

WATERS CORP /DE/  
Form 11-K  
June 15, 2007

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 11-K  
ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

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

**For the fiscal year ended December 31, 2006**

**OR**

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

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

**Commission File Number: 01-14010**

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

**Waters Employee Investment Plan**

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

**Waters Corporation  
34 Maple Street  
Milford, Massachusetts 01757**

**TABLE OF CONTENTS**

Signatures

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Statements of Net Assets Available for Benefits

as of December 31, 2006 and 2005

Statement of Changes in Net Assets Available for Benefits

for the Year Ended December 31, 2006

Notes to Financial Statements

For the Year Ended December 31, 2006

Form 5500 Schedule H, Line 4i

Schedule of Assets (Held at End of Year)

as of December 31, 2006

EX-23.1 Consent of Independent Registered Public Accounting Firm

---

**Table of Contents**

**Required Information**

**Financial Statements and Supplemental Schedule**

Statements of Net Assets Available for Benefits as of December 31, 2006 and 2005

Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2006

Form 5500 Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2006

**Exhibit**

<u>Designation</u>	<u>Description</u>	<u>Method of Filing</u>
Exhibit 23.1	Consent of Carlin, Charron & Rosen, LLP	Filed with this Report

**Signatures**

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

Waters Employee Investment Plan

Date: June 15, 2007

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

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULE  
AS OF DECEMBER 31, 2006 AND 2005  
AND FOR THE YEAR ENDED DECEMBER 31, 2006  
WITH  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

---

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN  
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE**  
as of December 31, 2006 and 2005  
and for the year ended December 31, 2006

	Page Number
Report of Independent Registered Public Accounting Firm	1
Financial Statements:	
Statements of Net Assets Available for Benefits as of December 31, 2006 and 2005	2
Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2006	3
Notes to Financial Statements	4 - 9
Supplemental Schedule *:	
Form 5500 - Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2006	10
* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

---

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Participants and Administrator of  
Waters Employee Investment Plan

We have audited the accompanying statements of net assets available for benefits of Waters Employee Investment Plan (the Plan) as of December 31, 2006 and 2005 and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2006 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2006 financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic 2006 financial statement taken as a whole.

/s/ Carlin, Charron & Rosen, LLP

Westborough, Massachusetts

June 13, 2007

**Table of Contents****WATERS EMPLOYEE INVESTMENT PLAN**

Statements of Net Assets Available for Benefits  
as of December 31, 2006 and 2005

	December 31,	
	2006	2005
Assets		
Investments, at fair value		
Waters Corporation Stock Fund	\$ 27,503,329	\$ 24,209,196
Mutual funds	214,488,961	183,909,963
Self-Directed Brokeragelink Option:		
Common stock	10,585,157	9,409,512
Mutual funds	4,880,514	4,384,972
Other investments	284,943	357,944
Cash and cash equivalents	3,074,452	2,110,450
Common collective trust	1,316,983	744,538
Total investments	262,134,339	225,126,575
Participant loans	4,873,880	4,670,862
Total assets	267,008,219	229,797,437
Liabilities		
Accrued expenses		5,607
Net assets reflecting all assets at fair value	267,008,219	229,791,830
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	13,237	8,452
Net assets available for benefits	\$ 267,021,456	\$ 229,800,282

The accompanying notes are an integral part of the financial statements

-2-



**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**  
Statement of Changes in Net Assets Available for Benefits  
for the Year Ended December 31, 2006

Additions	
Net investment income:	
Net appreciation in fair value of investments (Note 4)	\$ 14,615,448
Interest income	1,278,650
Dividend income	16,759,873
	32,653,971
Contributions:	
Employer's contributions	3,443,826
Employees' contributions	12,421,077
Rollovers	765,773
	16,630,676
Total additions	<b>49,284,647</b>
Deductions	
Benefits paid directly to beneficiaries and participants	11,041,591
Rollovers to the Company's defined benefit plan	986,973
Administrative expenses	34,909
Total deductions	<b>12,063,473</b>
Net increase	<b>37,221,174</b>
Net assets available for benefits:	
Beginning of year	229,800,282
End of year	<b>\$ 267,021,456</b>

The accompanying notes are an integral part of the financial statements

-3-

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**  
Notes to Financial Statements  
For the Year Ended December 31, 2006

**1. Description of Plan**

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

*General*

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

In February 2006, the Company acquired the net assets of the food safety business of VICAM Limited Partnership ( VICAM ). In April 2006, the Company s Board of Directors voted to provide eligibility and vesting credit to individuals previously employed by VICAM, effective February 27, 2006.

*Eligibility*

Employees are eligible to participate in the Plan immediately upon their date of hire or rehire. The Employer does not begin to match employee contributions until employees have completed one year of service.

*Contributions*

Participants may elect to voluntarily contribute to the Plan from 1% to 30% of their annual compensation, on a before-tax basis, up to \$15,000 for 2006. Effective April 1, 2003, participants who are over age 50, or who will reach age 50 during the year, may elect to make an additional pre-tax contribution to the Plan of up to \$5,000 for 2006, provided their regular pre-tax contributions reach either the Plan s limit of 30% of eligible earnings or the Internal Revenue Service ( IRS ) dollar limit of \$15,000 for 2006. As of December 31, 2006, participants had twenty-six investment options in which to direct the investment of their contributions and Company contributions. Each investment option offers a different level of risk and expected rate of return.

For contribution purposes, compensation includes salary, lump sum cash payments of merit pay increases, commissions, overtime pay, shift differentials, short-term disability pay, unused vacation pay, bonuses paid under the performance bonus plan and management incentive bonuses or certain other designated incentive plans. The Employer will match 50% of the first 6% of compensation contributed by the participant upon completion of a one-year service requirement. The Employer matching contribution follows the investment elections selected by the participant for employee contributions. Contributions and compensation considered for matching contribution purposes are subject to certain limitations.

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**  
Notes to Financial Statements  
For the Year Ended December 31, 2006

*Participant Accounts*

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

*Vesting*

Participants are fully vested, at all times, in their contributions as well as Employer matching contributions, plus actual earnings thereon.

*Rollover Election*

Employees may make an eligible rollover contribution to the Plan at any time. Employees may irrevocably elect to roll over all or any portion of a distribution from the Waters Employee Investment Plan to the Waters Retirement Plan following termination (other than for death or disability).

*Administration*

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

*Benefits*

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

*Administrative Expenses*

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

*Loans*

Participants in the Plan may borrow from their account balance. A participant may borrow an amount greater than or equal to \$1,000 but not to exceed the lesser of (a) \$50,000 minus the largest outstanding loan balance in the twelve months preceding the loan request or (b) 50% of the total account balance minus current outstanding loan balances. Principal is repaid through payroll deductions for a period of up to five years, except for loans made for purchasing or constructing a principal residence for which the repayment term may be up to 20 years. The loans bear interest at a fixed rate equal to the prime rate on the first business day of the calendar quarter in which the loan is funded and are collateralized by the participants' account balances. During 2006, interest rates on outstanding loans ranged from 4.0% to 9.5%.

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**

Notes to Financial Statements

For the Year Ended December 31, 2006

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

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

*Investment Valuation*

Investments in mutual funds are stated at fair value based on quoted market prices, which represents the net asset value of shares held by the Plan at year end.

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

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

Other investment securities are stated at fair value based on their quoted market prices on the last business day of the year.

Participant loans are valued at cost, which approximates fair value.

*Investment Transactions and Investment Income*

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis.

Dividend income is recorded on the ex-dividend date.

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

*Contributions*

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

*Benefit Payments*

Benefit distributions are recorded when paid.

*Use of Estimates*

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

**Table of Contents****WATERS EMPLOYEE INVESTMENT PLAN**

Notes to Financial Statements

For the Year Ended December 31, 2006

*Risks and Uncertainties*

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

**3. Investments**

Investments that represent 5 percent or more of the Plan's net assets at December 31 are as follows:

	2006	2005
Investments at fair value as determined by quoted market price:		
Fidelity Diversified International Fund	\$ 30,079,482	\$ 22,511,485
Fidelity Puritan Fund	27,555,352	24,304,695
Waters Corporation Stock Fund	27,503,329	24,209,196
Fidelity Magellan Fund	25,783,428	28,895,166
Fidelity Growth Company Fund	15,853,554	13,552,118
Fidelity Low-Priced Stock Fund	19,905,538	16,801,825
Fidelity Retirement Government Money Market Portfolio	18,012,888	16,183,726
Fidelity Growth & Income Portfolio		12,710,467
AIM Constellation Fund A		12,061,249

**4. Net Appreciation in Fair Value**

Net appreciation in fair value for the year ending December 31, 2006 is as follows:

Waters Corporation Stock Fund	\$ 6,766,791
Common Stock	850,412
Mutual Funds	6,096,605
Other	901,640

Net appreciation in fair value of investments	\$ 14,615,448
---	---------------

**5. Common Collective Trust**

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

-7-

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**  
Notes to Financial Statements  
For the Year Ended December 31, 2006

All investment contracts and fixed income securities purchased for the portfolio must satisfy the credit quality standards of Fidelity.

The fair value of the investment contract at December 31, 2006 and 2005 was \$1,316,983 and \$744,538, respectively. The average yield and crediting interest rates were approximately 3.94% and 4.27% for 2006. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

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

**6. Related-Party Transactions**

Certain Plan investments are shares of mutual funds or common collective trusts managed by an affiliate of Fidelity, a subsidiary of which is the trustee of the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to Fidelity or its affiliates for administrative services amounted to \$34,909 for the year ended December 31, 2006. Transactions with respect to participant loans and the Stock Fund also qualify as party-in-interest transactions.

During the year ended December 31, 2006, the Plan purchased units in the Stock Fund in the amount of \$1,167,568; sold units in the Stock Fund in the amount of \$4,694,988; and had net investment appreciation of \$6,766,791, administrative expenses of \$14,789 and interest and dividend income of \$69,551. The total value of the Plan's investment in the Stock Fund was \$27,503,329 and \$24,209,196 at December 31, 2006 and 2005, respectively.

**7. Plan Amendment and Termination**

Effective January 1, 2006, the Plan was amended to prohibit prefunding of the Plan, including participant deferrals and Employer match, unless for a bona fide reason. Effective January 1, 2007, the Plan was amended to expand the definition of hardship distributions to include burial or funeral expenses for a participant's parent, spouse, child or dependent and expenses to repair damage to a participant's principal residence. Also effective January 1, 2007, non-spousal beneficiaries of a deceased participant shall be eligible to directly roll over the deceased participant's interest in the Plan to an Individual Retirement Account. Additionally, effective January 1, 2007, the Plan has amended to remove the ability of the Waters Technologies Corporation Employee Benefits Administration Committee to limit or restrict a participant's ability to change the allocation of the participant's total account among the investment funds and/or withdraw balances from the various investment funds.

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

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**

Notes to Financial Statements

For the Year Ended December 31, 2006

**8. Tax Status**

The IRS has determined and informed the Company by a letter dated April 8, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the determination letter. A new letter has not been applied for. The Plan Administrator believes that the Plan is designed and is currently being operated in accordance with all applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

-9-

---

**Table of Contents**

**WATERS EMPLOYEE INVESTMENT PLAN**  
**Form 5500 Schedule H, Line 4i**  
**Schedule of Assets (Held at End of Year)**  
**as of December 31, 2006**

EIN: 04-3234558

Plan Number 002

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current value
<b>Common stock fund</b>				
	Fidelity Management Trust Company (FMTC)	Cash	N/A \$	783,485
*	FMTC	Waters Corporation Common Stock	N/A	26,719,844
	Total common stock fund			27,503,329
<b>Mutual Funds</b>				
*	FMTC	Fidelity Puritan Fund	N/A	27,555,352
*	FMTC	Fidelity Magellan Fund	N/A	25,783,428
*	FMTC	Fidelity Growth Company Fund	N/A	15,853,554
*	FMTC	Fidelity Growth & Income Portfolio	N/A	12,081,992
*	FMTC	Fidelity Intermediate Bond Fund	N/A	8,365,037
*	FMTC	Fidelity Low-Priced Stock Fund	N/A	19,905,538
*	FMTC	Fidelity Diversified International Fund	N/A	30,079,482
	FMTC	AIM Constellation Fund A	N/A	11,404,508
	FMTC	Washington Mutual Investors Fund	N/A	2,229,478
*	FMTC	Fidelity U.S. Bond Index Fund	N/A	5,225,149
*	FMTC	Spartan U.S. Equity Index Fund	N/A	5,724,843
	FMTC	Templeton Developing Markets Trust A	N/A	7,326,683
*	FMTC	Fidelity Retirement Government Money Market Portfolio	N/A	18,012,888
	FMTC	Davis New York Venture Fund	N/A	6,352,789
	FMTC	American Beacon Small Cap Value Fund	N/A	2,768,145
*	FMTC	Fidelity Freedom Income Fund	N/A	369,684
*	FMTC	Fidelity Freedom 2000 Fund	N/A	249,567
*	FMTC	Fidelity Freedom 2010 Fund	N/A	3,813,603
*	FMTC	Fidelity Freedom 2020 Fund	N/A	4,752,081
*	FMTC	Fidelity Freedom 2030 Fund	N/A	3,130,288
*	FMTC	Fidelity Freedom 2040 Fund	N/A	1,858,130
*	FMTC	Fidelity Freedom 2050 Fund	N/A	20,687
	FMTC	Rainier Small/Mid Cap Fund	N/A	1,626,055
	Total mutual funds			214,488,961
<b>Participant loans</b>				
	Participant loans	Interest rate ranging from 4.0% to 9.5%		4,873,880



**Self-directed funds**

FMTC	Self-Directed Brokeragelink Option	N/A	18,825,066
------	------------------------------------	-----	------------

**Common collective trusts**

*	FMTC	Fidelity Managed Income Portfolio	N/A	1,330,220
---	------	-----------------------------------	-----	-----------

<b>Total investments</b>		\$267,021,456
--------------------------	--	---------------

\* Party-in-interest

The registered independent accounting firm's report should be read with this supplementary schedule