

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Edgar Filing: STAAR SURGICAL CO - Form DEF 14A

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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

i

STAAR SURGICAL COMPANY

TABLE OF CONTENTS

	Page
<u>Questions and Answers about the Annual Meeting and Voting</u>	1
<u>Security Ownership of Principal Stockholders and Management</u>	5
<u>Proposal No. 1: Election of Directors</u>	7
<u>Information Regarding Director Nominees and Executive Officers</u>	7
<u>Compensation of Directors</u>	11
<u>Corporate Governance</u>	13
<u>Compensation Committee Report</u>	16
<u>Compensation Discussion and Analysis</u>	17
<u>Compensation Tables</u>	22
<u>Employment Agreements</u>	27
<u>Employee Benefit Plans</u>	28
<u>Review of Related Person Transactions</u>	29
<u>Audit Committee Report</u>	30
<u>Proposal No. 2: Approval of the Amended and Restated Omnibus Equity Incentive Plan</u>	30
<u>Proposal No. 3: Ratification of Amended and Restated Bylaws</u>	38
<u>Proposal No. 4: Amendment and Restatement of Amended and Restated Bylaws</u>	38
<u>Proposal No. 5: Ratification of Independent Registered Public Accounting Firm</u>	39
<u>Proposal No. 6: Advisory Vote to Approve Executive Compensation</u>	40
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	40

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

Edgar Filing: STAAR SURGICAL CO - Form DEF 14A

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)

Edgar Filing: STAAR SURGICAL CO - Form DEF 14A

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.