	8,390	9,415	8,364	26,169
Total Non-GAAP gross profit	\$ 118,355	\$ 115,463	\$ 114,154	\$ 131,002	\$ 478,974	\$ 132,566	\$ 127,017	\$ 124,181	\$ 138,768	\$ 522,532	\$ 143,775	\$ 142,262	\$ 140,868	\$ 426,905
Non-GAAP product gross profit %	65.7%	65.1%	64.7%	66.6%	65.5%	65.5%	64.1%	62.0%	65.1%	64.2%	66.2%	65.8%	65.6%	65.9%
Non-GAAP total gross profit %	67.2%	66.7%	66.2%	68.5%	67.2%	67.4%	66.0%	64.2%	66.7%	66.1%	67.5%	67.2%	66.9%	67.2%

**RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP operating income, as previously reported under ASC 605	\$ 37,337	\$ 36,429	\$ 36,604	\$ 310,400	\$ 420,770	\$ 43,195	\$ 46,868	\$ 47,975	\$ 59,323	\$ 197,361	\$ 53,885	\$ 51,612	\$ 48,641	\$ 154,138
ASC 606 adjustments	3,256	(323)	3,861	8,381	15,175	8,956	(3,019)	(4,913)	(14,597)	(13,573)	-	-	-	-
GAAP operating income, as adjusted <sup>(1)</sup>	40,593	36,106	40,465	318,781	435,945	52,151	43,849	43,062	44,726	183,788	53,885	51,612	48,641	154,138
Non-GAAP adjustments:														
Acquisition-related depreciation and amortization	433	433	433	434	1,733	427	390	390	390	1,597	360	361	361	1,082
Litigation awards and damages	-	-	-	(270,000)	(270,000)	-	-	-	-	-	-	-	500	500
Total non-GAAP operating income adjustments	433	433	433	(269,566)	(268,267)	427	390	390	390	1,597	360	361	861	1,582
Non-GAAP operating income	\$ 41,026	\$ 36,539	\$ 40,898	\$ 49,215	\$ 167,678	\$ 52,578	\$ 44,239	\$ 43,452	\$ 45,116	\$ 185,385	\$ 54,245	\$ 51,973	\$ 49,502	\$ 155,720

**RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP selling, general and administrative operating expenses, as previously reported under ASC 605	\$ 62,511	\$ 63,888	\$ 57,845	\$ 69,423	\$ 253,667	\$ 65,572	\$ 66,377	\$ 65,390	\$ 78,447	\$ 275,786	\$ 71,175	\$ 71,418	\$ 72,170	\$ 214,763
ASC 606 adjustments	728	492	12	(192)	1,040	515	292	314	(615)	506	-	-	-	-
GAAP selling, general and administrative operating expenses, as adjusted <sup>(1)</sup>	63,239	64,380	57,857	69,231	254,707	66,087	66,669	65,704	77,832	276,292	71,175	71,418	72,170	214,763
Non-GAAP adjustments:														
Acquisition-related depreciation and amortization	(274)	(274)	(274)	(274)	(1,096)	(275)	(274)	(274)	(274)	(1,097)	(246)	(246)	(246)	(738)
Non-GAAP selling, general and administrative operating expenses	\$ 62,965	\$ 64,106	\$ 57,583	\$ 68,957	\$ 253,611	\$ 65,812	\$ 66,395	\$ 65,430	\$ 77,558	\$ 275,195	\$ 70,929	\$ 71,172	\$ 71,924	\$ 214,025
GAAP research and development operating expenses, as previously reported under ASC 605	\$ 14,365	\$ 14,818	\$ 15,673	\$ 14,506	\$ 59,362	\$ 15,367	\$ 15,192	\$ 15,300	\$ 16,094	\$ 61,953	\$ 18,601	\$ 19,117	\$ 19,442	\$ 57,160
ASC 606 adjustments	-	-	-	(1,676)	(1,676)	(1,191)	1,191	-	-	-	-	-	-	-
GAAP research and development operating expenses, as adjusted <sup>(1)</sup>	14,365	14,818	15,673	12,830	57,686	14,176	16,383	15,300	16,094	61,953	18,601	19,117	19,442	57,160
Non-GAAP adjustments:														
Acquisition-related depreciation and amortization	(0)	(0)	(0)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	-	-	-	-
Non-GAAP research and development operating expenses	\$ 14,365	\$ 14,818	\$ 15,673	\$ 12,829	\$ 57,685	\$ 14,176	\$ 16,383	\$ 15,300	\$ 16,094	\$ 61,953	\$ 18,601	\$ 19,117	\$ 19,442	\$ 57,160
GAAP litigation settlement, award and/or defense costs	\$ -	\$ -	\$ -	\$ (270,000)	\$ (270,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Non-GAAP adjustments:														
Litigation awards and damages	-	-	-	270,000	270,000	-	-	-	-	-	-	-	(500)	(500)
Non-GAAP litigation settlement, award and/or defense costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-GAAP operating expenses	\$ 77,330	\$ 78,924	\$ 73,256	\$ 81,786	\$ 311,296	\$ 79,988	\$ 82,778	\$ 80,730	\$ 93,652	\$ 337,148	\$ 89,530	\$ 90,289	\$ 91,366	\$ 271,185



**MASIMO CORPORATION**  
**SUPPLEMENTAL NON-GAAP INFORMATION**  
(unaudited in thousands, except per share amounts)

**RECONCILIATION OF GAAP NON-OPERATING INCOME (EXPENSE) TO NON-GAAP NON-OPERATING INCOME (EXPENSE):**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP non-operating income (expense), as previously reported under ASC 605	\$ 498	\$ 471	\$ (546)	\$ (2,852)	\$ (2,429)	\$ 874	\$ 158	\$ 287	\$ 694	\$ 2,013	\$ 1,647	\$ 1,405	\$ 1,028	\$ 4,080
Non-GAAP adjustments:														
Realized and unrealized foreign currency gains or losses	(891)	(1,456)	(293)	2,537	(103)	(557)	348	448	31	270	(1,113)	566	1,311	764
Non-GAAP non-operating income (expense)	\$ (393)	\$ (985)	\$ (839)	\$ (315)	\$ (2,532)	\$ 317	\$ 506	\$ 735	\$ 725	\$ 2,283	\$ 534	\$ 1,971	\$ 2,339	\$ 4,844

**RECONCILIATION OF GAAP PROVISION FOR INCOME TAXES TO NON-GAAP PROVISION FOR INCOME TAXES:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP provision for income taxes, as previously reported under ASC 605	\$ 10,258	\$ 6,877	\$ 8,285	\$ 92,255	\$ 117,675	\$ (1,265)	\$ 346	\$ 9,027	\$ 59,650	\$ 67,758	\$ 9,902	\$ 9,164	\$ (7,457)	\$ 11,609
ASC 606 adjustments	1,154	(129)	1,388	2,331	4,744	2,757	(1,477)	(1,532)	(6,495)	(6,747)	-	-	-	-
GAAP provision for income taxes, as adjusted <sup>(1)</sup>	11,412	6,748	9,673	94,586	122,419	1,492	(1,131)	7,495	53,155	61,011	9,902	9,164	(7,457)	11,609
Non-GAAP adjustments:														
Excess tax benefits from stock-based compensation	1,010	4,091	2,638	5,263	13,002	15,147	15,079	4,867	4,148	39,241	3,148	3,947	14,647	21,742
Tax impact of pre-tax non-GAAP adjustments	95	11	82	(84,002)	(83,814)	102	135	137	82	456	(120)	(122)	376	134
Tax impact of expiration of certain statutes of limitation related to unique and non-recurring tax positions	-	-	-	-	-	-	-	-	-	-	-	-	4,169	4,169
2017 U.S. Tax Reform <sup>(2),(3)</sup>	-	-	-	-	-	-	-	-	(41,392)	(41,392)	(16)	-	16	-
Total non-GAAP provision for income tax adjustments	1,105	4,102	2,720	(78,739)	(70,812)	15,249	15,214	5,004	(37,162)	(1,695)	3,012	3,825	19,208	26,045
Non-GAAP provision for income taxes	\$ 12,517	\$ 10,850	\$ 12,393	\$ 15,847	\$ 51,607	\$ 16,741	\$ 14,083	\$ 12,499	\$ 15,993	\$ 59,316	\$ 12,914	\$ 12,989	\$ 11,751	\$ 37,654

**RECONCILIATION OF EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION TO ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP net income, as previously reported under ASC 605	\$ 27,577	\$ 30,023	\$ 27,773	\$ 215,293	\$ 300,666	\$ 45,334	\$ 46,680	\$ 39,235	\$ 367	\$ 131,616	\$ 45,630	\$ 43,853	\$ 57,126	\$ 146,609
ASC 606 adjustments	2,102	(194)	2,473	6,050	10,431	6,199	(1,542)	(3,382)	(8,102)	(6,827)	-	-	-	-
GAAP net income, as adjusted <sup>(1)</sup>	29,679	29,829	30,246	221,343	311,097	51,533	45,138	35,853	(7,735)	124,789	45,630	43,853	57,126	146,609
Other (income) expense	(498)	(471)	546	2,852	2,429	(874)	(158)	(287)	(694)	(2,013)	(1,647)	(1,405)	(1,028)	(4,080)
Provision for income taxes	11,412	6,748	9,673	94,586	122,419	1,492	(1,131)	7,495	53,155	61,011	9,902	9,164	(7,457)	11,609
Depreciation and amortization	4,051	4,081	4,223	4,462	16,817	4,736	4,726	4,922	5,677	20,061	5,241	5,553	5,166	15,960
Earnings before interest, tax, depreciation and amortization	44,644	40,187	44,688	323,243	452,762	56,887	48,575	47,983	50,403	203,848	59,126	57,165	53,807	170,098
Litigation awards and damages	-	-	-	(270,000)	(270,000)	-	-	-	-	-	-	-	500	500
Non-cash stock based compensation	3,026	3,178	3,489	2,810	12,503	2,889	3,253	5,052	5,993	17,187	5,332	6,720	7,643	19,695
Adjusted earnings before interest, tax, depreciation and amortization	\$ 47,670	\$ 43,365	\$ 48,177	\$ 56,053	\$ 195,265	\$ 59,776	\$ 51,828	\$ 53,035	\$ 56,396	\$ 221,035	\$ 64,458	\$ 63,885	\$ 61,950	\$ 190,293
Adjusted earnings before interest, tax, depreciation and amortization %	27.1%	25.1%	27.9%	29.3%	27.4%	30.4%	27.0%	27.4%	27.1%	28.0%	30.3%	30.2%	29.4%	30.0%

**RECONCILIATION OF EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION TO ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION AS A PERCENTAGE:**

	Q1 2016 <sup>(6)</sup>	Q2 2016 <sup>(6)</sup>	Q3 2016 <sup>(6)</sup>	Q4 2016 <sup>(6)</sup>	YTD 2016	Q1 2017 <sup>(6)</sup>	Q2 2017 <sup>(6)</sup>	Q3 2017 <sup>(6)</sup>	Q4 2017 <sup>(6)</sup>	YTD 2017	Q1 2018	Q2 2018	Q3 2018	YTD 2018
GAAP net income as a percentage, as previously reported under ASC 605	15.7%	17.4%	16.1%	112.5%	42.2%	23.1%	24.3%	20.3%	0.2%	16.7%	21.4%	20.7%	27.1%	23.1%
ASC 606 adjustments	1.2%	1.2%	1.2%	1.2%	1.5%	3.1%	(0.8%)	(1.7%)	(3.9%)	(0.9%)	0.0%	0.0%	0.0%	0.0%
GAAP net income, as adjusted <sup>(1)</sup>	16.9%	17.3%	17.5%	115.7%	43.7%	26.2%	23.5%	18.6%	(3.7%)	15.8%	21.4%	20.7%	27.1%	23.1%
Other (income) expense	(0.3%)	(0.3%)	0.3%	1.5%	0.3%	(0.4%)	(0.1%)	(0.1%)	(0.3%)	(0.3%)	(0.7%)	(0.6%)	(0.5%)	(0.6%)
Provision for income taxes	6.5%	3.9%	5.6%	49.4%	17.2%	0.8%	(0.6%)	3.9%	25.6%	7.8%	4.6%	4.3%	(3.5%)	1.8%
Depreciation and amortization	2.3%	2.4%	2.4%	2.3%	2.4%	2.4%	2.5%	2.5%	2.6%	2.5%	2.4%	2.6%	2.5%	2.5%
Earnings before interest, tax, depreciation and amortization	25.4%	23.3%	25.8%	168.9%	63.6%	29.0%	25.3%	24.9%	24.2%	25.8%	27.7%	27.0%	25.6%	26.8%
Litigation awards and damages	0.0%	0.0%	0.0%	(141.1%)	(37.9%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%
Non-cash stock based compensation	1.7%	1.7%	2.1%	1.5%	1.7%	1.4%	1.7%	2.5%	2.9%	2.2%	2.6%	3.2%	3.6%	3.1%
Adjusted earnings before interest, tax, depreciation and amortization	27.1%	25.1%	27.9%	29.3%	27.4%	30.4%	27.0%	27.4%	27.1%	28.0%	30.3%	30.2%	29.4%	30.0%

<sup>(1)</sup> Certain information presented for periods ending prior to December 31, 2017 have been adjusted to reflect the full retrospective application of the new revenue accounting standard, Accounting Standards Update (ASU) No. 2014-09, Revenue (Topic 606): Revenue from Contracts with Customers (ASU 2014-09).

<sup>(2)</sup> As previously reported in February 2018, the 2017 Tax Act resulted in an unfavorable charge of \$43.5 million in the fourth quarter of 2017. The amount recognized was a provisional estimate and subject to change, possibly materially, due to, among other things, refinements of the Company's calculations, changes in interpretations and assumptions the Company has made or additional guidance issued by the U.S. Treasury, Securities and Exchange Commission or Financial Accounting Standards Board.

<sup>(3)</sup> Includes adjustments related to the full retrospective application of ASC 606 of \$2.1 million, or \$0.4 per diluted share.

<sup>(4)</sup> In the period of a net loss, diluted net loss per share excludes the effects of common stock equivalents that are anti-dilutive.

<sup>(5)</sup> Due to the significant impact of the Philips Settlement Agreement on the fourth quarter results, the sum of the diluted earnings per share numbers for each quarter will not equal the diluted earnings per share number for the entire year.

<sup>(6)</sup> Quarterly reported amounts may vary from amounts previously reported due to rounding conventions.