

WATERS CORP /DE/  
Form 11-K  
June 08, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 11-K**

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

**For the fiscal year ended December 31, 2010**

**or**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 01-14010**

A. Full title of the plan and the address of the plan, if different from that of the issuer name below:

**Waters Employee Investment Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Waters Corporation**

**34 Maple Street**

**Milford, Massachusetts 01757**

**Required Information**

**Financial Statements and Supplemental Schedule**

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009

Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2010

Notes to Financial Statements

Form 5500 Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2010

**Exhibit**

| Designation  | Description        | Method of Filing       |
|--------------|--------------------|------------------------|
| Exhibit 23.1 | Consent of CCR LLP | Filed with this Report |

**SIGNATURE**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Waters Employee Investment Plan

Date: June 8, 2011

By: /s/ John Ornell  
John Ornell  
Employee Benefits Administration  
Committee

**WATERS EMPLOYEE INVESTMENT PLAN  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULE  
AS OF DECEMBER 31, 2010 AND 2009  
AND FOR THE YEAR ENDED DECEMBER 31, 2010  
WITH  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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**WATERS EMPLOYEE INVESTMENT PLAN**  
**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE**  
as of December 31, 2010 and 2009  
and for the year ended December 31, 2010

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Participants and Administrator of  
Waters Employee Investment Plan

We have audited the accompanying statements of net assets available for benefits of Waters Employee Investment Plan (the Plan) as of December 31, 2010 and 2009 and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ CCR LLP

Westborough, Massachusetts

June 8, 2011

**WATERS EMPLOYEE INVESTMENT PLAN**

Statements of Net Assets Available for Benefits  
as of December 31, 2010 and 2009

|  | December 31,   |                |
|--|----------------|----------------|
|  | 2010           | 2009           |
| Assets   |                |                |
| Investments, at fair value   |                |                |
| Waters Corporation Stock Fund  | \$ 37,349,393  | \$ 31,897,966  |
| Mutual funds   | 291,831,497    | 243,118,121    |
| Self-directed Brokeragelink option:  |                |                |
| Common stock   | 11,722,560     | 6,139,455      |
| Mutual funds   | 4,563,320      | 4,009,405      |
| Other investments  | 242,658        | 105,892        |
| Cash and cash equivalents  | 4,313,033      | 8,390,024      |
| Common collective trust  | 5,195,961      | 5,128,615      |
| <br>   |                |                |
| Total investments  | 355,218,422    | 298,789,478    |
| <br>   |                |                |
| Receivables  |                |                |
| Notes receivable from participants   | 6,628,982      | 6,384,848      |
| Employer contributions   | 446,646        |                |
| <br>   |                |                |
| Net assets with all investments valued at fair value   | 362,294,050    | 305,174,326    |
| <br>   |                |                |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (42,248)       | 95,367         |
| <br>   |                |                |
| Net assets available for benefits  | \$ 362,251,802 | \$ 305,269,693 |

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

**WATERS EMPLOYEE INVESTMENT PLAN**  
 Statement of Changes in Net Assets Available for Benefits  
 for the Year Ended December 31, 2010

|   |                    |
|---|--------------------|
| Additions   |                    |
| Net investment income:                                    |                    |
| Net appreciation in fair value of investments (Note 5)    | \$ 38,510,315      |
| Interest income   | 303,446            |
| Dividend income   | 5,313,127          |
| <br>Total investment income                               | <br>44,126,888     |
| <br>Interest income on notes receivable from participants | <br>294,007        |
| <br>Contributions:  |                    |
| Employer's contributions                                  | 10,485,237         |
| Employees' contributions                                  | 16,790,069         |
| Rollovers   | 1,004,644          |
| <br>Total contributions                                   | <br>28,279,950     |
| <br>Total additions                                       | <br>72,700,845     |
| <br>Deductions  |                    |
| Benefits paid directly to beneficiaries and participants  | 15,668,439         |
| Administrative expenses                                   | 50,297             |
| <br>Total deductions                                      | <br>15,718,736     |
| <br>Net increase  | <br>56,982,109     |
| <br>Net assets available for benefits:                    |                    |
| Beginning of year   | 305,269,693        |
| <br>End of year   | <br>\$ 362,251,802 |

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

**WATERS EMPLOYEE INVESTMENT PLAN**  
**Notes to Financial Statements for the Year Ended December 31, 2010**

**1 Description of Plan**

The following description of the Waters Employee Investment Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

*General*

The Plan, effective August 19, 1994, was created to provide an opportunity for eligible employees of Waters Technologies Corporation (Waters or the Company) and any eligible legally affiliated company to provide for their future financial security through participation in a systematic savings program to which each participating employer (the Employer) also contributes. The Plan is a defined contribution plan covering substantially all employees of the Company and its affiliates who work in the United States. The Plan is designed to take advantage of provisions of the Internal Revenue Code of 1986, as amended (the IRC), which allow a participant to elect to reduce taxable compensation (subject to certain limitations) with the amount of such reduction being contributed to the Plan by the Employer on behalf of the electing participant. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan is a Safe Harbor Plan, which provides for catch-up contributions by participants who have attained age 50 before the close of the plan year, to satisfy the alternative methods of meeting nondiscrimination requirements, and redefine employer matching contributions. Accordingly, no discrimination testing is applicable.

*Eligibility*

Employees are eligible to participate in the Plan immediately upon their date of hire or rehire. Employees are automatically enrolled in the Plan upon their date of hire or rehire. Unless the employee elects to suspend automatic contributions, the automatic participation will commence at 3% of annual compensation and increase 1% each year until contributions reach 6% of annual compensation.

*Contributions*

Participants may elect to voluntarily contribute to the Plan from 1% to 30% of their annual compensation, on a pre-tax basis, up to \$16,500 for 2010. Participants who are over age 50, or who will reach age 50 during the year, may elect to make an additional pre-tax contribution to the Plan of up to \$5,500 for 2010, provided their regular pre-tax contributions reach either the Plan's limit of 30% of eligible earnings or the Internal Revenue Service (IRS) dollar limit of \$16,500 for 2010. As of December 31, 2010, participants had 29 investment options in which to direct the investment of their contributions and Company contributions. Each investment option offers a different level of risk and expected rate of return.

For contribution purposes, compensation includes salary, lump sum cash payments of merit pay increases, commissions, overtime pay, shift differentials, short-term disability pay, unused vacation pay, bonuses paid under the performance bonus plan and management incentive bonuses or certain other designated incentive plans. The Employer will match 100% of the first 6% of compensation contributed by the participant. The Employer matching contribution is effective immediately upon date of eligibility and follows the investment elections selected by the participant for employee contributions. Contributions and compensation considered for matching contribution purposes are subject to certain limitations.

*Participant Accounts*

Each participant's account is credited with the participant's contributions, any applicable Employer matching contributions and an allocation of Plan earnings, and is charged with an allocation of administrative expenses to the extent that they are paid by the Plan. Certain administrative expenses are charged directly against participants' accounts. Allocations of earnings and expenses are based on the participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account balance.

*Vesting*

Participants are immediately vested in their contributions as well as Employer matching contributions, plus actual earnings thereon.

*Rollover Election*

Employees may make an eligible rollover contribution to the Plan at any time.





**WATERS EMPLOYEE INVESTMENT PLAN**  
**Notes to Financial Statements for the Year Ended December 31, 2010**

*Administration*

Fidelity Management Trust Company ( Fidelity ) is the trustee and custodian for the Plan. Fidelity Investments Institutional Operations Company ( FIIOC ) is the record keeper for the Plan.

*Benefits*

Benefits are paid in one lump sum upon death, disability, retirement or termination. Participants who are actively employed and have attained the age of 59 1/2 may withdraw all or any portion of their account balance for any reason. The Plan also provides for certain hardship withdrawals upon approval by the Plan Administrator, a representative of the Company's management.

*Administrative Expenses*

Certain administrative expenses, including loan maintenance, brokerage account fees, Waters Corporation Stock Fund ( Stock Fund ) administrative fees and in-service withdrawal fees, are paid by the participants. Other expenses, such as legal, audit and consulting fees, incurred in the administration of the Plan are paid by the Company.

*Notes Receivable from Participants*

Participants in the Plan may borrow from their account balance. A participant may borrow an amount greater than or equal to \$1,000 but not to exceed the lesser of (a) \$50,000 minus the largest outstanding loan balance in the twelve months preceding the loan request or (b) 50% of the total account balance minus current outstanding loan balances. Principal and interest are repaid through payroll deductions for a period of up to five years, except for loans made for purchasing or constructing a principal residence for which the repayment term may be up to 20 years. The loans bear interest at a fixed rate equal to the prime rate on the first business day of the calendar quarter in which the loan is funded and are collateralized by the participants' account balances. At December 31, 2010, interest rates on outstanding loans ranged from 3.25% to 9.5%.

**2 Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America ( GAAP ). Benefits payable at year end are not accrued as they are considered to be a component of net assets available for benefits.

*Investment Transactions and Investment Income*

The Plan's investments are stated at fair value. Shares of common stock and mutual funds are valued at the quoted market prices, which represent the net asset value of the shares held by the Plan at year end. The difference between fair value and contract value of the commingled trust fund is presented as an adjustment to net assets available for benefits. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis as earned.

Waters Corporation common stock is traded on a national securities exchange and is valued at the last reported sales price on the last business day of the year. The common stock was valued at \$77.71 and \$61.96 per share at December 31, 2010 and 2009, respectively.

Cash equivalents are stated at cost which approximates fair value and includes shares of two Fidelity money market funds that are highly liquid.

The Plan presents in the statement of changes in net assets the net appreciation or depreciation in the fair value of its investments that consists of the realized gains or losses and unrealized appreciation or depreciation on those investments.

*Contributions*

Employer and employee contributions are recorded in the period in which payroll deductions are made from the employee's compensation.

**WATERS EMPLOYEE INVESTMENT PLAN**  
**Notes to Financial Statements for the Year Ended December 31, 2010**

*Benefit Payments*

Benefit distributions are recorded when paid.

*Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions in accordance with the provisions of the plan.

*Use of Estimates*

The preparation of the Plan's financial statements in conformity with GAAP requires the Plan Administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

*Risks and Uncertainties*

The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

*Reclassifications*

Certain amounts from the prior year have been reclassified in the accompanying financial statements in order to be consistent with the current year's classifications. Such reclassifications had no impact on the net assets available for benefits at December 31, 2009.

*Recently Adopted Accounting Standards*

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements (Topic 820). This standard requires additional disclosure about the amounts of and reasons for significant transfers in and out of Level 1 and Level 2 fair-value measurements. This standard also clarifies existing disclosure requirements related to the level of disaggregation of fair value measurements for each class of assets and liabilities and disclosure about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 measurements. As this newly issued accounting standard only requires enhanced disclosure, the adoption of this standard did not have a material effect on the Plan's financial position, results of operations or cash flows. In addition, effective for interim and annual periods beginning after December 15, 2010, this standard will require additional disclosure and require an entity to present disaggregated information about activity in Level 3 fair-value measurements on a gross basis, rather than as one net amount.

In September 2010, the FASB issued ASU No. 2010-25, Plan Accounting - Defined Contribution Pension Plans (Topic 962), relating to reporting loans to participants by defined contribution pension plans. This standard requires that participant loans be classified as notes receivables from participants, which are segregated from plan investments and measured at the unpaid principal balance plus any accrued but unpaid interest. This standard must be applied retrospectively to all prior periods presented and was effective for fiscal years ending after December 15, 2010. The adoption of this standard did not have a material effect on the Plan's financial position, results of operations or cash flows.

**3 Fair Value Measurements**

In accordance with the accounting standards for fair value measurements and disclosures, the Plan's assets are measured at fair value on a recurring basis as of December 31, 2010 and 2009. Fair values determined by Level 1 inputs utilize observable data, such as quoted prices in active markets. Fair values determined by Level 2 inputs utilize observable data points other than quoted prices in active markets that are observable either directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points for which there is little or no market data, which

require the reporting entity to develop its own assumptions.

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**WATERS EMPLOYEE INVESTMENT PLAN****Notes to Financial Statements for the Year Ended December 31, 2010**

The following table discloses the Plan's assets measured at fair value on a recurring basis as of December 31, 2010:

|  | <b>Total<br/>December 31,<br/>2010</b> | <b>Quoted Prices<br/>in<br/>Active Market<br/>for<br/>Identical Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|--|--|--|--|
| Assets:  |  |  |  |  |
| Waters Corporation Stock Fund <sup>(a)</sup>             | \$ 37,349,393                          | \$ 36,204,156  | \$ 1,145,237   | \$   |
| Mutual funds <sup>(b)</sup>                              | 291,831,497                            | 291,830,497  | 1,000  |  |
| Self-directed Brokeragelink option <sup>(c)</sup><br>(d) | 20,841,571                             | 16,525,538   | 4,316,033  |  |
| Common collective trust <sup>(e)</sup>                   | 5,195,961                              |  | 5,195,961  |  |
| <b>Total</b>   | <b>\$ 355,218,422</b>                  | <b>\$ 344,560,191</b>  | <b>\$ 10,658,231</b>   | <b>\$</b>  |

(a) Represents investment in the Stock Fund (Note 8).

(b) The mutual funds are invested in the following categories: 30% in the common stock of large-cap U.S. companies, 23% in asset allocation funds, 15% in the common stock of international companies, 13% in the common stock of small- and mid-cap U.S. companies, 11% in intermediate-term fixed-income bonds issued by U.S. and foreign government agencies and 8% in U.S. government securities.

(c) The Level 1 self-directed Brokeragelink assets are invested in the following categories: 25% in technologies stocks, 11% in healthcare stocks, 8% in services stocks, 27% in other common stocks, 5% in large-cap mutual funds and 24% in other mutual funds.

(d) The Level 2 self-directed Brokeragelink assets are primarily invested in money market funds held with various financial institutions.

(e) See Note 6.

The following table discloses the Plan's assets measured at fair value on a recurring basis as of December 31, 2009:

|         | <b>Total<br/>December 31,<br/>2009</b> | <b>Quoted Prices<br/>in<br/>Active Market<br/>for<br/>Identical Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|---------|--|--|--|--|
| Assets: |  |  |  |  |

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|   |    |             |    |             |    |            |    |
|---|----|-------------|----|-------------|----|------------|----|
| Waters Corporation Stock Fund <sup>(a)</sup>      | \$ | 31,897,966  | \$ | 30,885,945  | \$ | 1,012,021  | \$ |
| Mutual funds <sup>(b)</sup>                       |    | 243,118,121 |    | 243,110,668 |    | 7,453      |    |
| Self-directed Brokeragelink option <sup>(c)</sup> |    |             |    |             |    |            |    |
| <sup>(d)</sup>                                    |    | 18,644,776  |    | 10,148,860  |    | 8,495,916  |    |
| Common collective trust <sup>(e)</sup>            |    | 5,128,615   |    |             |    | 5,128,615  |    |
| Total   | \$ | 298,789,478 | \$ | 284,145,473 | \$ | 14,644,005 | \$ |

(a) Represents investment in the Stock Fund (Note 8).

(b) The mutual funds are invested in the following categories: 31% in the common stock of large-cap U.S. companies, 22% in asset allocation funds, 16% in the common stock of international companies, 11% in the common stock of small- and mid-cap U.S. companies, 10% in intermediate-term fixed-income bonds issued by U.S. and foreign government agencies and 10% in U.S. government securities.

(c) The Level 1 self-directed Brokeragelink assets are invested in the following categories: 17% in technologies stocks, 12% in healthcare stocks, 5% in services stocks, 27% in other common stocks, 9% in large-cap mutual funds and 30% in other mutual funds.

(d) The Level 2 self-directed Brokeragelink assets are primarily invested in money market funds held with various financial institutions.

(e) See Note 6.

Investments in the Stock Fund are stated at fair value based on the quoted market price on the last business day of the year for the Company's common stock and the fair value of short-term liquid investments included in the Stock Fund.

**WATERS EMPLOYEE INVESTMENT PLAN****Notes to Financial Statements for the Year Ended December 31, 2010**

Investments in mutual funds are stated at fair value based on the quoted net asset value of shares held by the Plan on the last business day of the year.

Investments under the self-directed Brokeragelink option are stated at fair value based on the quoted market prices on the last business day of the year.

Investments in common collective trusts are stated at estimated fair value, which represents the net asset value of shares held by the Plan at year end.

The methods described above may produce a fair value that may not be indicative of the net realizable value or reflective of future fair value. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**4 Investments**

Investments that represent five percent or more of the Plan's net assets at December 31 are as follows:

|   | 2010          | 2009          |
|---|---------------|---------------|
| Investments at fair value as determined by quoted market price: |               |               |
| Fidelity Growth Company Fund Class K                            | \$ 37,483,912 | \$ 30,783,613 |
| Waters Corporation Stock Fund                                   | 37,349,393    | 31,897,966    |
| Fidelity Diversified International Fund Class K                 | 28,964,322    | 28,732,076    |
| Fidelity Puritan Fund Class K                                   | 28,205,962    | 24,400,172    |
| Davis New York Venture Fund Class Y                             | 25,196,052    | 21,789,579    |
| Fidelity Low-Priced Stock Fund Class K                          | 22,966,964    | 17,305,750    |
| Fidelity Retirement Government Money Market Portfolio           | 21,840,137    | 23,240,549    |
| PIMCO Total Return Institutional Class                          | 19,108,649    | *             |

\* Represents amount less than 5% of net assets available for benefits.

**5 Net Appreciation in Fair Value**

Net appreciation in fair value for the year ending December 31, 2010 is as follows:

|                               |              |
|-------------------------------|--------------|
| Waters Corporation Stock Fund | \$ 7,608,420 |
| Mutual funds                  | 28,789,854   |
| Other                         | 2,112,041    |

Net appreciation in fair value of investments \$38,510,315

**6 Common Collective Trust**

The Plan invests in the Fidelity Managed Income Portfolio, which is a common collective trust. It is a commingled pool of the Fidelity Group Trust for Employee Benefit Plans and is managed by Fidelity, which is also the trustee of the Plan. This fund seeks to preserve principal investments while earning interest income. This fund will try to maintain a net asset value of \$1 per unit. The portfolio invests in investment contracts issued by insurance companies and other financial institutions, and in fixed income securities. A portion of the portfolio is invested in a money market fund to provide daily liquidity. Investment contracts provide for the payment of a specified rate of interest to the portfolio and for the repayment of principal when the contract matures. All investment contracts and fixed income securities purchased for the portfolio must satisfy the credit quality standards of Fidelity.

The fair value of the investment contract at December 31, 2010 and 2009 was \$5,195,961 and \$5,128,615, respectively. The average yield and crediting interest rates were approximately 1.22% and 1.33% for 2010 and





**WATERS EMPLOYEE INVESTMENT PLAN****Notes to Financial Statements for the Year Ended December 31, 2010**

2.10% and 1.07% for 2009, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with Fidelity. The Plan Administrator believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with Plan participants is not probable.

**7 Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to IRS Form 5500 at December 31, 2010 and 2009:

|   | <b>2010</b>    | <b>2009</b>    |
|---|----------------|----------------|
| Net assets available for benefits, per the financial statements                                     | \$ 362,251,802 | \$ 305,269,693 |
| Add: adjustment from contract value to fair value for fully benefit-responsive investment contracts | 42,248         | (95,367)       |
| Net assets available for benefits, per Form 5500  | \$ 362,294,050 | \$ 305,174,326 |

The following is a reconciliation of the net investment loss per the financial statements to the IRS Form 5500 for the year ended December 31, 2010:

|   |               |
|---|---------------|
| Net investment income and interest income on notes receivable from participants, per the financial statements | \$ 44,420,895 |
| Add: adjustment from contract value to fair value for fully benefit-responsive investment contracts           | 137,615       |
| Net investment income, per Form 5500  | \$ 44,558,510 |

**8 Related-Party Transactions**

Certain Plan investments are shares of mutual funds or common collective trusts managed by an affiliate of Fidelity, a subsidiary of which is the trustee of the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to Fidelity or its affiliates for administrative services amounted to \$50,297 for the year ended December 31, 2010. Transactions with respect to participant loans and the Stock Fund also qualify as party-in-interest transactions.

The Plan has investments in shares of the Company's common stock through the Stock Fund. During the year ended December 31, 2010, the Plan purchased units in the Stock Fund in the amount of \$2,152,276; sold units in the Stock Fund in the amount of \$4,307,831; and had net investment appreciation of \$7,608,420, administrative expenses of \$19,252 and interest and dividend income of \$17,814. The total value of the Plan's investment in the Stock Fund was \$37,349,393 and \$31,897,966 at December 31, 2010 and 2009, respectively.

**9 Plan Amendment and Termination**

The Company expects to continue the Plan indefinitely; however, it has the right to modify, amend or terminate the Plan at any time subject to the provisions of the IRC and ERISA. No such modification or amendment, however, shall have the effect of retroactively changing or depriving participants or beneficiaries of rights already accrued under the Plan. If the Plan is terminated, participants will remain 100% vested in their account balances.

**WATERS EMPLOYEE INVESTMENT PLAN**  
**Notes to Financial Statements for the Year Ended December 31, 2010**

**10 Tax Status**

The IRS has determined and informed the Company by a letter dated April 8, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. A new determination letter was applied for in January 2009. The Plan Administrator believes that the Plan is designed and is currently being operated in accordance with all applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**WATERS EMPLOYEE INVESTMENT PLAN**  
**Form 5500 Schedule H, Line 4i**  
**Schedule of Assets (Held at End of Year) as of December 31, 2010**

EIN: 04-3234558

Plan Number 002

| (a)  | (b)   | (c)  | (d)           | (e)        |
|--|---|--|---------------|------------|
| Identity of issue, borrower, lessor or similar party | Description of investment including maturity date, rate of interest, collateral, par, or maturity value | Cost   | Current value |            |
| <b>Common stock fund</b>                             |   |  |               |            |
| *  | Fidelity Management Trust Company (FMTC)  | Cash Reserves  | N/A \$        | 1,145,237  |
| *  | FMTC  | Waters Corporation Common Stock                            | N/A           | 36,204,156 |
|  | Total common stock fund   |  |               | 37,349,393 |
| <b>Mutual Funds</b>                                  |   |  |               |            |
|  | FMTC  | American Beacon Small Cap Value Fund Institutional Class   | N/A           | 7,260,947  |
|  | FMTC  | American Funds Washington Mutual Investors Fund Class R5   | N/A           | 3,979,609  |
|  | FMTC  | Davis New York Venture Fund Class Y                        | N/A           | 25,196,052 |
| *  | FMTC  | Fidelity Freedom 2000 Fund                                 | N/A           | 502,548    |
| *  | FMTC  | Fidelity Freedom 2005 Fund                                 | N/A           | 22,599     |
| *  | FMTC  | Fidelity Freedom 2010 Fund                                 | N/A           | 3,874,903  |
| *  | FMTC  | Fidelity Freedom 2015 Fund                                 | N/A           | 2,843,094  |
| *  | FMTC  | Fidelity Freedom 2020 Fund                                 | N/A           | 9,470,778  |
| *  | FMTC  | Fidelity Freedom 2025 Fund                                 | N/A           | 2,552,302  |
| *  | FMTC  | Fidelity Freedom 2030 Fund                                 | N/A           | 9,330,017  |
| *  | FMTC  | Fidelity Freedom 2035 Fund                                 | N/A           | 2,661,186  |
| *  | FMTC  | Fidelity Freedom 2040 Fund                                 | N/A           | 4,930,478  |
| *  | FMTC  | Fidelity Freedom 2045 Fund                                 | N/A           | 1,022,999  |
| *  | FMTC  | Fidelity Freedom 2050 Fund                                 | N/A           | 1,127,361  |
| *  | FMTC  | Fidelity Freedom Income Fund                               | N/A           | 1,475,836  |
| *  | FMTC  | Fidelity Diversified International Fund Class K            | N/A           | 28,964,322 |
| *  | FMTC  | Fidelity Emerging Markets Fund Class K                     | N/A           | 14,746,229 |
| *  | FMTC  | Fidelity Growth Company Fund Class K                       | N/A           | 37,483,912 |
| *  | FMTC  | Fidelity Low-Priced Stock Fund Class K                     | N/A           | 22,966,964 |
| *  | FMTC  | Fidelity Magellan Fund Class K                             | N/A           | 13,613,927 |
| *  | FMTC  | Fidelity Puritan Fund Class K                              | N/A           | 28,205,962 |
| *  | FMTC  | Fidelity Retirement Government Money Market Portfolio      | N/A           | 21,840,137 |
|  | FMTC  | PIMCO Total Return Institutional Class                     | N/A           | 19,108,649 |
|  | FMTC  | Rainier Small/Mid Cap Fund - Institutional Class           | N/A           | 7,030,374  |
| *  | FMTC  | Spartan U.S. Equity Index Fund                             | N/A           | 8,289,049  |
|  | FMTC  | Vanguard Total Bond Market Index Fund Institutional Shares | N/A           | 13,330,263 |

|   |  |     |                |
|---|--|-----|----------------|
| FMTC                                      | Cash Reserves  | N/A | 1,000          |
| Total mutual funds                        |  |     | 291,831,497    |
| <b>Notes receivable from participants</b> |  |     |                |
| Notes receivable from participants        | Interest rates ranging from 3.25% to 9.5%; maturity dates through 2028 |     | 6,628,982      |
| <b>Self-directed funds</b>                |  |     |                |
| FMTC                                      | Self-Directed Brokeragelink Option                                     | N/A | 20,841,571     |
| <b>Common collective trusts</b>           |  |     |                |
| * FMTC                                    | Fidelity Managed Income Portfolio                                      | N/A | 5,195,961      |
| <b>Total investments</b>                  |  |     | \$ 361,847,404 |

\* Party-in-interest