

STAAR SURGICAL CO
Form DEF 14A
April 26, 2018

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:

Edgar Filing: STAAR SURGICAL CO - Form DEF 14A

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

STAAR SURGICAL COMPANY

1911 Walker Avenue

Monrovia, California 91016

April 26, 2018

Dear Fellow Shareholders:

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 Thursday, June 14, 2018 at 8:30 a.m. (Pacific time), at STAAR’s headquarters at 1911 Walker Avenue, Monrovia, California, 91016.

2017 was a successful year for STAAR and its investors:

· STAAR achieved record revenue of \$90.6 million in 2017;

· Net loss per share improved from (\$0.30) in 2016 to (\$0.05) in 2017; and

· The Company’s stock price rose approximately 45% during the year (from \$10.70 on January 3, 2017 to \$15.50 on December 29, 2017).

During 2017, we completed our three year (2015 to 2017) transformational base business plan on target and finished the year with a solid foundation for growth. The 2017 investments in the clinical, quality, regulatory, research and development, commercial and operations infrastructure appreciably reinforced STAAR and contributed to our readiness for a stronger growth trajectory in 2018 and beyond. We began to realize this emerging strength in our ICL sales results in Q3 and Q4 of 2017 which combined accounted for 20% growth over the second half of 2016.

We begin 2018 with several exciting developments underway. We have new products in development, a pivotal clinical trial about to begin in Europe to validate the EVO Visian ICL EDOF lens for the treatment of Presbyopia, achieved recent three to five year compliance certifications from regulatory bodies representing Korea and Europe, accomplished additional and strengthened strategic cooperation partnerships around the globe and instituted myriad new programs for our Ophthalmic surgeons including upgraded certified training, practice development and consumer outreach support. We expect to bolster our strategic imperatives for 2018 with additional investment in commercial infrastructure expansion, clinical studies, regulatory compliance and consumer outreach, which we expect will result in a low double digit increase in operating expenses over 2017. We expect revenue growth resulting in greater than \$100 million in revenue in fiscal 2018, fueled by anticipated ICL sales and unit growth in the mid-teens or greater percentage range. In 2018, we expect to continue strong positive cash flow and cash generation. We plan to improve our earnings as compared to 2017 and to achieve good progress on our sustained profitability promise, which we believe is realizable in the three-year planning cycle. Also, we will continue our strategic cooperation, practice development and certified training programs.

Overall, we are enthusiastic about 2018 and look forward to delivering another strong year for our shareholders.

Your vote is important. We encourage you to read the Proxy Statement and vote your shares as soon as possible. Please vote today either by telephone or Internet, or by signing, dating and mailing your proxy card, broker's or other nominee's voting instruction form in the envelop provided. Telephone or Internet voting permits you to vote at your convenience, 24 hours a day, seven days a week. Detailed voting instructions are included on the back of your proxy card, broker's or other nominee's voting instruction form.

I thank you for your continued investment and for the trust you've placed in us. We appreciate your support.

Sincerely,

Caren Mason
President and Chief Executive Officer

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 Thursday, June 14, 2018, 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:

- elect the following five director nominees for a term of office expiring at the 2019 annual meeting of stockholders or until their successors are duly elected and qualified: Stephen C. Farrell, Caren Mason, John C. Moore, Louis E. Silverman, and William P. Wall;
- approve the Amended and Restated STAAR Surgical Company Omnibus Equity Incentive Plan (the “Restated Plan”) which increases the number of shares of our common stock that are reserved for issuance under the plan by 2.235 million shares, among other changes;
- adopt amendments to the existing Amended and Restated Certificate of Incorporation (the “COI”) to make certain changes reflecting current practices in corporate governance and to make certain ministerial and conforming changes;
- adopt amendments to the existing Amended and Restated Bylaws (the “Bylaws”) to make certain changes reflecting current practices in corporate governance and to make certain ministerial and conforming changes;
- adopt amendments to the COI to increase the minimum number of authorized directors from three to five;
- adopt amendments to the Bylaws to increase the minimum number of authorized directors from three to five;
- adopt amendments to the COI to reflect that directors may be removed with or without cause;

8. adopt amendments to the Bylaws to reflect that directors may be removed with or without cause;
9. ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 28, 2018;
10. hold an advisory vote to approve annual compensation program for non-employee directors and any increase to the annual compensation program by up to 10% over any two-year period;
11. hold an advisory vote to approve STAAR's compensation of its named executive officers; and
12. 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" items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11.

At the 2017 Annual Meeting, due to broker 'non-votes' by over 30% of shares outstanding, STAAR's proposed amendments to the Certificate of Incorporation and Bylaws (Proposals 3, 4, 6, 7, 8 and 9 above) did not obtain the 66 2/3% affirmative approval required of all shares outstanding (although the proposals obtained over 60% approval of all shares outstanding and over 95% approval of all votes cast, except for Proposal No. 3 which received 81.99% approval of all votes cast).

Only stockholders of record at the close of business on April 16, 2018 ("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 14, 2018**

We want to ensure your shares are represented as we conduct a vote on the matters outlined in the proxy statement. If you are unable to attend the meeting, please cast your vote as soon as possible via:

-The Internet at www.proxyvote.com (and following instructions on the proxy card);

-By calling 1-800-690-6903; or

By mail if you request a paper copy of the materials, which will include a proxy card (please see the instructions on the Notice of Availability of Proxy Materials).

You can find our 2018 Proxy Statement, the proxy card and 2017 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 April 26, 2018 to all stockholders of record as of the close of business on April 16, 2018.

By Order of the Board of Directors,

Samuel Gesten
Chief Legal Officer and Secretary
Monrovia, California
April 26, 2018

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>	6
<u>Proposal No. 1: Election of Directors</u>	8
<u>Information Regarding Director Nominees and Executive Officers</u>	8
<u>Compensation of Directors</u>	13
<u>Corporate Governance</u>	15
<u>Compensation Committee Report</u>	20
<u>Compensation Discussion and Analysis</u>	20
<u>Compensation Tables</u>	28
<u>Employment Agreements</u>	33
<u>Employee Benefit Plans</u>	35
<u>Pay Ratio Disclosure</u>	35
<u>Review of Related Person Transactions</u>	37
<u>Audit Committee Report</u>	37
<u>Proposal No. 2: Approval of the Amended and Restated Omnibus Equity Incentive Plan</u>	38
<u>Proposal No. 3: Approval of Amended and Restated Certificate of Incorporation</u>	46
<u>Proposal No. 4: Approval of Amendments to Amend and Restated Bylaws</u>	47
<u>Proposal No. 5: Approval of Amended and Restated Certificate of Incorporation to Increase the Minimum Number of Authorized Directors</u>	48
	49

<u>Proposal No. 6: Approval of Amended and Restated Bylaws to Increase the Minimum Number of Authorized Directors</u>	
<u>Proposal No. 7: Approval of Amended and Restated Certificate of Incorporation to Reflect that Directors May Be Removed With or Without Cause</u>	<u>50</u>
<u>Proposal No. 8: Approval of Amended and Restated Bylaws to Reflect that Directors May Be Removed With or Without Cause</u>	<u>51</u>
<u>Proposal No. 9: Ratification of Independent Registered Public Accounting Firm</u>	<u>52</u>
<u>Proposal No. 10: Advisory Vote to Approve Annual Compensation Program for Non-Employee Directors and Any Increase to the Annual Compensation Program by up to Ten Percent (10%) over any Two-Year Period</u>	<u>54</u>
<u>Proposal No. 11: Advisory Vote to Approve Executive Compensation</u>	<u>56</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>57</u>
<u>Appendix 1</u>	
<u>Appendix 2</u>	
<u>Appendix 3</u>	

STAAR SURGICAL COMPANY

1911 Walker Avenue

Monrovia, California 91016

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 14, 2018 at 8:30 a.m. (Pacific Time)

The Board of Directors of STAAR Surgical Company is soliciting your proxy for use at the 2018 Annual Meeting of Stockholders to be held on Thursday, June 14, 2018 at 8:30 a.m. (Pacific time). The Board of Directors is making proxy materials available on the Internet to stockholders on or about April 26, 2018.

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 16, 2018—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 2017.

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 STAAR's Director Resignation Policy. 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 2.235 million shares, and other changes, require the affirmative vote of a majority of votes cast. Abstentions and broker non-votes have no effect on this proposal.

In Proposal No. 3, the adoption of amendments to STAAR's existing Amended and Restated Certificate of Incorporation ("COI") to make certain changes reflecting current practices in corporate governance and to make certain ministerial and conforming changes, requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock entitled to vote on the proposal. Abstentions and broker non-votes will have the same effect as a vote "AGAINST" this proposal.

In Proposal No. 4, the approval of amendments to the Amended and Restated Bylaws ("Bylaws") to effect certain changes reflecting current practices in corporate governance and to make certain ministerial and conforming changes, requires the affirmative vote of holders of at least two-thirds of the outstanding shares of common stock entitled to vote on the proposal. Abstentions and broker non-votes have the same effect as a vote "AGAINST" this proposal.

In Proposal No. 5, the adoption of an amendment to the COI to increase the minimum number of authorized directors from three to five, requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock 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.

In Proposal No. 6, the approval of an amendment to the Bylaws to increase the minimum number of authorized directors from three to five, requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock 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.

In Proposal No. 7, the approval of an amendment to the COI to reflect that directors may be removed with or without cause, requires the affirmative vote of holders of at least two-thirds of the outstanding shares of common stock entitled to vote on the proposal. Abstentions and broker non-votes have the same effect as a vote “AGAINST” this proposal.

In Proposal No. 8, the approval of an amendment to the Bylaws so as to reflect that directors may be removed with or without cause, requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock entitled to vote on the proposal. Abstentions and broker non-votes have the same effect as a vote “AGAINST” this proposal.

In Proposal No. 9, the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the year ending December 28, 2018, requires the affirmative vote of the holders of a majority of the voting power of the issued and outstanding shares of common stock 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.10 is an advisory vote to approve the annual compensation program for non-executive directors and any increase to the annual compensation program by up to 10% over any two-year period and requires the affirmative vote of the holders of a majority of the voting power of the issued and outstanding shares of common stock 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.

Proposal No.11 is an advisory vote to approve the compensation of our named executive officers and requires the affirmative vote of the holders of a majority of the voting power of the issued and outstanding shares of common stock 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.

Q: *What are “broker non-votes”?*

A: If a beneficial owner who holds shares in “street name” through a broker, bank or other nominee fails to give voting instructions to such broker, bank or other nominee for any matters submitted to stockholders at the 2018 Annual Meeting, such 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. When a broker, bank or other nominee votes a client’s shares on routine proposals, those shares are counted for purposes of establishing a quorum for the meeting and for purposes of determining whether a routine proposal is approved, but they will not be counted toward the approval of non-routine proposals as to which brokers, banks and other nominees are not entitled to vote. These missing votes with respect to such non-routine proposals are called “*broker non-votes*.” Broker non-votes have a variable effect on the approval or disapproval of proposals depending upon the voting standard applicable to the proposal, 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 your shares of STAAR common stock are 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, broker 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 submit a proxy 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. The Board of Directors recommends that you grant a proxy via the Internet, telephone or by mail in case you are later unable to attend the Annual Meeting to ensure that your shares will be represented and voted. All properly executed and valid proxies will be voted at the annual meeting in accordance with the instructions provided by the stockholder granting the proxy. If you are a stockholder of record and submit a properly executed proxy but do not indicate your voting instructions, your shares will be voted as recommended by the Board of Directors in this Proxy Statement. If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the proxy holders will determine how to vote your shares. If the Annual Meeting is postponed or adjourned, the proxy holders can vote your shares on the new meeting date, unless you properly revoke your proxy prior to such time as described below.

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 for the election of directors?

A: No, STAAR's COI does not provide for cumulative voting for the election of directors. This means you have one vote for each share entitled to vote at the Annual Meeting for each of the five seats subject to election.

Q: What can I do if I change my mind after I submit a proxy to vote my shares?

A: If you change your mind after you submit your proxy to vote your shares, you can revoke your proxy before the Annual Meeting by any of the following methods:

By submitting a later-dated proxy with revised voting instructions over the Internet, by telephone or by mail before the shares are voted at the meeting (provided that proxies submitted over the Internet or by telephone will only be accepted until 11:59 p.m. on June 13, 2018)—only your last valid proxy will be counted.

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.

By delivering a written notice to STAAR's Secretary at any time before your proxy is voted at the Annual Meeting revoking your proxy. Such notices should be mailed to the following address: Office of the Secretary, STAAR Surgical Company, 1911 Walker Ave., Monrovia, California 91016.

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 valid 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?*

As of the Record Date, 41,612,465 shares of common stock of STAAR were issued and outstanding. A majority of the outstanding shares, or 20,806,234 shares, present in person or represented by proxy, constitutes a quorum for the purpose of electing directors and adopting proposals at the Annual Meeting. Stockholders of record that submit a properly executed and valid proxy will have their shares counted towards the quorum. Abstentions and 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 may 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, bank or other nominee, and you do not submit voting instructions to your broker, bank or nominee, the broker, bank 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 generally considered a routine matter. None of the other proposals at the Annual Meeting is considered routine and your broker, bank or other nominee has no authority to vote on such proposals without your instruction.

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 2019 Annual Meeting?

If a stockholder seeks to include a proposal in the proxy statement for STAAR’s 2019 Annual Meeting, our corporate Secretary must receive the proposal at our offices at 1911 Walker Avenue, Monrovia, California 91016 no later than December 27, 2018 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 2019 Annual Meeting more than 30 days from the anniversary date of the 2018 Annual meeting, stockholder proposals intended to be included in the proxy statement for the 2019 Annual Meeting must be received by us within a reasonable time before STAAR begins to print and mail the proxy statement for the 2019 Annual Meeting. If we determine that the date of the 2019 annual meeting will be advanced or delayed by more than 30 days from the anniversary date of the 2018 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 2018 Annual Meeting?

Our Bylaws provide that, subject to certain defined exceptions, stockholders may nominate candidates for the Board of Directors or present other business at our annual meeting 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 nominations and 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 engage a proxy solicitation firm, MacKenzie Partners, Inc., to assist us in communicating with stockholders and others. We will compensate MacKenzie Partners for their services, and we expect their fees not to exceed \$15,000. 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	10,881,079	26.1	%
Putnam Investments, LLC (3) One Post Office Square Boston, MA 02109	6,297,047	15.1	%
Palo Alto Investors, LLC (4) 470 University Ave. Palo Alto, CA 94301	3,496,752	8.4	%
Blackrock, Inc. (5) 40 East 52 nd Street New York, NY 10022	2,609,981	6.3	%

Based on 41,612,465 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 Form 4 filed June 30, 2016, with respect to its ownership of STAAR securities as of June 29, 2016, (2) Broadwood Partners, L.P. state they beneficially own 10,855,179 shares and Neal C. Bradsher states he beneficially owns 25,900 shares.

In its Schedule 13G/A filed on February 7, 2018 with respect to its ownership of STAAR securities as of December 31, 2017, Putnam Investments, LLC and Putnam Investment Management, LLC state they have sole voting power as to no shares, shared voting power as to no shares, sole dispositive power as to 6,297,047 shares, and shared dispositive power as to no shares. The Putnam Advisory Company, LLC states that it has sole voting (3) power as to no shares, shared voting power as to no shares, sole dispositive power as to no shares, and shared dispositive power as to no shares. Putnam Equity Spectrum Fund states that it has sole voting power as to no shares, shared voting power as to no shares, sole dispositive power as to 5,358,488 shares, and shared dispositive power as to no shares.

Edgar Filing: STAAR SURGICAL CO - Form DEF 14A

In its Schedule 13G/A filed February 14, 2018, with respect to its ownership of STAAR securities as of December 31, 2017, Patrick Lee, MD, Anthony Joonkyoo Yun, MD, and Palo Alto Investors, LLC state they have
(4) sole voting power as to no shares, shared voting power as to 3,496,752 shares, sole dispositive power as to no shares, and shared dispositive power as to 3,496,752 shares. Palo Alto Healthcare Master Fund II, L.P. states it has sole voting power as to no shares, shared voting power as to 2,207,678 shares, sole dispositive power as to no shares, and shared dispositive power as to 2,207,678 shares.

In its Schedule 13G/A filed January 23, 2018 with respect to its ownership of STAAR securities as of
(5) December 31, 2017, Blackrock, Inc. states that it has sole voting power as to 2,526,030 shares, shared voting power as to no shares, sole dispositive power as to 2,609,981 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		Shares Subject to RSUs		Total (#)	Percent of Class (4)
	Shares of Common Stock Owned (2) (#)	Options Exercisable on or before June 14, 2018 (3) (#)	Options Vesting on or before June 14, 2018 (#)			
Louis E. Silverman**	23,369	56,335	—	79,704	*	
Stephen C. Farrell**	—	61,375	—	61,375	*	
John C. Moore**	126,140	64,123	—	190,263	*	
William P. Wall**	17,544	39,512	—	57,056	*	
Caren Mason	34,846	560,001	—	594,847	1.4 %	
Deborah Andrews	2,500	111,774	—	114,274	*	
Hans Blickensdoerfer	113,783	167,638	—	281,421	*	
Samuel Gesten	27,482	145,694	—	173,176	*	
Keith Holliday	25,656	57,638	—	83,294	*	
All current directors and executive officers as a group (9 individuals)	371,320	1,264,090	—	1,635,410	3.9 %	

*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.

In accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, each listed person is deemed the (3) 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 14, 2018 (60 days after the Record Date).

(4) Based on 41,612,465 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 14, 2018 (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 which any other listed person owns.

