

WATERS CORP /DE/  
Form DEF 14A  
March 30, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Waters Corporation**

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



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March 30, 2012

Dear Stockholder:

On behalf of the Board of Directors of Waters Corporation ( Waters or the Company ), I cordially invite you to attend the Annual Meeting of Stockholders (the Meeting ) of the Company to be held at Waters Corporation, 34 Maple Street, Milford, Massachusetts 01757 on May 9, 2012 at 11:00 a.m., local time.

The notice of Meeting, the Proxy Statement and proxy card from Waters are enclosed. You may also read the notice of Meeting, the Proxy Statement and the Waters Annual Report ( Annual Report ) on the Internet at <http://www.proxydocs.com/wat>.

Waters has adopted the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process expedites stockholders receipt of proxy materials, lowers the costs and reduces the environmental impact of our annual meeting. On March 30, 2012, we mailed to stockholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access our Proxy Statement and Annual Report and vote by Internet. The Notice contains instructions on how you can (i) receive a paper copy of the Proxy Statement and Annual Report, if you only received a Notice by mail, or (ii) elect to receive your Proxy Statement and Annual Report over the Internet.

The matters scheduled to be considered at the Meeting are (i) to elect directors to serve for the ensuing year and until their successors are elected, (ii) to ratify the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2012, (iii) to approve, by non-binding vote, executive compensation, (iv) to approve the 2012 Equity Incentive Plan, and (v) to consider and act upon any other matters which may properly come before the Meeting or any adjournment thereof. These matters are more fully explained in the Proxy Statement that you are encouraged to read in its entirety.

The Company s Board of Directors values and encourages stockholder participation at the Meeting. It is important that your shares be represented, whether or not you plan to attend the Meeting. Please take a moment to vote on the Internet, by telephone, or if you receive a paper copy of the Proxy Statement and Annual Report, sign, date and return your proxy card in the envelope provided even if you plan to attend the Meeting.

We hope you will be able to attend the Meeting.

Sincerely,

Douglas A. Berthiaume

*Chairman, President and*

*Chief Executive Officer*

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**WATERS CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the Annual Meeting of Stockholders (the Meeting) of Waters Corporation (Waters or the Company) will be held at Waters Corporation, 34 Maple Street, Milford, Massachusetts 01757 on May 9, 2012 at 11:00 a.m., local time, for the following purposes:

1. To elect directors to serve for the ensuing year and until their successors are elected;
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012;
3. To approve, by non-binding vote, executive compensation;
4. To approve the 2012 Equity Incentive Plan; and
5. To consider and act upon any other matters which may properly come before the Meeting or any adjournment thereof.

In accordance with the provisions of the Company's bylaws, the Company's Board of Directors has fixed the close of business on March 15, 2012 as the record date for the determination of the holders of common stock entitled to notice of and to vote at the Meeting.

The Proxy Statement and Annual Report and the means to vote by Internet are available at <http://www.proxydocs.com/wat>.

By order of the Board of Directors

Mark T. Beaudouin

*Vice President*

*General Counsel and Secretary*

Milford, Massachusetts

March 30, 2012

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*Notice of Electronic Availability of Proxy Statement and Annual Report*

As permitted by Securities and Exchange Commission ( SEC ) rules, Waters is making this Proxy Statement and its Annual Report available to its stockholders electronically via the Internet. On March 30, 2012, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials ( Notice ) containing instructions on how to access this Proxy Statement and our Annual Report and vote by Internet. If you received the Notice by mail, you *will not* receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report electronically or to receive a printed version in the mail. The Notice also instructs you on how you may submit your proxy over the Internet or in person at the Meeting.

*Important Notice Regarding Availability of Proxy Materials:*

The Proxy Statement and Annual Report are available at <http://www.proxydocs.com/wat>.

Whether or not you expect to attend the Meeting in person, we urge you to vote your shares by phone, via the Internet, or, if you receive a paper copy of the Proxy Statement and Annual Report, by signing, dating, and returning the proxy card by mail at your earliest convenience. This will ensure the presence of a quorum at the Meeting. Promptly voting your shares will save us the expense and extra work of additional solicitation. Submitting your proxy now will not prevent you from voting your stock at the Meeting if you want to do so, as your vote by proxy is revocable at your option.

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**VOTING**

To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the Meeting in person. Stockholders have three options for submitting their votes: (1) via the Internet, (2) by phone or (3) by mail, using a paper proxy card. If you have Internet access, we encourage you to record your vote on the Internet. It is convenient for you, and it saves the Company significant postage and processing costs. In addition, when you vote via the Internet or by telephone prior to the Meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. Refer to your Notice, or the email you received for electronic delivery of the Proxy Statement for further instructions on voting.

**VOTE BY INTERNET**  
<http://www.proxypush.com/wat>

**VOTE BY TELEPHONE**  
866-307-0858

**VOTE BY MAIL**  
Mark, sign, and date the proxy  
card and return it in the enclosed postage-  
paid envelope.

24 hours a day/7 days a week

toll-free 24 hours

a day/7 days a week

Use the Internet to vote your

Use any touch-tone telephone

Proxy. Have your proxy card

to vote your Proxy. Have your

in hand when you access the

proxy card in hand when you call.

website.

If you vote your proxy by Internet or by telephone, please do NOT mail back the proxy card. You can access, view and download this year's Proxy Statement and Annual Report at <http://www.proxydocs.com/wat>.



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**WATERS CORPORATION**

**34 Maple Street**

**Milford, Massachusetts 01757**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**May 9, 2012, 11:00 a.m.**

This Proxy Statement is being furnished by the Board of Directors (the Board) of Waters Corporation (Waters or the Company), in connection with the Board's solicitation of proxies (each a Proxy and, collectively, Proxies), for use at the 2012 Annual Meeting of Stockholders (the Meeting) to be held on May 9, 2012 at 11:00 a.m., local time, at the Company's headquarters located at 34 Maple Street, Milford, Massachusetts 01757. Solicitation of Proxies, which is being made by the Board, may be made through officers and regular employees of the Company by telephone or by oral communications with stockholders following the original solicitation. No additional compensation will be paid to officers or regular employees for such Proxy solicitation. The Company has retained Alliance Advisors, LLC to do a broker solicitation for a fee of \$5,000, plus reasonable out-of-pocket expenses. Expenses incurred in connection with the solicitation of Proxies will be borne by the Company.

**VOTING MATTERS**

The representation in person or by Proxy of a majority of the outstanding shares of common stock of the Company, par value \$.01 per share, entitled to vote at the Meeting is necessary to provide a quorum for the transaction of business at the Meeting. Shares can only be voted if a stockholder is present in person, has voted via the Internet or by telephone, or is represented by a properly signed Proxy. Each stockholder's vote is very important. Whether or not you plan to attend the Meeting in person, please vote over the Internet, by telephone or sign and promptly return the Proxy card, which requires no additional postage if mailed in the United States. All signed and returned Proxies will be counted towards establishing a quorum for the Meeting, regardless of how the shares are voted.

Shares represented by Proxy will be voted in accordance with your instructions. You may specify how you want your shares to be voted by voting on the Internet, by telephone, or marking the appropriate box on the Proxy card. If your Proxy card is signed and returned without specifying how you want your shares to be voted, your shares will be voted as recommended by the Board, or as the individuals named as Proxy holders on the Proxy deem advisable on all other matters as may properly come before the Meeting. The Proxy will be voted at the Meeting if the signer of the Proxy was a stockholder of record on March 15, 2012 (the Record Date).

Any stockholder voting by Proxy has the power to revoke the Proxy prior to its exercise either by voting by ballot at the Meeting, by executing a later dated Proxy or by delivering a signed written notice of the revocation to the office of the Secretary of the Company at 34 Maple Street, Milford, Massachusetts 01757 before the Meeting begins.

Representatives of the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, are expected to be present at the Meeting. They will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions.

As of the Record Date, there were 88,809,863 shares of common stock outstanding and entitled to vote at the Meeting. Each outstanding share of common stock is entitled to one vote. This Proxy Statement and form of Proxy is first being made available to the stockholders of record on or about March 30, 2012. A list of the stockholders entitled to vote at the Meeting will be available for inspection at the Meeting and for ten days prior to the Meeting at the Company's headquarters for proper purposes relating to the Meeting.



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**MATTERS TO BE ACTED UPON**

**PROPOSAL 1. ELECTION OF DIRECTORS**

Nine members of the Board (the Directors) are to be elected at the Meeting, each to hold office until his or her successor is elected and qualified or until his or her earlier resignation, death or removal. It is intended that the Proxies in the form enclosed with this Proxy Statement will be voted for the nominees set forth below unless stockholders specify to the contrary in their Proxies or specifically abstain from voting on this matter.

The following information pertains to the nominees, their ages, principal occupations and other public directorships for at least the last five years, and information regarding their specific experience, qualifications, attributes or skills that led to the conclusion that each such person should serve as a Director of the Company in light of the Company's business and structure.

Douglas A. Berthiaume, 63, has served as Chairman of the Board since February 1996 and has served as President, Chief Executive Officer and a Director of the Company since August 1994 (except from January 2002 to March 2003, during which time he did not serve as President). From 1990 to 1994, Mr. Berthiaume served as President of the Waters Chromatography Division of Millipore Corporation, the predecessor business of the Company, which was purchased in 1994. Mr. Berthiaume is the Chairman of the Children's Hospital Trust Board, and a trustee of the Children's Hospital Medical Center and The University of Massachusetts Amherst Foundation. Through more than 25 years direct work experience at Waters and its predecessor company, Millipore, and as a director of Genzyme Corporation, Mr. Berthiaume brings to the Waters Board significant experience in both the business and technical issues facing life science/biotechnology companies.

Joshua Bekenstein, 53, has served as a Director of the Company since August 1994. Mr. Bekenstein is a Managing Director of Bain Capital, LLC, where he has worked since its inception in 1984. Mr. Bekenstein is a director of Bombardier Recreational Products, Inc., Toys R Us, Bright Horizons Family Solutions, Inc., Dollarama, Michaels Stores, Inc., Burlington Coat Factory Warehouse Corporation and Gymboree. Mr. Bekenstein's many years of experience both as a senior executive of a large investment firm and as a director of companies in various business sectors makes him highly qualified to serve on the Waters Board.

Michael J. Berendt, Ph.D., 63, has served as a Director of the Company since March 1998. Dr. Berendt is an independent director and investor. From March 2006 to July 2011, Dr. Berendt served as the President and Chief Executive Officer of Aegera Therapeutics Inc. From August 2004 to December 2005, Dr. Berendt served as Managing Director of Research Corporation Technologies. From November 2000 to August 2004, Dr. Berendt served as Managing Director of AEA Investors. Dr. Berendt also worked for 18 years, from 1982 to 2000, in the pharmaceutical industry where he served in a number of senior management positions including Senior Vice President of Research for the Pharmaceutical Division of Bayer Corporation, and a Group Director of Drug Discovery at Pfizer, Inc. Dr. Berendt has served as a director of Onyx Pharmaceuticals, Myriad Genetics, Inc., Catalyst Biosciences and Northstar Neuroscience. Dr. Berendt's experience in the pharmaceutical industry both from a management and a scientific perspective provides unique technical insight to the Waters Board.

Edward Conard, 55, has served as a Director of the Company since August 1994. Mr. Conard is an independent director and investor. He was a Managing Director of Bain Capital, LLC from March 1993 to December 31, 2007. Mr. Conard was previously a Director of Wasserstein Perella and Company, an investment banking firm that specializes in mergers and acquisitions, and a Vice President of Bain & Company heading up the firm's operations practice area. Mr. Conard is a director of Unisource Worldwide, Inc., Broder Brothers, Sensata Technologies, Inc. and Boys & Girls Harbor. His years of experience as a director and a managing director of two large investment firms affords the Waters Board the benefit of Mr. Conard's considerable financial, accounting and business strategy skills.

Laurie H. Glimcher, M.D., 60, has served as a Director of the Company since January 1998. Dr. Glimcher is the Stephen and Suzanne Weiss Dean of the Weill Cornell Medical College, Provost of Medical Affairs Cornell University. From 1991 through 2011, Dr. Glimcher served as the Irene Heinz Given Professor of Immunology at the Harvard School of Public Health and Professor of Medicine at Harvard Medical School. Dr. Glimcher is a director of Bristol-Myers Squibb Company. She is a Fellow of the American Academy of Arts and Sciences and

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a member of the National Academy of Sciences and the Institutes of Medicine of the National Academy of Sciences. As a physician, scientist and professor, Dr. Glimcher brings a diversity of technical skills and experience to the Waters Board.

Christopher A. Kuebler, 58, has served as a Director of the Company since May 2006. Mr. Kuebler is an independent director and investor. He served as Chairman and CEO of Covance Inc., and its predecessor companies from November 1994 to December 2004 and as Chairman during 2005. Prior to joining Covance Inc., Mr. Kuebler spent nearly 20 years in the pharmaceutical industry at Abbott Laboratories, Squibb Inc. and Monsanto Health Care. Mr. Kuebler is a director of Nektar Therapeutics. With 30 years of experience in the pharmaceutical and pharmaceutical service industries, including 10 years as Chairman and Chief Executive Officer of Covance Inc., Mr. Kuebler brings an experienced management perspective to the Waters Board.

William J. Miller, 66, has served as a Director of the Company since January 1998. Mr. Miller is an independent director and investor. From April 1996 to November 1999, Mr. Miller served as Chief Executive Officer and Chairman of the Board of Directors of Avid Corporation, where from September 1996 to January 1999 he served as President. From March 1992 to September 1995, Mr. Miller served as Chief Executive Officer of Quantum Corporation. From May 1992 to September 1995, Mr. Miller served as a member of the Board of Directors of Quantum Corporation and from September 1993 to August 1995, he served as Chairman of the Board of Directors. From 1981 to March 1992, he served in various positions at Control Data Corporation, most recently as Executive Vice President and President, Information Services. Mr. Miller served as a director of Viewsonic Corporation from January 2004 to April 2008 and Overland Storage, Inc. from June 2006 to September 2009. Mr. Miller is a director of Nvidia Corporation, Digimarc Corporation, and Glu Mobile Inc. Mr. Miller's extensive experience as a former chief executive officer, director, and investor brings both management and stockholder perspectives to the Waters Board.

JoAnn A. Reed, 56, has served as a Director of the Company since May 2006. Ms. Reed is a health care services consultant. From April 2008 to April 2009, she was an advisor to the Chief Executive Officer of Medco Health Solutions. From 2002 to March 2008, Ms. Reed served as Senior Vice President, Finance and Chief Financial Officer of Medco Health Solutions. From 1992 to 2002, she served as Senior Vice President, Finance of Medco Health Solutions. She joined Medco Containment Services, Inc. in 1988. Her prior experience includes employment with CBS, Inc., Aetna/American Re-insurance Co., Standard and Poor's, and Unisys/Timeplex. Ms. Reed is a director of both American Tower and Dynavox and a trustee of St. Mary's College of Notre Dame. Ms. Reed's extensive experience as a senior financial executive provides the Waters Board with significant accounting, finance and health care industry expertise.

Thomas P. Salice, 52, has served as a Director of the Company since July 1994. Mr. Salice is a co-founder and principal of SFW Capital Partners, LLC, a private equity firm. He has served as a Managing Member of SFW Capital Partners since January 2005. From June 1989 to December 2004, Mr. Salice served in a variety of capacities with AEA Investors, Inc., including Managing Director, President and Chief Executive Officer and Vice-Chairman. Mr. Salice has a Masters in Business Administration from Harvard University. Mr. Salice is a Director of Mettler-Toledo International, Inc., Agdata, L.P., MD Buyline, Inc. and Spectro Inc. With more than 20 years of experience in the private equity business, Mr. Salice brings to the Waters Board in-depth experience in strategic planning, finance, capital structure and mergers and acquisitions.

*Required Vote and Recommendation of the Board of Directors*

With respect to the election of Directors of the Company, a nominee for director shall be elected to the Board by a majority vote (i.e. the votes cast for such nominee exceed the votes cast against such nominee), except that Directors will be elected by plurality vote at any meeting of stockholders for which the number of nominees exceeds the number of directors to be elected. If an incumbent director fails to be re-elected by a majority vote when such a vote is required and offers to resign, and if that resignation is not accepted by the Board, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If an incumbent director's resignation is accepted by the Board, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board, in its sole discretion, may fill any resulting vacancy. Abstentions and shares with respect to which a broker or

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representative does not vote on a particular matter because it does not have discretionary voting authority on that matter (so-called broker non-votes ) will be counted as present for the purpose of determining whether a quorum is present but will not be treated as shares cast with respect to any nominee and therefore will not have an effect on the determination of whether a nominee has been elected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NOMINEE FOR DIRECTOR SET FORTH ABOVE.

**PROPOSAL 2. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP, an independent registered public accounting firm, to audit the books, records and accounts of the Company for the fiscal year ending December 31, 2012. In accordance with a vote of the Audit Committee and as approved by the Board, this selection is being presented to the stockholders for ratification at the Meeting.

*Required Vote and Recommendation of the Board of Directors*

The affirmative vote of a majority of the shares present at the Meeting in person or represented by Proxy and entitled to vote on the matter is required to approve the proposal. Abstentions will be counted as present for the purpose of determining whether a quorum is present and will be treated as shares present and entitled to vote, but will not be treated as an affirmative vote in favor of the proposal and therefore will have the effect of a vote against the proposal. Ratification by stockholders is not required. If this Proposal 2 is not approved by the stockholders, the Audit Committee does not intend to change the appointment for fiscal year 2012, but will consider the stockholder vote in selecting an independent registered public accounting firm for fiscal year 2013.

**Fees**

The aggregate fees for the fiscal years ended December 31, 2011 and December 31, 2010 by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, were as follows:

	2011	2010
Audit Fees	\$ 3,470,295	\$ 3,257,004
Audit-Related Fees	32,999	35,076
Tax Related Fees		
Tax Compliance	453,402	433,439
Tax Planning	321,690	295,412
Total Tax Related Fees	775,092	728,851
All Other Fees	1,500	1,500
<b>Total</b>	<b>\$ 4,279,886</b>	<b>\$ 4,022,431</b>

**Audit Fees** consists of fees for the audit of the Company's annual financial statements, review of the interim condensed consolidated financial statements included in quarterly reports, assistance with review of documents filed with the SEC, and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements, and attest services, except those not required by statute or regulation.

**Audit-Related Fees** consists of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under **Audit Fees**. These services include employee benefit plan audits, acquisition-related services, attest services not required by statute or regulation, and accounting consultations and reviews for various matters.

**Tax Related Fees** consists of fees for tax compliance and planning services. Tax compliance fees include fees for professional services related to international tax compliance and preparation. Tax planning fees consist primarily of fees related to the impact of acquisitions and restructuring on international subsidiaries.

**All Other Fees** consists of fees for all other permissible services other than those reported above.



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The Audit Committee pre-approved 100% of the services listed under the preceding captions Audit Fees , Audit-Related Fees, Tax Related Fees and All Other Fees. The Audit Committee s pre-approval policies and procedures are more fully described in its report set forth in this Proxy Statement.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

**PROPOSAL 3. NON-BINDING VOTE ON EXECUTIVE COMPENSATION**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), the stockholders of Waters are entitled to cast an advisory vote at the annual meeting to approve the compensation of the Company s named executive officers, as disclosed in this proxy statement. Pursuant to the Dodd-Frank Act, the stockholder vote is an advisory vote only and is not binding on Waters or its Board.

Although the vote is non-binding, the Compensation Committee and the Board value your opinions and will consider the outcome of the vote in establishing compensation philosophy and making future compensation decisions.

As described more fully in the Compensation Discussion and Analysis, in the Summary Compensation Table and subsequent tables, the Company s named executive officers are compensated in a manner consistent with our business strategy, competitive practice, sound compensation governance principles, and stockholder interests and concerns. Our compensation policies and decisions are focused on pay-for-performance.

The compensation of our named executive officers during fiscal 2011 is consistent with prior years and the following financial achievements and performance:

The 2011 target performance goal of non-GAAP earning per diluted share ( E.P.S. ) was 15% growth, or \$4.70, over 2010 s non-GAAP E.P.S. of \$4.09. Non-GAAP E.P.S. is defined as E.P.S. in accordance with generally accepted accounting principles ( GAAP ), adjusted for items that management believes are not directly related to ongoing operations. In 2011 the Company achieved non-GAAP E.P.S. of \$4.81 which represents an 18% increase over 2010 s non-GAAP E.P.S.

Non-GAAP operating income of \$547,339,000 which exceeded the minimum non-GAAP operating income threshold of \$500,662,630 required for an annual incentive payout and which represents an increase of 17% over 2010 non-GAAP operating income of \$467,909,000;

A description and reconciliation of GAAP to non-GAAP E.P.S. and GAAP to non-GAAP operating income can be found on the Company s web-site at <http://www.waters.com> under the caption Investors and copies may be obtained, without charge, upon written request to the Company, c/o Vice President, Investor Relations, 34 Maple Street, Milford, MA 01757

Waters also has several compensation governance programs in place as described in the Compensation Discussion and Analysis to manage compensation risk and align Waters executive compensation with long-term stockholder interests. These programs include:

stock ownership guidelines;

an independent compensation committee and compensation committee consultant; and

a compensation recoupment policy.

We are requesting your non-binding vote on the following resolution: Resolved, that the compensation of the Company s named executive officers as described in the Compensation Discussion and Analysis, in the Summary Compensation Table and subsequent tables, is approved.

## Edgar Filing: WATERS CORP /DE/ - Form DEF 14A

### *Required Vote and Recommendation of the Board of Directors*

The affirmative vote of a majority of the shares of Waters common stock present or represented by proxy and voting at the annual meeting, is required for approval on an advisory basis, of this proposal. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal.



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Abstentions will have the effect of a vote against this proposal. Broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RESOLUTION.

### **PROPOSAL 4. APPROVAL OF 2012 EQUITY INCENTIVE PLAN**

We currently have in place the 2003 Equity Incentive Plan, previously approved by our stockholders, which will expire on March 3, 2013 (the 2003 Plan). In light of the upcoming expiration of the 2003 Plan, the board of Directors, on February 15, 2012, approved and recommends that the stockholders approve the Company's 2012 Equity Incentive Plan (the 2012 Plan). If the 2012 Plan is approved by the stockholders, no further grants of awards will be made under the 2003 Plan.

The board of Directors believes that the 2012 Plan:

Aligns the long-term interests of key employees and stockholders by creating a direct link between key employee compensation and stockholder return;

Enables key employees to develop and maintain a substantial stock ownership in the Company; and

Provides incentives for key employees to contribute to the success of the Company.

The 2012 Plan provides that, without stockholder approval, awards may not be repriced, that is, the terms of options and stock appreciation rights, or SARs, may not be amended to reduce their exercise or base price, and options and SARs may not be cancelled in exchange for cash, options or SARs with an exercise price that is less than the exercise price of the original options, SARs or other awards.

The 2012 Plan is being submitted to stockholders for approval. The Directors believe it is in the best of interest of the Company and its stockholders to approve the 2012 Plan.

### **Summary of the 2012 Plan**

The key features of the 2012 Plan are summarized below. A copy of the 2012 Plan is attached as Appendix A to this Proxy Statement and is incorporated herein by reference. We encourage you to read the 2012 Plan in its entirety. By voting in favor of this proposal, you will be voting to approve the adoption of the 2012 Plan and the material terms of the 2012 Plan for purposes of qualifying awards thereunder as performance-based compensation under Section 162(m) of the Code.

*Purpose.* The 2012 Plan is intended to encourage ownership of stock by employees, consultants and directors of the Company and its affiliates and to provide additional incentive for them to promote the success of the Company's business through the grant of awards of or pertaining to shares of the Company's common stock.

*Stock Subject to the 2012 Plan.* The shares issued or to be issued under the 2012 Plan may be either authorized but unissued shares of the Company's common stock or shares held by the Company in its treasury. The maximum number of shares of stock which may be issued pursuant to or subject to awards under the 2012 Plan is 5,000,000 plus the number of shares which were available for grant under the Company's 2003 Equity Incentive Plan, as of the date of stockholder approval of the 2012 Plan. As of March 15, 2012, there were 1,285,713 shares available for issuance under the 2003 Plan. The maximum number of shares of stock which may be issued pursuant to or subject to awards of incentive stock options is 5,000,000.

In applying the foregoing share limitation, the following shall not reduce the number of shares available for issuance under the 2012 Plan:

shares reserved for issuance upon exercise or settlement of awards to the extent they expire, are cancelled or surrendered;

restricted stock to the extent it is forfeited or surrendered before the restriction period expires; and

awards that are ultimately paid in cash;

In addition, the following shares will not become available for issuance under the 2012 Plan:

shares tendered by participants as full or partial payment of an option exercise price;

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shares reserved upon grant of SARs to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise; and

shares withheld by or remitted to the Company to satisfy tax withholding obligations.

The number of shares reserved under the 2012 Plan will be reduced by two shares of common stock for each share of stock delivered upon the settlement of a full-value award, and by one share of stock for each share of stock delivered upon settlement of an award that is not a full-value award. A full-value award includes any award *other than* an option or stock appreciation right (e.g., stock grants, restricted stock, restricted stock units, performance units and any other similar awards payable in shares of stock) in which the value of the award is measured as the full value of a share of common stock, rather than the increase in value of a share of common stock.

*Administration.* The 2012 Plan may be administered by the Compensation Committee of the board, by the board directly, or, in certain cases, by an executive officer or officers of the Company designated by the Compensation Committee. The Compensation Committee has the discretion, subject to the provisions of the 2012 Plan, to determine the employee, consultant or director to receive an award and the form of award. Further, the Compensation Committee has complete authority to interpret the 2012 Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective award agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the 2012 Plan.

*Eligibility.* Awards may be granted to any employee of or consultant to one or more of the Company and its affiliates or to non-employee Directors or non-employee members of any board of directors (or similar governing authority) of any affiliate, but in no event shall the number of shares of common stock granted to any one recipient in any one calendar year exceed 2,000,000 shares.

*Effect of Termination of Employment, Etc.* Unless the Compensation Committee shall provide otherwise with respect to any award under the 2012 Plan, stock options and SARs will terminate not later than 30 days following the recipient's termination of employment or other association, for any reason, with the Company or its affiliates. The effect of termination on other awards will depend on the terms specified in the applicable award agreement.

*Non-Transferability of Awards.* In general, no award under the 2012 Plan may be transferred by the recipient, and during the life of the recipient all rights under an award may be exercised during the life of the recipient only by the recipient or his or her legal representative. However, the Compensation Committee may provide that an award of a nonstatutory option or shares of restricted stock may be transferred by the recipient, without consideration, to a family member.

*Types of Awards.* Awards under the 2012 Plan may include incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, stock grants and qualified performance-based awards. Each award will be subject to all applicable terms and conditions of the 2012 Plan, and such other terms and conditions as the Compensation Committee may prescribe.

Nonstatutory stock options and incentive stock options, or stock options, are rights to purchase common stock of the Company. A stock option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Compensation Committee may determine. A stock option may be exercised by the recipient giving written notice to the Company, specifying the number of shares with respect to which the stock option is then being exercised, and accompanied by payment of an amount equal to the exercise price of the shares to be purchased. The purchase price may be paid by cash, check, by delivery to the Company of shares of common stock (with some restrictions), by surrender of the stock option as to all or part of the shares of common stock for which the stock option is then exercisable, or through and under the terms and conditions of any formal cashless exercise program authorized by the Company.

Incentive stock options may be granted only to employees of the Company, or any parent or subsidiary corporation, and must have an exercise price of not less than 100% of the fair market value of the Company's common stock on the date of grant (110% for incentive stock options granted to any recipient holding

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more than 10% of the stock of the Company immediately prior to the date of grant). In addition, the term of an incentive stock option may not exceed ten years (five years, if granted to any 10% stockholder). Nonstatutory stock options must have an exercise price of not less than 100% of the fair market value of the Company's common stock on the date of grant and the term of any nonstatutory stock option may not exceed ten years. In the case of an incentive stock option, the amount of the aggregate fair market value of common stock (as of the date of grant of the stock option) exercisable for the first time by the recipient during any calendar year may not exceed \$100,000, minus the aggregate fair market value of common stock then exercisable by the recipient for the first time under all incentive stock options previously granted to the recipient under all plans of the Company and its affiliates.

Stock appreciation rights, or SARs, are rights to receive any appreciation in the fair market value of shares of common stock over an exercise price specified in the SAR. SARs may be granted in tandem with a stock option, such that the recipient has the opportunity to exercise either the stock option or the SAR, but not both. The base exercise price (above which any appreciation is measured) will not be less than 100% of the fair market value of the common stock on the date of grant of the SAR or, in the case of an SAR granted in tandem with a stock option, the exercise price of the related stock option. SARs are subject to terms and conditions substantially similar to those applicable to nonstatutory stock options, except as the Compensation Committee may deem inappropriate or inapplicable. No SAR may be exercised on or after the tenth anniversary of the grant date.

Awards of restricted stock are grants of rights to receive shares of common stock which are subject to limitations on transferability and a risk of forfeiture arising on the basis of conditions related to the performance of services, Company or affiliate performance or otherwise as the Compensation Committee may determine. Awards of restricted stock will be subject to a risk of forfeiture during a restriction period, established by the Compensation Committee, which shall not be less than three years, except as may be recommended by the Compensation Committee and approved by the board, or under certain other limited circumstances. Prior to the lapse of the risk of forfeiture of an award of restricted stock, the recipient will have all of the rights of a stockholder of the Company, including the right to vote and receive any dividends with respect to the shares of restricted stock. Any dividends payable in shares of stock of the Company shall constitute additional restricted stock. The Compensation Committee may determine, at the time of the award, that payment of cash dividends be deferred and reinvested in additional restricted stock.

Awards of restricted stock units are grants of rights to receive shares of common stock arising on the basis of conditions relating to the performance of services, Company or affiliate performance or otherwise as the Compensation Committee may determine, which are issued at the close of the applicable restriction period. The applicable restriction period, established by the Compensation Committee, will be not less than three years, except as may be recommended by the Compensation Committee and approved by the board, or under certain other limited circumstances. The recipient may be entitled to receive payments equivalent to any dividends declared with respect to the common stock referenced in the grant of the restricted stock units, to be paid without interest or other earnings.

Awards of performance units are grants of rights to receive the appreciation over the initial value (established by the Compensation Committee at the time of grant) of a specified number of shares of common stock, at the close of a specified performance period and subject to the achievement of specified business objectives, including performance goals, as set by the Compensation Committee. The Compensation Committee may permit or require the recipient to defer receipt of payment that would otherwise be due by virtue of the satisfaction of any requirements or goals with respect to the performance units. The recipient may be entitled to receive any dividends declared with respect to the common stock which have been earned in connection with the grant of the performance units.

A stock grant is a grant of shares of common stock not subject to restrictions or other forfeiture conditions. Stock grants may be awarded only in recognition of significant prior or expected contributions to the success of the Company or its affiliates, as an inducement to employment, in lieu of compensation otherwise already due and in such other limited circumstances as the Compensation Committee deems appropriate.

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Qualified performance-based awards are awards which include performance criteria intended to satisfy Section 162(m) of the Code. Section 162(m) of the Code limits the Company's federal income tax deduction for compensation to certain specified senior executives to \$1 million dollars, but excludes from that limit performance-based compensation. Any form of award permitted under the 2012 Plan, other than a stock grant, may be granted as a qualified performance-based award, but in each case will be subject to satisfaction of performance goals or (in the case of stock options) based on continued service. The performance criteria used to establish performance goals are limited to the following:

cash flow (before or after dividends)	return on equity
stock price	return on capital (including without limitation
stockholder return or total stockholder return	
return on investment	return on total capital or return on invested
	capital)
market capitalization	return on assets or net assets
debt leverage (debt-to-capital)	economic value added
sales or net sales	revenue
income, pre-tax income or net income	backlog
operating profit, net operating profit or	operating income or pre-tax profit
economic profit	gross margin, operating margin or profit
return on operating revenue or return on	
	margin
operating assets	cash from operations
operating ratio	operating revenue
market share improvement	general and administrative expenses
customer service	
earnings per share (including, without	
limitation, earnings before interest, taxes,	
depreciation and amortization)	

The Compensation Committee has discretion to select the length of any applicable restriction or performance period, the kind and/or level of the applicable performance goal, and whether the performance goal is to apply to the Company, a subsidiary of the Company or any division or business unit, or to the recipient, provided that any performance goals be objective and otherwise meet the requirements of Section 162(m) of the Code. Generally, a recipient will be eligible to receive payment under a qualified performance-based award only if the applicable performance goal or goals are achieved within the applicable performance period, as determined by the Committee.

*Adjustment for Corporate Actions.* In the event of any change in the outstanding shares of common stock as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar distribution with respect to the shares of common stock, an appropriate and proportionate adjustment will be made in (1) the maximum numbers and kinds of shares subject to the 2012 Plan, (2) the numbers and kinds of shares or other securities subject to then outstanding awards, (3) the exercise price for each share or other unit of any other securities subject to then outstanding stock options or SARs (without change in the aggregate purchase price as to which such stock options or SARs remain exercisable), and (4) the repurchase price of each share of restricted stock then subject to a risk of forfeiture in the form of a Company repurchase right. Any such adjustment in awards will be determined and made by the Compensation Committee in its sole discretion.

*Transactions.* In the event of a transaction, including (i) any merger or consolidation of the Company, (ii) any sale or exchange of all of the common stock of the Company, (iii) any sale, transfer or other disposition of all or substantially all of the Company's assets, or (iv) any liquidation or dissolution of the Company, the Compensation Committee may, with respect to all or any outstanding stock options and SARs, (1) provide that such awards will be assumed, or substantially equivalent rights shall be provided in substitution therefore, (2) provide that the recipient's unexercised awards will terminate immediately prior to the consummation of such transaction unless exercised within a specified period following written notice to the recipient, (3) provide that outstanding awards shall become exercisable in whole or in part prior to or upon the transaction, (4) provide for cash payments, net of applicable tax withholdings, to be made to the recipients, (5) provide that, in connection



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with a liquidation or dissolution of the Company, awards shall convert into the right to receive liquidation proceeds net of the exercise price of the awards and any applicable tax withholdings, or (6) any combination of the foregoing. With respect to outstanding awards other than stock options or SARs, upon the occurrence of a transaction other than a liquidation or dissolution of the Company which is not part of another form of transaction, the repurchase and other rights of the Company under each such award will transfer to the Company's successor. Upon the occurrence of such a liquidation or dissolution of the Company, all risks of forfeiture and performance goals applicable to such other awards will automatically be deemed terminated or satisfied, unless specifically provided to the contrary in the award. Any determinations required to carry out any of the foregoing will be made by the Compensation Committee in its sole discretion.

*Change of Control.* Upon the occurrence of a change of control, stock options and SARs will accelerate with respect to 100% of the shares not then exercisable; the risk of forfeiture applicable to restricted stock and restricted stock units not based on achievement of performance goals will lapse with respect to 100% of the restricted stock and restricted stock units still subject to such risk of forfeiture; and all outstanding awards of restricted stock, restricted stock units and performance units conditioned on the achievement of performance goals will be deemed to have been satisfied. A change of control is defined as the occurrence of any of the following: (1) a transaction, as described above, unless securities possessing more than 50% of the total combined voting power of the resulting entity or ultimate parent entity are held by a person who held securities possessing more than 50% of the total combined voting power of the Company immediately prior to the transaction; (2) any person or group of persons, excluding the Company and certain other related entities, directly or indirectly acquires beneficial ownership of securities possessing more than 20% of the total combined voting power of the Company, unless pursuant to a tender or exchange offer that the Company's board of directors recommends stockholders accept; (3) over a period of no more than 36 consecutive months there is a change in the composition of the Company's board such that a majority of the board members ceases to be composed of individuals who either (i) have been board members continuously since the beginning of that period, or (ii) have been elected or nominated for election as board members during such period by at least a majority of the remaining board members who have been board members continuously since the beginning of that period.

*Settlement of Awards.* Stock options and restricted stock will be settled in accordance with their terms. All other awards under the 2012 Plan may be settled in cash, common stock or other awards, or a combination thereof, as determined by the Compensation Committee at or after the date of grant and subject to any contrary award agreement.

*Termination and Amendment of the Plan.* Generally, the board may at any time terminate the 2012 Plan or make such modifications of the 2012 Plan as it shall deem advisable, subject to the rights of recipients of outstanding awards on the date of amendment or modification. Unless the Board otherwise expressly determined by the board, no amendment of the 2012 Plan shall affect the terms of any award outstanding on the date of the amendment. In addition, no amendment may (i) increase the number of shares of common stock which may be issued under the 2012 Plan, (ii) change the description of the persons eligible for awards, or (iii) effect any other change for which stockholder approval is required by law or the rules of any relevant stock exchange. As noted above, without stockholder approval, awards may not be repriced to reduce their exercise or