

STAAR SURGICAL CO
Form DEF 14A
May 02, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

STAAR SURGICAL COMPANY

1911 Walker Avenue

Monrovia, California 91016

May 2, 2016

You are cordially invited to attend the annual meeting of the stockholders (the “Annual Meeting”) of STAAR Surgical Company (“STAAR” or the “Company”). The Annual Meeting will be held on Friday, June 24, 2016 at 8:30 a.m. (Pacific time), at STAAR’s headquarters at 1911 Walker Avenue, Monrovia, California, 91016.

The actions we expect to take at the Annual Meeting are described in detail in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

Please use this opportunity to take part in the affairs of STAAR by voting on the business to come before the Annual Meeting.

If you are a record holder of STAAR’s Common Stock at the close of business on April 25, 2016, you are eligible to vote on these matters, either by attending the Annual Meeting in person or by proxy. It is important that your shares be voted, whether or not you plan to attend the Annual Meeting, to ensure the presence of a quorum. Therefore, please follow the instructions for Internet or telephone voting on the Notice Regarding the Availability of Proxy Materials you received for the meeting or, if you received a paper copy of the proxy materials, and you wish to vote by mail, complete, date, sign, and return the accompanying proxy in the enclosed postage-paid envelope. Returning the proxy or voting electronically does NOT deprive you of your right to attend the Annual Meeting and vote your shares in person at the Annual Meeting.

We are pleased this year to again take advantage of 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, while lowering the costs and reducing the environmental impact of our annual meeting. Stockholders receiving e-proxy materials have been sent a notice containing instructions on how to access

the proxy statement and annual report over the Internet and how to vote.

Thank you for your continued support of STAAR Surgical.

Sincerely,

Caren Mason
President and Chief Executive Officer

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STAAR SURGICAL COMPANY

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STAAR SURGICAL COMPANY

1911 Walker Avenue

Monrovia, California 91016

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of STAAR Surgical Company (the “Annual Meeting”) will take place on Friday, June 24, 2016, at 8:30 a.m. (Pacific time), at STAAR’s headquarters at 1911 Walker Avenue, Monrovia, California, 91016. The purpose of the meeting is to do the following:

1. elect the following five director nominees for a term of office expiring at the 2017 annual meeting of stockholders and until their successors are duly elected and qualified: Stephen C. Farrell, Caren Mason, John C. Moore, Louis E. Silverman, and William P. Wall;
2. approve the Amended and Restated STAAR Surgical Company Omnibus Equity Incentive Plan (the “Restated Plan”) which constitutes an amendment and restatement of the Amended and Restated STAAR Surgical Company 2003 Omnibus Equity Incentive Plan and increases the number of shares of our common stock that are reserved for issuance under the plan by 1.9 million shares, among other changes;
3. ratify changes made by the Board of Directors to the Amended and Restated Bylaws (“Restated Bylaws”) to provide stockholders with the ability to call a special meeting of stockholders and implement a director resignation policy in the event that a director nominee receives a greater number of votes “withheld” from his or her election than votes “for” such election in an uncontested election;
4. approve an amendment to the Restated Bylaws to remove the provision referring to the current number of directors (the “Amendment to the Bylaws”);
5. ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 30, 2016;

6. hold an advisory vote to approve STAAR's compensation of its named executive officers; and

7. transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

The Board of Directors recommends a vote "FOR" the election of its director nominees, "FOR" the approval of the Restated Plan, "FOR" ratification of the Restated Bylaws, "FOR" the Amendment to the Bylaws, "FOR" the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 30, 2016, and "FOR" the approval of the compensation of our named executive officers.

Only stockholders listed on STAAR's records at the close of business on April 25, 2016 ("stockholders") are entitled to vote.

As stated in the enclosed Proxy Statement, we are soliciting proxies on behalf of the Board of Directors of STAAR. All proposals presented above are proposals of the Board of Directors.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON JUNE 24, 2016**

You can find our 2016 Proxy Statement, the proxy card and 2015 Annual Report on Form 10-K at www.proxyvote.com. To view materials via the internet, please follow the instructions set forth on the Notice Regarding Internet Availability mailed on or about May 2, 2016 to all stockholders of record as of April 25, 2016.

By Order of the Board of Directors,

Samuel Gesten
Vice President, General Counsel and Secretary
Monrovia, California
May 2, 2016

STAAR SURGICAL COMPANY

1911 Walker Avenue

Monrovia, California 91016

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 24, 2016

The Board of Directors of STAAR Surgical Company is soliciting your proxy for use at the 2016 Annual Meeting of Stockholders to be held on Friday, June 24, 2016. The Board of Directors is making proxy materials available on the Internet to stockholders on or about May 2, 2016.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why are you providing this proxy statement?

A: The Board of Directors is soliciting your proxy to vote at the Annual Meeting because you were a stockholder at the close of business on April 25, 2016—the “Record Date” for the Annual Meeting—and as such you are entitled to vote at the meeting. STAAR has made the proxy statement and related materials available to you on the Internet, in connection with this solicitation.

Q: What is included in the proxy materials that I should read?

A: The proxy materials include the following:

• this Proxy Statement; and

our Annual Report on Form 10-K for fiscal year 2015.

Q: What is the voting requirement to elect the directors and to approve each of the proposals?

In Proposal No. 1, the election of directors, the five persons receiving the highest number of affirmative votes will be elected subject to the Director Resignation Policy as described in Proposal No. 3. below. Abstentions and broker non-votes have no effect on the vote.

In Proposal No. 2, the approval of the Amended and Restated STAAR Surgical Company Omnibus Equity Incentive Plan to increase the number of shares of our common stock that are reserved for issuance under the plan by 1.9 million shares, and other changes, require the affirmative vote of a majority of voting power present in person or by proxy and entitled to vote on the proposal. Abstentions have the same effect of a vote “AGAINST” this proposal. Broker non-votes have no effect because by definition they are not entitled to vote on the proposal.

In Proposal No. 3, the ratification of changes made by the Board of Directors to the Restated Bylaws to provide stockholders with the ability to call a special meeting of stockholders and to implement a director resignation policy in uncontested directors elections, requires the affirmative vote of a majority of voting power present in person or by proxy and entitled to vote on the proposal. Abstentions have the same effect as a vote “AGAINST” this proposal. Broker non-votes have no effect because by definition they are not entitled to vote on this proposal.

In Proposal No. 4, the approval of an amendment to the Bylaws to remove from the Bylaws a provision referring to the current number of directors, requires the affirmative vote of two-thirds of voting power present in person or by proxy and entitled to vote on the proposal. Abstentions have the same effect as a vote “AGAINST” this proposal. Broker non-votes have no effect because by definition they are not entitled to vote on this proposal.

In Proposal No. 5, the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 30, 2016, requires the affirmative vote of a majority of voting power present in person or by proxy and entitled to vote on the proposal. Abstentions have the same effect as a vote “AGAINST” this proposal. Brokers may vote on this proposal if not instructed by their clients.

Proposal No. 6 is an advisory vote to approve the compensation of our named executive officers. The vote standard is a majority of voting power present in person or by proxy and entitled to vote on the proposal. Abstentions have the same effect as a vote “AGAINST” the proposal. Broker non-votes have no effect because under applicable stock exchange rules they are not entitled to vote on this proposal.

Q: What are “broker non-votes”?

If a beneficial owner fails to give voting instructions for the 2016 Annual Meeting, the stock broker, bank or other nominee will be able to vote the beneficial owner’s shares on routine proposals such as the proposal to ratify the selection of our independent registered public accountant, but may not vote the shares on non-routine proposals, which includes all other matters currently proposed at the 2016 meeting. When a broker or nominee votes a client’s shares on routine proposals, those shares are included in the vote (and in establishing a quorum for the meeting) but they will be missing from the vote on non-routine proposals, where brokers are not entitled to vote. These missing votes are called “*broker non-votes*.” Broker non-votes have a variable effect on the approval or disapproval of proposals, as described above under the answers to the question “*What is the voting requirement to elect the directors and to approve each of the proposals?*”

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If you hold shares through a stock certificate registered directly in your name with STAAR’s transfer agent, American Stock Transfer & Trust Company, you are a stockholder of record with respect to those shares.

If you hold shares in a stock brokerage account or through a bank or other nominee, you are considered the “beneficial owner” of shares held in street name. As the beneficial owner, you have the right to instruct your broker, bank or nominee how to vote your shares by the various methods described below.

Q: How do I vote before the Annual Meeting?

A: There are three ways to vote before the meeting:

By Internet. If you have Internet access, we encourage you to vote on www.proxyvote.com by following instructions on the proxy card.

By telephone. You may vote by making a toll-free telephone call from the U.S. or Canada to 1-800-690-6903.

By mail. You can vote by mail by requesting a paper copy of the materials, which will include a proxy card. Please see the instructions on the Notice of Availability of Proxy Materials.

Q: How can I vote at the Annual Meeting?

A: If you are a stockholder of record, you may vote in person at the Annual Meeting, or vote through a representative at the meeting by executing a proper proxy designating that person.

If you are a beneficial owner and wish to vote in person, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot at the Annual Meeting.

Q: How many votes do I have?

A: You are entitled to one vote for each share of common stock that you hold.

Q: Can I cumulate votes?

A: No, STAAR does not have cumulative voting for directors. This means you have one vote per share for each of the five seats subject to election.

Q: What can I do if I change my mind after I vote my shares?

A: If you change your mind, you can revoke your proxy by any of the following methods:

• By voting again by proxy over the Internet or by telephone until 11:59 p.m. on June 23, 2016—only your last Internet or telephone vote will be counted.

• By mailing a new proxy card.

If you are a record holder, by attending the Annual Meeting and voting in person; attending the Annual Meeting in person will not automatically revoke your proxy unless you vote again at the Meeting or file a written revocation with STAAR's Secretary at or before the Annual Meeting.

If you are a beneficial holder, you may submit new voting instructions by contacting your broker, bank or nominee. • You may also vote in person at the Annual Meeting if you obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot at the Annual Meeting.

Q: Who will count the vote?

A: An automated system independently maintained by Broadridge Financial Solutions, Inc. will tabulate the vote and submit the results to officers of STAAR who will be designated as the inspectors of election.

Q: What constitutes a quorum?

A: As of the record date, 40,185,723 shares of common stock were issued and outstanding. A majority of the outstanding shares, or 20,092,737 shares, present or represented by proxy, constitutes a quorum for the purpose of electing directors and adopting proposals at the Annual Meeting. If you submit a properly executed proxy, then you will be considered part of the quorum. Broker non-votes are also included in establishing a quorum.

Q: Who can attend the Annual Meeting?

A: Any stockholder as of the Record Date may attend the Annual Meeting. Stockholders of record will be required to show valid identification. Beneficial owners must request admission in advance of the meeting by writing to the Office of the Secretary, STAAR Surgical Company, 1911 Walker Ave., Monrovia, California 91016, or faxing the request to (626) 358-3049. You must provide evidence of your ownership of shares with your request, which you can obtain from your broker, bank or nominee. We encourage you or your broker to fax your request and proof of

ownership in order to avoid any mail delays.

Q: What authority does my broker have to vote my shares?

A: If you are a beneficial owner holding your shares through a broker or other nominee, and you do not return your voting instruction card to your broker, the broker or other nominee has the ability to vote your shares at the Annual Meeting on matters that are defined as “routine” under applicable rules. The ratification of the selection of BDO USA, LLP to serve as our independent registered public accountants is considered a routine matter on which brokers will generally have the discretion to give a proxy to vote common stock. None of the other proposals at the Annual Meeting is considered routine and your broker has no authority to vote on them.

Q: What happens if a nominee for director is unable to serve?

A: If a nominee becomes unavailable for election—a circumstance we do not expect—the proxy holders may vote for a substitute nominee designated by the Board of Directors.

Q: When are stockholder proposals due for the 2017 Annual Meeting?

If a stockholder seeks to include a proposal in the proxy statement for STAAR's 2017 Annual Meeting, our corporate secretary must receive the proposal at our offices at 1911 Walker Avenue, Monrovia, California 91016 no later than January 2, 2017 in a form that complies with the regulations of the Securities and Exchange Commission (the "SEC"). If we advance or delay the date of the 2017 Annual Meeting more than 30 days from the anniversary date of the 2016 Annual meeting, stockholder proposals intended to be included in the proxy statement for the 2017 Annual Meeting must be received by us within a reasonable time before STAAR begins to print and mail the proxy statement for the 2017 Annual Meeting. If we determine that the date of the 2017 annual meeting will be advanced or delayed by more than 30 days from the anniversary date of the 2016 Annual Meeting, we will disclose the change in the earliest practicable Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Q: Can stockholders propose individuals to be considered as nominees for the 2017 Annual Meeting?

Our Bylaws provide that stockholders may nominate candidates for the Board of Directors or present other business at our annual meeting only if they have given timely notice to the Secretary of STAAR, at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Stockholders are advised to review the Bylaws, which contain additional requirements with respect to advance notice of stockholder proposals.

Q: Who bears the costs of soliciting proxies?

STAAR will bear the costs of this solicitation, including the expense of preparing, printing, assembling and mailing this Proxy Statement and any other material used in this solicitation of Proxies. We expect officers and regular employees of STAAR to communicate with stockholders, banks, brokerage houses, custodians, nominees and others by telephone, facsimile, email or in person to request that Proxies be furnished. No additional compensation will be paid for these services. We will reimburse banks, brokerage firms and other persons representing beneficial owners of Common Stock for their reasonable out-of-pocket expenses in forwarding solicitation materials to the beneficial owners.

Q: Will other business be presented at the Annual Meeting?

As of the date of this Proxy Statement, the Board of Directors knows of no business to be presented for consideration at the Annual Meeting other than those matters described in the Notice of Annual Meeting. If, however, other matters are properly brought before the Annual Meeting, including a motion to adjourn the Annual Meeting to another time or place in order to solicit additional proxies in favor of the recommendations of the Board of Directors, the proxy holders intend to vote the shares represented by the Proxies on such matters in accordance with the recommendation of the Board of Directors, and the authority to do so is included in the Proxy.

Q: Can I obtain additional information on STAAR's website?

A: STAAR's home page is <http://staar.com>. In the Investor Information – Corporate Governance area of the website you can find the following information:

• Audit Committee Charter;

• Compensation Committee Charter;

• Nominating and Governance Committee Charter;

• Code of Business Conduct and Ethics; and

• Guidelines on Significant Corporate Governance Issues.

Security Ownership of Principal Stockholders and Management

The following table shows, as of the Record Date, information concerning the shares of common stock beneficially owned by each person known by STAAR to be the beneficial owner of more than 5% of our Common Stock (other than directors and executive officers). This information is based on publicly available information filed with the SEC as of the Record Date.

Name and Address	Shares Beneficially Owned	Percent of Class(1)	
Broadwood Partners, L.P.(2) 724 Fifth Ave., 9th Floor New York, NY 10019	10,443,570	26.0	%
Putnam Investments, LLC(3) One Post Office Square Boston, MA 02109	7,751,009	19.3	%
Palo Alto Investors, LLC(4) 470 University Ave. Palo Alto, CA 94301	2,666,722	6.6	%
Blackrock, Inc.(5) 40 East 52 nd Street New York, NY 10022	2,203,251	5.5	%

Based on 40,185,723 shares of common stock outstanding on the Record Date. Under Rule 13d-3 of the Securities Exchange Act of 1934, certain shares may be deemed to be beneficially owned by more than one person (if, for (1) example, a person shares the power to vote or the power to dispose of the shares). As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of Common Stock actually outstanding on the Record Date.

In its Schedule 13D/A filed February 16, 2016, with respect to its ownership of STAAR securities as of March 24, 2016, Broadwood Capital, Inc. and Broadwood Partners, L.P. state they have sole voting power as to no shares, shared voting power as to 10,417,670 shares, sole dispositive power as to no shares, and shared dispositive power as to 10,417,670 shares. Neal C. Bradsher states he has sole voting power as to 25,900 shares, shared voting power as to 10,417,670 shares, sole dispositive power as to 25,900 shares, and shared dispositive power as to 10,417,670 shares.

(3) In its Schedule 13G filed on February 16, 2016 with respect to its ownership of STAAR securities as of December 31, 2015, Putnam Investments, LLC states that it has sole voting power as to 57,170 shares, shared voting power as to no shares, sole dispositive power as to 7,751,009 shares, and shared dispositive power as to no shares. Putnam Investment Management, Inc., states that it has sole voting power as to 6,276 shares, shared voting

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power as to no shares, sole dispositive power as to 7,700,115 shares, and shared dispositive power as to no shares. The Putnam Advisory Company, LLC states that it has sole voting power as to 50,894 shares, shared voting power as to no shares, sole dispositive power as to 50,894 shares, and shared dispositive power as to no shares. Putnam Equity Spectrum Fund states that it has sole voting power as to 6,673,569 shares, shared voting power as to no shares, sole dispositive power as to 6,673,569 shares, and shared dispositive power as to no shares.

In its Schedule 13G/A filed February 16, 2015 with respect to its ownership of STAAR securities as of (4)December 31, 2013, each of Palo Alto Investors, LLC, Patrick Lee, MD and Anthony Joonkyoo Yun, MD reports shared voting and shared dispositive power as to 2,666,722 shares.

In its Schedule 13G/A filed January 27, 2016 with respect to its ownership of STAAR securities as of (5)December 31, 2015, Blackrock, Inc. states that it has sole voting power as to 2,131,509 shares, shared voting power as to no shares, sole dispositive power as to 2,203,251 shares, and shared dispositive power as to no shares.

The following table shows, as of the Record Date, information with respect to the shares of Common Stock beneficially owned by (1) each director and director nominee, (2) each person who is named in the Summary Compensation Table below, and (3) all current executive officers and directors as a group. This information is based on publicly available information filed with the SEC as of the Record Date.

Name(1)	Shares Beneficially Owned			Percent of Class(4)	
	Shares of Common Stock Owned (#)	Shares Subject to Options Exercisable on or Before June 24, 2016(3) (#)	Total (#)		
Mark B. Logan**	46,696	55,136	101,832	*	
Stephen Farrell**	—	10,328	10,328	*	
Richard Meier**	43,300	105,000	148,300	*	
John C. Moore**	90,296	62,500	152,796	*	
J. Steven Roush**	2,212	22,274	24,486	*	
Louis E. Silverman**	18,161	10,000	28,161	*	
William Wall**	4,313	8,470	12,783	*	
Caren Mason	14,500	410,000	424,500	1.1	%
Stephen Brown	9,953	90,000	99,953	*	
Barry Caldwell	266,839(5)	452,500	719,339	1.8	%
James Francese	22,120	93,334	115,454	*	
Samuel Gesten	21,356	122,500	143,856	*	
Hans Blickensdoerfer	96,700	180,000	276,700	*	
All current directors and executive officers as a group (12 individuals)	636,446	1,622,042	2,258,488	5.6	%

*Less than 1%.

**Director or Nominee.

(1) The business address of each person named is c/o STAAR Surgical Company, 1911 Walker Avenue, Monrovia, California 91016.

Pursuant to Rule 13d-3(a), includes all shares of common stock over which the listed person has, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, voting power, which includes the power to vote, or to direct the voting of, the shares, or investment power, which includes the power to (2) dispose, or to direct the disposition of, the shares. STAAR believes that each individual or entity named has sole investment and voting power with respect to shares of Common Stock indicated as beneficially owned by him or her, subject to community property laws, where applicable, except where otherwise noted. Restricted shares are listed even when unvested and subject to forfeiture because the holder has the power to vote the shares.

(3)

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In accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, each listed person is deemed the beneficial owner of shares that the person has a right to acquire by exercise of a vested option or other right on or before June 24, 2016 (60 days after the Record Date).

(4) Based on 40,185,723 shares of Common Stock outstanding on the stock records as of the Record Date. The percentages are calculated in accordance with Rule 13d-3(d)(1), which provides that shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable on or before June 24, 2016 (60 days after the Record Date) are deemed outstanding for the purpose of calculating the number and percentage that each person owns, but not deemed outstanding for the purpose of calculating the percentage that any other listed person owns.

(5) Based on Schedule 14A filed on May 27, 2015.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

STAAR's directors each serve a one-year term that expires at the 2017 Annual Meeting of Stockholders and until their successors have been duly elected and qualified. The authorized number of directors is currently set at eight and the Board currently consists of eight members. In March 2016, the Board approved reducing the number of directors from eight to five which reduction shall go into effect immediately after the 2016 Annual Meeting.

The Board of Directors has nominated Caren Mason, John Moore, and Louis Silverman for re-election, and Stephen Farrell and William Wall for initial stockholder election to the Board. Each of these nominees has indicated his and her willingness to serve and, unless otherwise instructed, the Proxy holders will vote the Proxies received by them for those five nominees. If a nominee is unable or unwilling to serve as a director at the time of the Annual Meeting or any continuation, postponement or adjournment of the meeting, the Proxy holders will vote the Proxies for another nominee, if the current Board of Directors designates a nominee to fill the vacancy. STAAR has no reason to believe that any of its five nominees will be unable or unwilling to serve if elected as a director. Messrs. Logan, Meier and Roush will not be standing for re-election at the annual meeting.

The qualifications of the individual directors upon which the Board of Directors based its nominations are described along with the biography of each nominee below.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE BOARD OF DIRECTORS' NOMINEES.

Director Nominees

Caren Mason

Director since June 2014

President and Chief Executive Officer since March 2015

Age 62

Background. Ms. Mason was elected to STAAR's Board of Directors at its 2014 Annual Meeting, and she has served as STAAR's Chief Executive Officer since March 1, 2015. From 2010 to 2012, Ms. Mason served as Chief Executive Officer of Verinata Health, Inc. (f/k/a Artemis Health, Inc.), a provider of non-invasive prenatal genetic sequencing tests for the early identification of fetal chromosomal abnormalities. In February 2013, Verinata was acquired by Illumina. Ms. Mason served as the President, Chief Executive Officer and a Director of Quidel Corporation from 2004 to 2009, a publicly traded company engaged in the development, manufacturing and marketing of rapid diagnostic solutions at the professional point-of-care in infectious diseases and reproductive health. Prior to joining Quidel, Ms. Mason provided consultative services from 2003 to 2004 for Eastman Kodak Health Imaging as a result of the sale of MiraMedica to Eastman Kodak. She served as President and Chief Executive Officer for MiraMedica, Inc., an early phase start-up developing computer-aided detection software for breast cancer, from 2002 through 2003. Prior to her tenure with MiraMedica, Ms. Mason served as Chief Executive Officer of eMed Technologies of Lexington, Massachusetts, a teleradiology and picture archiving and communications systems business. Ms. Mason served as General Manager of the Women's Healthcare business and as a General Manager in various capacities for the Services business of General Electric Healthcare from 1996 to 2000. Ms. Mason's additional healthcare experience includes her tenure with Bayer AG/AGFA from 1989 to 1996 where she last held the positions of Senior Vice President for Bayer Corporate Health Care and Senior Vice President for the AGFA Technical Imaging Business Group. Ms. Mason began her career in healthcare with American Hospital Supply/Baxter Healthcare in sales, marketing and managerial roles from 1977 through 1988. Ms. Mason received her B.A. from Indiana University. Ms. Mason's prior corporate governance experience includes both private and public boards with Verinata Health, eMed Technologies, MiraMedica and Quidel Corporation. She currently serves as a director of HealthTell, an early stage life sciences company, and on the Advisory Board for InDevR, Inc., a biotechnology company developing diagnostic and vaccine technologies.

Qualifications. The Board of Directors concluded that in addition to her broad healthcare background and medical device company expertise, Ms. Mason, STAAR's Chief Executive Officer, should serve on its Board of Directors to provide a critical link between management and our Board. Before Ms. Mason became Chief Executive Officer in 2014, the Board nominated her to serve as an independent director. Ms. Mason has nearly 35 years of senior executive experience at innovative healthcare, life sciences, diagnostic technology and medical device companies.

Stephen C. Farrell

Director since January 2016

Age 51

Background. Mr. Farrell has served since 2011 as the Chief Executive Officer and a member of the Board of Directors of Convey Health Solutions, a private equity sponsored technology-enabled healthcare business process outsourcer. Also, since 2012 he has served as a member of the Board of Directors of BioTime, Inc., a clinical-stage biotechnology company focused in the field of regenerative medicine. From 2008 to 2009, Mr. Farrell served as the Executive Vice President and Chief Financial Officer for Stream Global Services, a business process outsourcer. From 1999 to 2007, Mr. Farrell served as President of PolyMedica Corporation, a publicly traded provider of diabetes supplies that was acquired by Medco Health Solutions in 2007. From 2007 to 2014, he served as a member of the Board of Directors of Questcor Pharmaceuticals, a biopharmaceutical company that was acquired by Mallinckrodt plc. Mr. Farrell spent five years as a Senior Manager at PricewaterhouseCoopers auditing leading public companies from 1994 to 1999. He received his B.A. from Harvard University and earned a M.B.A. at the University of Virginia, Darden School of Business.

Qualifications. The Board of Directors concluded that Mr. Farrell should serve on the Board of Directors because he brings significant operating, financial and board experience to STAAR. He has a strong knowledge of healthcare, having led PolyMedica and Convey Health Solutions, and having served as Chairman of the Audit and Corporate Citizenship Committees for Questcor Pharmaceuticals and BioTime, Inc., and also would qualify as a financial expert. His expertise in healthcare distribution, accounting and financial stewardship will add a valuable skill set and strategic perspective to our Board.

John C. Moore

Director since January 2008

Age 72

Background. From December 2012 through March 2016, Mr. Moore has served as Chairman of the Board of Directors of Optovue, Inc., an ophthalmic medical device company, and he remains an Optovue director. Since May 2014 Mr. Moore has also served as Chief Technical Officer of TearSolutions, L.L.C., a company focused on a natural replacement therapy for dry eyes. Between April 2005 and January 2007, Mr. Moore served as Chief Executive Officer of Notal Vision, an Israel-based ophthalmic company that develops diagnostic solutions for the early detection and monitoring of age-related macular degeneration (AMD). Mr. Moore served as the President and Chief Executive

Officer of Laser Diagnostic Technologies, a manufacturer of ophthalmic diagnostic laser devices used for the early detection of glaucoma, from 2000 until 2004 when it was acquired by Carl Zeiss Meditec, Inc. Before this, Mr. Moore was a vice president at Alcon Laboratories, one of the largest companies in the ophthalmic surgical sector, where he was responsible for pursuing and executing strategic acquisitions and partnerships to broaden that company's product portfolio. Mr. Moore also spent more than 10 years in various leadership roles at Carl Zeiss, Inc., a multinational ophthalmic company with primary businesses in optics, medical, scientific and semiconductor products. Mr. Moore received his B.S. in General Science from University of Rochester.

Qualifications. Mr. Moore's extensive experience in the ophthalmic and medical device industries encompasses both large, well established companies and innovative start-ups. The Board of Directors concluded that Mr. Moore should serve on the Board of Directors because of his familiarity with relevant technical aspects of the ophthalmic industry and the challenges faced by emerging companies in the ophthalmic sector. Throughout his tenure as a STAAR director, Mr. Moore has been an important resource for the Board of Directors, contributing valuable insights in numerous areas including research and development and international operations in the medical device industry.

Louis E. Silverman

Director since September 2014

Age 57

Background. Since February 2014, Mr. Silverman has served as the Chairman and Chief Executive Officer of privately held Advanced ICU Care, Inc., a health care services company providing tele-ICU monitoring services to hospitals. From June 2012 through February 2014, Mr. Silverman served as a consultant and Board advisor for private equity investors and others regarding health care technology, health care technology service companies, and health care services portfolio investments. From September 2009 through June 2012, Mr. Silverman was Chief Executive Officer of Marina Medical Billing Services, Inc. a revenue cycle management company serving ER physicians nationally. Previously, from September 2008 through August 2009, Mr. Silverman served as President and Chief Executive Officer of Qualcomm-backed health care start-up LifeComm. From August 2000 through August 2008, Mr. Silverman served as the President and Chief Executive Officer of Quality Systems, Inc., a publicly traded developer of medical and dental practice management and patient records software. From 1993 through 2000, he served as Chief Operating Officer of CorVel Corporation, a publicly traded national managed care services/technology company. Mr. Silverman earned a B.A. from Amherst College and an M.B.A. from Harvard Business School.

Qualifications. The Board of Directors concluded that Mr. Silverman should serve on the Board of Directors because he brings to the Board of Directors senior executive experience in leadership and corporate strategy from various healthcare technology and services companies.

William P. Wall

Director since September 2015

Age 53

Background. William P. Wall is the managing member of Ottauquechee Partners, LLC, a private investment firm headquartered in Lexington, MA. Mr. Wall has served as a Director of Haynes International (NASDAQ:HAYN) since 2004 and is the Chairman of the Corporate Governance and Nominating Committee and a member of the Audit Committee. Mr. Wall is also a member of the Board of Directors of Altisource Residential Corporation (NYSE:RESI), where he serves as Chairman of the Nominating and Governance Committee and a member of the Compensation Committee and Audit Committee. From February 2006 until June 2015, Mr. Wall served as general counsel of Abrams Capital Management, LLC, a value-oriented investment firm headquartered in Boston. Prior to joining Abrams Capital, Mr. Wall was a partner at a hedge fund for two years and was employed with Fidelity Investments for seven years, concluding as a Managing Director in its private investment group. Mr. Wall began his career as an Associate at the law firm of Ropes & Gray. Previously, Mr. Wall served as a director of various Abrams Capital and Fidelity portfolio companies, including Prime Motor Group, Nations Equipment Finance, Arena Brands, The Strober Organization and Eightfold Capital Management. Mr. Wall received his B.A. from the University of Massachusetts at Amherst, and a M.P.A. and J.D. from Harvard University.

Qualifications. The Board of Directors concluded that Mr. Wall should serve on the Board of Directors because his legal, investment and regulatory experience has and is expected to continue to support STAAR's ongoing growth and development.

Committee Composition:

Below is a summary of our committee structure and membership information as of the date of this Proxy Statement.

Executive Officers

Hans-Martin Blickensdoerfer

President, International Commercial Operations

Age 51

Mr. Blickensdoerfer, who joined STAAR in January 2005, has over 20 years' experience in the ophthalmic device industry. Initially, he served as STAAR's Vice President, International Marketing from 2005 to 2010, then from 2011 through 2015 he served as President, Europe, Middle East, Africa and Latin America. Prior to joining STAAR, Mr. Blickensdoerfer served from January 2003 through December 2004 as Vice President of Sales and Marketing for Milvella Ltd., an Australia-based medical device maker, where his duties included both regional and worldwide business planning, product launches and management of European clinical studies. He worked from 2000 through 2002 for Novartis-CIBA Vision, an ophthalmic surgical company, as the Commercial Director for Europe, the Middle East and Africa. Between 1997 and early 2000 he worked for the Ophthalmic Surgical Division of Bausch & Lomb, Inc. as its Area Sales Manager for Central and Eastern Europe. Prior to that time he worked in sales and product management positions in the Ophthalmic Surgical Division of Chiron Vision and at Chiron Adatomed GmbH. Mr. Blickensdoerfer received his diploma in Marketing and International Management from the University of Mannheim in Germany. He is based in our Nidau, Switzerland facility.

Stephen P. Brown

Vice President and Chief Financial Officer

Age 56

Mr. Brown joined STAAR in September 2013, from Bausch & Lomb Surgical, where he served as Vice President, Global Finance from 2008 through 2013. Prior to joining Bausch & Lomb, Mr. Brown was Chief Financial Officer of Hoya Surgical Optics and he served in various capacities over a 13 year period with Johnson & Johnson including Chief Financial Officer of Advanced Sterilization Products division. His 30-year business career also includes the founding of Degree Baby Products, a privately held company that was sold after six years of operations to Johnson & Johnson. Mr. Brown earned a B.A. in Business Administration from California State University, Fullerton and holds a M.B.A. from UCLA Anderson School of Management.

James Francese

Vice President, Global Marketing

Age 51

Mr. Francese joined STAAR in 2012. Mr. Francese has 25 years of experience in ophthalmology, including 14 years marketing surgical products with Abbott Medical Optics (AMO), formerly Advanced Medical Optics and Allergan. During his time at AMO from 1990 to 2012, Mr. Francese held several positions of executive level responsibilities, including Head of Marketing, Americas for all surgical, refractive and corneal products, Head of Global Corneal Marketing responsible for all consumer products, and V.P. of Asia Pacific Region where he had full financial responsibility for cataract and refractive product lines during his tenure. He received his B.S. from Cornell University, M.S. from the University of Washington and M.B.A. from the University of Southern California.

Samuel Gesten

Vice President, Business Development, General Counsel and Corporate Secretary

Age 54

Mr. Gesten has served as Vice President, General Counsel and Secretary since April 2012, and Vice President of Business Development since May 2014. From 2009 through 2011, he served as Executive Vice President, General Counsel and as a member of the Executive Committee of Allergan, Inc. Prior to that, he spent 11 years at Thermo Fisher Scientific Inc. in a variety of positions, including General Counsel and Assistant Secretary of the Laboratory Products Group and Vice President, Deputy General Counsel. Prior to his work at Thermo Fisher, Mr. Gesten spent 11 years practicing law. He holds a B.A. in Economics from Brandeis University and a J.D. from Boston University.

Compensation of Directors

Non-employee directors are compensated as follows:

Annual Retainers	(\$)
Board Members	40,000
Board of Directors Chair	25,000
Audit Committee Chair	15,000
Compensation Committee Chair	15,000
Nominating and Governance Chair	15,000
Members of the Audit Committee, Compensation Committee, and Nominating and Governance Committee	5,000

In 2015 non-employee directors were allowed to choose the form of equity they received based upon a fixed ratio of stock options to restricted stock. The 2015 annual per director award value was \$91,201 and was determined based on a Black Scholes value of an award of 20,000 stock options. The annual option and restricted stock grants were made on July 8, 2015 and were scheduled to vest in full on the first anniversary of the grant date. The options granted on July 8, 2015 have an exercise price of \$9.31 per share. Awards granted to Messrs. Wall and Farrell were pro-rated based upon the date of their appointment to the Board. The option and restricted stock awards vested on February 11, 2016 after a purchase of common stock by Broadwood Partners, L.P. and certain affiliates (collectively “Broadwood”) that resulted in Broadwood owning more than 25% of the Company’s outstanding common stock. This level of ownership by Broadwood constituted a “Change in Control” pursuant to the terms of STAAR’s Amended and Restated 2003 Omnibus Equity Incentive Plan (the “2003 Plan”). All of the options and restricted stock granted to directors in 2015 were granted under STAAR’s 2003 Plan.

The Board of Directors can change the compensation of directors at any time.

2015 Director Compensation

The table below summarizes 2015 compensation of each non-employee director for services as a director, committee member or chairperson, including fees earned or paid in cash, stock awards and stock options. Ms. Mason joined our

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board of directors in June 2014 and was subsequently appointed our President and Chief Executive Officer effective March 1, 2015. Her compensation for services as a director are not included below but are shown in the Summary Compensation Table in the Executive Compensation section below. Following her appointment as our President and Chief Executive Officer, Ms. Mason no longer received any compensation for her services as a director.

Name	Fees Earned or Paid in Cash (\$)(14)	Option Awards (\$)(1)(2)	Stock Awards (\$)(1)(2)	Total (\$)
Mark B. Logan	72,857	—	91,201	(3) 164,058
Richard A. Meier	57,060	91,201	(4) —	148,261
John C. Moore	48,626	—	91,201	(5) 139,827
Louis E. Silverman	61,374	45,601	(6) 45,600	(6) 152,575
Charles Slacik(11)	37,459	45,601	(7) 45,600	(7) 128,660
J. Steven Roush(12)	37,157	102,368	(8) 11,356	(8) 150,881
William P. Wall(11)	16,621	33,932	(9) 32,779	(9) 83,332
Stephen C. Farrell(13)	—	38,621	(10) —	38,621

Dollar amounts in the Restricted Stock Awards and Option Awards columns reflect the grant date fair value with respect to stock awards and options granted during fiscal year 2015 in accordance with Financial Accounting (1)Standards Board Codification Topic 718 (“FASB ASC Topic 718”). Assumptions used in the calculation of these amounts are included in Note 11 to STAAR’s audited consolidated financial statements for the fiscal year ended January 1, 2016, included in STAAR’s Annual Report on Form 10-K.

As disclosed in our Current Report on Form 8-K filed on February 17, 2016, Broadwood filed Amendment No. 20 to a joint Schedule 13D reporting that, as of February 11, 2016, Broadwood beneficially owned 10,443,570 shares of the common stock of STAAR, representing 26.2% of our outstanding common stock based on shares
(2) outstanding as of October 23, 2015 (the “Broadwood Acquisition”). This level of ownership by Broadwood constituted a “Change in Control” under the Company’s 2003 Plan and resulted in the immediate vesting of all unvested equity awards outstanding under the 2003 Plan.

Includes compensation related to the following: an award of 9,796 shares of restricted stock granted on July 8,
(3) 2015, which had a grant date fair value of \$91,201. As of the end of fiscal year 2015, the aggregate number of stock and option awards outstanding for Mr. Logan was 9,796 and 55,136, respectively.

Includes compensation related to the following: an option to purchase up to 20,000 shares of common stock,
(4) granted on July 8, 2015, which had a grant date fair value of \$91,201. As of the end of fiscal year 2015, the aggregate number option awards outstanding for Mr. Meier were 105,000. No stock awards were outstanding.

Includes compensation related to the following: an award of 9,796 shares of restricted stock granted on July 8,
(5) 2015, which had a grant date fair value of \$91,201. As of the end of fiscal year 2015, the aggregate number of stock and option awards outstanding for Mr. Moore were 9,796 and 62,500, respectively.

Includes compensation related to the following: an award of 4,898 shares of restricted stock, granted on July 8,
(6) 2015, with a grant date fair value of \$45,600, and an option to purchase up to 10,000 shares of common stock, with a grant date fair value of \$45,601. As of the end of fiscal year 2015, the aggregate number of stock and option awards outstanding for Mr. Silverman were 4,898 and 10,000, respectively.

Includes compensation related to the following: an award of 4,898 shares of restricted stock, granted on July 8,
(7) 2015, with a grant date fair value of \$45,600, an option to purchase up to 10,000 shares of common stock, granted on July 8, 2015, which had a grant date fair value of \$45,600. As of the end of fiscal year 2015, the aggregate number of option awards outstanding for Mr. Slacik was 30,000, respectively.

Includes compensation related to the following: an award of 1,212 shares of restricted stock, granted on April 16,
(8) 2015, with a grant date fair value of \$11,356, an option to purchase up to 2,274 shares of common stock, granted on April 16, 2015, with a grant date fair value of \$11,167 and an option to purchase up to 20,000 shares of common stock, granted on July 8, 2015 with a grant date fair value of \$91,201. As of the end of the fiscal year 2015, the aggregate number of option awards outstanding for Mr. Roush was 22,274.

Includes compensation related to the following: an award of 4,313 shares of restricted stock, granted on
(9) September 2, 2015, with a grant date fair value of \$32,779, and an option to purchase up to 8,470 shares of common stock, with a grant date fair value of \$33,932. As of the end of fiscal year 2015, the aggregate number of stock and option awards outstanding for Mr. Wall were 4,313 and 8,470, respectively.

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Includes compensation related to the following: an option to purchase up to 10,328 shares of common stock,
(10) granted on January 1, 2016, which had a grant date fair value of \$38,621. As of the end of fiscal year 2015, the aggregate number of option awards outstanding for Mr. Farrell was 10,328. No stock awards were outstanding.

(11) Mr. Slacik resigned as a director of the Company effective August 31, 2015, and Mr. Wall was appointed to replace Mr. Slacik effective September 2, 2015.

(12) Mr. Roush was elected to serve as a director of the Company effective April 16, 2015.

(13) Mr. Farrell was elected to serve as a director of the Company effective January 1, 2016.

(14) The Board revised Committee assignments during the 2015-2016 term resulting in the pro-rated fees for certain committee participation.

CORPORATE GOVERNANCE

Since our 2015 Annual Meeting of Stockholders, we have had ongoing dialog with a number of our investors on a variety of topics including potential director candidates and a variety of governance enhancements. As a result of these discussions we added our two newest directors to our Board and we amended our Amended and Restated Bylaws to adopt (i) a director resignation policy for uncontested elections, and (ii) a stockholder right to call a special meeting of stockholders, both described below.

Director Resignation Policy for Uncontested Election of Directors

In an uncontested election of directors (i.e., an election where the only nominees are those recommended by the Board of Directors), any director nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall promptly tender his or her resignation to the Board of Directors following certification of the election results. Within 60 days following the certification of the election results, the Board of Directors, excluding the nominee or director in question, will decide, through a process managed by the Nominating and Governance Committee, whether to accept the resignation. Absent a compelling reason for the director to remain on the Board of Directors, the Board of Directors shall accept the resignation. The Board of Directors will promptly disclose its decision to accept or reject the tendered resignation, which disclosure shall include, if the tendered resignation is rejected, a summary of the reasons underlying their decision to reject the tendered resignation. The Board of Directors believes that this process enhances accountability to stockholders and responsiveness to stockholders’ votes, while allowing the Board appropriate discretion in considering whether a particular director’s resignation would be in the best interests of the Company and our stockholders in limited circumstances.

Special Meeting of Stockholders

Our Amended and Restated Bylaws provide that a special meeting of stockholders may be called by the Board of Directors, the Chairman of the Board, the President, or the Secretary, and shall be called if appropriately requested by

a person (or group of persons) beneficially owning in aggregate at least 35% of the Company's common stock.

Stock Ownership Guideline

In 2010, the Board of Directors adopted guidelines relating to stock ownership. The Guideline provides that non-employee directors are expected, within three years of a non-employee director first joining the Board of Directors, to acquire and hold at least 10,000 shares of our common stock. Stock options do not count toward this requirement. From time to time the Board of Directors will consider and may reset the level of stock ownership that it considers appropriate for the guideline.

Code of Business Conduct and Ethics

STAAR has adopted a Code of Business Conduct and Ethics applicable to the principal executive officer and senior financial executives, including the Chief Financial Officer and the controller of STAAR, as well as all employees and directors of STAAR. The Code of Business Conduct and Ethics, is published on our website, at www.staar.com, under "Investor Information—Corporate Governance." We intend to disclose future amendments to, or waivers from, certain provisions of the Code of Business Conduct and Ethics applicable to senior executives on our website.

Board of Directors Leadership Structure

Since 2005 the Board of Directors has kept the positions of Chief Executive Officer and Chairman separate and followed a policy that the Chairman shall be an independent director. The Board of Directors believes that this separation of roles serves the interests of our stockholders by not placing too much power in the hands of a single executive.

Board of Directors' Role in Risk Oversight

The Board of Directors is charged with general oversight of the management of STAAR's risks. Our management team is responsible for enterprise risk management on a day-to-day basis. The role of our Board of Directors and its committees is to oversee the risk management activities of management. When reviewing STAAR's strategy, business plan, budgets and major transactions the Board of Directors continuously examines the elements of risk in each proposed activity. Each of the Board of Directors' standing committees assists the Board of Directors in overseeing the management of risk in the area overseen by the committee. In particular, the Audit Committee assists the Board of Directors by systematically reviewing periodically a report from management on the risks related to such matters as financial reporting, internal controls, revenue recognition, treasury management, information technology, insurable risks, and compliance with legal and regulatory requirements. The Compensation Committee oversees risks related to our compensation programs and policies. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, and succession planning for our directors.

Bonus Recoupment Policy

This policy includes standards for seeking the return, or "claw-back," of bonus compensation paid to the Chief Executive Officer or Chief Financial Officer in certain circumstances following a restatement of STAAR's financial statements. The policy provides that if the relevant officer is adjudicated to have engaged in intentional misconduct or fraud, and the Board of Directors determines that the wrongful conduct directly or indirectly made the restatement necessary, we will seek reimbursement of any excess incentive award or bonus paid on the basis of financial performance. The excess incentive award that may be recovered is the difference, if any, between the amount actually paid to the relevant officer and the amount that would have been paid to the officer had the incentive award been calculated based on the financial statements as restated. The claw-back may not be sought if more than five years have elapsed since the payment of the affected award or bonus, or following a change in control.

Compensation Policies and Practices Related to Risk Management

STAAR's Compensation Committee and Board of Directors have analyzed and continue to monitor whether STAAR's compensation practices with respect to executive officers or any of its employees create incentives for risk-taking that could harm STAAR or its business. The Compensation Committee and the Board of Directors have all determined that STAAR's compensation practices and policies do not create any risk that is reasonably likely to have a material adverse effect on STAAR.

Meetings of the Board of Directors

The Board of Directors held 13 meetings during 2015. During 2015, each director, except Mr. Slacik (who resigned effective August 31, 2015), attended more than 75% of the total number of Board of Directors meetings (during their service as director) and meetings of the committees on which they then served. In addition to Board of Directors meetings, directors are kept informed of our business through personal meetings and other communications, including telephone and electronic contacts with our Chief Executive Officer and others regarding matters of interest and concern to us and our stockholders. Independent directors meet when they deem necessary in an executive session without management and at such other times as may be requested by any independent director.

It is the policy of STAAR to require members of the Board of Directors to attend the Annual Meeting of stockholders, if practicable. All incumbent directors attended the 2015 Annual Meeting of stockholders.

Committees

The Board of Directors has three committees: an Audit Committee, a Nominating and Governance Committee, and a Compensation Committee. The Board of Directors has adopted a written charter for each committee to provide for its organization and procedures and to delegate requisite authority for the committee to carry out its purposes.

Nominating and Governance Committee

The principal purposes of the Nominating and Governance Committee are to help ensure that the Board of Directors is appropriately constituted to meet its fiduciary obligations to stockholders and STAAR, and that STAAR has and follows appropriate governance standards. To carry out these purposes, in accordance with its written charter, the Committee periodically does the following:

- identifies individuals qualified to become directors, consistent with criteria approved by the Board of Directors;
- recommends the director nominees to be selected by the Board of Directors for the next annual meeting of stockholders;

reviews best practices in corporate governance, and recommends to the Board of Directors stockholder-oriented improvements in corporate governance that may be applicable to STAAR; and

oversees the evaluation of the Board of Directors and management.

In addition to the candidates proposed by the Board of Directors or identified by the Committee, the Committee considers candidates for director suggested by our stockholders in accordance with the procedures described in the Questions and Answers section in response to the question: “*Can stockholders propose individuals to be considered as nominees for the 2017 Annual Meeting?*” Stockholder nominations that comply with those procedures and that meet the criteria outlined below will receive the same consideration that the Committee’s nominees receive.

The process for evaluating prospective nominees for director, including candidates recommended by stockholders, includes meetings from time to time to evaluate biographical information and background material relating to prospective nominees, interviews of selected candidates by members of the Nominating and Governance Committee and other members of the Board, and application of our general criteria for director nominees set forth in our *Guidelines on Significant Corporate Governance Issues*. These criteria include, among other things, the prospective nominee’s integrity, business or other experience and expertise, and independence. The Committee believes that the backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities to assist the Board in fulfilling its responsibilities.

In selecting nominees for the Board of Directors, the Committee evaluates the general and specialized criteria set forth above, identifying the relevant specialized criteria prior to commencement of the recruitment process, considers previous performance if the candidate is a candidate for re-election, and generally considers the candidate’s ability to contribute to the success of STAAR.

The Nominating and Governance Committee believes that differences in background, professional experiences, education, skills and viewpoints will enhance the performance of the Board of Directors. The Company has not implemented a formal policy with respect to the consideration of diversity for the composition of the Board of Directors. However, the Nominating and Governance Committee and the Board of Directors believe that a diverse board leads to improved performance by encouraging new ideas, expanding the knowledge base available to management and other directors and fostering a culture that promotes innovation and vigorous deliberation. In considering nominees for service on the Board of Directors, the Nominating and Governance Committee takes into consideration the diversity of professional experience, viewpoints and skills of the current and prospective members of the Board of Directors. Examples of this include management experience, financial expertise, medical device industry experience, international experience, and educational background.

The Board of Directors' nominees for the Annual Meeting have been recommended by the Committee, and have been nominated by the Board of Directors. The Committee received no formal stockholder recommendations of candidates for election at the 2016 Annual Meeting.

The current members of the Nominating and Governance Committee are William Wall, who serves as chair, Richard Meier and Louis Silverman. Each member of the Nominating and Governance Committee is "independent" as that term is defined under the Listing Rules of the NASDAQ Stock Market. During 2015, the Nominating and Governance Committee held seven meetings.

Compensation Committee

Under its written charter, the principal duties of the Compensation Committee are to help ensure that STAAR's compensation of its executive officers satisfies the following principal requirements:

- alignment with the compensation strategy of STAAR determined by the Board of Directors; and
- enabling STAAR to compete in recruiting and retaining qualified executive officers.

The Compensation Committee makes recommendations to the Board of Directors on all decisions for the total direct compensation of the executive officers of STAAR, including base salary, annual bonus, long-term equity compensation and perquisites. The Compensation Committee also generally approves company-wide pay increases and discretionary compensation that may be allocated to non-executive employees by management. The Committee also administers STAAR's equity plan.

The current members of the Compensation Committee are Louis Silverman, who serves as chair, John Moore and William Wall. Each member of the Compensation Committee is "independent" as that term is defined under the Listing Rules of the NASDAQ Stock Market. During 2015, the Compensation Committee held six meetings.

Role of Consultant

The Compensation Committee has sole authority to retain and terminate a compensation consultant to assist in the evaluation of Chief Executive Officer or senior executive compensation. In 2015, the Committee consulted with Radford regarding compensation for the Chief Executive Officer and potential revisions to the 2003 Plan. The Compensation Committee has assessed the independence of Radford considering the factors set forth in applicable SEC rules and the Listing Rules of the NASDAQ Stock Market and has concluded no conflicts of interest were raised by the work performed by Radford in 2015.

Audit Committee

The principal duties of the Audit Committee are to oversee (i) the quality and integrity of STAAR's financial statements, (ii) the qualifications and independence of STAAR's independent registered public accounting firm, and (iii) the performance of STAAR's independent registered public accounting firm.

The current members of the Audit Committee are J. Steven Roush, CPA who serves as chair, Richard Meier, and John Moore. Each member of the Audit Committee is "independent" as that term is defined under the Audit Committee rules of the SEC and the Listing Rules of the NASDAQ Stock Market. STAAR has determined that Messrs. Roush and Meier each qualify as an "audit committee financial expert" under the rules of the SEC. In 2015 the Audit Committee met six times.

Stockholder Communications with Directors

You may communicate with the chairman of our Audit Committee or the chairman of our Nominating and Governance Committee, or with our outside directors as a group, by writing to such persons c/o Office of the Secretary, STAAR Surgical Company, 1911 Walker Avenue, Monrovia, California 91016.

The Corporate Secretary distributes communications to the Board of Directors or to any individual director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board of Directors should be excluded, such as the following:

junk mail and mass mailings;

new product suggestions; and

resumes and other forms of job inquiries.

In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is excluded must be made available to any outside director upon request.

Communications that include information better addressed by the complaint hotline supervised by the Audit Committee will be forwarded to the hotline.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in STAAR's Proxy Statement for 2016 and into its 2015 Annual Report on Form 10-K.

The Compensation Committee

Louis Silverman (Chairman)

John Moore

William Wall

May 2, 2016

Compensation Discussion and Analysis

General

The following Compensation Discussion and Analysis describes the material elements of compensation for the named executive officers identified in the compensation tables and related disclosures below.

The Compensation Committee of the Board of Directors, to which we refer in this discussion as the “Committee,” makes recommendations to the Board of Directors for the total direct compensation including the base salary, annual bonus, long-term equity compensation and perquisites of our executive officers, including the named executive officers identified below. The Board of Directors then considers the recommendations of the Committee. Both the Board of Directors and the Committee exercise independent review in making judgments regarding executive compensation.

For 2015, our named executive officers were as follows:

- Caren Mason, *President and Chief Executive Officer (appointment effective March 1, 2015)*;
- Barry Caldwell, *Former President and Chief Executive Officer (retirement effective March 1, 2015)*;
- Stephen Brown, *Vice President and Chief Financial Officer*;
- James Francese, *Vice President, Global Marketing*;
- Samuel Gesten, *Vice President, Business Development, General Counsel and Corporate Secretary*; and
- Hans Blickensdoerfer, *President of International Commercial Operations*.

In 2015, we devoted significant efforts towards improving our business and internal systems and processes:

- We achieved record revenue in fiscal fourth quarter 2015 and full fiscal year 2015.

On February 28, 2015, the Board of Directors appointed Ms. Mason, who has served as a STAAR director since June 2014, as the new Chief Executive Officer effective March 1, 2015, following the departure of Mr. Caldwell.

We hired the following new key employees: Dr. Jon Hayashida as the new Vice President of Clinical and Medical Affairs effective July 23, 2015, Dr. Keith Holliday as the new Vice President of R&D effective August 19, 2015, Mr. Robert Studholme as the new Vice President of Quality effective September 24, 2015, and Mr. Graydon Hanson as the new Vice President of Operations effective January 26, 2016.

Total 2015 ICL sales increased 17% primarily driven by higher ICL sales in each region, particularly Asia Pacific (APAC) and Europe, Middle East and Africa (EMEA).

We transitioned to a direct sales model in Germany resulting in a 73% year-over-year increase in ICL sales in Germany.

· We increased prices for our products globally on average by 6%.

· We balanced required investments and prudent cost management while meeting internal financial objectives.

· We initiated global re-branding effort.

We commenced development of multiple strategic alliances, which culminated in the 2016 execution of formal agreements with business partners in China and Scandinavia.

These accomplishments and others were driven by the focus and vision of our new Chief Executive Officer, the addition of talented new executives to our experienced team, and, in part by the implementation of our 2015 incentive plan that rewarded achievement of the specific financial and non-financial goals described herein. We believe the rigorous metrics established, and achieved, in 2015 will help drive future Company performance.

Compensation Program Objectives and Rewards

Compensation Philosophy. We design our compensation programs to promote a high-performance culture that attracts, motivates and retains the key talent necessary to optimize stockholder value in a competitive environment. Our market-driven compensation program is designed to motivate and reward our executives for meeting or exceeding corporate financial and non-financial goals, and individual contributions towards the same. In the Committee's deliberations, management other than the CEO, is involved only to the extent of providing performance information and recommendations. When the Board of Directors makes its final determinations of compensation, the Chief Executive Officer has no participation in the determination of her own compensation, but joins with the full Board of Directors in the determination of compensation of other executive officers.

The Committee periodically reviews the Radford Global Life Sciences Survey as well as benchmark data regarding our peer group. This data is used to assess the general competitiveness of our compensation program, and to assist the Committee in making compensation decisions.

Beginning in the fall of 2013 the Committee retained Radford, a third party consulting firm, as its compensation consultants. The Committee receives regular advice and analysis from Radford regarding our compensation practices and programs, and also solicits advice and analysis from Radford to assure alignment between Company compensation practices and overall industry trends and dynamics. Additionally, in 2015, the Compensation Committee consulted with Radford regarding compensation for the Chief Executive Officer and certain senior executives.

The 2015 peer group which was originally recommended by Radford in 2013 and subsequently reviewed and recommended by the Compensation Committee and approved by the Board of Directors consisted of the following companies:

AngioDynamics	Merit Medical Systems, Inc.
Anika Therapeutics	Endologix, Inc.
AtriCure, Inc.	Cynosure, Inc.
Cardiovascular Systems, Inc.	Syneron Medical, Ltd.
CryoLife, Inc.	The Spectranetics Corporation
Cutera, Inc.	Vascular Solutions, Inc.

The peer group was chosen on the basis of industry (medical devices), revenue, and market capitalization. We use our peer group as one element of reviewing the appropriateness and competitiveness of our executive compensation plan. Note that during 2015, Synergetics USA was acquired and therefore has been dropped from our referenced peer

group.

The Committee's objective is to target total compensation, consisting of base salary, cash bonus potential and long-term equity incentives, at or near the 50th percentile of our peer companies and other market data. The Committee also considers Company performance. In 2015, each named executive officer's target total compensation was at approximately the 50th percentile of our market.

2015 Results of Advisory Vote to Approve Compensation of Named Executive Officers. At our Annual Meeting held on July 8, 2015 shareholders representing approximately 90% of the voting power present in person or by proxy and entitled to vote on the proposal approved the compensation of our named executive officers. After considering our ability to retain our key executives, attract talented new executives, and the results of the advisory vote attained in 2015, the Committee concluded that we did not need to make substantial changes to our compensation policies. Nevertheless, the Committee continually monitors and evaluates our compensation policies and decisions and considers from time to time changes that might more closely align the interests of our executive and other officers with our shareholders.

Elements of Compensation

The elements of compensation that may be earned by our executive officers include base salary, annual cash bonuses, and equity compensation. All components of each named executive officer's compensation are annually reviewed in the context of company performance and individual performance, and in relation to benchmark data provided by Radford.

Base Salaries. We generally establish base salaries at a level necessary to attract and retain the talent we need to achieve our plans. The Board of Directors generally reviews base salaries in the first quarter of each year and approves any changes based on market data (as noted above), its review of the executive's performance, scope of responsibility, and past and potential contribution to our business. For 2015, named executive officer salaries (other than for Mr. Caldwell, who retired in March 2015 and did not receive any increase) increased 3% over 2014 levels.

Annual Cash Bonuses. A substantial element of each named executive officer's compensation opportunity is the ability to earn annual performance-based cash bonuses, which are earned based upon achievement of and contribution to specific corporate financial and non-financial objectives. The Board of Directors has exclusive authority, acting on the recommendation of the Committee, to award bonuses to our executives, including the named executive officers, as an incentive for performance against established financial and non-financial performance criteria.

For 2015, the Committee and the Board of Directors approved an Incentive Bonus Plan for both executive and non-executive management that awarded performance-based cash bonuses based on STAAR having met or surpassed revenue and operating income metrics as well as meeting specific non-financial objectives in order to pay out bonuses. To allow for an accurate year-over-year comparison, and in recognition that over 80% of our revenue is generated outside the U.S., the Board historically has evaluated financial objectives on a constant currency basis.

Each of our current named executive officers has an established annual bonus target, as do other key managers. The Committee determines bonus targets for named executive officers based on market based data and also considers changes in the scope of responsibility and overall performance of individual named executive officers.

Each named executive officer's target bonus opportunity for 2015 is provided in the table below. The target bonus percentages remained the same for each named executive officer from 2014. Mr. Caldwell did not participate in the 2015 Incentive Bonus Plan.

Named Executive Officer	Base Salary	Target	Target	
		Bonus Payment	Bonus Percentage	
Caren Mason	\$ 525,000	\$ 393,750	75	%
Stephen Brown	\$ 314,150	\$ 141,367	45	%
James Francese	\$ 276,040	\$ 110,416	40	%
Samuel Gesten	\$ 332,690	\$ 149,710	45	%
Hans Blickensdoerfer	\$ 316,754	\$ 142,539	45	%

In addition to establishing revenue and earnings per share ("EPS") targets for 2015, our management, in consultation with the Board of Directors, established a number of specific, measurable non-financial corporate objectives. The attainment of these financial and non-financial objectives are evaluated by the Compensation Committee (with input, as appropriate, from the Chief Executive Officer). Finally, the Board of Directors must review and approve all bonus recommendations presented by the Compensation Committee. The determination of annual bonuses for 2015 performance are described further below under the section entitled "2015 Bonus and Equity Determinations." Over the past three years, no named executive officer has received a bonus in excess of 100% of target.

Long-Term Equity Compensation. The Committee believes that long-term equity incentive awards serve to align the interests of the executive officers with the interests of our stockholders. Long-term equity incentive awards may be granted in the form of either stock options, restricted shares or other types of equity or equity-linked compensation. In determining the size of equity grants to our named executive officers, the Committee considers the peer group information, individual performance and level of responsibility in the company, and recommendations of the Chief Executive Officer regarding each other named executive officer. The Committee decides on the allocation among the different forms of equity compensation consistent with the strategy of providing executives with a balanced portfolio of equity vehicles. The equity grants made in 2015 are described further below under the section entitled “*2015 Bonus and Equity Determinations.*”

Stock options. Stock options become valuable if the price of our common stock rises after we grant the options. The exercise price of a stock is the closing price of our common stock on the NASDAQ Stock Market on the date of grant. Under the 2003 Plan, STAAR may not grant stock options having an exercise price below fair market value of our common stock on the date of grant. STAAR does not grant stock options with a so-called “reload” feature. To encourage retention by providing a long-term incentive, the options typically vest ratably over a three year period, and have a ten year life.