

WATERS CORP /DE/  
Form DEF 14A  
March 29, 2017  
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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):

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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 29, 2017

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, 2017 at 10:30 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 and lowers the costs and reduces the environmental impact of our annual meeting. On March 29, 2017, 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, 2017, (iii) to approve, by non-binding vote, executive compensation, (iv) to approve, by non-binding vote, the frequency of executive compensation votes, (v) to reapprove the material terms of the performance goals under the 2012 Equity Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code, (vi) if properly presented at the meeting, to consider a shareholder proposal regarding the adoption of a Proxy Access Bylaw, and (vii) 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, by signing, dating and returning 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,

Christopher J. O Connell

*President and Chief Executive Officer*

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**WATERS CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Date: Tuesday, May 9, 2017

Time: 10:30 a.m., local time

Place: Waters Corporation, 34 Maple Street, Milford, Massachusetts 01757

Record Date: March 15, 2017. Only Waters stockholders of record at the close of business on the record date are entitled to receive notice of, and vote at, the annual meeting.

Items of Business:

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, 2017;
3. To approve, by non-binding vote, executive compensation;
4. To approve, by non-binding vote, the frequency of executive compensation votes;
5. To reapprove the material terms of the performance goals under the 2012 Equity Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code;
6. If properly presented at the meeting, to consider a shareholder proposal regarding the adoption of a Proxy Access Bylaw; and
7. To consider and act upon any other matters which may properly come before the Meeting or any adjournment thereof.

Voting: **Your vote is extremely important regardless of the number of shares you own. Whether or not you expect to attend the annual meeting in person, we urge you to vote as promptly as possible by telephone or Internet or by signing, dating and returning a printed proxy card or voting instruction form, as applicable. If you attend the annual meeting in person, you may vote your shares during the annual meeting even if you previously voted your proxy. Please vote as soon as possible to ensure that your shares will be represented and counted at the annual meeting.**

Important Notice Regarding the Availability of Proxy Materials for Annual Meeting of Stockholders

To be Held on May 9, 2017:

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The Proxy Statement, 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  
*Senior Vice President*  
*General Counsel and Secretary*

Milford, Massachusetts

March 29, 2017

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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 29, 2017, 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.

<b>VOTE BY INTERNET</b>	<b>VOTE BY TELEPHONE</b>	<b>VOTE BY MAIL</b>
<a href="http://www.proxypush.com/wat">http://www.proxypush.com/wat</a>	866-307-0858	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 Proxy. Have your proxy card in hand when you access the website.	Use any touch-tone telephone to vote your Proxy. Have your proxy card in hand when you call.	
<u>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 <a href="http://www.proxydocs.com/wat">http://www.proxydocs.com/wat</a>.</u>		



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**WATERS CORPORATION**

**34 Maple Street**

**Milford, Massachusetts 01757**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**May 9, 2017, 10:30 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 2017 Annual Meeting of Stockholders (the **Meeting** ) to be held on May 9, 2017 at 10:30 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 conduct a broker solicitation for a fee of \$9,000, 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 or 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 by 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 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, 2017 (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 80,075,507 shares of common stock outstanding and entitled to vote at the Meeting. Each outstanding share of common stock is entitled to one vote. There are no cumulative voting rights. This Proxy Statement and form of Proxy is first being made available to the stockholders of record on or about March 29, 2017. A list of the stockholders entitled to vote at the Meeting will be available for

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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**

**Experience**

Mr. Berthiaume, 68, has served as Chairman of the Board since February 1996 and served as President, Chief Executive Officer and a Director of the Company from August 1994 (except from January 2002 to March 2003, during which time he did not serve as President) until September 2015. 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.

**Qualifications**

Mr. Berthiaume has more than 25 years direct work experience at Waters and its predecessor company, Millipore. Mr. Berthiaume brings to the Waters Board significant experience in both the business and technical issues facing life science/biotechnology companies.

**Waters Committee Memberships**

None

**Other Current Public Company Boards**

None

**Former Public Company Directorships Held in the Past Five Years**

None

**Christopher J. O'Connell**

**Experience**

Mr. O'Connell, 50, has served as a Director of the Company since September 2015 when he assumed the position of President and Chief Executive Officer of the Company. Mr. O'Connell served as Executive Vice President and President of the Restorative Therapies Group of Medtronic plc from August 2009 to August 2015. From 1994 to August 2009, Mr. O'Connell served in the following positions at Medtronic plc: Senior Vice President and President of Medtronic Diabetes, President of Medtronic Physio-Control, Vice President of Sales and Marketing for the Cardiac Rhythm Management business, Vice President/General Manager of the Patient Management business, Vice President of Corporate Strategy, Director of Investor Relations and Corporate Development Associate.

**Qualifications**

Mr. O'Connell has over 22 years of progressive leadership positions. Prior to Waters, he provided overall strategic direction and operational management of the Medtronic's Restorative Therapies Group's five divisions, as well as led the integration of the Group's activities within the overall strategy of the corporation.

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### **Waters Committee Memberships**

None

### **Other Current Public Company Boards**

None

### **Former Public Company Directorships Held in the Past Five Years**

None

## **Michael J. Berendt, Ph.D.**

### **Experience**

Dr. Berendt, 68, has served as a Director of the Company since March 1998. Since December 2016, Dr. Berendt has been a life sciences industry consultant. From November 2013 to November 2016, Dr. Berendt was the Chief Executive Officer and Chief Scientist of Telesta Therapeutics. From July 2011 to November 2013, Dr. Berendt was a life sciences industry consultant. 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, Inc. From November 2000 to August 2004, Dr. Berendt served as Managing Director of AEA Investors LP. 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.

### **Qualifications**

Dr. Berendt's experience in the pharmaceutical industry both from a management and a scientific perspective provides unique technical insight to the Waters Board.

### **Waters Committee Memberships**

Nominating and Corporate Governance Committee (Chair)

### **Other Current Public Company Boards**

None

### **Former Public Company Directorships Held in the Past Five Years**

Onyx Pharmaceuticals, Inc.

Myriad Genetics, Inc.

Catalyst Biosciences, Inc.

## **Edward Conard**

### **Experience**

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Mr. Conard, 60, has served as a Director of the Company since August 1994. He has been an independent director and investor since January 2008 . Mr. Conard was a Managing Director of Bain Capital, LLC from March 1993 to December 2007. Mr. Conard was previously a Director of Wasserstein Perella & Co., Inc., 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.

### **Qualifications**

Mr. Conard s years of experience as a director and a managing director of two large investment firms affords the Waters Board the benefit of his considerable financial, accounting and business strategy skills.

### **Waters Committee Memberships**

Audit Committee

### **Other Current Public Company Boards**

None

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### **Former Public Company Directorships Held in the Past Five Years**

None

### **Laurie H. Glimcher, M.D.**

#### **Experience**

Dr. Glimcher, 65, has served as a Director of the Company since January 1998. Dr. Glimcher is the President and Chief Executive Officer of the Dana-Farber Cancer Institute, the Principal Investigator and Director of the Dana-Farber/Harvard Cancer Center and the Richard and Susan Smith Professor of Medicine, Harvard Medical School. From January 2012 to June 2016, Dr. Glimcher served as the Stephen and Suzanne Weiss Dean of the Weill Cornell Medical College and Provost for Medical Affairs of 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.

#### **Qualifications**

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

#### **Waters Committee Memberships**

Nominating and Corporate Governance Committee

#### **Other Current Public Company Boards**

Bristol-Myers Squibb Company

### **Former Public Company Directorships Held in the Past Five Years**

None

### **Christopher A. Kuebler**

#### **Experience**

Mr. Kuebler, 63, has served as a Director of the Company since May 2006. He has been an independent director and investor since 2005. He served as Chairman and Chief Executive Officer 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 the Monsanto Company.

#### **Qualifications**

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.

#### **Waters Committee Memberships**

Compensation Committee

#### **Other Current Public Company Boards**

Nektar Therapeutics

**Former Public Company Directorships Held in the Past Five Years**

None

**William J. Miller**

**Experience**

Mr. Miller, 71, has served as a Director of the Company since January 1998. Mr. Miller has been an independent director and investor since 1999. From April 1996 to November 1999, Mr. Miller served as Chief Executive



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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 its 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.

### **Qualifications**

Mr. Miller's extensive experience as a former chief executive officer, director, and investor brings both management and stockholder perspectives to the Waters Board.

### **Waters Committee Memberships**

Audit Committee

Compensation Committee (Chair)

### **Other Current Public Company Boards**

Nvidia Corporation

Digimarc Corporation

Glu Mobile Inc.

### **Former Public Company Directorships Held in the Past Five Years**

None

## **JoAnn A. Reed**

### **Experience**

Ms. Reed, 61, has served as a Director of the Company since May 2006. Ms. Reed has been a health care services consultant since 2010. From April 2008 to April 2009, she was an advisor to the Chief Executive Officer of Medco Health Solutions, Inc. From 2002 to March 2008, Ms. Reed served as Senior Vice President, Finance and Chief Financial Officer of Medco Health Solutions, Inc. From 1992 to 2002, she served as Senior Vice President, Finance of Medco Health Solutions, Inc. 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 Financial Services LLC, and Unisys/Timeplex.

### **Qualifications**

Ms. Reed's extensive experience as a senior financial executive provides the Waters Board with significant accounting, finance and health care industry expertise.

### **Waters Committee Memberships**

Audit Committee (Chair)

### **Other Current Public Company Boards**

American Tower Corporation

Mallinckrodt PLC

**Former Public Company Directorships Held in the Past Five Years**

None

**Thomas P. Salice**

**Experience**

Mr. Salice, 57, has served as a Director of the Company since July 1994. Mr. Salice is a co-founder and managing member of SFW Capital Partners, LLC, a private equity firm. He has served as a Managing Member of SFW Capital Partners, LLC since January 2005. From June 1989 to December 2004, Mr. Salice served in a

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variety of capacities with AEA Investors, Inc., including Managing Director, President and Chief Executive Officer and Vice-Chairman. Mr. Salice is Director of several privately held companies: Essen Bioscience, Inc., Filtec, Gerson Lehrman Group, Inc., and Spectro Scientific, Inc.

### **Qualifications**

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.

### **Waters Committee Memberships**

Audit Committee

Compensation Committee

Nominating and Corporate Governance Committee

### **Other Current Public Company Boards**

Mettler-Toledo International, Inc.

### **Former Public Company Directorships Held in the Past Five Years**

None

#### *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 must 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 (a contested election). 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 or may decrease the size of the Board. Abstentions and shares with respect to which a broker or representative does not vote on a particular matter because it does not have discretionary voting authority on that matter (so-called broker non-votes) are counted as present for the purpose of determining whether a quorum is present. Abstentions and broker non-votes 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 ( PWC ), an independent registered public accounting firm, to audit the books, records and accounts of the Company for the fiscal year ending December 31, 2017. 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*

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The affirmative vote of a majority of the shares present at the Meeting in person or represented by Proxy and entitled to vote 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 and therefore will have the effect of a vote against the proposal. Ratification by stockholders is not required. Brokerage firms

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may vote to ratify the appointment of PWC as it is a discretionary or routine item. If this Proposal 2 is not approved by the stockholders, the Audit Committee does not intend to change the appointment for fiscal year 2017, but will consider the stockholder vote in selecting an independent registered public accounting firm for fiscal year 2018.

**Fees**

The aggregate fees for the fiscal years ended December 31, 2016 and December 31, 2015 billed by PWC were as follows:

	<b>2016</b>	<b>2015</b>
Audit Fees	\$ 3,565,768	\$ 3,523,434
Audit-Related Fees	115,595	64,857
Tax-Related Fees		
Tax Compliance	804,330	481,310
Tax Planning	506,140	500,448
Total Tax-Related Fees	1,310,470	981,758
All Other Fees	-0-	-0-
Total	\$ 4,991,833	\$ 4,570,049

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 PWC 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 statutory audits, 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 including but not limited to, the impact of acquisitions, restructurings and changes in regulations.

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

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 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 the Board. Stockholders have elected to conduct this vote annually.



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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 and evaluating the Company's executive compensation program and making future compensation decisions.

As described more fully in the Compensation Discussion and Analysis, the Summary Compensation Table and the other tables following the Summary Compensation Table, the Company's named executive officers are compensated in a manner consistent with our business strategy, competitive practice and sound compensation governance principles, and with a focus on short and long-term performance-based and variable compensation.

In addition, the Company modified certain elements of the Company's executive compensation program in response to the non-binding advisory vote on executive compensation taken at last year's annual meeting and in response to our stockholder outreach initiatives in 2016, including incorporating performance share units into the program. In addition, the Company re-oriented its target long-term incentive value around the market median based on position (rather than a target of 50th-75th percentile of the market), and removed all legacy excise tax gross-up provisions from existing change in control agreements with our executives.

Please refer to the Compensation Discussion and Analysis for a full description of our executive compensation practices and programs.

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.

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

The affirmative vote of a majority of the shares present or represented by Proxy and entitled to vote, 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. Abstentions will have the effect of a vote against this proposal. Note: Broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RESOLUTION.

## **PROPOSAL 4 - NON-BINDING VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION VOTE**

Under the Dodd-Frank Act, the Company is required to seek a non-binding advisory stockholder vote regarding the frequency of submission to stockholders of a so-called "Say-on-Pay" advisory vote as described in Proposal 3 above. The Dodd-Frank Act specifies that stockholders be given the opportunity to vote on our executive compensation programs either annually, every two years or every three years. Although this vote is advisory and non-binding, our Board and the Compensation Committee will review voting results and give serious consideration to the outcome of such voting, as the Compensation Committee did last year.

The Board recommends that future "Say-on-Pay" votes be conducted every year to provide stockholders with an opportunity to regularly evaluate our executive compensation program. An annual vote will provide us with regular stockholder feedback on our executive compensation program, and allow us to respond to prior voting results through the implementation of any appropriate changes to our program.

The Board asks you to consider the following resolution:

RESOLVED, that the option for once every one, two or three years that receives the highest number of votes properly cast for this resolution will be determined to be the preferred frequency recommended by the stockholders of the Company with which the Company is to hold a non-binding, advisory stockholder vote to approve the compensation of the Company's named executive officers, including the Summary Compensation Table and subsequent tables.

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*Required Vote and Recommendation of the Board of Directors*

The selection which receives the highest number of stockholder votes will be the selection of stockholders, which will be non-binding. Abstentions and broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU CAST YOUR VOTE FOR A SAY-ON-PAY RESOLUTION EVERY ONE YEAR.

**PROPOSAL 5 - TO REAPPROVE THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE 2012 EQUITY INCENTIVE PLAN FOR PURPOSES OF SECTION 162(M) OF THE INTERNAL REVENUE CODE**

In 2012, the Board adopted, and our stockholders approved, the Waters Corporation 2012 Equity Incentive Plan (the 2012 Equity Incentive Plan ), including the list of potential performance goals and related provisions set forth in the 2012 Equity Incentive Plan for awards that are intended to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code ( Section 162(m) ). **This proposal does not seek any amendment of the existing provisions of, or performance goals contained within, the 2012 Equity Incentive Plan or any increase to the number of shares available for issuance under the 2012 Equity Incentive Plan. Rather, this proposal is being presented to stockholders solely to address the periodic approval requirements of Section 162(m) described below.**

Section 162(m) generally does not allow a publicly-held corporation to deduct from its U.S. federal taxable income compensation above \$1,000,000 that is paid in any taxable year to its chief executive officer or other named executive officers (excluding its chief financial officer). Compensation above \$1,000,000 may be deducted if, among other things, it is payable upon the attainment of performance goals, the material terms of which are approved by the company's stockholders. If the company's compensation committee retains discretion to select which performance goals will apply to a particular performance period, Section 162(m) requires that the material terms of such performance goals be reapproved by the company's stockholders every five years. For purposes of Section 162(m), the material terms include (a) the employees eligible to receive compensation, (b) a description of the business criteria on which the performance goal may be based, and (c) the maximum amount of compensation that can be paid to an employee under the performance goal. Each of these terms is discussed below under Eligibility , Individual Limits and Performance Criteria . Stockholder approval of this proposal is intended to constitute reapproval of the performance goals under the 2012 Equity Incentive Plan for purposes of the approval requirements of Section 162(m). Although stockholder approval is one of the requirements for exemption under Section 162(m), even with stockholder approval, there can be no guarantee that compensation will be treated as exempt performance-based compensation under Section 162(m). Furthermore, the Compensation Committee will continue to have authority to grant awards that are not exempt from the limits on deductibility under Section 162(m).

A copy of the 2012 Equity Incentive Plan is attached as Appendix A to this Proxy Statement and we urge stockholders to read it in its entirety. The following description of certain features of the 2012 Equity Incentive Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the plan.

**Plan Information and Performance Goals**

*Administration.* The Compensation Committee administers the 2012 Equity Incentive Plan, provided that the Board may in its discretion exercise the powers and responsibilities assigned to the Compensation Committee under the 2012 Equity Incentive Plan and the Compensation Committee may delegate to an executive officer or officers the authority to grant awards to non-officer employees and consultants. The Compensation Committee has the authority, subject to the provisions of the 2012 Equity Incentive Plan, to determine who will receive awards and the types of awards to be granted, as well as the terms and conditions of any awards, to interpret the 2012 Equity Incentive Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations necessary or advisable for the administration of the 2012 Equity Incentive Plan.



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*Stock Subject to the 2012 Equity Incentive Plan.* Subject to certain adjustments as set forth in the 2012 Equity Incentive Plan, the maximum number of shares of common stock of the Company which may be issued pursuant to or subject to awards under the 2012 Equity Incentive Plan is 5,000,000 plus the number of shares which were available for grant, as of the date of stockholder approval of the 2012 Equity Incentive Plan, under the Company's 2003 Equity Incentive Plan. As of March 15, 2017, there were 2,779,439 shares available for issuance under the 2012 Equity Incentive 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. The shares issued or to be issued under the 2012 Equity Incentive Plan may be either authorized but unissued shares of the Company's common stock or shares held by the Company in its treasury. As of March 15, 2017, the closing price of a share of the common stock of the Company was \$158.31.

The following will not reduce the number of shares available for issuance under the 2012 Equity Incentive Plan: (i) shares reserved for issuance upon exercise or settlement of awards to the extent they expire, are cancelled or surrendered; (ii) restricted stock to the extent it is forfeited or surrendered before the restriction period expires; and (iii) awards that are ultimately paid in cash.

In addition, the following shares will not become available for issuance under the 2012 Equity Incentive Plan: (i) shares tendered by participants as full or partial payment of an option exercise price; (ii) shares reserved upon grant of SARs to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise; and (iii) shares withheld by or remitted to the Company to satisfy tax withholding obligations.

The number of shares reserved under the 2012 Equity Incentive 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.

*Eligibility.* Awards may be granted to any employee of, or consultant to, one or more of the Company and its affiliates or to any non-employee member of the Board or of any board of directors (or similar governing authority) of any affiliate. As of March 15, 2017 there were 6,675 employees and consultants and nine non-employee members of the Board who were eligible to participate in the 2012 Equity Incentive Plan.

*Individual Limits.* The maximum number of shares of common stock of the Company subject to stock options and other awards that may be granted to any one person under the 2012 Equity Incentive Plan in any calendar year is 2,000,000 (generally subject to adjustment in accordance with the 2012 Equity Incentive Plan).

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

**Stock Options.** Stock options give the holder the right to purchase common stock of the Company within a specified period of time at a specified price. Two types of options may be granted under the 2012 Equity Incentive Plan: incentive stock options, or ISOs, which are subject to special tax treatment as described below, and nonstatutory options, or NSOs. ISOs 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 participant holding more than 10% of the stock of the Company immediately prior to the date of grant). In addition, the term of an ISO may not exceed ten years (five years, if granted to any 10% stockholder). NSOs 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 NSO may not exceed ten years.

**Stock Appreciation Rights.** Stock appreciation rights ( SARs ) entitle the holder upon exercise to receive an amount determined by reference to appreciation in the fair market value of shares of common stock. The value from which appreciation is measured may not be less than the fair market value of a share of common stock on the date of grant. SARs are subject to terms and conditions substantially similar to those applicable to NSOs, 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.

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**Restricted Stock.** Restricted stock entitles the holder to receive shares of common stock that 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. Prior to the lapse of the risk of forfeiture of an award of restricted stock, the participant 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 will 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.

**Restricted Stock Units.** Awards of restricted stock units are grants of rights to receive shares of 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 participant may be entitled to receive payments equivalent to any dividends declared with respect to the shares referenced in the grant of the restricted stock units, to be paid without interest or other earnings.

**Performance Units.** 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 participant 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.

**Stock Grants.** A stock grant is a grant of shares of common stock not subject to restrictions or other forfeiture conditions.

**Performance-Based Awards.** As noted above, the Compensation Committee may also subject awards under the 2012 Equity Incentive Plan to the satisfaction of performance criteria intended to satisfy Section 162(m), as well as other performance-based awards. The satisfaction of such performance criteria may be a condition for the grant, exercisability, vesting or full enjoyment of an award. The performance criteria used in connection with a particular qualified performance-based award will be determined by the Compensation Committee. In the case of performance-based awards intended to qualify for exemption under Section 162(m), the Compensation Committee will use one or more of the performance criteria described below under **Performance Criteria** .

*Effect of Termination of Employment.* Unless the Compensation Committee provides otherwise with respect to any award, (i) stock options and SARs will terminate not later than 30 days following the participant's termination of employment or other association, for any reason, with the Company or its affiliates, and (ii) any other outstanding award shall be forfeited or otherwise subject to return or repurchase by the Company on the terms specified in the applicable award agreement.

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

*Performance Criteria.* The Compensation Committee may grant awards that are intended to qualify as performance-based compensation under Section 162(m). With respect to any such award, the Compensation Committee will determine the performance criteria and performance period applicable to such award, and whether the performance criteria is intended to apply to the Company, a subsidiary of the Company or any division or business unit or to the individual. Performance criteria for purposes of awards intended to qualify as performance-based compensation under Section 162(m) are one or more of the following: (i) cash flow (before or after dividends), (ii) earnings per share (including, without limitation, earnings before interest, taxes, depreciation

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and amortization), (iii) stock price, (iv) return on equity, (v) stockholder return or total stockholder return, (vi) return on capital (including, without limitation, return on total capital or return on invested capital), (vii) return on investment, (viii) return on assets or net assets, (ix) market capitalization, (x) economic value added, (xi) debt leverage (debt to capital), (xii) revenue, (xiii) revenue or net revenue, (xiv) backlog, (xv) income, pre-tax income or net income, (xvi) operating income or pre-tax profit, (xvii) operating profit, net operating profit or economic profit, (xviii) gross margin, operating margin or profit margin, (xix) return on operating revenue or return on operating assets, (xx) cash from operations, (xxi) operating ratio, (xxii) operating revenue, (xxiii) market share improvement, (xxiv) general and administrative expenses and (xxv) customer service.

*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 Equity Incentive 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 participants, (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 participants, (5) provide that, in connection 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) provide for 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.* Except as otherwise provided by the Compensation Committee in an individual award agreement, upon the occurrence of a change of control (as such term is defined in the 2012 Equity Incentive Plan), (i) stock options and SARs will accelerate with respect to 100% of the shares not then exercisable, (ii) 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 (iii) 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.

*Termination and Amendment.* Generally, the Board may at any time terminate the 2012 Equity Incentive Plan or make such modifications of the 2012 Equity Incentive Plan as it shall deem advisable. Unless otherwise expressly determined by the Board, no amendment of the 2012 Equity Incentive Plan shall impair the rights of a participant 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 Equity Incentive Plan, (ii) change

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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. Except in connection with certain corporate transactions, without stockholder approval, awards may not be repriced to reduce their exercise price.

*New Plan Benefits.* Future awards under the 2012 Equity Incentive Plan are discretionary and therefore, are undeterminable at this time.

## **Federal Tax Effects**

The following discussion summarizes certain material federal income tax consequences associated with certain awards under the 2012 Equity Incentive Plan under the law as in effect on the date of this proxy statement. The summary does not purport to cover federal employment tax or other federal tax consequences that may be associated with the 2012 Equity Incentive Plan, nor does it cover state, local or non-U.S. taxes or the tax consequences of any other award granted under the 2012 Equity Incentive Plan.

**ISOs.** In general, an optionee realizes no taxable income upon the grant of an ISO or the vesting of an ISO, and does not realize any ordinary income in connection with the exercise of the ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the optionee. With certain exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the optionee (and a deduction available to the Company) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain for which the Company is not entitled to a deduction. If the optionee does not dispose of the shares until after the expiration of these one- and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss for which the Company is not entitled to a deduction.

**NSOs.** In general, in the case of a NSO, the optionee has no taxable income at the time of grant or upon vesting but realizes income in connection with the exercise of the option in an amount equal to the excess (at the time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price and a corresponding deduction is available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which the Company is not entitled to a deduction.

In general, an ISO that is exercised by the optionee more than three months after termination of employment is treated as an NSO. ISOs are also treated as NSOs to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

**Restricted Stock.** In general, in the case of restricted stock, absent an election under Section 83(b) of the Code (a so-called 83(b) election, described below), the holder has no taxable income at the time of grant, but recognizes ordinary income at the time the restricted stock is no longer subject to a substantial risk of forfeiture in an amount equal to the difference between the fair market value of the common stock at such time and the price paid for the shares, if any. However, a holder may, within 30 days of receiving an award of restricted stock, make a so-called 83(b) election, pursuant to which the holder elects to recognize ordinary income at the time the restricted stock is granted, rather than as of the time the restricted stock is no longer subject to a substantial risk of forfeiture, in an amount equal to the difference between the value of the restricted shares at the time of grant and the price paid for the shares, if any; however, if the restricted stock is subsequently forfeited, the holder may not take a deduction for such loss. A corresponding deduction is available to the Company at the time the holder takes into income amounts in respect of restricted stock; and upon a subsequent sale or exchange of the shares, any recognized gain or loss is treated as capital gain or loss for which the Company is not entitled to a deduction.

**SARs.** In general, in the case of an SAR, the holder has no taxable income at the time of grant or the time of vesting, but recognizes income in connection with the exercise of the SAR in an amount equal to the excess (at the time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price and a corresponding deduction is available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which the Company is not entitled to a deduction.

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**Restricted Stock Units and Performance Units and Stock Grants.** In general, in the case of restricted stock units and performance units the holder has no taxable income at the time of grant or the time of vesting, but recognizes income in connection with the settlement of such units into shares of common stock and a corresponding deduction is available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which the Company is not entitled to a deduction.

**Stock Grants.** In general, in the case of stock grants, the holder has taxable income at the time of grant in an amount equal to the fair market value of the granted shares and a corresponding deduction is available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which the Company is not entitled to a deduction.

**Section 409A.** Awards under the 2012 Equity Incentive Plan are intended either to be exempt from, or otherwise comply with, the requirements of Section 409A of the Code and the 2012 Equity Incentive Plan shall be governed, interpreted and construed accordingly. However, neither the Compensation Committee nor the Company, nor any of its affiliates or its or their officers, employees, agents or directors will have any liability or responsibility for any adverse tax consequences with respect to an award by reason of any failure of an award to comply with Section 409A or certain other tax rules.

**Section 162(m).** Where applicable, and absent an exemption, Section 162(m) limits the deduction for compensation payable to certain executive officers (as described above).

The affirmative vote of a majority of the votes properly cast (in person or by proxy) at the annual meeting is required for approval of the 2012 Equity Incentive Plan.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE REAPPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS AND RELATED PROVISIONS UNDER THE 2012 EQUITY INCENTIVE PLAN FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE.

**PROPOSAL 6 - CONSIDER ADOPTION OF A PROXY ACCESS BYLAW**

We have received notice of the intention of the Comptroller of the City of New York to present the following proposal for voting at the Meeting. The text of the stockholder proposal and supporting statements appear exactly as received, other than minor formatting changes and attribution, which is bracketed. All statements contained in a stockholder proposal and supporting statement are the sole responsibility of the proponent of the stockholder proposal. We will provide the proponent's address and number of shares the proponent beneficially owns upon oral or written request made to the Secretary of the Company. The Board does not make any recommendation regarding this proposal.

***Stockholder Proposal of the Comptroller of the City of New York***

RESOLVED: Shareholders of Waters Corporation (the Company) ask the board of directors (the Board) to take the steps necessary to adopt a proxy access bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected, the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the Nominator) that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed the larger of two or one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that a Nominator must:

- a) have beneficially owned 3% or more of the Company's outstanding common stock continuously for at least three years before submitting the nomination;

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- b) give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the Disclosure ); and
- c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of each nominee (the Statement ). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

**SUPPORTING STATEMENT OF THE COMPTROLLER OF THE CITY OF NEW YORK**

We believe proxy access will make directors more accountable and enhance shareholder value. A 2014 study by the CFA Institute concluded that proxy access could raise overall US market capitalization by up to \$140.3 billion if adopted market-wide, with little cost or disruption. (<http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.1>)

The proposed terms are similar to those in vacated SEC Rule 14a-11 (<https://www.sec.gov/rules/final/2010/33-9136.pdf>). The SEC, following extensive analysis and input from market participants, determined that those terms struck the proper balance of providing shareholders with viable proxy access while containing appropriate safeguards.

The proposed terms enjoy strong investor support and company acceptance. Between January 2015 and October 2016, 95 similar shareholder proposals received majority votes and at least 270 companies of various sizes across industries enacted bylaws with similar terms.

The Comptroller of the City of New York - We urge shareholders to vote FOR this proposal.

***Required Vote and Statement of the Board of Directors***

Approval of the stockholder proposal will require an affirmative vote of a majority of the outstanding shares of Common Stock of the Company represented in person or by proxy at the Meeting and entitled to vote. Abstentions and Broker Non-Votes 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.

The Board recognizes the importance of proxy access as a trend in corporate governance and has actively monitored market developments regarding this trend. Based on the recommendation of the Nominating and Corporate Governance Committee of the Board, the Board has determined to adopt a proxy access bylaw amendment in 2017. However, there exists a range of views among stockholders regarding the proper role and scope of proxy access. Some oppose it altogether, and among those who support it, there are differing opinions over how it should be implemented. As a result, prior to adopting such an amendment to the Company's bylaws, the Nominating and Corporate Governance Committee intends to engage with the Company's stockholders to understand the views of different stockholders on this topic in an effort to determine the appropriate structure of proxy access for the Company that will provide stockholders with proxy access rights without exposing the Company to abusive tactics from investors who are not aligned with the Company in seeking to maximize long-term stockholder value. Following such engagement and a thorough evaluation of the potential terms of a proxy access bylaw amendment, the Nominating and Corporate Governance Committee will recommend to the Board a form of proxy access bylaw amendment to be adopted for the Company. The Board intends to act on such recommendation in 2017.

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The Company believes that it has strong corporate governance policies and practices currently in place and a history of engagement and leadership in the area of corporate governance. For example, the Company recently implemented changes to its executive compensation program to provide for the award of performance share units in place of stock options and time-based vesting restricted stock awards in response to feedback received following outreach with its stockholders. In addition, since its initial public offering, the Company has had a declassified board and has afforded stockholders holding a majority of the Company's outstanding common stock the right to call a special meeting of the stockholders. In 2006 the Company was an early adopter of a majority voting standard for directors in uncontested elections and in 2012 the Company allowed its poison pill stockholder rights plan to expire without being renewed. The Company also maintains an established process that enables stockholders to communicate with the Board, including with respect to potential Board members.

The Comptroller of the City of New York, the proponent of the current stockholder proposal, is a prolific proposer of proxy access stockholder proposals, having submitted over 100 proxy access proposals during the past two proxy seasons. The proposals generally all follow the same generic form and do not attempt to tailor the terms to a particular company or facts. While the Board is supportive of proxy access, it is not supportive of a generic one-size fits all approach being imposed on the Company and its stockholders. For example, the proposal asks the Board to implement a version of proxy access that fails to address certain customary protections against abuse (the absence of which could instead invite the use of abusive tactics). In addition, the proposal does not include protections that were contemplated by the SEC's vacated proxy access rule, Rule 14a-11. For example:

The proposal is phrased as a nomination process and would require the Company to include any qualifying stockholders' nominees in the Company's proxy statement regardless of whether the stockholders intend to file their own proxy statement and run a proxy contest. In contrast, Rule 14a-11 required a stockholder to elect to utilize the proxy access process and did not require a company to include the stockholders' nominees in the company's proxy statement if the stockholders otherwise were soliciting proxies for election of their nominees.

The proposal does not address any requirements as to independence or satisfaction of applicable legal or listing requirements by the stockholder nominee and also fails to require that stockholder nominees have no affiliations with a competitor. Rule 14a-11 provided that proxy access should be limited to nominees that meet objective independence standards and satisfy all applicable legal requirements. Engaging in a proxy contest against a director candidate who, if elected, could cause the Company to be out of compliance with applicable independence requirements, violate the law or allow a competitor access to the Company's Board could ultimately harm stockholders.

The proposal does not require nominating stockholders to have held and retain voting and investment power of the shares used to establish eligibility to nominate a director. Under the proposal, a stockholder could have a net short position in the Company's stock and still be entitled to make a nomination. In adopting Rule 14a-11, the SEC made clear that proxy access should only be available to stockholders that possess ultimate ownership rights over the shares.

The proposal does not require nominating stockholders to retain ownership of their shares through the meeting date so a nominating stockholder could sell all of its shares prior to the meeting date, which would misalign the interests of the nominating stockholder and Company stockholders. Rule 14a-11 required a nominating stockholder to hold the shares through the meeting date. In addition, the proposal does not cap the number of stockholders comprising a group for purposes of the 3% threshold, which could allow hundreds of special-interest stockholders to act together and administratively burden the Company. The Board believes that the failure of the proposal to provide for the foregoing protections against abuse of the proxy access process makes the proposal out of line with evolving proxy access standards, does not properly balance the interests of all stockholders and could result in proxy access nominations being abused or threatened in a manner that would be harmful to stockholders. Implementation of proxy access on these terms could also increase pressure on the Board and management to take a short-term perspective to Company strategies, initiatives and operations that would not be in the long-term interests of stockholders.

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The Company believes that it has identified and selected a very strong Board that has assisted the Company in successfully pursuing its long-term goals, including creating long-term value for stockholders. For example, between 1994 and 2016 the Company achieved a more than 600% increase in revenues to \$2.17 billion for the 2016 fiscal year, and a more than thirty-five fold increase in its share price since its initial public offering in 1995.

The Company understands that proxy access is an important issue for many of the Company's stockholders and is committed to implementing a proper proxy access framework that is thoughtfully designed, based in part on engagement with and input from the Company's stockholders, to provide stockholders with proxy access but that also includes features, such as independence requirements, that will protect the interests of all of the Company's stockholders and mitigate the risk of abuse of the procedure. While this proposal fails to meet these criteria, the Company does expect that the Company's proxy access bylaw amendment will contain provisions consistent with the terms specified in clauses a), b) and c) of the stockholder proposal.

**On the basis of the foregoing, and in light of the Board's determination to adopt a proxy access bylaw amendment in 2017 as described above, the Board does not make any recommendation regarding how you should vote on Proposal 6.**

**PROPOSAL 7 OTHER BUSINESS**

The Board does not know of any other business to be presented at the Meeting. If any other matters properly come before the Meeting, however, it is intended that the persons named in the enclosed form of Proxy will vote said Proxy in accordance with their best judgment.



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**DIRECTORS MEETINGS AND BOARD COMMITTEES**

**Meetings**

The Board held seven meetings during the year ended December 31, 2016. The Board has determined that each Director other than Mr. Berthiaume, the Company's Chairman, and Mr. O'Connell, President and Chief Executive Officer, has no material relationship with the Company and otherwise qualifies as independent under applicable listing standards of the New York Stock Exchange and the Company's independence criteria, which are summarized under Corporate Governance Board/Director Independence below.

During 2016, each of the Company's Directors attended in excess of 75% of the aggregate of the meetings of the Board and the meetings of committees of the Board of which such Director was a member. During fiscal year 2016, the Compensation Committee met five times, the Audit Committee met eight times and the Nominating and Corporate Governance Committee met twice. The Company does not have a formal policy, but encourages Director attendance at annual stockholder meetings. All Directors, except one, attended the 2016 annual meeting of stockholders.

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee currently consists of Dr. Michael J. Berendt (Chair), Dr. Laurie H. Glimcher and Mr. Thomas P. Salice. The responsibilities of the Nominating and Corporate Governance Committee include the recruitment and recommendation of candidates for the Board. The Nominating and Corporate Governance Committee may, as it deems appropriate, give consideration to any candidates suggested by the stockholders of the Company. The Nominating and Corporate Governance Committee also develops and recommends to the Board the Corporate Governance Guidelines for the Company. The charter of the Nominating and Corporate Governance Committee, which sets forth all of the Nominating and Corporate Governance Committee's functions, is available on the Company's website at <http://www.waters.com> under the caption Corporate Governance . Each member of the Nominating and Corporate Governance Committee is independent under the applicable listing standards of the New York Stock Exchange and the Company's independence criteria, which are summarized under Corporate Governance Board/Director Independence below.

**Audit Committee**

The Audit Committee, which currently consists of Ms. JoAnn A. Reed (Chair), Mr. Edward Conard, Mr. William J. Miller and Mr. Thomas P. Salice, oversees the activities of the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP and provides oversight with respect to accounting and financial reporting and audit functions. The Audit Committee meets the definition of Audit Committee as defined in Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act ). The Audit Committee engages the independent registered public accounting firm, and performs certain other functions pursuant to its charter, a copy of which is available on the Company's website at <http://www.waters.com> under the caption Corporate Governance . Each member of the Audit Committee is independent under SEC rules and the applicable listing standards of the New York Stock Exchange and the Company's independence criteria, which are summarized under Corporate Governance Board/Director Independence below. The Board has determined that each of the four members of the Audit Committee Ms. Reed and Messrs. Conard, Miller and Salice is an audit committee financial expert within the meaning of the SEC rules and has accounting or related financial management expertise within the meaning of New York Stock Exchange rules.

**Compensation Committee**

The Compensation Committee, which currently consists of Mr. William J. Miller (Chair), Mr. Christopher A. Kuebler and Mr. Thomas P. Salice, approves the compensation of executives of the Company, makes recommendations to the Board with respect to standards for setting compensation levels and administers the Company's incentive plans. The Compensation Committee's charter is available on the Company's website at <http://www.waters.com> under the caption Corporate Governance . Each member of the Compensation Committee is independent under the applicable listing standards of the New York Stock Exchange and the Company's independence criteria, which are summarized under Corporate Governance Board/Director Independence below.

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**CORPORATE GOVERNANCE**

**Annual Evaluation**

During 2016, the Nominating and Corporate Governance Committee of the Board conducted its annual evaluation of the Board and each of its committees. The evaluation, in the form of a questionnaire, was circulated to all members of the Board and each committee in November 2016. The Company's General Counsel received all of the questionnaires, compiled the results and circulated them to the Board and each committee for discussion and analysis during January 2017. It is the intention of the Nominating and Corporate Governance Committee to continue to engage in this process annually.

**Related Party Transactions Policy**

The Board has adopted a written Related Party Transactions Policy, which covers Interested Transactions between a Related Party or parties and the Company. An Interested Transaction is a transaction or arrangement in which the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year and in which the Company and/or any Related Party may have an interest. A Related Party includes an executive officer, director or nominee for election as a director of the Company, any holder of more than a 5% beneficial ownership interest in the Company, any immediate family member of any of the foregoing or any firm, corporation or entity in which any of the foregoing persons is employed or is a general partner or principal or in which such person or persons collectively have a 10% or greater beneficial ownership interest.

Pursuant to the policy, the General Counsel is responsible for identifying potential Interested Transactions and determining whether a proposed transaction is an Interested Transaction and accordingly, reportable to the Nominating and Corporate Governance Committee for consideration at its next regularly scheduled meeting. The Nominating and Corporate Governance Committee will review the material facts of all Interested Transactions and report its recommendations to the Board which will either approve or disapprove the Interested Transaction.

The Nominating and Corporate Governance Committee and the Board have reviewed and determined that certain categories of Interested Transactions are deemed to be pre-approved or

ratified (as applicable) by the Board under the terms

of the policy. These are: (a) the employment and compensation arrangements of named executive officers (as defined below) required to be reported in the Company's Proxy Statement; (b) Director compensation required to be reported in the Company's Proxy Statement; (c) ordinary course charitable contributions periodically reviewed by the Compensation Committee of the Board; and (d) ordinary course business transactions conducted on an arm's length basis with Bristol-Myers Squibb Corporation (of which Dr. Glimcher is a director).

Eugene G. Cassis, Former Senior Vice President Finance and Administration and Chief Financial Officer, Senior Vice President and Senior Advisor, is married to Mary Dwyer Cassis who was employed by the Company from 1986 to July 2016.

**Equity Ownership Guidelines**

Increasingly, stockholders of public companies are focusing on the amount of equity ownership by directors and officers of the companies in which they invest. In order to more closely align the interests of the Company's stockholders with those of management, the Company has minimum stock ownership guidelines for Directors and named executive officers. These guidelines provide for the accumulation by anyone who holds the Chief Executive Officer position of common stock equal to five times his or her base salary over a three-year period. Additionally, the Company's other named executive officers on December 31, 2016, Messrs. Caputo, Cassis, Harrington, Khanna and King, are each required to accumulate common stock equal to two times their base salary. Pursuant to the guidelines, members of the Board are required to accumulate a minimum of 5,000 shares of common stock of the Company.

If, as the case may be, a named executive officer shall become non-compliant with the guidelines, he or she shall have a period of twelve (12) months to regain compliance with the guidelines. If, after such twelve month period, the named executive officer remains non-compliant, then, with respect to any subsequent exercise of a stock option by such executive officer, 50% of such executive's net after-tax profit from such exercise must be retained in shares of common stock until compliance with the



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guidelines is achieved. Exceptions to these equity ownership guidelines may be considered by the Nominating and Corporate Governance Committee with respect to individual financial situations of current or future executives covered by the guidelines. For purposes of the accumulation of shares of common stock to comply with these guidelines, in addition to any direct ownership of shares of common stock by a named executive officer or Director, any shares of restricted stock and vested in-the-money stock options, which either were or will be granted by the Company to such executives or Directors, apply toward the satisfaction of the guidelines. The ownership guidelines have been met by all Directors and named executive officers.

### **Board Leadership Structure**

As stated in the Company's Corporate Governance guidelines, the Board has no set policy with respect to the separation of the offices of Chairman and Chief Executive Officer, but instead makes a particular determination in the context of selecting a chief executive officer. Douglas A. Berthiaume served as both Chairman of the Board and Chief Executive Officer from 1996 until September 2015 at which time Christopher J. O'Connell became President and Chief Executive Officer. Following Mr. O'Connell's appointment, the offices of Chairman and Chief Executive Officer have been separated.

Since 2004, Thomas P. Salice, an independent director, has served as the Board's lead independent director. In that capacity, he has presided over executive sessions of the non-management Directors of the Board and provided a focal point for and facilitated communication among non-management Directors, Company management and Company stockholders.

The lead independent director continues to facilitate independent and effective oversight of the Company's affairs.

### **Majority Voting**

The Company's bylaws provide for majority voting for Directors in uncontested elections. A further description of the Company's majority voting provisions can be found under Proposal 1. Election of Directors herein.

### **Guidelines and Code of Conduct**

The Board has adopted Corporate Governance Guidelines, a Code of Business Conduct and Ethics for employees, executive officers and Directors and a whistleblower policy regarding the treatment of complaints on accounting, internal accounting controls and auditing matters. All of these documents are available on the Company's website at <http://www.waters.com> under the caption Corporate Governance and copies may be obtained, without charge, upon written request to the Company, c/o Secretary, 34 Maple Street, Milford, MA 01757.

### **Policy Against Hedging**

In 2013, the Board adopted a policy prohibiting Directors, officers and certain key employees from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset any decrease in market value of equity securities of the Company. This prohibition does not apply to any bona fide pledge of equity securities of the Company, not made for the purpose of hedging.

### **Board Candidates**

With respect to potential candidates to serve on the Board, the Nominating and Corporate Governance Committee considers suggestions from a variety of sources, including stockholders. Any nominations of candidates, together with appropriate biographical information, should be submitted in accordance with the Company's bylaws to the Company, c/o Secretary, 34 Maple Street, Milford, MA 01757.

The Nominating and Corporate Governance Committee believes that candidates for service as a Director of the Company should meet certain minimum qualifications. In selecting Directors, the Board seeks individuals who are highly accomplished in their respective fields, with superior educational and professional credentials. Candidates should satisfy the Company's independence criteria, which are part of its Corporate Governance Guidelines and summarized below and the applicable listing standards of the New York Stock Exchange. In assessing candidates for Director, the Nominating and Corporate Governance Committee will consider their skills, experience and diversity in the context of the overall composition of the Board.



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The Company has a process for identifying and selecting candidates for Board membership. Initially, the Chairman, the Chief Executive Officer, the Nominating and Corporate Governance Committee or other Board members identify a need to either expand the Board with a new member possessing certain specific characteristics or to fill a vacancy on the Board. A search is then undertaken by the Nominating and Corporate Governance Committee, working with recommendations and input from Board members, members of senior management, professional contacts, external advisors, nominations by stockholders and/or the retention of a professional search firm, if necessary. An initial slate of candidates is identified that will satisfy the criteria for Board membership and is presented to the Nominating and Corporate Governance Committee for review. Upon review by the Nominating and Corporate Governance Committee, a series of interviews of one or more candidates is conducted by the Chairman, Chief Executive Officer and at least one member of the Nominating and Corporate Governance Committee. During this process, the full Board is informally apprised of the status of the search and its input is solicited.

Upon identification of a final candidate, the entire Nominating and Corporate Governance Committee will meet to consider the credentials of the candidate and thereafter, if approved, will submit the candidate for approval by the full Board.

As noted above, the Nominating and Corporate Governance Committee, in assessing candidates for director, considers their skills, experience and diversity in the context of the Board's overall composition. The Company does not, however, have a specific policy with respect to the consideration of diversity in identifying director nominees.

### **Board/Director Independence**

The Company's Corporate Governance Guidelines include criteria adopted by the Board to assist it in making determinations regarding the independence of its members. Our Categorical Standards of Independence are also available on the website [www.waters.com](http://www.waters.com) under the caption Corporate Governance. The criteria, summarized below, are consistent with the New York Stock Exchange listing standards regarding director independence. To be considered independent, the Board must determine that a director does not have a material relationship, directly or indirectly, with the

Company. A director will not be considered independent if he or she, or an immediate family member, has been within the last three years:

an executive officer of the Company;

a current partner or employee of an internal or external auditor of the Company or a partner or employee of an internal or external auditor of the Company who personally worked on the Company's audit;

an executive officer of a public company that was on the compensation committee of its board;

a paid advisor or consultant to the Company receiving in excess of \$100,000 per year in direct compensation from the Company (other than fees for service as a director) within the past three years or has an immediate family member who has been a paid advisor or consultant to the Company; and

an employee (or in the case of an immediate family member, an executive officer) of a company that does business with the Company and the annual payments to or from the Company exceeded the greater of \$1 million or 2% of the other company's annual gross revenues. In addition, a director will not be considered independent if he or she, or an immediate family member, has been an executive officer of a tax-exempt entity that receives contributions in any fiscal year from the Company exceeding the greater of \$1 million or 2% of its gross revenues. A director also will not be considered independent if he or she has an immediate family member who is a current employee of an internal or external auditor of the Company who participates in such firm's audit, assurance or tax compliance practice.

The Board has determined that each Director, other than Mr. Berthiaume, the Company's Chairman, and Mr. O'Connell, the Company's President and Chief Executive Officer, has no material relationship with the Company and otherwise qualifies as independent under these criteria and the applicable listing standards of the New York Stock Exchange.

**Stockholder and Board Communications**

With respect to communications with the Board on general matters, stockholders and interested parties may communicate directly with the lead director or with the non-management Directors as a group by writing to Waters Corporation, c/o

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Secretary, 34 Maple Street, Milford, Massachusetts 01757. Any such communication should include the name and return address of the stockholder, the specific Director or Directors to whom the contact is

addressed and the nature or subject matter of the contact. All communications will be sent directly to the appropriate Board member.

## **REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

*The information contained in this report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that Waters specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Exchange Act.*

During 2016, the Audit Committee of the Board, in conjunction with management and PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, focused on the following items:

1. Compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (the Act) and the adequacy of Company internal controls;
2. The appropriateness of Company financial reporting and accounting processes;
3. The independence and performance of the Company's independent registered public accounting firm;
4. Company compliance with laws and regulations, including compliance with applicable provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and
5. Review of the Company's independent registered public accounting firm's quality control procedures.

The Company retains Ernst & Young LLP to assist in elements of continuing compliance with Section 404 of the Act. The Company's compliance with Section 404 of the Act is managed primarily by the Company's Vice President, Audit & Risk Management in conjunction with the Company's Senior Vice President, Chief Financial Officer and its Vice President, Corporate Controller. During 2016, the Audit Committee received regular and detailed briefings from the Company's Vice President, Audit & Risk Management and PricewaterhouseCoopers LLP regarding the Company's compliance with Section 404 of the Act.

On February 23, 2017, the Company's Vice President, Audit & Risk Management and PricewaterhouseCoopers LLP reported to the Audit Committee that no material weaknesses had been identified in the Company's internal controls over financial reporting as of December 31, 2016.

The Board has adopted a written charter setting out more specifically the functions that the Audit Committee is to perform. The charter is reviewed on an annual basis by the Audit Committee and the Audit Committee is advised as to any corporate governance developments which may warrant charter amendments. The charter is available on the Company's website at <http://www.waters.com> under the caption "Corporate Governance". A discussion of the Audit Committee's role in risk oversight can be found under the heading "Risk Oversight Board's Role in Risk Oversight Generally" below.

As stated in its charter, the Audit Committee is tasked with, among other things, reviewing with management the Company's guidelines and policies with respect to its approach to risk assessment and risk management. In addition, major financial risk exposures and means of monitoring and controlling these exposures, is to be discussed with management.



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The Audit Committee held eight meetings during the fiscal year ended December 31, 2016. The Audit Committee reviewed on a quarterly basis, with members of the Company's management team, the Company's quarterly and annual financial results prior to the release of earnings and the filing of the Company's quarterly and annual financial statements with the SEC. The Board has determined that each of the four current members of the Audit Committee—Mr. Salice (Chair), Mr. Conard, Mr. Miller and Ms. Reed—is an audit committee financial expert as defined under the applicable rules and regulations of the SEC and has accounting or related financial management expertise within the meaning of the New York Stock Exchange rules. Company management has primary responsibility for the financial statements and reporting processes. The Company's independent registered public accounting

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firm, PricewaterhouseCoopers LLP, audits the annual financial statements and is responsible for expressing an opinion on their conformity with generally accepted accounting principles.

The Audit Committee has adopted the following guidelines regarding the engagement of PricewaterhouseCoopers LLP to perform non-audit services for the Company:

Company management will submit to the Audit Committee for approval a list of non-audit services that it recommends the Audit Committee engage its independent registered public accounting firm to provide from time to time during the fiscal year and an estimated amount of fees associated with such services. Company management and the Company's independent registered public accounting firm will each confirm to the Audit Committee that each non-audit service on the list is permissible under all applicable legal requirements. The Audit Committee will, in its discretion, either approve or disapprove both the list of permissible non-audit services and the estimated fees for such services. The Audit Committee will be informed routinely as to the non-audit services actually provided by the Company's independent registered public accounting firm pursuant to this pre-approval process and the actual expenditure of fees associated therewith as well as new non-audit services being requested for approval.

To ensure prompt handling of unexpected matters, the Audit Committee delegates to its Chairman the authority to amend or modify the list of approved permissible non-audit services and fees. The Chairman will report action taken to the Audit Committee at the next Audit Committee meeting.

PricewaterhouseCoopers LLP and the Company ensure that all audit and non-audit services provided to the Company have been pre-approved by the Audit Committee.

The Audit Committee hereby reports for the fiscal year ended December 31, 2016 that:

1. It has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2016 with Company management;
2. It has reviewed and discussed with PricewaterhouseCoopers LLP those matters required to be communicated by PricewaterhouseCoopers LLP to the Audit committee, including under Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board ( PCAOB );
3. It has received from PricewaterhouseCoopers LLP written disclosures and a letter required by the applicable requirements of the PCAOB regarding PricewaterhouseCoopers LLP's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence;
4. It has considered whether, and determined that, the provision of non-audit services to the Company by PricewaterhouseCoopers LLP as set forth below, was compatible with maintaining auditor independence; and
5. It has reviewed and discussed with PricewaterhouseCoopers LLP its internal quality control procedures, and any material issues raised by the most recent internal quality control review, or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years.

Based on the items reported above, on February 23, 2017, the Audit Committee recommended to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC. The recommendation was accepted by the Board on the same date.

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Ms. JoAnn A. Reed

Mr. Edward Conard

Mr. William J. Miller

Mr. Thomas P. Salice

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**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee currently consists of Mr. William J. Miller (Chair), Mr. Christopher A. Kuebler, and Mr. Thomas P. Salice. During fiscal year 2016 no member of the Compensation Committee was an officer or employee of the Company or served as a member of the Board or Compensation Committee of any entity that has one

or more executive officers serving as members of the Waters Board or its Compensation Committee and no executive officer of the Company served on the Compensation Committee or Board of Directors of any entity that has one or more executive officers serving on the Waters Board or Compensation Committee.

**RISK OVERSIGHT**

**Board's Role in Risk Oversight Generally**

Included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 are the risk factors affecting the Company which are periodically reviewed by the Board and the Audit Committee and updated or expanded as warranted. The Board is responsible for overseeing the management and operations of the Company, including its risk assessment and risk management functions. The Board has delegated responsibility to reviewing the Company's policy with respect to risk assessment and management to the Audit Committee.

Additionally, the Company has an Enterprise Risk Management program under the direction of the Director of Treasury and Risk Management and the Vice President, Audit & Risk Management. This program seeks to identify, assess, monitor and report on risks affecting the Company's business and operations on an ongoing basis. Management of the Company actively participates in this program and briefs the Audit Committee on the risks affecting the Company and efforts undertaken to mitigate them. The Compensation Committee has responsibility for oversight of risk related to compensation matters as more fully described below.

**Compensation-Related Risk**

The Compensation Committee conducted a review to determine if any compensation plans and practices would be reasonably likely to have a material adverse effect on the Company. The Compensation Committee reviewed various components of the Company's compensation plans including their size, scope and design. The Compensation Committee also reviewed whether the compensation plans promote unnecessary risk taking and the policies in place to mitigate compensation risk. The review included an assessment of design features that could encourage excessive risk-taking

and the potential magnitude of such risks, including design features such as a short-term oriented pay mix, overly aggressive goal setting and over-weighting of annual incentives. Several features of the Company's annual incentive plan, the Management Incentive Plan, mitigate compensation-related risk including the use of payout caps, a clear link between payouts under the plan and the Company's financial performance, and Compensation Committee oversight in determining payouts under the Plan. The policies that exist to mitigate compensation-related risk include, among others, (1) the Company's Recoupment Policy for Management Incentive Plan awards; (2) stock ownership guidelines for named executive officers; (3) a five-year vesting provision for long-term incentive awards; (4) a prohibition on hedging; and (5) independent oversight of compensation programs by the Compensation Committee with input from an independent compensation consultant. Based on this review, the Compensation Committee and the Company do not believe that there are any compensation related risks arising from the Company's compensation plans that would have a material adverse effect on the Company.

**Role of Compensation Consultant, Compensation Committee and Management in Decision-Making**

The Compensation Committee engaged Pearl Meyer as its outside independent compensation consultant during fiscal year 2016. Pearl Meyer participates in Compensation Committee meetings and executive sessions and advises the Compensation Committee on a range of executive officer and director compensation matters including plan design, competitive market assessments, trends, best practices and technical and regulatory developments. Pearl Meyer provides services to the Compensation Committee related only to executive officer and director

compensation, including defining peer

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groups, comparing executive officer and director compensation arrangements to those of the peer groups, and providing market data and advice regarding executive and director compensation plans. The Compensation Committee has the authority to engage and terminate independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities.

The Compensation Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. The Compensation Committee conducted a specific review of its relationship with Pearl Meyer in 2016, and determined that Pearl Meyer's work for the Compensation Committee did not raise any conflicts of interest, considering the factors set forth in the applicable SEC and New York Stock Exchange rules. The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

The Compensation Committee approves all compensation decisions for the named executive officers, after consulting with Pearl Meyer, as appropriate. The Senior Vice President of Human Resources also provides the Compensation Committee with information and analysis on the Company's executive compensation programs as requested. During 2016, Mr. O'Connell provided the Compensation Committee with his assessment of the performance of the Company and the other named executive officers, and made compensation recommendations for the other named executive officers. The Compensation Committee, however, makes all final decisions with respect to the compensation of the CEO and the other named executive officers. No named executive officer makes any decision or recommendation to the Compensation Committee on any element of his or her own compensation.

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**COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

**Compensation Discussion and Analysis**

**Overview**

This Compensation Discussion and Analysis discusses the compensation programs for our named executive officers. Our named executive officers for fiscal year 2016 were as follows:

Christopher J. O'Connell, President and Chief Executive Officer ( CEO );

Eugene G. Cassis, Former Senior Vice President, Finance and Administration and Chief Financial Officer, Senior Vice President and Senior Advisor;

Michael C. Harrington, Senior Vice President, Global Markets;

Rohit Khanna, Senior Vice President, Applied Technology;

Ian S. King, Senior Vice President, Instrument Technology; and

Arthur G. Caputo, Former Executive Vice President and President, Waters Division

Effective January 25, 2016, the Company announced an expansion of the leadership team and promoted Mr. Harrington, Mr. Khanna and Mr. King to the Company's Executive Committee. On January 19, 2016, Mr. Caputo provided notice of resignation from his position as Executive Vice President and President, Waters Division, effective February 10, 2016. Mr. Caputo remained a non-executive employee and senior advisor to the Company until January 10, 2017. On December 5, 2016, the Company announced that Mr. Cassis would resign as the Company's Chief Financial Officer and transition to a senior advisor role, effective January 9, 2017. Although Mr. Caputo is a former employee, he

is included as a named executive officer in this discussion and the accompanying tables pursuant to SEC rules.

**Executive Summary**

The following is a summary of our Stockholder Outreach Program, the results of our 2016 Say-on-Pay vote and changes to our executive compensation programs in response to input from our stockholders. The following also provides a summary of the Company's 2016 performance and the impact of Company performance on the compensation of our named executive officers as well as governance practices related to our compensation programs. Details of our compensation programs are discussed in further detail in the appropriate sections of this Compensation Discussion and Analysis.

*2016 Stockholder Outreach and Say-on-Pay*

The Compensation Committee values the opinions of our stockholders and considers the outcome of our annual Say-on-Pay stockholder vote in determining the structure of executive compensation program, as well as in making future compensation decisions. Prior to 2016, Waters received strong annual support for our executive compensation program, with greater than 90% of voted shares voting in favor of Waters executive compensation programs. In 2016, Waters received 60% of voted shares voting in favor of our executive compensation programs. In response, our Compensation Committee Chairman and members of management contacted our top 25 stockholders, who represent 64% of our

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outstanding shares, to listen to and receive feedback on our executive compensation program. Stockholders representing approximately 31% of our outstanding shares accepted our invitation for a meeting.



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*Listening to our Stockholders*

Our stockholders had favorable views of many of the aspects of our executive compensation program including our emphasis on performance-oriented components of compensation and the strength of our performance measures. Our stockholders, however, did provide feedback to the Company in certain areas and the following chart summarizes these key findings from the conversations we had with our stockholders and the changes we made to our executive compensation program in light of these conversations.

**Key Stockholder Feedback**

Long-term incentives delivered entirely through time-vested stock options with no additional performance-vesting conditions

Long-term incentive values are targeted at the 50th – 75th percentile of the market

Excise tax gross-ups in legacy change in control agreements

**Implemented Changes in Response to Stockholder Feedback**

Incorporated performance share units ( PSUs ) into our executive compensation program and the annual long-term incentive ( LTI ) grants made on December 9, 2016

30% of the annual LTI grant value was awarded in the form of PSUs

Performance measure is Relative Total Stockholder Return ( TSR )

Comparator Group is the S&P 500 Healthcare Index

Performance Requirements:

> 75th percentile = 200% payout

50th percentile = 100% payout

< 25th percentile = 0% payout

Three-year performance period

PSUs capped at target in the event of negative absolute TSR

Annual LTI grants made on December 9, 2016 were re-oriented around the market median for the respective position

All legacy excise tax gross-up provisions have been eliminated from existing change in control agreements

We have committed to no longer provide for excise tax gross ups in the future

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*2016 Key Business Priorities and Connection to our Executive Compensation Program*

As described in the following chart, Waters emphasizes the performance-oriented components of compensation and aligns executive compensation with business priorities.

Key Business Priorities	Compensation Design	Performance Results and Corresponding Compensation
Organic revenue growth	A constant currency revenue growth rate was added as a measure to our annual cash incentive plan, the Management Incentive Plan ( MIP ), for 2016 with a weight of 25% (1)	2016 revenue grew 7% on a constant currency basis. Executive payouts were made between the target and threshold for this component of the MIP because constant currency revenue growth was below the performance target of 8% constant currency growth and above the threshold of 3% growth.
Operating leverage and earnings growth	Operating leverage and earnings growth is reinforced with a non-GAAP operating income threshold measure and a challenging non-GAAP earnings per share growth performance goal. (2)	2016 operating income grew by 10%, exceeding the operating income threshold of 3% growth over the prior year. Achievement of this threshold level of operating income performance is required before any bonus payments are made based on non-GAAP earnings per share growth as described below. Non-GAAP earnings per share grew 12% over the prior year and exceeded the target non-GAAP earnings growth of 10% resulting in executive payouts above target for this component of the MIP.
Sustainable stockholder value creation	Alignment with the long-term interests of our stockholders is achieved through our annual LTI equity program, which includes stock options that vest over a five-year period. Beginning with the 2016 annual grant, PSUs were introduced into our annual LTI equity program, and will vest over a three-year performance period based on relative TSR.	For the three, five and ten years ending on December 31, 2016, Waters stock yielded a 34%, 81% and 175% return on \$100 investment made on December 31, 2013, December 31, 2011 or December 31, 2006, respectively.

The Company generally uses non-GAAP financial measures to facilitate management's financial and operational decision-making, evaluate historical operating results, make comparisons to competitors' operating results and determine management incentive compensation.

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- (1) The Company believes that referring to comparable constant currency revenue growth rates is a useful way to evaluate the underlying performance of the Company's net revenue. Constant currency revenue growth rate, a non-GAAP financial measure, measures the change in net revenue between current and prior year periods, without taking into account the impact of foreign currency exchange rates during the current period. In 2016, currency translation reduced the revenue growth rate by 1% to 6%.
  
- (2) The Company's non-GAAP operating income and earnings per share ( E.P.S ) growth are based on operating income and E.P.S. reported in accordance with GAAP, but adjusted to exclude certain charges and credits that the Company considers non-operational and not directly related to ongoing operations of the Company. In 2016, GAAP operating income and earnings per share were adjusted for purchased intangibles amortization, stock award modifications, restructuring costs, litigation provisions and certain income tax items. In 2016, GAAP E.P.S. increased 13% and non-GAAP E.P.S. increased 12% as compared to 2015.

A reconciliation of GAAP to non-GAAP E.P.S. and non-GAAP operating income can be found in the Company's Annual Report on Form 8-K dated January 24, 2017 that contained the company's results of operations for the quarter and year ended December 31, 2016 which are incorporated herein by reference and on the Company's website 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.

*Compensation Governance and Pay Practices*

Waters maintains strong pay and governance practices as outlined below. A full description of these policies and practices can be found in the discussion below under the respective headings.

<ul style="list-style-type: none"> <li>Robust director and executive officer stock ownership guidelines</li> <li>Compensation recoupment policy for cash incentive awards</li> <li>Market-based executive compensation levels and no discretionary or guaranteed bonus payments, other than sign-on awards made in conjunction with hiring Ms. Buck (as described below)</li> <li>Annual compensation risk assessment</li> <li>Anti-hedging policy</li> </ul>	<ul style="list-style-type: none"> <li>No executive perquisites or supplemental benefits</li> <li>No new or legacy excise tax gross-up provisions</li> <li>Double trigger for accelerated equity vesting upon a change in control for all grants to Mr. O'Connell and Ms. Buck and for grants to all other executives made after February 10, 2016</li> <li>No option repricing without stockholder consent</li> <li>Independent compensation consultant</li> </ul>
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*Transition of Mr. Caputo, former Executive Vice President and President, Waters Division*

Mr. Caputo resigned from his position as Executive Vice President and President, Waters Division, effective February 10, 2016, and remained a non-executive employee and senior advisor to the Company until January 10, 2017 (the period between February 10, 2016 and January 10, 2017 is referred to as the "Transition Period"). During the Transition Period, pursuant to a Transition and Separation Agreement between him and the Company, dated

March 18, 2016, Mr. Caputo received an annual base salary of \$275,000 and remained eligible to participate in the Company's employee benefit plans, but did not participate in any bonus, incentive or other similar compensation programs. In addition, Mr. Caputo's stock options continued to vest in accordance with their terms during the Transition Period and any outstanding and unvested stock options as of January 10, 2017 continue to vest in accordance with the terms and conditions of the equity incentive agreements under which the stock

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options were granted (disregarding the requirement of Mr. Caputo's continued employment). Any stock options held by Mr. Caputo that vest on or after January 10, 2017 will remain exercisable until December 12, 2020. Mr. Caputo's restricted stock units continued to vest in accordance with their terms during the Transition Period, and any restricted stock units outstanding and unvested as of January 10, 2017 vested in full on this date.

### *Compensation Arrangements of Newly Appointed CFO*

On December 5, 2016, the Company announced that Eugene Cassis would resign as the Company's Chief Financial Officer and transition to a senior advisory role and that Sherry Buck was elected to serve as the Company's Senior Vice President and Chief Financial Officer, effective January 9, 2017.

In connection with Ms. Buck's hiring, the Company entered into an offer letter with Ms. Buck that provides for an annual base salary of \$525,000 and an annual target bonus opportunity based on achievement of performance objectives as established by the Committee equal to 75% of her annual base salary. In addition, on January 19, 2017, Ms. Buck was granted an annual long-term equity award, consistent with the annual grant made to other executive officers on December 9, 2016. The grant date value of Ms. Buck's long-term equity award was approximately \$1,225,000, with 70% of the long-term equity grant comprised of stock options and 30% of the long-term equity grant comprised of PSUs. Ms. Buck's agreement also provides for sign-on awards, which were intended to compensate Ms. Buck for a portion of the equity awards from her prior employer that were forfeited as a result of joining Waters. She received a cash sign-on bonus of \$300,000 and a long-term equity grant with a grant date value of approximately \$600,000, \$300,000 of which was delivered in stock options and \$300,000 of which was delivered in restricted stock units. The stock options will vest 20% each year on the first five anniversaries of the date of grant and the restricted stock units will vest 33% each year on the first three anniversaries of the date of grant, in each case generally subject to continued employment through the applicable vesting date.

### **Philosophy and Objectives of Waters' Executive Compensation Program**

Waters' executive compensation program is intended to be both performance-based and market-

based, with an emphasis on short and long-term variable performance-based compensation. The objectives of the Company's executive compensation program are aligned with the Compensation Committee's philosophy and are as follows:

To focus senior management on achieving financial and operating objectives that enhance long-term stockholder value;

To align the interests of senior management with the Company's stockholders; and

To attract and retain senior executive talent.

The Company's executive compensation program is designed to motivate and reward executives for sustained high levels of achievement of the Company's financial and operating objectives. In conjunction with our objective to emphasize performance-based compensation, base salaries are generally targeted below the market median for similarly situated executives in comparable companies. Actual base salaries may vary from this generally targeted position based on the performance, tenure, experience and contributions of the individual executive.

In order to provide target total cash compensation that approximates the median of the market for achieving target performance goals, annual incentive target awards are positioned to be at or slightly above the market median. In the aggregate, these two annual components, base salary and annual incentives, provide a target total cash compensation opportunity that approximates the median of the market for achieving target performance goals. Annual performance targets represent challenging operational and financial goals. Actual incentives will vary with the performance of the Company and the overachievement of performance goals will provide the opportunity for significantly greater reward on an annual basis. Underachievement of threshold performance goals will result in no payout. Actual total cash compensation may be less than or greater than the median of the market, based on these factors. We believe that the structure of our total annual cash compensation effectively aligns executives' interests with stockholders' interests by placing emphasis on the achievement of annual financial and operating objectives.



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For longer-term alignment of the interests of our executives and stockholders, the Company makes annual long-term equity incentive grants consisting of stock options and PSUs. Stock options provide value to the executive only if the Company's stock price increases over time and PSUs will only vest and be earned if the Company's stock increases relative to a comparator group of companies over a period of time. The value of Waters' total long-term equity incentive grants is targeted to be at the market median with flexibility for the Committee to consider an award either below or above the market based on

the executive's performance, role and grant size relative to other executives. Waters' stock options and PSUs, which vest over a five-year period and three-year period, respectively, also serve as valuable retention tools.

In addition to the philosophy and structure of the executive compensation program as described above, the Committee also consider, as appropriate, the compensation practices for all employees in reviewing the compensation for named executive officers.

*Pay Mix*

Consistent with this performance-oriented compensation philosophy, performance-based compensation comprises a substantial portion of the target total direct compensation (base salary, target annual incentive award and the grant date value of the long-term incentive award) for our named executive officers. For 2016, performance-oriented compensation (annual incentive and long-term equity incentives) represented 88% of the target total direct compensation for Mr. O'Connell and 83% for all other executive officers as a group, excluding Messrs. Cassis and Caputo. Mr. O'Connell's pay mix is consistent with the Company's peer group. The pay mix for our other executive officers is slightly more weighted toward variable (83%) than the Company's peers at 77%.

CEO Pay Mix

NEO Pay Mix

**Table of Contents****Data Used to Make Compensation Determinations***Competitive Market Assessment*

Competitive market data is an important component used in determining the amount of each element of compensation for our named executive officers. The Compensation Committee utilizes Pearl Meyer to provide advice and analysis on the structure of our executive compensation program as well as competitive data on base salary, total cash compensation and long-term incentives. Pearl Meyer prepares this competitive assessment annually for the Compensation Committee. The Compensation Committee reviews the total compensation package for each named executive officer from the perspective of total direct compensation, which includes base salary, target annual incentive award and the grant date value of the long-term incentive award. The Compensation Committee also reviews each named executive officer's compensation

package to ensure that the total compensation package emphasizes performance-based compensation elements and is designed to meet the overall objectives of our executive compensation program. The Compensation Committee considers a range of factors in determining the amount of each compensation element for each named executive officer. The range of factors includes Company performance, individual performance and experience, competitive compensation levels, the competitive market, hiring and retention needs, scope of responsibility and an individual's potential for making future contributions to the Company.

Pearl Meyer and the Compensation Committee utilize a core Industry Peer Group of 16 publicly traded companies in the life sciences and analytical instrument industry with generally similar revenues and market capitalization as Waters.

The 2016 Industry Peer Group is comprised of the following companies.

Agilent	Illumina
C.R. Bard	Intuitive Surgical
Bio-Rad Laboratories	Mettler-Toledo
Bruker	Perkin Elmer
Edwards Lifesciences	ResMed
FLIR Systems	Roper Industries
Hologic	Teleflex
IDEXX Laboratories	Varian Medical

Each year, Pearl Meyer evaluates the peer group for its continued appropriateness for external executive compensation comparisons based on the primary selection criteria of similarity in industry, products and services, revenue and market capitalization. The target range for inclusion in the peer group for both revenue and market capitalization is 50% to 200% of Waters' revenue and market capitalization. In 2016, both Pall Corporation and Sigma-Aldrich were removed from the Company's peer group due to their acquisitions by Danaher and Merck, respectively. In addition, two companies, IDEXX Laboratories and Intuitive Surgical, were added to the peer group. The median revenue for the peer group for the four quarters ending October 31, 2016 was \$2,370,000,000 and market capitalization for the peer group as of October 31, 2016 was \$10,374,000,000. Waters' revenue and market capitalization for the same period were \$2,125,000,000 and \$11,211,000,000, representing the 36th and 61th percentiles, respectively.

Pearl Meyer and the Compensation Committee also utilized the Aon Hewitt Executive Compensation and Radford Surveys to review the competitive marketplace for each named executive officer's compensation levels. The Aon Hewitt Executive Compensation and Radford Surveys provide a general industry perspective based on revenue scope for each named executive officer position. We use the broad survey data in combination with the peer group data in evaluating our named executive officers' compensation. The Compensation Committee does not rely upon data from any individual company participating in any of these surveys in making compensation decisions. Data from the survey source and the peer companies are combined to develop a primary market composite which is based on an average of survey data and peer company data.





**Table of Contents****Elements of Executive Compensation**

There are three key elements of our executive compensation program: base salary, annual incentive awards, and long-term incentive awards. Each element of executive compensation addresses specific objectives of the program and together they meet the overall philosophy and objectives of our executive compensation program as described above. The mix of short-term cash incentives and long-term equity incentives focuses executives on the achievement of annual and longer-term financial and operating objectives that drive long-term stockholder value. In addition, the Compensation Committee

reviews the combined total of these three compensation elements (measured at target for annual and long-term incentives, as applicable), or total direct compensation, in order to appropriately position total direct compensation relative to both the marketplace and the Company's objectives. Although the amount of each element of compensation for each named executive officer differs based on position-specific market data, the critical nature of the executive's position to the business, the executive's level of contribution and other individual factors, the overall structure and compensation elements utilized in 2016 are consistent for the CEO and all other named executive officers.

<b>Compensation Element</b>	<b>Objective</b>	<b>Target Position to Market</b>	<b>2016 Market for Named Executive Officers (1)</b>
<b>Base Salary</b>	To attract and retain senior executives and other key employees.	Generally targeted at or below the 50th percentile.  Actual individual salaries may vary based on an executive's performance, tenure, experience and contributions.	The overall market position for base salaries in 2016 was at the 25th percentile of the market. Individual base salaries ranged from below the 25 <sup>th</sup> percentile to the 35th percentile.
<b>Annual Incentive</b>	To motivate named executive officers to achieve strong financial and operational goals as established by the Compensation Committee at the beginning of the fiscal year.	Target payouts at 100% achievement of performance goals are generally positioned at or slightly above the 50 <sup>th</sup> percentile in order to achieve a target total cash position (base plus target annual incentive) that approximates the 50 <sup>th</sup> percentile. Achievement of threshold performance goals is required for any payout.	The overall market position for total target cash opportunity (that is, the sum of base salary and target annual incentive) was at the 35 <sup>th</sup> percentile of the market.
<b>Long-Term Performance Based Awards</b>	To motivate senior executives and other key employees to contribute to the Company's long-term growth of stockholder value and to align compensation with the growth in Waters stock price and achievement of the Company's strategic growth goals. Long-term performance-based awards are also designed to assist in the retention of senior executives and key employees.	Equity compensation is targeted to be at market median. Actual individual grants are determined based on the executive's position, performance, tenure, experience and contributions.	Annual long-term incentive awards made on December 9, 2016 were at the 55 <sup>th</sup> percentile of the market. Individual grants ranged from the 50 <sup>th</sup> percentile for named executive officers to the 55 <sup>th</sup> percentile for the CEO.

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- (1) The 2016 market position noted in the above table reflects the analysis completed by Pearl Meyer in the fourth quarter of 2016. It has been the consistent practice of the Compensation Committee to grant long-term performance equity-based compensation to the named executive officers at the Compensation Committee meeting held in December of each year. This Pearl Meyer analysis therefore includes the cash compensation comprised of base salary and annual incentive effective as of January 1, 2016 and the annual long-term performance equity award granted in December 2016. Mr. Cassis did not participate in the 2016 equity awards. Mr. Caputo did not participate in either the MIP or equity awards in 2016.

### *Base Salary*

The base salaries for the CEO and named executive officers are reviewed annually by the Compensation Committee. Consistent with the compensation practices established for all Company employees, the individual salaries for the CEO and named executive officers are determined based upon a combination of factors including past individual performance and experience, Company performance, scope of responsibility, an individual's potential for making contributions to future Company performance, competitive pay practices and the annual base salary increase guidelines. The Compensation Committee considers all these factors in determining base salary increases and does not assign a specific weighting to any individual factor.

### *Assessment of 2016 Base Salary and Promotional Increases*

In addition to considering the factors listed above, the Compensation Committee also considers the competitive market position of an executive officer's base salary. Base salary increases are approved by the Compensation Committee at the end of the fiscal year with an effective date at the beginning of the next fiscal year, or January 1<sup>st</sup> of each year. The competitive assessment completed by Pearl Meyer at the end of 2015 provided the market information used in determining the base salary in effect in 2016 for our named executive officers. The overall competitive market position for the named executive officers in this Pearl Meyer analysis was at the 25<sup>th</sup> percentile.

Based on Pearl Meyer & Partner's market assessment of the overall environment for base salary increases for executives, the Compensation Committee increased base salaries for all named executive officers, except Mr. Caputo, by 3% for 2016. Mr. Caputo did not receive a base salary increase pending his potential transition from his position as Executive Vice President and President of the Waters Division to a senior advisory role.

Effective January 25, 2016, the Company promoted Messrs. Harrington, Khanna and King to Senior Vice Presidents and executive officers of the Company. Based on a market analysis conducted by Pearl Meyer, in connection with these promotions and the assumption of meaningful additional responsibilities, Messrs. Harrington, Khanna and King each received base salary increases effective February 10, 2016 of 10.2%, 10.6% and 15.0%, respectively. These base salary increases moved each executive into their respective market range of pay at a market position that ranged between the 25<sup>th</sup> and 35<sup>th</sup> percentiles.

### *Annual Incentive*

The Management Incentive Plan is the annual incentive plan for our named executive officers, senior executives, and other key employees of the Company. The Compensation Committee establishes Company performance targets at the beginning of each fiscal year for our named executive officers.

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A summary of our 2016 Management Incentive Plan payout structure is described in the table below.

Name <sup>(1)</sup>	2016 Management Incentive Plan Payout Structure			
	Below Threshold	as a Percent of Base Salary <sup>(2)</sup>		Maximum Performance
		Threshold	Performance	
	Performance	(.25 x Target)	(1.0 x Target)	(2.5 x Target)
Christopher J. O'Connell	0%	31.25%	125%	312.5%
Eugene G. Cassis	0%	18.75%	75%	187.5%
Michael C. Harrington	0%	18.75%	75%	187.5%
Rohit Khanna	0%	16.25%	65%	162.5%
Ian S. King	0%	16.25%	65%	162.5%

(1) Mr. Caputo did not participate in the Management Incentive Plan for 2016 and, therefore, is not included in the table above.

(2) Payouts are interpolated for performance between threshold, target and maximum levels.

In order to receive an incentive payout equal to 100% of the executive's target annual bonus, the Company must achieve 100% of its performance target. All payouts at threshold performance are equal to 25% of the named executive officer's target annual bonus, and are payable upon achievement of both a minimum non-GAAP operating income threshold performance target, a minimum non-GAAP E.P.S. goal and a minimum constant currency revenue goal. Performance below these minimum threshold levels results in no payout. In 2016, the Compensation Committee reduced the maximum payout opportunity from 300% of target to 250% of target to better reflect the market for maximum payouts among the peer group. The Compensation Committee believes that a maximum payout opportunity of 250% of target payout is consistent with the Company's philosophy to position total target cash at the median of the competitive market and to provide the opportunity for significantly greater reward for overachievement of challenging performance goals. In 2016 and as part of their promotional compensation increases, the target incentive for Messrs. Harrington, Khanna and King increased from 50% of base salary to 75%, 65% and 65% of base salary, respectively. These target bonus amounts were increased to align Messrs. Harrington, Khanna and King's annual incentive opportunity with the market data for their new positions. As discussed in detail below, the Compensation Committee establishes annual performance goals which are intended to be challenging but able to be achieved if Company performance is strong.

Historically, the Compensation Committee has utilized non-GAAP E.P.S. as the primary performance measure under the Management Incentive Plan for named executive officers. Use of the non-GAAP E.P.S. measure promotes executive team alignment, focuses the executive team on operational efficiencies and profitable growth, provides a long-term perspective among executives and drives long-term stockholder value. In addition to the non-GAAP E.P.S. growth target, the Compensation Committee also requires that a minimum non-GAAP operating income measure be achieved in order to maintain a balanced focus on operational improvements, excluding the effects of any benefits from finance costs, taxes and stock repurchases to non-GAAP E.P.S. The non-GAAP E.P.S. growth targets are based on E.P.S. reported in accordance with GAAP, but adjusted to exclude certain charges and credits, net of tax, including but not limited to purchased intangibles amortization, stock award modification, restructuring costs, asset impairments, acquisition-related costs, litigation provisions, acquired in-process research and development, tax audit settlements and other items considered unusual or one-time costs. The Company considers these items non-operational and not directly related to ongoing operations and therefore excludes them from the performance metrics set under the Management Incentive Plan. The Compensation Committee reviews and approves the annual adjusted non-GAAP E.P.S. for purposes of measuring E.P.S. growth goal achievement.



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In addition, in 2016, the Compensation Committee added an additional performance measure of revenue, as measured in constant currency, under the Management Incentive Plan in order to focus our executives on implementation of the Company's strategy to drive organic revenue growth. For 2016, the non-GAAP E.P.S. measure was weighted at 75% and the revenue in constant currency was weighted at 25%.

The Compensation Committee also established a non-GAAP operating income goal, the attainment of which would determine the maximum amount of bonuses payable to our named executive officers under our Management Incentive Plan, as described

below. Such amounts are subject to the Management Incentive Plan's individual payout limit as described above. The additional non-GAAP operating income goal was established to enhance our ability to deduct amounts paid under the Management Incentive Plan as performance based compensation for purposes of Section 162(m) of the Internal Revenue Code. The maximum payout opportunity for Mr. O'Connell is set at 1% of non-GAAP operating income, and the maximum payout opportunity is set at .5% of non-GAAP operating income for Messrs. Cassis, Harrington, Khanna and King, but, in each case, not more than the maximum payment amount included in the Management Incentive Plan.

The performance measures required for payout under the 2016 Management Incentive Plan are outlined in the table below.

2016 Performance Measures	2016 Management Incentive Plan			
	Below Threshold Performance	Threshold Performance	Performance Targets Target Performance	Maximum Performance
2016 Non-GAAP E.P.S. growth over 2015	<5%	5%	10%	20%
2016 Revenue growth in constant currency over 2015	<3%	3%	8%	18%
2016 Non-GAAP Operating Income growth over 2015	<3%	3%		

The threshold operating income performance measure must be met in order for there to be a payout under the Management Incentive Plan under either non-GAAP E.P.S. or Revenue measured in constant currency component.

Non-GAAP operating income for 2016 represents a 10% increase over 2015. Non-GAAP E.P.S. for 2016 was \$6.62, which represents 12% growth over 2015 non-GAAP E.P.S. of \$5.89. Revenue in constant currency for 2016 was \$2,160,874,000, which represents a 7% increase over 2015. Non-GAAP E.P.S. and non-GAAP operating income for 2016 and 2015 excluded, net of tax, as applicable, purchased intangibles amortization, stock award modification, restructuring costs, asset impairments, acquisition-related costs, litigation provisions, acquired in-process research and development, tax audit settlements and other items considered unusual or one-time costs since the Company believes that these items are not directly related to ongoing operations. The overall payout as a percent of target was 122% of target.

The Company periodically reviews the Management Incentive Plan with Pearl Meyer. The objectives of this review are to consider the alignment of the Management Incentive Plan with Waters' compensation philosophy and emphasis on pay-for-performance and to review the performance measures utilized under the plan to ensure these measures provide the best ongoing motivators of strategy execution and the creation of stockholder value.

*Long-Term Performance-Based Awards*

The Compensation Committee considers long-term performance-based awards in the form of equity-based compensation at the Compensation Committee's annual December meeting. Multiple factors, considered collectively, are reviewed by the



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Compensation Committee in determining the overall equity value to award each named executive officer. These factors include competitive market data, dilution, share usage, stock compensation expense, the financial and operational performance of the Company, each named executive officer's individual performance, and the value of equity grants both individually to each named executive officer and in aggregate to all named executive officers. The Compensation Committee also believes that it is important to provide meaningful reward and recognition opportunities to the named executive officers irrespective of the potential gains they may realize from prior long-term performance based awards.

It has been the long-standing practice of the Compensation Committee to utilize non-qualified stock options to align the interests of our named executive officers and other senior executives with those of Waters' stockholders. We continue to believe that stock options provide strong alignment between stockholders and these executives because the value of a stock option to an executive is directly related to the stock price appreciation delivered to stockholders following the grant date of the option. If our stock price does not appreciate, the executive will not realize any value with respect to the stock option. In response to the feedback from our stockholders as described above, the Compensation Committee decided to grant PSUs as part of the annual equity grant made in December 2016 to our named executive officers. The Compensation Committee decided to add PSUs to the Company's long-term equity program because it felt it was appropriate to provide an equity-based award the achievement of which was tied to a performance goal other than absolute increase in stock price (which is the case with stock options). Our stockholders expressed the view that relative TSR was an appropriate performance measure given that it directly correlates to company and stock price performance, and the Compensation Committee also believed that it was an appropriate and effective measure to further tie compensation to performance. The overall equity grant was targeted at the market median for executives with 70% of the overall grant date equity value granted in the form of stock options and 30% of the overall grant date equity value granted in the form of PSUs.

The non-qualified stock options were granted under the 2012 Equity Incentive Plan and will vest 20% each year on the first five anniversaries of the date of grant, generally subject to continued

employment through the vesting date of the award. The non-qualified stock options have an exercise price equal to the closing price of Waters common stock on the grant date and have a ten-year term.

PSUs will be eligible to vest based on the achievement of the Company's total stockholder return relative to the total stockholder return of each company in the S&P Health Care Index over a three-year performance period. The number of shares issuable under the PSUs will be determined based on the relative total stockholder return achieved and, as shown in the chart below, can range from 0% of the shares subject to the award if the Company's TSR percentile rank is less than the 25<sup>th</sup> percentile of the S&P Health Care Index, to 100% of the target award (if the TSR percentile rank is at the 50<sup>th</sup> percentile) to a maximum of 200% (if the TSR percentile rank is at or greater than the 75<sup>th</sup> percentile). If Waters TSR is negative, in no event will more than 100% of the target number of PSUs be earned. Each earned and vested performance share will be settled by delivery of one share of our common stock.

TSR Percentile Rank	Applicable Payout Percent
<u>&gt; 75<sup>th</sup> Percentile</u>	200%
50 <sup>th</sup> Percentile	100%
≤ 25 <sup>th</sup> Percentile	0%

Competitive market data for long-term performance-based awards is prepared for the Compensation Committee by Pearl Meyer. As noted above, the Compensation Committee uses this data as one of the factors in determining the size of the equity grant for each named executive officer. Historically, the Compensation Committee targeted long-term incentives above the market median as part of an overall compensation structure designed to emphasize performance-based compensation. We received feedback from our stockholders that although they understood the need for the Compensation Committee to have the flexibility to position an equity grant above or below the market median depending on, but not limited to, factors such as performance and an executive's role, we also heard concern about a design that structurally targeted equity grants between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the market data. As a result, the Compensation Committee has reoriented equity grants at the market median, and in 2016 all equity grants were positioned at or slightly above the 50<sup>th</sup>

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percentile. A review of share usage, dilution and stock based compensation expense was also prepared by Pearl Meyer with data as of the fiscal year ended December 31, 2015. In this analysis the Company's annual share usage, as a percent of common shares outstanding, approximates the median of the Industry Peer Group on both a one and three-year basis. The Company's dilution was 4.5%, which falls between the median and 75<sup>th</sup> percentile of the Industry Peer Group. The Company's fair value of annual stock-based compensation for the fiscal year ended December 31, 2015 was below the 50<sup>th</sup> percentile of the peer group on both a one and three-year basis, as was the fair value of equity awards as a percent of market capitalization. The Compensation Committee reviews these metrics annually and in December 2016 determined that the overall grant practices with respect to share usage and stock compensation

expense were appropriate relative to the Industry Peer Group.

In 2016, our named executive officers received the following long-term incentive awards, which include both the annual grant made on December 9, 2016 and promotional grants made to Messrs. Harrington, Khanna and King on February 19, 2016. The promotional grants to Messrs. Harrington, Khanna and King were positioned to have a value between one and two times salary which was aligned with the market practice as described by Pearl Meyer. The average promotional grant was approximately 1.4 times salary. Due to their transitions to senior advisory roles with the Company, neither Mr. Cassis nor Mr. Caputo received any long-term incentive grants in 2016.

Name	Promotional Award	Annual Award	Annual Award
	Grant Value	Grant Value	Grant Value
	Stock Options (1)	Stock Options (1)	PSUs (1)
Christopher J. O Connell	-	\$3,500,000	\$1,500,000
Eugene G. Cassis	-	-	-
Michael C. Harrington	\$500,000	\$840,000	\$360,000
Rohit Khanna	\$500,000	\$700,000	\$300,000
Ian S. King	\$500,000	\$700,000	\$300,000

- (1) The award values in this table differ slightly from the grant date fair values of the awards reported in the Grants of Plan-Based Awards Table and the Summary Compensation Table. The award values in this table are the values awarded by the Committee while the grant date fair value of each award in the Grants of Plan-Based awards Table is the award value for accounting purposes.

*Perquisites and Benefits*

The Company does not offer any perquisites for the exclusive benefit of executive officers. Mr. O Connell was, however, entitled to relocation benefits in connection with his move to Massachusetts.

The named executive officers are eligible to participate in compensation and benefit plans that are generally offered to other employees, such as the Waters Employee Investment Plan (the 401(k) Plan), the Employee Stock Purchase Plan and health and insurance plans. They are also eligible to participate in the Waters 401(k) Restoration Plan (the 401(k) Restoration Plan) that is available to all employees who meet certain minimum earnings eligibility criteria. The Waters 401(k) Restoration Plan and the Waters Retirement Restoration Plan are designed to restore the benefits, matching contributions and compensation deferral that are limited by Internal Revenue Service benefit and

compensation maximums. These plans are described more fully in the narrative that accompanies the Pension Benefits table and the Non-Qualified Deferred Compensation table in this Proxy Statement.

*Severance and Change of Control Arrangements*



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The Company provides severance protection to each of Messrs. O Connell, Cassis, Harrington, Khanna and King pursuant to a Change of Control/Severance Agreement in the event that his employment is terminated without cause or he resigns for good reason prior to or following a change of control. Our severance and change of control protections are designed to ensure continuity of executive management in the event of a change of control of the Company, and to ensure the ability of executives to evaluate a potential change of control in the best interests of the Company and stockholders. For a description of the severance and change of control protections in our named executive officers

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Change of Control/Severance Agreements, please see the Payments Upon Termination or Change of Control section of this Proxy Statement.

The Company also provides Mr. O'Connell certain severance protections pursuant to his Offer Letter in the event his employment is terminated by the Company other than for cause or if he resigns for good reason outside of the change of control context, as described below in the Payments Upon Termination or Change of Control section of this Proxy Statement.

### *Equity Ownership Guidelines*

The importance of ownership in Waters stock by our named executive officers is emphasized through ownership guidelines that require the CEO to acquire and retain common stock equal to five times his base salary over a three-year period. Other named executive officers are required to acquire and retain common stock equal to two times their base salary over a five-year period. If a named executive officer does not achieve these ownership guidelines within the applicable three or five-year period, a disposition guideline will be applied. The disposition guideline requires that, upon a subsequent exercise of a stock option, 50% of the named executive officer's net after-tax profit from such exercise be retained in shares of Waters common stock until the stock ownership guideline is achieved. A named executive officer who subsequently falls out of compliance will have 12 months to regain compliance before the disposition guideline on stock option exercises is applied. Vested in-the-money stock options and restricted stock count toward determining compliance for the purpose of accumulating shares to comply with the stock ownership guidelines. All named executive officers have met their respective ownership guidelines.

### *Recoupment Policy*

The Company has adopted a Recoupment Policy for cash incentive awards paid to current or former

named executive officers under the Company's management incentive plans. Under this policy, if any executive officer engaged in misconduct that resulted in a restatement of financial results, the Board or an authorized committee, such as the Compensation Committee, if it is determined appropriate, could seek reimbursement of the portion of management incentive plan awards impacted by the event. The Company will review and as necessary amend or replace the Recoupment Policy to be in full compliance with the Dodd-Frank Act when rules are adopted with respect to the Dodd-Frank Act's compensation recoupment provisions.

### *Tax and Accounting Implications*

Waters considers the tax and accounting aspects of the elements of compensation utilized by the Company in determining the most effective method to use to deliver executive compensation. This includes, but is not limited to, Section 162(m) of the Internal Revenue Code and the regulations thereunder (collectively, Section 162(m)). Section 162(m) generally limits the tax deduction available to public companies for annual compensation paid to the chief executive officer and next three highest paid officers (exclusive of the chief financial officer) in excess of \$1 million unless the compensation qualifies as performance-based. The Compensation Committee intends for payments under the Management Incentive Plan, stock option grants under the 2003 Equity Incentive Plan and 2012 Equity Incentive Plan and performance stock units under the 2012 Equity Incentive Plan to qualify as performance-based compensation under Section 162(m). It is the Company's intent to qualify plans for full deductibility to the extent that it is consistent with the Company's overall compensation objectives; however, the Compensation Committee retains complete discretion to make (and has made) payments to named executive officers that would not qualify as performance-based compensation to the extent necessary and appropriate to support the Company's strategies and long-term success.

**Table of Contents****Executive Compensation Tables**

The table below summarizes the total compensation of our named executive officers for the fiscal years ended December 31, 2016, 2015 and 2014.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
<b>Christopher J.</b>	<b>2016</b>	<b>\$849,750</b>	<b>\$0</b>	<b>\$1,840,312</b>	<b>\$3,500,018</b>	<b>\$1,299,954</b>	<b>\$0</b>	<b>\$140,981</b>	<b>\$7,631,015</b>
<b>O Connell</b>									
<b>President and Chief Executive Officer (a)</b>	<b>2015</b>	<b>\$234,808</b>	<b>\$1,700,000</b>	<b>\$2,499,911</b>	<b>\$7,499,233</b>	<b>\$268,497</b>	<b>\$0</b>	<b>\$29,218</b>	<b>\$12,231,667</b>
<b>Eugene G. Cassis</b>	<b>2016</b>	<b>\$405,563</b>	<b>-</b>	<b>\$0</b>	<b>\$0</b>	<b>\$372,260</b>	<b>\$22,020</b>	<b>\$40,539</b>	<b>\$840,382</b>
	<b>2015</b>	<b>\$393,750</b>	<b>-</b>	<b>\$0</b>	<b>\$1,449,507</b>	<b>\$248,025</b>	<b>\$5,659</b>	<b>\$32,925</b>	<b>\$2,129,866</b>
<b>Former Senior Vice President,</b>									
<b>Chief Financial Officer</b>	<b>2014</b>	<b>\$340,141</b>	<b>-</b>	<b>\$0</b>	<b>\$1,328,800</b>	<b>\$139,063</b>	<b>\$47,885</b>	<b>\$20,687</b>	<b>\$1,876,576</b>
<b>Michael C. Harrington Senior Vice President Global Markets</b>	<b>2016</b>	<b>\$395,723</b>	<b>-</b>	<b>\$441,593</b>	<b>\$1,339,955</b>	<b>\$367,154</b>	<b>\$13,603</b>	<b>\$41,393</b>	<b>\$2,599,421</b>
<b>Rohit Khanna Senior Vice President Applied Technology</b>	<b>2016</b>	<b>\$341,175</b>	<b>-</b>	<b>\$367,994</b>	<b>\$1,199,969</b>	<b>\$274,448</b>	<b>\$33,969</b>	<b>\$29,322</b>	<b>\$2,246,877</b>
<b>Ian S. King Senior Vice President Instrument Technology</b>	<b>2016</b>	<b>\$329,950</b>	<b>-</b>	<b>\$367,994</b>	<b>\$1,269,980</b>	<b>\$266,493</b>	<b>19,585</b>	<b>\$28,062</b>	<b>\$2,282,064</b>
<b>Arthur G. Caputo Former Executive Vice President &amp; President, Waters Division</b>	<b>2016</b>	<b>\$326,914</b>	<b>-</b>	<b>\$1,297,775</b>	<b>\$5,758,838</b>	<b>\$0</b>	<b>\$62,841</b>	<b>\$24,726</b>	<b>\$7,471,094</b>
	<b>2015</b>	<b>\$533,451</b>	<b>-</b>	<b>\$0</b>	<b>\$0</b>	<b>\$492,834</b>	<b>\$51,625</b>	<b>\$49,077</b>	<b>\$1,126,987</b>
	<b>2014</b>	<b>\$508,049</b>	<b>-</b>	<b>\$0</b>	<b>\$3,155,900</b>	<b>\$296,060</b>	<b>\$85,923</b>	<b>\$16,770</b>	<b>\$4,062,702</b>

(a) Mr. O Connell received no additional compensation for his services as a director in 2016.

(b) Reflects the base salary earned during 2016, 2015 and 2014, respectively. Effective February 10, 2016, Mr. Caputo's base salary was reduced to \$275,000 and Messrs. Harrington, Khanna and King received promotional base salary increases of 10.2%, 10.6% and 15%, respectively.

(c) Reflects the sign-on bonus paid to Mr. O Connell in 2015 in conjunction with his commencement of employment with us.

(d)

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Reflects the aggregate grant date fair value of PSUs granted to Messrs. O Connell, Harrington, Khanna and King on December 9, 2016, computed in accordance with FASB ASC Topic 718. The grant date fair value of the PSUs was based on a Monte Carlo simulation model and was determined based on the probable outcome of the performance conditions associated with such awards. The award was valued based on a Monte Carlo grant date fair value of \$171.16 per share. The aggregate grant date fair value of the PSUs, assuming the maximum level of performance is achieved, is \$3,680,596 for Mr. O Connell, \$883,343 for Mr. Harrington, \$736,119 for Mr. Khanna and \$736,119 for Mr. King. In addition, the amount for 2015 for Mr. O Connell reflects the grant date fair value of a sign-on restricted stock unit award granted to him on September 8, 2015, computed in accordance with FASB ASC Topic 718 and determined by multiplying the number of shares subject to the award by the closing price of Waters common stock on the date the award was granted. In the case of Mr. Caputo, amounts for 2016 reflect the incremental fair value, computed in accordance with FASB ASC Topic 718, associated with the acceleration of restricted stock units held by

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Mr. Caputo, as provided for under his Transition and Separation Agreement with the Company. Mr. Cassis did not receive a grant of PSUs in 2016. The assumptions used to calculate these amounts are disclosed in the footnotes to the Waters Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which are incorporated herein by reference.

- (e) Reflects the aggregate grant date fair value of non-qualified stock options, computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used to calculate these amounts are disclosed in the footnotes to the Waters Annual Reports on Form 10-K for the fiscal years ended December 31, 2016, 2015, and 2014, which are incorporated herein by reference. The closing prices of the Common Stock on the grant dates December 9, 2016, December 9, 2015, and December 11, 2014 were \$139.51, \$128.93 and \$113.36, respectively. In the case of Mr. O'Connell, the grant date fair value of stock option awards in 2015 includes his sign-on award granted on September 8, 2015 at a closing price of the Company's common stock of \$123.55. In the case of Mr. Caputo, amounts for 2016 reflect the incremental fair value, computed in accordance with FASB ASC Topic 718, associated with the continued vesting of stock options held by Mr. Caputo, as provided for under his Transition and Separation Agreement with the Company. Mr. Cassis did not receive a grant of stock options in 2016.
- (f) Reflects the annual incentive compensation earned in 2016, 2015, and 2014, respectively under the Company's Management Incentive Plan. Mr. Caputo did not participate in the Management Incentive Plan in 2016.
- (g) Reflects the change in the annual aggregate estimated present value of accrued retirement benefits from both the frozen Waters Retirement Plan and the frozen Waters Retirement Restoration Plan for 2016, 2015, and 2014. There were no above market or preferential earnings on any nonqualified deferred compensation plan balances. Mr. O'Connell is not eligible to participate in either the frozen Waters Retirement Plan or the frozen Waters Retirement Restoration Plan.
- (h) Reflects the matching contribution for the benefit of each named executive officer under the non-qualified Waters 401(k) Restoration Plan, a nonqualified retirement plan, our 401(k) Plan, a qualified retirement plan, and the dollar value of group term life insurance premiums paid by the Company on behalf of each named executive officer during 2016, 2015, and 2014. With regards to Mr. O'Connell, the amount in 2015 includes reimbursement of legal fees incurred in connection with the negotiation of his Offer Letter. In addition, Mr. O'Connell's amount includes amounts reimbursed for his relocation to Massachusetts in 2016. A summary of these amounts is provided in the chart below:

Named Executive Officer	Matching Contributions			Company Paid Group Term Life Insurance			Relocation Benefits
	401(k) Restoration Plan and 401(k) Plan			Premiums			
	2016	2015	2014	2016	2015	2014	2016
Christopher J. O'Connell	\$67,095			\$1,440	\$1,170		\$72,446
Eugene G. Cassis	\$39,215	\$31,969	\$20,181	\$1,324	\$956	\$506	
Michael C. Harrington	\$40,348			\$1,045			
Rohit Khanna	\$28,423			\$899			
Ian S. King	\$27,223			\$839			
Arthur G. Caputo	\$23,286	\$47,907	\$15,600	\$1,440	\$1,170	\$1,170	

- (i) Reflects the total of compensation elements reported in columns (a) through (h) for 2016, 2015, and 2014.

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The table below sets forth the range of potential payouts under the Management Incentive Plan and the grants of stock option awards and PSUs made to the named executive officers in the last fiscal year.

**Grants of Plan-Based Awards Fiscal Year 2016**

Name	Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock and Option Awards
			Threshold (b)	Target (b)	Maximum (b)	Threshold (c)	Target (c)	Maximum (c)			
Christopher J. O'Connell	Stock Option	12/9/2016							93,935	\$139.51	\$3,655,950
	PSU	12/9/2016				430	10,752	21,504			
Eugene G. Cassis (a)	MIP		\$265,547	\$1,062,188	\$2,655,469						
	Stock Option	12/9/2016	\$76,043	\$304,172	\$760,431						
Michael C. Harrington	Stock Option	2/10/2016							13,119	\$117.68	\$499,965
	PSU	12/9/2016				103	2,580	5,160	22,544	\$139.51	\$877,412
Rohit Khanna	MIP		\$75,000	\$300,000	\$750,000						\$441,593
	Stock Option	2/10/2016							13,119	\$117.68	\$499,965
Ian S. King	Stock Option	12/9/2016							18,787	\$139.51	\$731,190
	PSU	12/9/2016				86	2,150	4,300			\$367,994
Arthur G. Caputo (a)	MIP		\$56,063	\$224,250	\$560,625						
	Stock Option	2/10/2016							13,119	\$117.68	\$499,965
Arthur G. Caputo (a)	Stock Option	12/9/2016							18,787	\$139.51	\$731,190
	PSU	12/9/2016				86	2,150	4,300			\$367,994
Arthur G. Caputo (a)	MIP		\$54,438	\$217,750	\$544,375						

- (a) Mr. Cassis did not receive a stock option or PSU award in 2016. Mr. Caputo did not receive a stock option or PSU award in 2016 and did not participate in the Management Incentive Plan.
- (b) Reflects the range of payout under the Company's Management Incentive Plan from threshold performance to maximum performance for 2016. Performance below the threshold would result in no payout under the Management Incentive Plan. The actual amount of the bonus earned by each named executive officer under the Management Incentive Plan for fiscal 2016 is reported in the Summary Compensation Table. For a description of the performance targets relating to the Management Incentive Plan, please refer to the section titled Compensation Discussion and Analysis - Elements of Executive Compensation - Annual Incentive above.
- (c) Reflects the number of PSUs granted by the Compensation Committee on December 9, 2016. PSUs vest if the Company's total stockholder return meets or exceeds a specified level of total stockholder return relative to the total stockholder return for the companies included in the S&P Health Care Index over a three-year performance period, generally subject to continued employment through the vesting date of the award. Amounts in the target column reflect the number of PSUs that would be earned if target performance were achieved (a TSR percentile rank of 50<sup>th</sup> percentile) and amounts in the maximum column represent 200% of the target award and reflect the maximum amount that would be earned if maximum performance were achieved (a TSR percentile rank of 75% or greater). Amounts are interpolated between threshold, target and maximum performance levels. PSUs

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were granted under the Company's 2012 Equity Incentive Plan.

- (d) Reflects the number of non-qualified stock options granted by the Compensation Committee on December 9, 2016. These options will vest 20% each year on the first five anniversaries of the date of grant, generally subject to continued employment through the vesting date of such award.

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- (e) Reflects the closing prices of a share of our common stock on the grant date of the stock option.
  
- (f) Amounts shown in this column, with respect to non-qualified stock options, reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. Amounts shown in this column, with respect to PSUs, reflect the aggregate grant date fair value based on a Monte Carlo simulation model and were determined based on the probable outcome of the performance conditions associated with the awards. The assumptions used to calculate these amounts are disclosed in the footnotes to the Waters Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which are incorporated herein by reference.

**Narrative Disclosure to the Summary Compensation Table and the Grants of Plan Based Awards Table**

The only named executive officer who was party to an offer letter or employment agreement with us in 2016 is Mr. O Connell. Pursuant to his offer letter, which was entered into in connection with his commencement of employment with us, he is entitled to an initial base salary of \$825,000 and a target annual incentive bonus equal to 125% of his base salary. Mr. O Connell is entitled to participate in our employee benefit plans and is entitled to relocation assistance in connection with his relocating to a reasonable commuting distance of the Company's headquarters, which occurred in 2016. The severance payments and benefits Mr. O Connell and each of our other named executive officers are entitled to are described under "Payments Upon Termination or Change of Control" section of this Proxy Statement.

The Company entered into an offer letter with Ms. Buck in January 2017. The terms of the arrangement are described above under "Compensation Arrangements of Newly Appointed CFO".

Each of our named executive officers, with the exception of Mr. Caputo, was eligible to participate in the Company's Management Incentive Plan for 2016, as described above in the Compensation Discussion and Analysis. The target annual bonus for each named executive officer is expressed as a percentage of his or her base salary. Actual amounts paid under the Management Incentive Plan, if any, will be determined based on the achievement of pre-established performance goals, as described under "Annual Incentive" in the Compensation Discussion & Analysis above.

Messrs. O Connell, Harrington, Khanna and King were each granted non-qualified stock options and PSUs during 2016. The non-qualified stock option awards listed in the Grants of Plan-Based Awards Table were granted pursuant to the 2012

Equity Incentive Plan, vest 20% each year on the first five anniversaries of the date of grant, generally subject to continued employment through the vesting date of the award, have a ten-year term and have an exercise price of \$139.51, which is equal to the closing market price of the Company's common stock on the date of grant. The PSUs listed in the Grants of Plan-Based Awards Table were also granted pursuant to the 2012 Equity Incentive Plan and will vest based on the Company's total stockholder return relative to the total stockholder return for each company included in the S&P 500 Health Care Index over a three-year performance period, generally subject to continued employment through the vesting date of the award. The grant date fair value of the PSUs was determined based on the probable outcome of the performance conditions associated with such award, and was based on a Monte Carlo simulation model to reflect the impact of the total stockholder return market condition. The maximum payout for PSUs is 200% of target.

Mr. Caputo served as our Executive Vice President and President, Waters Division until he resigned from this position on February 10, 2016, and served as a non-executive employee and senior advisor to the Company from February 10, 2016 until his retirement on January 10, 2017. Pursuant to his transition and separation agreement, which was entered into in connection with his transition to the role of non-executive employee and senior advisor of the Company, Mr. Caputo received an annual base salary of \$275,000 and remained eligible to participate in the Company's employee benefit plans, but did not participate in any bonus, incentive or other similar compensation programs. Mr. Caputo did not receive any grants of equity awards during 2016. The treatment of Mr. Caputo's equity arrangements in connection with his transition of employment is described under "Transition of Mr. Caputo, former Executive Vice President and President, Waters Division" in the Compensation Discussion and Analysis above.



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The table sets forth the outstanding equity awards classified as exercisable and unexercisable and the unvested stock awards for each of our named executive officers as of December 31, 2016.

**Outstanding Equity Awards at Fiscal Year-End 2016**

Name	Option Awards			Option Expiration Date	Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards; Number of Unearned Shares, Units That Have Not Vested	Equity Incentive Plan Awards; Market or Payout Value of Unearned Shares, Units That Have Not Vested
	(a)	(a)		(a)	(b)	(b)	(c)	(c)
Christopher J. O. Connell	0	93,935	\$139.51	12/9/2026				
	27,119	108,478	\$128.93	12/9/2025				
	15,565	62,261	\$123.55	9/8/2025	13,490	\$1,812,921		
	7,862	31,452	\$128.93	12/9/2025				
Eugene G. Cassis	16,000	24,000	\$113.36	12/11/2024				
	15,000	10,000	\$98.21	12/6/2023	2,750	\$369,573		
	3,000	3,000	\$87.06	12/11/2022				
	3,000	0	\$79.15	12/7/2021				
	0	22,544	\$139.51	12/9/2026			2,580	\$346,726
	0	13,119	\$117.68	2/10/2026				
Michael C. Harrington	5,253	21,016	\$128.93	12/9/2025				
	11,200	16,800	\$113.36	12/11/2024				
	12,000	8,000	\$98.21	12/6/2023	4,073	\$547,370		
	24,000	6,000	\$87.06	12/11/2022				
	24,000	0	\$79.15	12/7/2021				
	16,800	0	\$79.05	12/9/2020				
	0	18,787	\$139.51	12/9/2026			2,150	\$288,939
	0	13,119	\$117.68	2/10/2026				
Rohit Khanna	4,690	18,764	\$128.93	12/9/2025				
	10,000	15,000	\$113.36	12/11/2024				
	9,600	6,400	\$98.21	12/6/2023	4,073	\$547,370		
	18,400	4,600	\$87.06	12/11/2022				
	23,000	0	\$79.15	12/7/2021				
	20,000	0	\$79.05	12/9/2020				
	15,000	0	\$77.94	12/11/2017				
	0	18,787	\$139.51	12/9/2026			2,150	\$288,939
Ian S. King	0	13,119	\$117.68	2/10/2026				
	3,565	14,260	\$128.93	12/9/2025				
	7,600	11,400	\$113.36	12/11/2024				
	7,200	4,800	\$98.21	12/6/2023	2,037	\$273,752		
	18,400	4,600	\$87.06	12/11/2022				
	23,000	0	\$79.15	12/7/2021				
Arthur G. Caputo	13,000	0	\$79.05	12/9/2020				
	38,000	57,000	\$113.36	12/11/2024				
	33,000	22,000	\$98.21	12/6/2023	7,352	\$988,035		
	88,000	22,000	\$87.06	12/11/2022				
	110,000	0	\$79.15	12/7/2021				

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- (a) The expiration date for all non-qualified stock option grants is ten years from the date of grant. All non-qualified stock options vest 20% per year on each of the first, second, third, fourth and fifth anniversaries of the date of grant, generally subject to continued employment through the vesting date of the award.
- (b) Restricted stock units granted on December 6, 2013 to Messrs. Cassis, Harrington, Khanna and King vest 20% per year on each of the first, second, third, fourth and fifth anniversaries of the date of grant, generally subject to continued employment through the vesting date of the award. Restricted stock units granted on September 8, 2015 to Mr. O Connell vest as to one third on each of the first, second and third anniversaries of the date of grant, generally subject to continued employment. Amounts included in the column have been determined by multiplying the number of outstanding restricted stock units by \$134.39, the closing price of Waters common stock on December 30, 2016.
- (c) PSUs are scheduled to vest upon certification by the Compensation Committee's achievement of the performance conditions stated in the award following the end of the three-year performance period on December 31, 2019, generally subject to continuous employment through that date. Amounts included in the column are the number of units that would be earned at target performance and the value of those units determined by multiplying by \$134.39, the closing price of Waters common stock on December 30, 2016.

The table below sets forth certain information regarding stock option awards exercised by our named executive officers during the last fiscal year.

**Option Exercises and Stock Vested Fiscal Year 2016**

Name	Option Awards		Stock Awards	
	Number of Securities Acquired on Exercise (#)	Value Realized Upon Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
		(a)		(b)
Christopher J. O Connell	-	-	-	-
Eugene G. Cassis	76,000	\$6,267,991	1,374	\$190,821
Michael C. Harrington	23,200	\$1,406,036	2,037	\$282,899
Rohit Khanna	10,000	\$1,015,600	2,037	\$282,899
Ian S. King	10,000	\$811,835	1,018	\$141,380
Arthur G. Caputo	210,000	\$18,723,274	3,676	\$510,523

(a) Equals the Company's stock price on the exercise date, minus the exercise price of the non-qualified stock option, multiplied by the number of shares acquired on exercise.

(b) Equals the Company's stock price on the vesting date multiplied by the number of shares acquired on vesting.

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The table below sets forth certain information regarding the present value of the accumulated benefits of our named executive officers under our pension arrangements as of December 31, 2016. No amounts were paid to our named executive officers under our pension arrangements during our 2016 fiscal year. These plans have been frozen to new participants since 2007.

**Pension Benefits Fiscal Year 2016**

Name

Plan Name