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RITA MEDICAL SYSTEMS INC
Form DEF 14A
April 26, 2002

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant [X]

Filed by a party other than the Registrant []

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, For Use of the
Commission Only (as permitted
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| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
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RITA Medical Systems, Inc.

(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 transactions applies:

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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:

RITA Medical Systems, Inc.

967 N. Shoreline Blvd.
Mountain View, California 94043

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 30, 2002

On Thursday, May 30, 2002, RITA Medical Systems, Inc., a Delaware corporation (the "Company"), will hold its Annual Meeting of Stockholders at Venture Law Group, located at 2775 Sand Hill Road, Menlo Park, California 94025. The Meeting will begin at 9:00 a.m. local time.

Only stockholders who owned stock at the close of business on April 1, 2002 can vote at the Meeting or any adjournment that may take place. At the Meeting we will:

- . Elect two (2) Class II directors to serve until the annual meeting of the Company's stockholders for the year ending December 31, 2005;
- . Ratify the appointment of PricewaterhouseCoopers LLP as our independent accountants for the current fiscal year; and
- . Transact any other business properly brought before the Meeting.

You can find more information about each of these items, including the nominees for directors, in the attached Proxy Statement.

Our Board of Directors recommends that you vote in favor of each of the two proposals outlined in this Proxy Statement.

We cordially invite all stockholders to attend the Annual Meeting in

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person. However, whether or not you expect to attend the Annual Meeting in person, please mark, date, sign and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope provided to ensure your representation and the presence of a quorum at the Annual Meeting. If you send in your proxy card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

At the Meeting, we will also report on our business results and other matters of interest to stockholders.

By Order of the Board of Directors,

/s/ Donald Stewart

Donald Stewart, Chief Financial
Officer and Vice President,
Finance and Administration

Mountain View, California
May 3, 2002

RITA Medical Systems, Inc.

967 N. Shoreline Blvd.
Mountain View, California 94043

PROXY STATEMENT

FOR THE
2002 ANNUAL MEETING OF STOCKHOLDERS
May 30, 2002

Our Board of Directors is soliciting proxies for the 2002 Annual Meeting of Stockholders. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Meeting. Please read it carefully.

The Board set April 1, 2002 as the record date for the Meeting. Stockholders of record who owned our common stock on that date are entitled to vote at and attend the Meeting, with each share entitled to one vote. 14,744,160 shares of common stock were outstanding on the record date.

Voting materials, which include this Proxy Statement, a proxy card and the 2001 Annual Report, will be mailed to stockholders on or about May 3, 2002.

In this Proxy Statement:

- . "We," "us," "our" and the "Company" refer to RITA Medical Systems, Inc.
- . "Annual Meeting" or "Meeting" means our 2002 Annual Meeting of Stockholders
- . "Board of Directors" or "Board" means our Board of Directors

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. "SEC" means the Securities and Exchange Commission

We have summarized below important information with respect to the Annual Meeting.

Time And Place Of The Annual Meeting

The Annual Meeting is being held on Thursday, May 30, 2002 at 9:00 a.m. local time at Venture Law Group, located at 2775 Sand Hill Road, Menlo Park, California 94025.

All stockholders who owned shares of our stock as of April 1, 2002, the record date, may attend the Annual Meeting.

Purpose Of The Proxy Statement And Proxy Card

You are receiving a Proxy Statement and proxy card from us because you owned shares of our common stock on April 1, 2002, the record date. This Proxy Statement describes issues on which we would like you, as a stockholder, to vote. It also gives you information on these issues so that you can make an informed decision.

When you sign the proxy card, you appoint Barry Cheskin and Donald Stewart as your representatives at the Meeting. Barry Cheskin and Donald Stewart will vote your shares, as you have instructed them on the proxy card, at the Meeting. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you

plan to attend the Meeting it is a good idea to complete, sign and return your proxy card in advance of the Meeting just in case your plans change.

Proposals To Be Voted On At This Year's Annual Meeting

You are being asked to vote on:

- . The election of directors to serve on our Board of Directors.
- . The ratification of our appointment of PricewaterhouseCoopers LLP as our independent accountants for the current fiscal year.

The Board of Directors recommends a vote FOR each proposal.

Voting Procedure

You may vote by mail

To vote by mail, please sign your proxy card and return it in the enclosed, prepaid and addressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

You may vote in person at the Meeting.

We will pass out written ballots to anyone who wants to vote at the Meeting. If you hold your shares in street name, you must request a legal proxy from your stockbroker in order to vote at the Meeting. Holding shares in "street name" means your shares of stock are held in an account by your stockbroker, bank, or other nominee, and the stock certificates and record ownership are not in your name. If your shares are held in "street name" and you wish to attend the Annual Meeting, you must notify your broker, bank or other nominee and

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obtain the proper documentation to vote your shares at the Annual Meeting.

You may change your mind after you have returned your proxy.

If you change your mind after you return your proxy, you may revoke your proxy at any time before the polls close at the Meeting. You may do this by:

- . signing another proxy with a later date, or
- . voting in person at the Annual Meeting.

Multiple Proxy Cards

If you received more than one proxy card, it means that you hold shares in more than one account. Please sign and return all proxy cards to ensure that all your shares are voted.

Quorum Requirement

Shares are counted as present at the Meeting if the stockholder either:

- . is present and votes in person at the Meeting, or
- . has properly submitted a proxy card.

A majority of our outstanding shares as of the record date must be present at the Meeting (either in person or by proxy) in order to hold the Annual Meeting and conduct business. This is called a "quorum."

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Consequences of Not Returning Your Proxy; Broker Non-Votes

If your shares are held in your name, you must return your proxy (or attend the Annual Meeting in person) in order to vote on the proposals. If your shares are held in street name and you do not vote your proxy, your brokerage firm may either:

- . vote your shares on routine matters, or
- . leave your shares unvoted.

Under the rules that govern brokers who have record ownership of shares that are held in "street name" for their clients, brokers may vote such shares on behalf of their clients with respect to "routine" matters (such as the election of directors or the ratification of auditors), but not with respect to non-routine matters (such as a proposal submitted by a stockholder). If the proposals to be acted upon at any meeting include both routine and non-routine matters, the broker may turn in a proxy card for uninstructed shares that vote FOR the routine matters, but expressly states that the broker is not voting on non-routine matters. This is called a "broker non-vote."

Broker non-votes will be counted for the purpose of determining the presence or absence of a quorum, but will not be counted for the purpose of determining the number of votes cast.

We encourage you to provide instructions to your brokerage firm by voting your proxy. This ensures that your shares will be voted at the Meeting.

Effect Of Abstentions

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Abstentions are counted as shares that are present and entitled to vote for the purposes of determining the presence of a quorum and as votes AGAINST for purposes of determining the approval of any matter submitted to the stockholders for a vote.

Required Vote

Assuming a quorum is present, the two nominees receiving the highest number of yes votes will be elected as directors. The ratification of the independent accountants will require the affirmative vote of a majority of shares present in person or represented by proxy at the Meeting.

Vote Solicitation; No Use Of Outside Solicitors

RITA Medical Systems, Inc. is soliciting your proxy to vote your shares at the Annual Meeting. In addition to this solicitation by mail, our directors, officers, and other employees may contact you by telephone, Internet, in person or otherwise to obtain your proxy. These persons will not receive any additional compensation for assisting in the solicitation. We will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners. We will reimburse these entities and our transfer agent for their reasonable out-of-pocket expenses in forwarding proxy materials. We have not retained the services of a proxy solicitor.

Voting Procedures

Votes cast by proxy or in person at the Annual Meeting will be tabulated by Brooke Campbell of Venture Law Group, our legal counsel, who will act as the Inspector of Election. The Inspector will also determine whether a quorum is present at the Annual Meeting.

The shares represented by the proxy cards received, properly marked, dated, signed and not revoked, will be voted at the Annual Meeting. If the proxy card specifies a choice with respect to any matter to be acted on, the shares will be voted in accordance with that specified choice. Any proxy card which is returned but not marked will be voted FOR each of the director nominees, FOR the other proposal discussed in this Proxy Statement, and as the

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proxy holders deem desirable for any other matters that may come before the Meeting. Broker non-votes will not be considered as voting with respect to any matter for which the broker does not have voting authority.

We believe that the procedures to be used by the Inspector to count the votes are consistent with Delaware law concerning voting of shares and determination of a quorum.

Publication Of Voting Results

We will announce preliminary voting results at the Meeting. We will publish the final results in our quarterly report on Form 10-Q for the second quarter of 2002, which we will file with the SEC. You can get a copy by contacting our Investor Relations Department at (650) 314-3400 or the SEC at (800) 732-0330 for the location of the nearest public reference room, or through the EDGAR system at www.sec.gov.

Other Business

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We do not know of any business to be considered at the 2002 Annual Meeting other than the proposals described in this proxy statement. However, if any other business is properly presented at the Annual Meeting, your signed proxy card gives authority to Barry Cheskin and Donald Stewart to vote on such matters at their discretion.

Proposals For 2003 Annual Meeting

To have your proposal included in our proxy statement for the 2003 Annual Meeting, you must submit your proposal before December 28, 2002 to Donald Stewart c/o RITA Medical Systems, Inc., 967 N. Shoreline Blvd., Mountain View, California 94043.

If you submit a proposal for the 2003 Annual Meeting between January 30, 2003 and March 1, 2003, management may or may not, at their discretion, present the proposal at the meeting, and the proxies for the 2003 Annual Meeting will confer discretion on the management proxy holders to vote against your proposal.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Certificate of Incorporation requires that the Board of Directors is divided into three classes, with staggered three-year terms. The Class II directors whose terms expire at the Annual Meeting are Gordon Russell and John Gilbert; the Class III directors whose terms expire at the Company's 2003 Annual Meeting of Stockholders are Vincent Bucci, Barry Cheskin and F. Thomas (Jay) Watkins; and the Class I directors, whose terms expire at the 2004 Annual Meeting of Stockholders are Scott Halsted and Janet Effland. You only elect one class of directors at each annual meeting. The other classes continue to serve for the remainder of their three-year terms. The Class II directors are nominees for re-election at the Annual Meeting. Each nominee has consented to serve an additional three-year term.

Vote Required

If a quorum is present, the two nominees receiving the highest number of affirmative votes of shares entitled to be voted for them will be elected as directors for the ensuing year. Unless marked otherwise, proxies received will be voted FOR the election of each of the two nominees named held. If additional people are nominated for election as directors, the proxy holders intend to vote all proxies received by them in a way that will ensure that as many as possible of the nominees listed above are elected. If this happens, the specific nominees to be voted for will be determined by the proxy holders.

Nominees for the Board of Directors

The names of the nominees, their ages as of April 15, 2002 and certain other information about them are set forth below:

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Name of Nominee -----	Age ---	Principal Occupation -----	Director Since -----
John Gilbert (2)	65	Retired Vice Chairman of Keravision, Inc. and Vice President of Sales at Ethicon, Inc.	May 2000

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Gordon Russell (1) (2) 69 Retired General Partner at Sequoia Capital August 1994

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- (1) Member of the compensation committee
 - (2) Member of the audit committee

John Gilbert has served as a member of our Board since May 2000. From 1992 to July 1999 he served as Vice Chairman of Keravision, Inc., a medical device company. Prior to that, Mr. Gilbert retired from Johnson & Johnson in 1992 after 30 years where he served as Vice President of Sales at Ethicon, Inc., Vice President of Johnson & Johnson International and Vice Chairman of Iolab Corporation. Mr. Gilbert is also a director of STAAR Surgical Company. Mr. Gilbert holds a B.S. from Texas A&M University.

Gordon Russell has served as a member of our Board since August 1994. From 1979 to January 2000, he held the position of General Partner at Sequoia Capital, a venture capital firm, specializing in high technology and healthcare. Mr. Russell is also a director of Fusion Medical, Inc. and various private companies. He holds an A.B. from Dartmouth College.

The names of the Class I and Class III directors, their ages as of April 15, 2002 and certain other information about them are set forth below:

Name of Nominee -----	Age ---	Principal Occupation -----	Director S -----
Vincent Bucci (1) (2)	48	President, Health Policy Associates, Inc.	March 19
Barry Cheskin	41	Chief Executive Officer and President of RITA Medical Systems, Inc.	May 1999
Janet Effland	53	General Partner at Apax Partners	October 1
Scott Halsted (1)	42	General Partner and Principal at Morgan Stanley, Dean Witter Venture Partners	May 1999
F. Thomas (Jay) Watkins ...	49	Independent Advisor to Healthcare Companies	April 2000

-
- (1) Member of the compensation committee
 - (2) Member of the audit committee

Vincent Bucci has served as a member of our Board since March 1999. Mr. Bucci holds the position of President of Health Policy Associates, Inc., a consulting company, since 1992. Mr. Bucci holds a B.A. from Bates College and a J.D. in Public Law and an M.A. in Government, both from Georgetown University.

Barry Cheskin has served as our President and Chief Executive Officer and has been a member of our Board since May 1997. Prior to joining us, he held various positions at Datascope Corp, a medical device company. He was President, Collagen Products Division and Corporate Vice President from May 1994 to April 1997, General Manager, Vasoseal/Bioplex Division from November 1992 to May 1994, and Director, Corporate Business Development from April 1992 to November 1992. Mr. Cheskin holds a B.S. in Mechanical Engineering from Massachusetts Institute of Technology, an M.S. in Mechanical Engineering from Stanford University, and an M.B.A. from Columbia University.

Janet Effland has served as a member of our Board since October 1999. She has held the position of General Partner of Apax Partners, a venture capital

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firm, since April 1988. Ms. Effland is also a director of various private companies. Ms. Effland holds a B.S. and a J.D. from Arizona State University, and she attended Harvard Business School's Program for Management Development.

Scott Halsted has served as a member of our Board since May 1998. He has held the positions of General Partner and Principal of Morgan Stanley Dean Witter Venture Partners, a venture capital firm, since February 1997

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and prior to that he was Vice President from January 1992 to January 1997. Mr. Halsted is also a director of Intuitive Surgical, Inc. and various private companies. Mr. Halsted holds an A.B. and a B.S. in Biomechanical Engineering from Dartmouth College and an M.M. from the Kellogg Graduate School of Management at Northwestern University.

F. Thomas (Jay) Watkins has served as a member of our Board since April 2002. Mr. Watkins is currently an independent advisor to healthcare companies. Prior to that, he was a Vice President of Guidant Corporation, a cardiovascular medical products company, from 1995 to March 2002 where he served in various positions. He was President of Compass, Guidant's corporate business development and new ventures organization, from March 1995 to March 2002, President, Cardiac & Vascular Surgery Group from January 1999 to November 2000 and President, Minimally Invasive Systems Group from 1996 to December 1999. Prior to that, in 1989, Mr. Watkins co-founded Origin Medsystems, Inc., a developer of orthopedic surgical devices and specialty endoscopic equipment, and served as its President from 1989 to 1991. Origin Medsystems, Inc. was acquired by Eli Lilly & Company in 1992. Mr. Watkins holds a B.A. from Stanford University and an M.B.A. from Harvard University.

There are no family relationships among any of the directors or executive officers of the Company.

Meetings And Committees Of The Board Of Directors

During the last fiscal year (the period from December 31, 2000 through December 31, 2001), the Board met eight times. Each director attended at least 75% of all Board and applicable committee meetings during this time with the exception of director Gordon Russell, who attended three of the eight meetings of the entire Board. The Board has a Compensation Committee and an Audit Committee.

Vincent Bucci, Scott Halsted and Gordon Russell are members of the Compensation Committee. The Compensation Committee held two meetings during the last fiscal year. The functions of the Compensation Committee are to establish and administer our policies regarding annual executive salaries and cash incentives and long-term equity incentives. The Compensation Committee administers our 2000 Stock Plan, 2000 Employee Stock Purchase Plan and our 2000 Directors' Stock Option Plan.

Vincent Bucci, John Gilbert and Gordon Russell are members of the Audit Committee. The Audit Committee held four meetings during the last fiscal year. The functions of the Audit Committee are to recommend the engagement of the independent public accountants, to monitor the effectiveness of the audit effort, and to monitor our financial and accounting organization and its system of internal accounting controls. The Audit Committee has a written charter, which was attached as Appendix A to last year's proxy statement.

Director Compensation

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Nonemployee directors are not compensated for Board meetings attended but are reimbursed for reasonable and customary travel expenses.

All nonemployee directors are eligible to participate in the 2000 Directors' Stock Option Plan. Employee directors and nonemployee directors are eligible to participate in the 2000 Stock Plan. Employee directors are eligible to participate in the 2000 Employee Stock Purchase Plan. Under the 2000 Directors' Plan, when a nonemployee director first becomes a director, he or she receives a nonstatutory stock option to purchase 25,000 shares of the Company's common stock. This option shall vest at a rate of 1/48 of the total number of shares subject to such option per month. Thereafter, on the date of each annual meeting of the Company's stockholders, each director who has been a member for at least six months will be granted a nonstatutory stock option to purchase 10,000 shares of the Company's common stock. These options shall vest at a rate of 100% of the total number of shares subject to such option on the one-year anniversary of the grant date. Therefore, on the date of the Annual Meeting each of the Company's nonemployee directors, with the exception of F. Thomas (Jay) Watkins who has not yet been a member of the Board for six months, will be granted an option to purchase 10,000 shares of the Company's common stock. On April 15, 2002, F. Thomas (Jay) Watkins was granted an option to purchase 25,000 shares of the Company's common stock under the 2000 Directors' Plan and an additional option to purchase 25,000 shares of the Company's common stock under the 2000 Stock Plan which shall vest at a rate of 1/24 of the total

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number of shares subject to the option per month. All options granted under the Directors' Plan are for a ten-year term and shall be adjusted to reflect any stock splits, stock dividends, combinations or similar transactions. The exercise price of the options must be at least 100% of the fair market value of the common stock on the Nasdaq National Market on the date the option was granted. The options may be exercised only (1) while the individual is serving as a director on the Board, (2) within 6 months after termination by death or disability, or (3) within 3 months after the individual's term as director ends.

Employee directors receive no additional compensation for serving on the Board of Directors.

Recommendation of the Board:

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL NO. 1

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PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Audit Committee has recommended, and the Board has approved, the appointment of PricewaterhouseCoopers LLP as our independent accountants. PricewaterhouseCoopers LLP has served as our independent accountants since 1994. In the event that ratification of this selection of accountants is not approved by a majority of the shares of common stock voting at the Annual Meeting in person or by proxy, the Board will review its future selection of auditors.

A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting. This representative will have an opportunity to make a statement and will be available to respond to appropriate questions.

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Recommendation of the Board:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NO. 2.

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COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to the Company with respect to the beneficial ownership of the Company's common stock, as to (i) each person who is known to the Company to beneficially own more than 5% of the Company's common stock, (ii) each of the Company's directors, (iii) each of the Company's Named Executive Officers (as defined hereafter), and (iv) all directors and executive officers as a group. The information set forth below is as of February 28, 2002.

5% Stockholders, Directors, Named Executive Officers and Directors and Executive Officers as a Group	Amount and Nature of Beneficial Ownership (1)	Percent Common Sto

Entities Affiliated with Apax Partners (3) 2100 Geng Road, Suite 150 Palo Alto, CA 94303	1,963,635	13
Entities Affiliated with The Vertical Group, L.P. (4) 25 DeForest Avenue Summit, NJ 07901	1,804,600	12
Entities Affiliated with Morgan Stanley Venture Partners (5) 3000 Sand Hill Road Building 4, Suite 250 Menlo Park, CA 94025	1,636,362	11
Janet Effland (3)	1,963,635	13
Scott Halsted (5)	1,636,362	11
Barry Cheskin (6)	729,894	4
Daniel Balbierz (7)	146,984	1
Donald Stewart (8)	77,900	
Gordon Russell (9)	97,375	
David Martin (10)	96,335	
Ronald Steckel (11)	77,680	
Vincent Bucci (12)	32,125	
John Gilbert (13)	11,978	
Trent Reutiman (14)	19,936	
All directors and executive officers as a group (15 persons) (15)	5,011,460	32

*Less than 1%

(1) The persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and except as indicated in the other footnotes to this table.

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- (2) In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days after February 28, 2002 are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Beneficial ownership calculations for 5% stockholders are based on publicly filed 13D's or 13G's, which 5% stockholders are required to file with the SEC, and which generally set forth ownership interests as of December 31, 2001.

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- (3) Includes 1,607,489 shares, 336,623 shares and 19,523 shares held by APA Excelsior V, L.P., The P/A Fund III, L.P. and Patricof Private Investment Club II, L.P., respectively. Janet Effland, a director of RITA, is a General Partner of Apex Partners. Ms. Effland disclaims beneficial ownership of the shares held by these entities except to the extent of her proportional interest in the entities.
- (4) Includes 1,470,493 shares and 334,107 shares owned by the Vertical Fund I, L.P. and the Vertical Fund II, L.P., respectively.
- (5) Includes 1,435,988 shares, 137,874 shares and 62,500 shares held by Morgan Stanley Venture Partners III, L.P., Morgan Stanley Ventures Investors III, L.P. and The Morgan Stanley Venture Partners Entrepreneur Fund, L.P., respectively. Scott Halsted, a director of RITA, is a general partner of Morgan Stanley Dean Witter Venture Partners. Mr. Halsted disclaims beneficial ownership of the shares held by these entities except to the extent of his proportional interest in the entities.
- (6) Includes 380,397 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.
- (7) Includes 113,637 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.
- (8) Includes 37,500 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.
- (9) Includes 15,156 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002. Also includes 82,219 shares held by The Gordon Russell Trust, of which Mr. Russell is trustee. Mr. Russell disclaims beneficial ownership of the shares held by this entity except to the extent of his proportional interest in the entity. Excludes shares held by entities affiliated with Sequoia Capital, of which Mr. Russell is a former general partner. Mr. Russell disclaims beneficial ownership of such shares except to the extent of his proportional interest in these entities.
- (10) Includes 66,656 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002 and 25,000 shares issuable upon exercise of warrants exercisable within 60 days of February 28, 2002.
- (11) Includes 71,335 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.
- (12) Includes 15,001 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.
- (13) Includes 11,978 shares issuable upon exercise of options exercisable within

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60 days of February 28, 2002.

(14) Includes 19,936 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002.

(15) Includes 839,191 shares issuable upon exercise of options exercisable within 60 days of February 28, 2002 and 25,000 shares issuable upon exercise of warrants exercisable within 60 days of February 28, 2002.

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COMPENSATION OF EXECUTIVE OFFICERS

The following table shows the compensation paid by the Company for services rendered during the Company's three preceding fiscal years to (a) the individual who served as the Company's Chief Executive Officer during the fiscal year ended December 31, 2001, (b) the four other most highly compensated individuals who served as executive officers of the Company during the fiscal year ended December 31, 2001 (the "Named Executive Officers") and (c) a former executive officer whose compensation would otherwise have resulted in his being included as a Named Executive Officer.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Other Annual Compensation (\$)	Restrictive Stock Awards (\$)
		Salary (\$)(1)	Bonus (\$)	(2)		
Barry Cheskin President, Chief Executive Officer and Director	2001	\$ 255,000	\$ 25,500	(3)	\$ 34,674	
	2000	228,000	76,380	(4)	77,569	49,500
	1999	217,000	-		51,000	
Trent Reutiman Vice President, U.S. Sales	2001	91,250	121,838	(5)	6,000	
	2000	-	-		-	
	1999	-	-		-	
Daniel Balbierz Vice President, Research and Development	2001	184,993	27,600	(3)	6,548	
	2000	171,180	42,850	(4)	6,539	12,600
	1999	161,250	-		-	
Ronald Steckel Senior Vice President, Operations	2001	185,000	27,600	(3)	5,770	
	2000	165,300	41,375	(4)	5,762	11,100
	1999	155,625	10,000	(6)	-	
Donald Stewart Chief Financial Officer and Vice President, Finance and Administration	2001	131,042	17,100	(3)	-	
	2000	-	-		-	
	1999	-	-		-	
David Martin Former Vice President, Global Sales	2001	256,582	101,774	(7)	8,400	
	2000	131,260	97,454	(8)	-	
	1999	-	-		-	

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- (1) Includes amounts deferred under our 401(k) plan.
- (2) The value of the restricted stock awards, based on the December 31, 2001 closing price of \$6.67 were as follows:
 - . Barry Cheskin's 49,500 shares of common stock have an aggregate value of \$330,165.
 - . Daniel Balbierz's 12,624 shares of common stock have an aggregate value of \$84,202.
 - . Ronald Steckel's 11,124 shares of common stock have an aggregate value of \$74,197.
- (3) These bonuses were earned in 2001 and paid in 2002.
- (4) These bonuses were earned in 2000 and paid in 2001.

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- (5) Mr. Reutiman earned \$121,838 in sales commissions in 2001. Of this amount, \$102,379 was earned and paid in 2001 and \$19,459 was accrued in 2001 and paid in 2002.
- (6) Mr. Steckel received a \$30,000 signing bonus of which \$10,000 was earned in 1999.
- (7) Mr. Martin earned \$76,774 in sales commissions in 2001. Of this amount, \$57,315 was earned and paid in 2001 and \$19,459 was accrued in 2001 and paid in 2002. Also, he earned and was paid \$25,000 in 2001 relating to his signing bonus (see footnote 8 below).
- (8) Mr. Martin received a \$50,000 signing bonus of which \$25,000 was earned and paid in 2000. Mr. Martin also earned \$72,454 in commissions on sales in 2000 of which \$35,646 was paid in 2000.
- (9) Mr. Cheskin received a \$9,000 auto allowance and \$25,674 in forgiven principal and interest for 2001 on the notes described in footnote (15) below.
- (10) Mr. Cheskin received a \$42,000 housing allowance, which terminated December 31, 2000, a \$9,000 auto allowance, \$928 in relocation reimbursements and \$25,641 in forgiven principal and interest for 2000 on the notes described in footnote (15) below.
- (11) Mr. Cheskin received a \$42,000 housing allowance and a \$9,000 auto allowance. In lieu of his 1999 cash bonus, the board of directors allowed Mr. Cheskin to receive his housing allowance through December 31, 2000.
- (12) Mr. Reutiman received a \$6,000 car allowance in 2001.
- (13) These amounts represent forgiven principal and interest on the notes described in footnote (15) below.
- (14) Mr. Martin received an \$8,400 car allowance in 2001.
- (15) The figures shown represent restricted common stock purchased for \$1.67 per share. Consideration for the shares was provided by each officers in the form of a full recourse note bearing an interest rate of 8% compounded semi-annually. No dividends have been paid on these shares and it is not anticipated that any dividends will be paid in the future. Our right to

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repurchase these shares will lapse with respect to one quarter of the shares on each January 1 from 2001 through 2004, barring earlier termination of employment. One quarter of each officer's note plus accrued interest will be forgiven on each January 1 from 2001 through 2004, provided that the officers are still employed by us. The per share market value of the common stock was \$6.67 on December 31, 2001.

- (16) Mr. Cheskin received \$26,075 in relocation reimbursement in 1999.
- (17) The Company has accrued \$35,000 in relocation expenses for Mr. Stewart, but he has not yet incurred any relocation charges for reimbursement.
- (18) The Company has accrued \$29,167 in severance expenses related to Mr. Martin's termination.

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OPTION GRANTS IN LAST FISCAL YEAR

The following table provides certain information with respect to stock options granted to Named Executive Officers in the last fiscal year out of our 2000 Stock Plan. In addition, as required by Securities and Exchange Commission rules, the table sets forth the hypothetical gains that would exist for the options based on assumed rates of annual compound stock price appreciation during the option term.

Individual Grants (1)						
Name	Number of Securities Underlying	Options Granted	Percent of Total Options Granted to Employees in Fiscal Year 2001 (3)	Exercise Price (\$/sh) (4)	Expiration Date	Potenti at Assu Stock for 5%
Barry Cheskin	160,000	(5)	11.25%	\$6.56	1/25/2011	\$660,33
Trent Reutiman	15,000	(5)	1.05%	\$6.56	1/25/2011	61,90
	1,000	(5)	0.07%	\$4.73	4/24/2011	2,97
	60,000	(5)	4.22%	\$3.10	10/26/2011	116,97
Daniel Balbierz	14,250	(5)	1.00%	\$6.56	1/25/2011	58,81
Ronald Steckel	29,250	(5)	2.06%	\$6.56	1/25/2011	120,71
Donald Stewart	150,000	(5)	10.54%	\$4.73	4/24/2011	446,20
David Martin	11,280	(5) (6)	.79%	\$6.56	1/25/2011	46,55

- (1) No stock appreciation rights were granted to the Named Executive Officers in the last fiscal year. The options have a 10-year term, but are subject to earlier termination in connection with termination of employment.
- (2) The potential realizable value illustrates the value that might be realized upon the exercise of the options immediately prior to the expiration of their terms, assuming the specified compounded rates of appreciation of the market price on the date of grant through the option term, less the exercise price. Actual gains, if any, on stock option exercise are dependent upon a number of factors, including the future performance of the common stock and the timing of option exercises, as well as the optionees'

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continued employment throughout the vesting period. There can be no assurance that the amounts reflected in this table will be achieved.

- (3) The Company granted 1,422,680 options to purchase common stock to employees in the last fiscal year.
- (4) The exercise price may be paid in cash, in shares of common stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same-day sale of the purchased shares.
- (5) Options vest at the rate of 12.5% on the six month anniversary of the vesting commencement date and 2.0833% each month thereafter.
- (6) Of this amount 8,695 options to purchase common stock were no longer exercisable as of December 31, 2001.

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AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth certain information with respect to stock options exercised by the Named Executive Officers during the fiscal year ended December 31, 2001. In addition, the table sets forth the number of shares covered by stock options as of the fiscal year ended December 31, 2001, and the value of "in-the-money" stock options, which represents the positive spread between the exercise price of a stock option and the market price of the shares subject to such option at the end of the fiscal year ended December 31, 2001.

Name	Shares Acquired on	Value	Number of Securities Underlying Unexercised Options at 12/31/2001 (1)		Value of Unexe Money Opt December 31
	Exercise	Realized	Exercisable	Unexercisable	Exercisable
Barry Cheskin	-	-	367,064	120,000	\$1,907,130
Trent Reutiman	-	-	9,853	81,147	21,546
Daniel Balbierz	-	-	100,763	35,737	553,165
Ronald Steckel	40,000	128,800	53,699	51,891	253,341
Donald Stewart	-	-	25,000	125,000	48,500
David Martin	10,000	28,383	71,335	-	344,257

- (1) No stock appreciation rights (SARs) were outstanding during fiscal 2001.
- (2) Based on the \$6.67 per share closing price of the Company's common stock on The Nasdaq Stock Market on December 31, 2001, less the exercise price of the options.

Certain Relationships and Related Party Transactions

Employment Agreements

We have entered into employment agreements with the executive officers set forth below, which provide for the payment of severance or the acceleration of unvested stock, options and warrants in certain circumstances.

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Barry Cheskin. Mr. Cheskin's agreement provides that in the event Mr. Cheskin's employment with us is involuntarily terminated without cause, which would include constructive termination, all unvested shares held by Mr. Cheskin will immediately vest and Mr. Cheskin will receive monthly severance payments, equal to 1/12 of his annual base salary until the earlier of (i) twelve months after his termination date or (ii) such time as he commences full-time employment at another company. In addition, in the event of a change in control of the company, immediately upon consummation of the transaction, seventy five percent (75%) of any unvested shares held by Mr. Cheskin granted prior to the Company's initial public offering will immediately vest.

Ronald Steckel. Mr. Steckel's agreement provides that if we terminate his employment without cause, he will receive continued payment of his base salary for the earlier of (i) six months after his termination date or (ii) such time as he commences full-time employment with another company.

Change of Control Agreements

In addition, we have entered into change of control agreements with our officers that provide the following benefits upon the sale or merger of RITA. In the event that we consummate a change of control transaction, 50 percent of any unvested options held by our officers shall become fully vested and immediately exercisable and repurchase rights retained by us with respect to 50 percent of the restricted stock held by our officers shall immediately lapse. In addition, on each one month anniversary following the effective date of a change of control transaction, 1/12th of the remaining unvested options held by our officers shall become fully vested and immediately

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exercisable and repurchase rights retained by us with respect to 1/12th of any remaining restricted stock held by our officers shall immediately lapse.

If the officer is involuntarily terminated within twelve (12) months of the change of control transaction, all unvested options held by our officers shall become fully vested and immediately exercisable and all repurchase rights retained by us with respect to the restricted stock held by our officers shall immediately lapse. If the officer voluntarily resigns or is terminated for cause after the change of control, then the officer is not entitled to any acceleration of the vesting of options or lapse of repurchase rights with respect to restricted stock.

Separation Agreements

We entered into a separation agreement with David Martin on November 5, 2001. Pursuant to this agreement, in consideration for the release of all claims against the Company, the Company agreed to pay Mr. Martin continued salary for two months and agreed to pay up to two additional months of salary and issue Mr. Martin a warrant to purchase 25,000 shares of common stock if certain goals were achieved. In addition, the Company agreed to allow the vacation accrual and vesting of Mr. Martin's options to purchase shares of common stock granted to him, to continue through December 31, 2001.

We entered into a separation agreement with Russell Johnson on June 29, 2001. Pursuant to this agreement, in consideration for the release of all claims against the Company, the Company agreed to pay Mr. Johnson continued salary for two and one half months. In addition, the Company agreed to allow the vacation accrual and vesting of Mr. Johnson's options to purchase shares of common stock granted to him, to continue through September 14, 2001.

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Indemnification of Directors and Executive Officers

We have entered into indemnification agreements with our officers and directors containing provisions which may require us, among other things, to indemnify our officers and directors against a number of liabilities that may arise by reason of their status or service as officers or directors (other than liabilities arising from willful misconduct of a culpable nature) and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate future filings, including this Proxy Statement, in whole or in part, the Compensation Committee Report, the Audit Committee Report and the Stock Performance Graph shall not be deemed to be incorporated by reference into any such filings.

Other Relationships

Vincent Bucci, a member of our Board of Directors, is the President of Health Policy Associates, Inc. In 2001, Health Associates, Inc. provided consulting services to us in a variety of areas related to U.S. Food and Drug Administration regulations including clinical studies, regulatory affairs and quality assurance. While these services are provided to us on an as-needed basis, yearly invoicing is estimated to total approximately \$100,000.

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Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate future filings, including this Proxy Statement, in whole or in part, the Compensation Committee Report, the Audit Committee Report and the Stock Performance Graph shall not be deemed to be incorporated by reference into any such filings.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The following is a report of the Compensation Committee of the Board of Directors describing the compensation policies applicable to the Company's executive officers during the fiscal year that ended December 31, 2001. The Compensation Committee is responsible for establishing and monitoring our general compensation policies and compensation plans, as well as the specific compensation levels for executive officers. It also makes recommendations to the Board of Directors concerning the granting of options under our 2000 Stock Plan. Executive officers who are also directors have not participated in deliberations or decisions involving their own compensation.

General Compensation Policy

Under the supervision of the Board of Directors, our compensation policy is designed to attract and retain qualified key executives critical to our growth and long term success. It is the objective of the Board of Directors to have a portion of each executive's compensation contingent upon our performance as well as upon the individual's personal performance. Accordingly, each executive officer's compensation package is comprised of three elements: (i) base salary

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which reflects individual performance and expertise, (ii) variable bonus awards payable in cash and tied to the achievement of certain performance goals that the Board of Directors establishes from time to time for the Company and (iii) long term stock-based incentive awards which are designed to strengthen the mutuality of interests between the executive officers and our stockholders.

The summary below describes in more detail the factors which the Board of Directors considers in establishing each of the three primary components of the compensation package provided to the executive officers.

Base Salary

The level of base salary is established primarily on the basis of the individual's qualifications and relevant experience, the strategic goals for which he or she has responsibility, the compensation levels at similar companies and the incentives necessary to attract and retain qualified management. Base salary is adjusted each year to take into account the individual's performance and to maintain a competitive salary structure. Company performance does not play a significant role in the determination of base salary.

Cash-Based Incentive Compensation

Cash bonuses are awarded on a discretionary basis to executive officers on the basis of their success in achieving designated individual goals and our success in achieving specific company-wide goals, such as revenue growth and earnings.

Long Term Incentive Compensation

We have utilized our stock option plans to provide executives and other key employees with incentives to maximize long term stockholder values. Awards under this plan by the Board of Directors take the form of stock options designed to give the recipient a significant equity stake and thereby closely align his or her interests with those of our stockholders. Factors considered in making such awards include the individual's position, his or her performance and responsibilities, and internal comparability considerations. In addition, the Board of Directors has established certain general guidelines in making option grants to the executive officers in an attempt to target a fixed number of unvested option shares based upon each individual's position and his or her existing holdings of unvested options. However, the Board of Directors is not required to adhere strictly to these guidelines and may vary the size of the option grant made to each executive officer as it determines the circumstances warrant.

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Each option grant allows the executive officer to acquire shares of common stock at a fixed price per share (the fair market value on the date of grant) over a specified period of time (up to 10 years). The options typically vest in periodic installments over a four year period, contingent upon the executive officer's continued employment with us. Accordingly, the option will provide a return to the executive officer only if he or she remains in our service, and then only if the market price of the common stock appreciates over the option term.

Compensation of the Chief Executive Officer

Barry Cheskin has served as the Company's President and Chief Executive Officer since May 1997. His base salary for the fiscal year ended December 31, 2001 was \$255,000.

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The factors discussed above in "Base Salaries," "Cash-Based Incentive Compensation" and "Long Term Incentive Compensation" were also applied in establishing the amount of Mr. Cheskin's salary and stock option grant. Significant factors in establishing Mr. Cheskin's compensation were the achievement of the Company's revenue goals, the development and implementation of clinical initiatives designed to demonstrate applicability of our technology to new organs, the commercial launch of our StarBurst XLi family of disposable devices, the launch of a patient information website and the expansion of our direct domestic sales organization and our international distribution network.

Deductibility of Executive Compensation

The Compensation Committee has considered the impact of Section 162(m) of the Internal Revenue Code adopted under the Omnibus Budget Reconciliation Act of 1993, which section disallows a deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for the CEO and four other most highly compensated executive officers, respectively, unless such compensation meets the requirements for the "performance-based" exception to Section 162(m). As the cash compensation paid by the Company to each of its executive officers is expected to be below \$1 million and the committee believes that options granted under the 2000 Stock Plan to such officers will meet the requirements for qualifying as performance-based, the committee believes that Section 162(m) will not affect the tax deductions available to the Company with respect to the compensation of its executive officers. It is the Compensation Committee's policy to qualify, to the extent reasonable, its executive officers' compensation for deductibility under applicable tax law. However, the Company may from time to time pay compensation to its executive officers that may not be deductible.

The Compensation Committee of the Board of Directors of RITA Medical Systems, Inc.:

Vincent Bucci

Scott Halsted

Gordon Russell

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board of Directors currently consists of Vincent Bucci, Scott Halsted and Gordon Russell. No member of the committee or executive officer of the Company has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity.

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AUDIT COMMITTEE REPORT

The Audit Committee of the RITA Board of Directors is composed of two independent directors and one additional director and operates under a written charter adopted by the Board of Directors in May 2000. The members of the Audit Committee are Vincent Bucci, John Gilbert and Gordon Russell. Mr. Gilbert and Mr. Russell are independent as defined by the Nasdaq Marketplace Rules. Mr. Bucci is President of Health Policy Associates, Inc., a regulatory consulting firm that provides consulting services to the Company. The Company has determined that Mr. Bucci's membership on the Audit Committee is in the Company's and its stockholders best interests due to Mr. Bucci's extensive

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experience reviewing and evaluating the financial statements of both public and private healthcare companies.

The Audit Committee recommends to the Board of Directors, subject to stockholder ratification, the selection of an accounting firm to be engaged as the Company's independent accountants. The independent accountants are responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards and to issue a report thereon. Management is responsible for our internal controls and the financial reporting process. The Audit Committee is responsible for monitoring and overseeing these processes.

The Audit Committee held four meetings during the fiscal year 2001. The Audit Committee had a year end meeting in January 2002 with management and our independent public accountants, PricewaterhouseCoopers LLP. Management represented to the Audit Committee that our financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee reviewed and discussed the audited financial statements for fiscal year 2001 with management and the independent accountants.

The Audit Committee discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees.

The Audit Committee has received and reviewed the written disclosures and the letter from the independent accountants, PricewaterhouseCoopers LLP as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. Additionally, the Audit Committee has discussed with PricewaterhouseCoopers LLP the issue of its independence from RITA.

Based on its review of the audited financial statements and the various discussions noted above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

The Audit Committee of the Board of Directors of RITA Medical Systems, Inc.:

Vincent Bucci

John Gilbert

Gordon Russell

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FEES BILLED FOR SERVICES RENDERED BY PRINCIPAL ACCOUNTANT

During the fiscal year ended December 31, 2001, and during 2002 for the Audit Fees, PricewaterhouseCoopers LLP, our independent auditor and principal accountant, billed the fees set forth below.

Audit Fees	\$
Financial Information System Design and Implementation Fees	\$
All Other Fees (tax preparation and consulting)	\$

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return data for the Company's stock since July 27, 2000 (the date on which the Company's stock was first registered under Section 12 of the Securities Exchange Act of 1934, as amended) to the cumulative return over such period of (i) the Nasdaq National Market Composite Index and (ii) the JP Morgan H & Q Healthcare--Excluding Biotechnology Index. The graph assumes that \$100 was invested on July 27, 2000, the date on which the Company completed the initial public offering of its common stock, in the common stock of the Company and in each of the comparative indexes. The graph further assumes that such amount was initially invested in the common stock of the Company at a per share price of \$12.00, the price to which such stock was first offered to the public by the Company on the date of its initial public offering, and reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF 17 MONTH CUMULATIVE TOTAL RETURN*
 AMONG RITA MEDICAL SYSTEMS, INC., THE NASDAQ STOCK MARKET (U.S.) INDEX
 AND THE JP MORGAN H & Q HEALTHCARE-EXCLUDING BIOTECHNOLOGY INDEX

[GRAPH]

. \$100 Invested on 7/27/00 in stock or index-
 including reinvestment of dividends.
 Fiscal year ending December 31.

RITA MEDICAL SYSTEMS, INC. DELAWARE

	Cumulative Total Return				
	7/27/00	9/00	12/00	3/01	6/01
RITA Medical Systems, Inc	100.00	92.97	70.83	29.69	40.
The Nasdaq National Market Composite	100.00	95.27	63.79	47.62	56.
JP Morgan H & Q Healthcare Excluding Biotechnology	100.00	109.12	119.24	107.05	114.

Section 16 Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, our executive officers and persons who own more than 10% of the common stock (collectively, "Reporting Persons") to file initial reports of ownership and changes in ownership of our common stock. Reporting Persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on our review of the copies of such reports received or written representations from certain Reporting Persons that no other reports were required, we believe that during its fiscal year ended December 31, 2001, all Reporting Persons complied with all applicable filing requirements with the exception of the following: Eric Mueninghoff inadvertently failed to timely file

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2. RATIFICATION of the selection of PricewaterhouseCoopers LLP as independent accountants for year ending December 31, 2002.

FOR AGAINST ABSTAIN

3. IN THEIR DISCRETION, ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY ADJOURNMENT(S) THEREOF.
(continued and to be signed on reverse side)

(continued from other side)

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES FOR DIRECTOR NAMED IN PROPOSAL (1) AND FOR PROPOSAL (2) AS DESCRIBED HEREIN, AND WILL CONFER THE AUTHORITY SET FORTH IN PARAGRAPH 3.

Receipt is hereby acknowledged of the Notice of Meeting and Proxy Statement dated May 3, 2002, as well as a copy of the Company's Annual Report for the fiscal year ended December 31, 2001.

Dated: _____, 2002

(signature of stockholder)

Please sign your name exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please give title. Each joint owner is requested to sign. If a corporation, partnership or other entity, please sign by an authorized officer or partner.

Whether or not you plan to attend the Annual Meeting, please complete, date, sign and return this proxy in the envelope provided.

ests with the medium- to long-term interests of shareholders and other stakeholders, assessing the performance not only on an annual basis, but in a longer time frame;

(b) increasing the value of the Company on a sustainable basis, i.e. helping to implement the strategy and objectives of both Luxottica and the Group over time, creating long-term value for all stakeholders and strengthening the Company's reputation;

(c) drawing and motivating qualified professional resources for the pursuit of the objectives of both Luxottica and the Group and motivating these resources to remain with the Group.

2. In particular, the principles which form the basis of decision making on remuneration are:

(a) closely correlating the remuneration opportunities to actual results - both individual and general - of the organization, reflecting and measuring the impact of individual performance on the creation of value for the Company and the Group;

(b) developing a global offer of remuneration opportunities, which can demonstrate the capacity to draw and retain key and deserving resources of the organization of today and tomorrow, according to the principles of equal opportunities, enhancement of individual knowledge and professional skills, equity and non-discrimination as provided for by the Group's Code of Ethics.

3. Global remuneration includes a balanced articulation of monetary components, both fixed and variable, and non-monetary, direct and deferred components, which guarantees that pay-packages move over time alongside sustainable profitability levels.

4. The Remuneration Policy is consistent with the risk management policy of the Group. The full alignment of the Group's remuneration policies, the reference regulatory framework and best practices, as well as the full compliance with the corporate values of transparency and responsibility, are functional to the compliance with the interests of shareholders and also of all the other stakeholders, and also to the continuous strengthening of the Group's reputation and the removal of any conflict of interest. Adopting the Group's remuneration strategy based on the pay-for-performance principle, namely on a direct relationship

between remuneration and results achieved, in fact guarantees that remuneration is not only fair, appropriate and stimulating, but its ultimate purpose is always guaranteeing the creation of medium- and long-term value for all stakeholders, in the perspective of full economic and social sustainability.

3. REMUNERATION COMPONENTS

3.1 Identification of the pay-mix

1. The remuneration available for executive directors (who are also employees of the Company or Group), general managers and executives with strategic responsibilities is comprised of (i) a fixed part (see para. 3.2 below); (ii) a short-term variable part (see para. 3.3 below); and (iii) a possible medium- to long-term variable component (see para. 3.4 below).

2. The guidelines for the composition of the fixed and variable elements of the remuneration package are defined by Human Resources management based on each segment of the employee population.

3. With specific reference to executive directors who are also Company employees, general managers (where appointed) and the executives with strategic responsibilities, the Human Resources Committee defines at the Group level the pay-mix structure, determining its composition in terms of fixed and variable components, consistently benchmarking its conclusions against market trends and internal analysis.

4. Set forth below are the principles on which the remuneration packages are based for the executive directors who are also Company employees and for executives with strategic responsibilities:

(a) balancing the fixed and variable components of the remuneration based on the Company's strategic objectives and consistently with its risk management policy, in addition to the creation of long-term value for all stakeholders and sustainable growth. The variable component normally exceeds the fixed portion;

(b) with reference to the variable component of remuneration:

- establishing a proportionate weighting of the variable remuneration, in order to guarantee the alignment of the actions of executive directors that are also company employees and executives with strategic responsibilities with

business objectives, as well as the shareholders' interests. Therefore, performance assessment parameters linked to profitability and sustainable growth are preferred.

- binding the payment of variable remuneration:

(i) to the achievement of performance targets that must be predetermined, measurable and linked to the creation of value for shareholders in the

medium and long term. In particular, in the case of qualitative objectives, the latter must be accompanied by an *ex-ante* indication of the objective parameters to be considered in the final evaluation, indicating the expected results and the estimator. Each step of the entire process must be written and documented; and

(ii) to the achievement of a threshold value of performance objectives, to be established *ex-ante* (the so-called gate);

- establishing maximum limits for allocation of the variable component of remuneration, usually not exceeding 2x the fixed remuneration;

- providing an adequate accrual period for the long-term variable component (see para. 3.4 below);

(c) supplementing the remuneration package with an adequate offer of benefits, with reference to market standard practices;

(d) minimizing the use of indemnities or other compensation to be stipulated *ex-ante* in the event of resignation, removal from a position, dismissal or termination of employment, without prejudice to the power of the competent boards to authorize agreements in this regard for specific cases;

(e) monitoring and analyzing standard remuneration procedures and best practices implemented in the reference market with the objective of ensuring a total remuneration package that is both as competitive as possible and market aligned.

3.2 Fixed remuneration

The fixed remuneration component is essentially correlated to the significance of the position and therefore linked to professional specialization and the skills required of the individual, as well as related responsibilities and performance achieved over time. The Company consistently monitors market practice with respect to the fixed remuneration components, in order to align itself with best practices and also verifies that remuneration levels are being consistently applied across the Group. Normally, the fixed remuneration component is determined at the time of hiring and, afterwards, any increase by merit for the same position can only be applied against a performance at least aligned with expectations. Executives with strategic responsibilities are also granted allowances for all domestic and foreign travel, in line with the provisions of the reference agreement for executives and the company's complementary agreements.

3.3 Short-term Variable remuneration

1. The variable remuneration component is aimed at rewarding the results achieved by establishing a direct connection between remuneration and short-term performance, consistently with sustainable growth and a risk management policy suitable for guaranteeing the creation of value for all stakeholders in the long term.

2. To strengthen the alignment between management s/employees interests with those of the shareholders and the other stakeholders, the performance measurement is based on the actual results achieved by the Company or Group as a whole, the reference business unit and, of course, the individual.

3. The main instrument used in connection with variable remuneration is the Management by Objectives system (MBO), which is primarily, but not exclusively, used for Group management. Annual incentives reward the achievement of quantitative and qualitative performance objectives, and usually a variable bonus is paid in connection with them.

4. The so-called Key Performance Indicators, as well as the relevant associated performance objectives, are reviewed on a yearly basis by the Human Resources Department, assisted by the Management Control Department, and are submitted for the approval of the Human Resources Committee. These objectives are always defined using objective and measurable parameters, devised in such a way as to neutralize elements or events that may have distorting effects on the incentive system, such as, for instance, extraordinary components that may favor short-term objectives rather than long-term interests.

5. In particular, performance objectives can be linked both to business managerial targets (processes/projects) as well as to organizational development targets (skills, abilities). In any case, the assigned objectives must be:

- **specific:** the goal of each objective that is to be attained must be clearly and factually stated and the expected results must also be identified;
- **measurable:** the expected results are calculated through easily understandable indicators that are based on factual evidence;
- **results-oriented:** objectives must be defined with reference to the Company s and Group s general strategy and long-term objectives;
- **time specific:** intermediate steps and deadlines must be clearly and precisely defined.

6. Normally, the parameters that can be used focus on the Group s economic/financial and operating performance in terms of stability, efficiency, creation of value and sustainability; in particular, the following

parameters stand out:

- (a) consolidated *Earnings per Share* (EPS): a measure resulting from the Group consolidated financial statements and equal to the net profit resulting from the relevant financial statements divided by the average number of the company's outstanding shares;
- (b) *Free Cash Flow*: that is the difference between the monetary cash flow generated by the operations and the outgoing cash flows for investments. This measure is a measurement of the Group's self-financing capacity;
- (c) *Net Sales*: that is the growth of the net turnover in terms of absolute value;

(d) *Sales Comp*: a typical business retail indicator, which enhances the LFL growth of net turnover under conditions of constant foreign exchange rates;

(e) *DOP Divisional Operating Profit* and *OI Operating Income*: both metrics are measurements of profitability, for the wholesale business and the retail business respectively, and are calculated considering the Group's operations only, i.e. including interest, taxes, depreciation and amortization on tangible and intangible assets;

These parameters can be used either individually or as a part of a mix, which can also vary for different managers according to individual roles and responsibilities.

It is also possible that, when defining performance objectives, specific function objectives are used - mostly in connection with the above-mentioned parameters - and also qualitative objectives linked to specific individual performance parameters, based on the specific characteristics of the various positions; this is in order to best align the characteristics of the MBO plan with the features and needs of the different functions in the Company and the Group.

7. Currently, the main performance objective used - which is applied to all executive positions - is the consolidated EPS, which can be supplemented with financial and/or business indicators, and also specific function objectives.

8. When assessing the achievement level of performance objectives, upon the proposal of the Human Resources Committee, restructuring costs from acquisition (if they are not budgeted), as well as costs of reorganization and extraordinary transactions not related to normal operations can be neutralized.

9. Evaluating the performance and communicating the achievement level of assigned objectives is an ongoing process marked by three key dates over twelve months:

(a) definition and communication of the objectives for the year, normally by March of the reference year;

(b) interim performance assessment (normally, mid-reference year), for checking the achievement level of results in the first half of the year and taking any corrective actions;

(c) final performance assessment and communication of the achievement level of assigned objectives (generally, by March of the next year). Objectives are examined by the Human Resources Committee and then shared with the Board of Directors.

10. The payment of variable remuneration is subject to the achievement of a threshold of the pre-established performance objective, be it financial or in any case measurable through factual and objective data to be established ex-ante, and a ceiling on the issue of the variable component of the remuneration is also provided. This ceiling varies according to the role played by the individual in the Company and the Group, his/her skill at achieving

results and the reference market. The variable remuneration target values for management may vary from 30% to 100% of the fixed remuneration. The pay-out ceiling can range from 45% to 200% of the above-mentioned target values. It is also pointed out that changes in the role and responsibility can entail a change in the target percentage.

11. At the end of each fiscal year, the Group Human Resources Department checks the achievement level of assigned objectives based on the final results with the help of the Management Control Department. The variable remuneration level to be paid is normally determined by linear interpolation, in order to have a proportional and accurate growth or drop in the variable remuneration actually paid according to the achievement level of the assigned objective.

12. When defining MBO plans, the Board of Directors can evaluate the introduction of forms to defer the payment of the variable remuneration component, where this is deemed suitable because of the role played by some key figures and their related responsibilities, and also following the approval of the Human Resources Committee.

13. Currently, the variable remuneration component given based on MBO plans is paid the year after the reference year, after taking the final data into account in order to measure the achievement level of performance objectives and, then, to determine the variable remuneration level due to each beneficiary. Current MBO plans, therefore, do not include mechanisms to defer the variable remuneration component over several years. This choice has been taken, *inter alia*, based on the following considerations:

(a) on one hand, it has been considered that MBO plans already include suitable mechanisms - taking the segment of involved population into account - for guaranteeing, in general, the alignment of the beneficiaries objectives and the medium- and long-term interests of shareholders and other stakeholders. First of all, by defining performance objectives based on current operations, neutralizing extraordinary components that might favor short-term results. Secondly, by identifying a single performance objective (currently, consolidated EPS) to be used for all executive positions, of any organizational level, territory, segment and channel, which acts as the basic element of short-term incentives and medium- long-term incentives. In this way, the matching of interests and strategies among the various population segments is promoted in a longer time frame;

(b) on the other hand, it has been considered that the application of the above-mentioned specific deferment mechanisms is particularly meaningful for the strategically most important top managers, for whom other ad hoc retention mechanisms are being applied (see para. 3.4 below).

14. When defining MBO plans, the Board of Directors can also evaluate the introduction of mechanisms or the closing of contractual agreements that specify and regulate the Company's right to claim the refund, in full or in part, of variable remuneration components that were determined based on data that have proved to be clearly wrong.

Starting from the 2015 fiscal year, consistently with the recommendations of the Code of Conduct, specific claw-back mechanisms have been introduced for the short-term remuneration of General Directors and executives with strategic responsibilities. Therefore, if, subsequent to the payment of the short-term variable remuneration of the parties stated above, there are objective circumstances that suggest that the data on which the achievement of the objectives has been based is to be considered clearly wrong, the Company may ask the aforesaid parties, to the extent possible in accordance with applicable regulations, to refund all or part of any amounts paid as MBO. The Company will carry out the assessment regarding if and to what extent the claw-back right is to be exercised, based on: i) the existence of malicious actions or serious misconduct, without which the objectives would not have been reached or such as to compromise their achievement; ii) the seriousness of this conduct; iii) the degree of involvement of the beneficiaries in the events that led to an incorrect assessment of the achievement of the objectives. The claw-back right can be exercised: i) in the event of gross negligence, within and not exceeding three years from the payment of the variable remuneration; and ii) in the event of willful misconduct, within and not exceeding five years from the payment of the MBO.

15. The incentive mechanisms of the Executive Responsible for drawing up corporate accounting documents and the Internal Audit Manager are consistent with the tasks assigned to them. In particular, specific quality parameters are used for the Internal Audit Manager: their definition and assessment is entrusted to the Control and Risk Committee, in order to guarantee full independence and to prevent potential conflicts of interest.

16. It must also be noted that the Executive Responsible for drawing up corporate accounting documents does not receive any specific remuneration for the performance of the activities related to this position, and receives a single payment as Chief Financial Officer.

3.4 Medium to Long-term Variable Remuneration

1. The variable remuneration also has a medium to long-term component, which is mainly aimed at directing the actions of management towards achieving business objectives and retaining Group key personnel (retention).

Medium to long-term incentive plans recognize the organizational role in the Company or the Companies of the Group held by the beneficiaries, the individual performance results achieved by the beneficiary in the previous year and the potential for professional growth within the Group in the medium to long-term. More specifically, the following elements are assessed: (i) the ability of the single beneficiary to contribute to the development of the Company and the Group; (ii) the professional competence and the role held in the Company's organizational structure; (iii) the level of his/her total remuneration; and (iv) the specific retention needs.

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In any case, in order to guarantee an adequate retention level and a proper alignment with the medium to long-term objectives of the Company and the Group, as well as of the

shareholders and other stakeholders, it has been arranged that the medium to long-term variable remuneration is usually paid to the beneficiaries both via incentive plans based on financial instruments and via monetary retention plans only after an adequate accrual period has passed. For incentive plans based on financial instruments, shares are always allocated after a certain vesting period has passed, usually three years, from the allocation of the units or option rights.

2. The long-term incentives system can take the form of two categories:

I) **Monetary or long-term retention plans:** in consideration of the frame of reference, current market trends and the implementation of management policies of the Human Resources Department that are being aimed more and more at retaining and motivating high-value executives within the organization that stand out due to their high level of professionalism and their particular degree of criticality for the business, starting from 2016 the Company has reserved the right, subject to the approval of the Human Resources Committee and subsequently, for the executive Directors of the Company, the approval of the Board of Directors, to offer a long-term retention bonus with deferred payment, based on the assessment of particularly outstanding individual performance that is a key factor in the sustainability of results over time.

These bonuses, whose main objective is the pursuit of the retention of key resources within the organization and which are applied over a period of several years, therefore make a substantial contribution not only to the achievement of the mission of the Group over time, but also to the creation of long-term value for all company stakeholders, be they internal or external, and to the prevention of the assumption of excessive risk that could be caused by the pursuit of objectives and approaches that are exclusively short-term, and thus guarantee the sustainability of company results.

It must also be noted that the remuneration from retention bonuses such as those described above must in any case be limited in number and total amount, in order to avoid compromising the financial solidarity of the Company and the Group through the assumption of excessive risk, also in the long-term.

Furthermore, all the extraordinary items that may favor short-term results rather than the creation of value in the medium to long-term will be neutralized in the structuring and subsequent allocation of monetary retention plans.

II) **Remuneration plans based on financial instruments,** whose objective is to align the interests of beneficiaries, shareholders and other stakeholders by rewarding the creation of long-term value. In particular, the Company has usually adopted the following tools from among the various types of remuneration plans:

(a) **Performance Shares Plan** (called Stock Grant plans) granting units, that is the right to receive Luxottica shares based on the achievement profitability and solidity

objectives of the Group accumulated over several years; and

- (b) Stock Option Plans granting option rights for the subsequent subscription of Luxottica shares.

Details about Luxottica's current plans are described in related documentation published as required by law.

When defining plans based on financial instruments, the Board of Directors can arrange the following, from time to time, for all or some of the beneficiaries:

- (a) the prohibition to transfer - for a predetermined period of time - the shares assigned to them; and/or
- (b) deferred payments systems; and/or
- (c) *ex post* correction systems.

On April 29, 2013, the Ordinary Meeting of Stockholders approved the Performance Shares Plan 2013-2017. This plan provides that beneficiaries, selected by the Board of Directors from among the employees of the Company and the Group, will be granted rights (Units) for the free-of-charge allocation of Luxottica shares, provided that, consolidated EPS (Earnings Per Share) targets defined by the Board of Directors are cumulatively reached over a three-year reference period. In the event of the failure to reach the minimum target level of performance objectives (the so-called gate), the beneficiary will accrue no right to be allocated any shares. If, instead, targets were overreached (the so-called over-performance), the ceiling of 120% of the fixed target would apply. According to the Performance Shares Plan 2013-2017, the Board of Directors is allowed, from time to time, to forbid all or some of the beneficiaries from selling a portion of the allocated shares for a pre-determined period. This share retention mechanism was therefore applied starting from the allocation of the shares of the Performance Shares Plan 2013-2017, which occurred in 2015, and involved the units allocated to the Managing Directors and executives with strategic responsibilities. If, therefore, on the date of allocation of the Shares the beneficiary still holds the office of executive director or executive with strategic responsibilities , one third of the allocated shares will be subject to a non-transferability clause until the final date of termination of the mandate as executive director of the Company, including any renewals, and in the case of Executives with Strategic Responsibilities, until the third year subsequent to the allocation date.

On the other hand, no deferred payment mechanisms have been planned. In fact, it is considered that this plan already includes suitable retention and medium- to long-term interest alignment measures, since it provides for a three-year vesting for the allocation of shares to the Company and a method to calculate the consolidated EPS (matching the provisions of par. 3.3 above), which neutralizes extraordinary income components that may enhance short-term results.

For events not specifically regulated by the Regulations of the Performance Shares Plan

2013-2017, such as extraordinary transactions involving Company equity, for instance mergers, demergers and reduction in equity due to losses by cancelling shares, or legislative or regulatory amendments or other events, including managerial events, such as, by way of example, any amendments to the accounting principles used to draw up the financial statements, which may affect the EPS Target and/or the Plan, the Board of Directors, at its discretion and in any event within the limits permitted by the laws in force from time to time, will assess and therefore, if necessary, adopt the possible amendments and additions to be made to the Regulations and/or the Units allocated, including, for example, the EPS Target or assignable Shares, considered necessary or appropriate to ensure the substantial and economic content of the Plan is unchanged. To date, no further ex-post correction mechanisms have been planned.

Lastly, existing Stock Option Plans (in this connection, it is pointed out that the last Stock Option Plan was assigned by the Company in 2012): (a) generally provide for a suitable vesting period after which options may be exercised (not shorter than three years); (b) the exercise of options may also depend on the achievement of specific performance objectives defined according to the mid- and long-term objectives of the Company and the Group (such as consolidated EPS or Earnings per Share).

3. The Internal Audit Manager is not included in the long-term incentive plans based on financial instruments, be they Stock Option Plans or Performance Shares Plans, but rather in long-term incentive plans that consist of cash bonuses, deferred over a period of three years and unconnected with the Company's results.

3.5 *Benefits and insurance coverage (i.e. social security or pension schemes), in addition to compulsory coverage*

With the objective of providing a global remuneration offer that is as competitive and aligned with the best practice available in the local markets as possible, the remuneration package of executive managers, other executives with strategic responsibilities and senior managers is supplemented with fringe benefits (like, for instance, a company car), with the purpose of supplementing the remuneration package with components in kind that are consistent with the status of the beneficiary, as well as complementary insurance policies (like, for instance, supplementary health insurance), whose aim is protecting the well-being of the beneficiary in a broad sense, i.e. the so-called perquisite. In addition to life insurance coverage and coverage against non-work related accidents as provided for by the National Collective Labor Agreement, the registration in a fund for the reimbursement of supplementary health expenses is offered, in addition to the fund provided for by the National Collective Labor Agreement. Then, additional fringe benefits, like, for instance, housing, schooling and so on, can be given in the case of specific tasks, like, for instance, missions abroad.

It is to be noted that non-monetary benefits, as well as insurance, social security and pension coverage, are also paid internationally according to market practice and in

compliance with the local rules in force from time to time.

In line with best practices, a policy that covers civil liability against third parties of the corporate boards (including the Board of Statutory Auditors), General Managers, executives with strategic responsibilities, senior managers and other managers (the so-called D&O Directors & Officers Liability) has also been stipulated. This is in order to hold the above-mentioned subjects harmless from any liability for damages resulting from the exercising of their respective functions (excluding the cases of fraud and serious misconduct).

3.6 Compensation in the event of resignation, dismissal or termination of the employment relationship

3.6.1 The Company may agree on special treatment with respect to the termination of office or employment for individual executive directors employed by the Company, or general managers (where appointed) or other executives with strategic responsibilities, if it is deemed appropriate in order to attract and retain particular professional resources, and also in connection with the important role played in the structure of the Company and/or the Group.

3.6.2 Any agreement must be prepared in accordance with reference benchmarks on the subject and within the limits defined by case law and the standard practices in the country in which the agreement is concluded.

3.7 Non-competition agreements and prohibition on solicitation

3.7.1 The Group provides for the possibility of entering into non-competition agreements or prohibitions on soliciting employees, partners and customers of the Company or other Companies of the Group with directors, general managers, executives with strategic responsibilities and senior managers at the end of their mandate or employment.

3.7.2 In accordance with case law and standard practice, these agreements may provide for payment of remuneration proportional to the Gross Annual Income (GAI), related to the duration and the extent of the restriction imposed by the agreement itself.

3.7.3 The non-competition obligation refers to the product sector in which the Group operates at the time of entering into the agreement as well as the geographic limits; the extent of the obligation also will vary depending on the position held by the individual at the time of termination of the employment relationship.

3.7.4 It is to be noted that the prohibition on solicitation is subject to a time limit, usually 24 months.

3.8 Other forms of discretionary, occasional and nonrecurring remuneration

Monetary bonuses that occasionally reward results or performance not included in the short- and long-term variable remuneration components may be provided for through discretionary, one-off bonuses and considerations. In a pay-for-performance perspective, it is, in fact, believed that the payment of one-off money considerations to particularly outstanding strategic managers, because of their exceptional individual contributions, is an important method of differentiation and merit-based selection and, therefore, a way of retaining high-value resources. The assessment of such results and the corresponding bonuses and considerations are subject to the prior examination of the Human Resources Committee and then, for Directors employed by the Company, of the Board of Directors.

4. THE REMUNERATION OF THE DIRECTORS

4.1 The basic remuneration of directors

In accordance with the law and the articles of association, the remuneration paid to directors for the positions they hold is determined by the Meeting of Stockholders, and may include either the aggregate amount of remuneration to be paid or specific details on how it is to be divided among the directors. The members of the Board of Directors are entitled to reimbursement of any expenses incurred by reason of their position.

4.2 The remuneration of directors performing special duties

1. The remuneration of directors performing special duties is determined by the Board of Directors, on the proposal of the Human Resources Committee, at the time of their appointment or in the first meeting following their appointment, or in any case after their appointment.

2. In particular, the Board of Directors can decide, with the approval of the Board of Statutory Auditors, to award additional remuneration supplementing the fixed remuneration that is generally determined at the Ordinary Meeting of Stockholders for the directors performing special duties at the time of their appointment (see para. 4.1 above).

3. Therefore, the remuneration of directors performing special duties can be composed of: (i) an annual fixed component, which may take the special duties of the directors into consideration; and (ii) in the case of directors who are entrusted with specific tasks, a medium- to long-term variable component. For executive directors that are also employees of the Company, the variable remuneration component follows the above-mentioned provisions (see para. 3.3 and 3.4).

4. In several cases, special positions held in companies controlled by Luxottica involve the allocation of remuneration due to the commitment required.

4.3 The remuneration of non-executive directors

1. The remuneration of non-executive directors is not linked to the achievement of specific performance objectives on the part of the Company. Furthermore, these directors are not

the recipients of medium to long-term incentive plans.

2. The non-executive directors that are members of the committees set up within the Board of Directors (namely, the Human Resources Committee and the Control and Risk Committee) receive additional remuneration for these positions, which is determined by the Board of Directors, subject to the approval of the Board of Statutory Auditors.

3. The additional remuneration allocated according to the above procedure is awarded on the recommendation of the Human Resources Committee, where it is clearly understood that in this case each director abstains from voting on the proposals regarding his/her own remuneration.

4.4 The remuneration of executives with strategic responsibilities

1. The identification of the most significant members of staff is carried out by the Board of Directors. The group of executives with strategic responsibilities includes the top managers in Italy and abroad.

2. For executives with strategic responsibilities, the annual variable remuneration (made up of MBO and LTI incentive plans, according to the statements above) represents a significant part of overall remuneration: as a general rule, the percentage represented by the variable remuneration of total remuneration may vary between 50% and 70%.

The Remuneration Policy set forth above differs slightly from the version submitted to the advisory vote of the General Meeting of Stockholders held on April 24, 2015, aimed at reducing the effect of medium to long-term variable remuneration on the allocation of financial instruments in favor of variable remuneration instruments based on the payment of monetary benefits.

SECTION II

INFORMATION ON REMUNERATION

1. **DESCRIPTION OF REMUNERATION**

The components that comprise the remuneration paid, for any reason and in any form, during the 2015 fiscal year in favor of the following persons are listed by name below: (i) the members of the Board of Directors; (ii) the General Manager of Central Corporate Functions; and (iii) the members of the Board of Statutory Auditors; the same information is provided in the aggregate for the other executives with strategic responsibilities.

The Meeting of Stockholders of April 24, 2015 appointed the Board of Directors and the Board of Statutory Auditors that will remain in office for three years, until the approval of the financial statements as at December 31, 2017. The following section of this Report provides information on all the people that have held the office of Director or Statutory Auditor also for only part of the fiscal year; unless specified otherwise, the offices indicated in the following paragraph have been held for the whole of 2015.

1. **Leonardo Del Vecchio** (Chairman of the Board of Directors) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration for acting as Chairman of the Board in accordance with article 2389, paragraph 3, of the Italian Civil Code.

2. **Luigi Francavilla** (Vice-Chairman of the Board of Directors) received: (i) basic remuneration as a director of Luxottica; (ii) additional remuneration for acting as Vice-Chairman of the Company in accordance with article 2389, paragraph 3, of the Italian Civil Code; and (iii) remuneration for acting as Chairman of the subsidiary company, Luxottica S.r.l.

3. **Massimo Vian** (CEO for Product and Operations; also holding the office of CEO for Markets ad interim until January 19, 2015) received: (i) basic remuneration as a director of Luxottica; (ii) additional remuneration for acting as CEO of the Company in accordance with article 2389, paragraph 3, of the Italian Civil Code; (iii) fixed remuneration as a manager employed by the Company; (iv) MBO variable remuneration for 2015; and (v) supplementary accident insurance and other non-monetary benefits.

On March 2, 2015, Mr. Vian was awarded 20,000 shares pursuant to the 2012 Performance Shares Plan. During 2015, he was designated as a beneficiary of the ordinary and extraordinary allocation of shares under the 2015 Performance Shares Plan incentive plan and was awarded a total of 134,400 shares.

4. **Adil Mehboob-Khan** (Director since January 19, 2015; since January 19, 2015 CEO for Markets; ceased on January 29th 2016) received: (i) basic remuneration as a director of Luxottica; (ii) additional remuneration for acting as CEO of the Company in accordance with article 2389, paragraph 3, of the Italian Civil Code; (iii) fixed remuneration as a manager employed by the Company; (iv) MBO variable remuneration for 2015; and (v) supplementary accident insurance and other non-monetary benefits. (vi) an Entry Fee as CEO of the Company.

During 2015 he was designated as a beneficiary of the extraordinary allocation of shares under the 2015 Performance Shares Plan incentive plan and was awarded a total of 327,600 shares.

5. **Marina Brogi** (Director since April 24, 2015 and member of the Human Resources Committee) received: basic remuneration as a director of Luxottica; (ii) additional remuneration as member of the Committee.

6. **Luigi Feola** (Director since April 24, 2015) only received the basic remuneration as a director of Luxottica.

7. **Elisabetta Magistretti** (Director confirmed by the Meeting of Stockholders of April 24, 2015, member of the Control and Risk Committee until April 24, 2015 and from this date Chairwoman of the aforesaid committee) received: (i) basic remuneration as a director of Luxottica; (ii) additional remuneration as member of the Committee. Since April 24, 2015 has received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as Chairwoman of the Control and Risk Committee.

8. **Mario Notari** (Director since April 24, 2015 and member of the Human Resources Committee) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Committee.

9. **Maria Pierdicchi** (Director since April 24, 2015) only received the basic remuneration as a director of Luxottica.

10. **Karl Heinz Salzburger** (Director since April 24, 2015) only received the basic remuneration as a director of Luxottica.

11. **Luciano Santel** (Director since April 24, 2015 and member of the Control and Risk Committee) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Committee.

12. **Cristina Scocchia** (Director since April 24, 2015 and member of the Control and Risk Committee) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Committee.

13. **Sandro Veronesi** (Director since April 24, 2015) only received the basic remuneration as a director of Luxottica.

14. **Andrea Zappia** (Director since April 24, 2015 and Chairman of the Human Resources Committee) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as Chairman of the Human Resources Committee.

15. **Mario Cattaneo** (Director and Chairman of the Control and Risk Committee until April 24, 2015) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as Chairman of the Committee.

16. **Claudio Costamagna** (Director and Chairman of the Human Resources Committee until

April 24, 2015) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as Chairman of the Human Resources Committee.

17. **Claudio Del Vecchio** (Director until April 24, 2015) only received the basic remuneration as a director of Luxottica.

18. **Marco Mangiagalli** (Director, member of the Control and Risk Committee and member of the Human Resources Committee, in office until April 24, 2015) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Control and Risk Committee and the Human Resources Committee.

19. **Anna Puccio** (Director and member of the Human Resources Committee, in office until April 24, 2015) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Human Resources Committee.

20. **Marco Reboa** (Director and member of the Control and Risk Committee, in office until April 24, 2015) received: (i) basic remuneration as a director of Luxottica; and (ii) additional remuneration as member of the Committee.

21. **Francesco Vella** (Chairman of the Board of Statutory Auditors) received the remuneration for his position as statutory auditor of Luxottica that was set at the Meeting of Stockholders.

22. **Alberto Giussani** (statutory member of the Board of Statutory Auditors) received remuneration for his position as statutory auditor of Luxottica that was set at the Meeting of Stockholders at the time of his appointment.

23. **Barbara Tadolini** (statutory member of the Board of Statutory Auditors) received remuneration for her position as statutory auditor of Luxottica that was set at the Meeting of Stockholders at the time of her appointment, as well as remuneration as for her position as statutory auditor of the subsidiary company Salmoiraghi & Viganò S.p.A.

24. During 2015 sixteen managers held positions with strategic responsibilities, also for only part of the year. The information on these managers is given below and in the following tables. For the sake of completeness, it is to be noted that in its meeting on January 19, 2015, the Board of Directors identified nine executive positions with

strategic responsibilities.

25. The following remuneration was paid to the **executives with strategic responsibilities**, including those that held the positions for only part of the year:

(a) With regard to the 10 executives with strategic responsibilities **employed by the Company:**

- these executives received: (i) fixed remuneration as executives of Luxottica; (ii) variable MBO remuneration for 2015; (iii) other non-monetary benefits; (iv) severance indemnity for end of office or termination of employment;

- a total of 290,200 rights were allocated to 9 of them under the 2015 Performance Share Plan incentive plan;
- upon the recommendation of the Human Resources Committee, the Board of Directors of Luxottica awarded a total of 88,000 Luxottica shares to 6 executives with strategic responsibilities employed by the Company on March 2, 2015, having verified that EPS objectives were satisfied in the 2012-2014 three-year period of reference set forth in the 2012 Performance Share Plan;
- during 2015, 2 executives exercised 40,000 options under the Stock Option Plans;

(b) with regard to 6 executives with strategic responsibilities **employed by subsidiary companies:**

- these executives received: (i) fixed remuneration as executives of Luxottica; (ii) variable MBO remuneration for 2015; (iii) other non-monetary benefits; (iv) severance indemnity for end of office or termination of employment;
- a total of 49,200 rights were allocated to 4 of them under the 2015 Performance Share Plan incentive plan;
- upon the recommendation of the Human Resources Committee, the Board of Directors of Luxottica awarded a total of 90,000 Luxottica shares to 6 executives with strategic responsibilities employed by the Company on March 2, 2015, having verified that EPS objectives were satisfied in the 2012-2014 three-year period of reference set forth in the 2012 Performance Share Plan;
- during 2015, no executive exercised any options under the Stock Option Plans.

26. It is to be noted that the remuneration described in this report for fiscal year 2015 was determined in conformity with the Remuneration Policy submitted to the Ordinary Meeting of Stockholders on April 24, 2015.

27. For more details on the remuneration paid, please refer to the tables below; whereas for more details on the incentive plans approved by the Company, please see the documents and regulations published in the Company/Governance/Remuneration/Incentive Plans section of the Company's website www.luxottica.com.

2. INFORMATION ON THE CONSEQUENCES OF THE TERMINATION OF EMPLOYMENT OR POSITION OF DIRECTOR AND THE EXISTENCE OF SPECIAL AGREEMENTS WITH DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

1. On January 19, 2015 the Board of Directors approved the agreements aimed at regulating

the consequences of the termination of the employment relationship existing between the Company and Adil Mehboob-Khan, CEO for Markets, and Massimo Vian, CEO for Product and Operations respectively.

If the Company withdrew the existing employment of Adil Mehboob-Khan, with the exception of termination for just cause or due to non-fulfilment, the following amounts were to be paid: (a) a gross amount equal to EUR 9,000,000 for termination in the first year of employment; (b) a gross amount equal to EUR 7,000,000 for termination in the second year of employment; (c) a gross amount equal to EUR 3,000,000 for termination in the third year of employment and thereafter. In the event of the termination of employment, the agreement also provided for a 24-month non-competition and non-solicitation agreement, remunerated with a gross payment of EUR 1,000,000. This amount was to be paid in deferred equal instalments on a quarterly basis starting from the date of termination of the employment relationship.

Therefore, due to the termination of the directorship existing with the Company and the closing of the employment relationship, which occurred on January 29 and February 29, 2016 respectively, Adil Mehboob-Khan was paid a redundancy package equal to a gross amount of EUR 6,800,000, as well as a gross amount of EUR 200,000 as a general novation transaction and severance indemnity.

Furthermore, Adil Mehboob-Khan was also paid the short-term variable remuneration for the year 2015.

Adil Mehboob-Khan did not retain any rights over the long-term incentive plans previously assigned. Furthermore, the non-competition obligations and the prohibition on the solicitation of staff and associates were not enforced by the Company in relation to the agreement entered into at the time of Mr. Kahn's hire.

If the Company withdrew the existing employment of Massimo Vian, with the exception of termination for just cause or due to non-fulfilment, a gross amount equal to EUR 3,000,000 for termination was to be paid. In the event of the termination of employment, the agreement also provided for a 24-month non-competition and non-solicitation agreement, remunerated with a gross payment of EUR 500,000. This amount was to be paid in deferred equal installments on a quarterly basis starting from the date of termination of the employment relationship.

The termination for any reason of the employment relationship regulated by the agreement constitutes just cause for revocation from the office of director of the Company, without any compensation or indemnity.

2. The termination of general employment or of a position as a Director of the Company is treated as follows with respect to the incentive plans assigned by Luxottica pursuant to article 114-*bis* of The Italian Consolidated Finance Law:

- as a rule, for ordinary Stock Option Plans, which are not dependent on the achievement of specific performance objectives, the allocated option rights expire when the Company informs the beneficiary that his or her employment is terminated with just cause or for a

subjective justified reason or, in the event of disciplinary action that may lead to dismissal, at the time of receipt of notification thereof. Additionally, these rights expire on the day that a beneficiary informs the Company of his/her withdrawal from employment. During the notice period, the possibility of exercising option rights which have vested during this period is expressly excluded;

- vested options are exercisable subsequent to the termination of employment in the following cases: termination of employment for reasons other than those stated in the previous paragraph (that is, by way of example but not limited to, in the case of: (i) consensual termination of employment; or (ii) withdrawal from employment on the part of the Company for a justified objective reason: in these cases the options can be exercised as a rule within 90 days from the termination of employment. Once this period has elapsed, the rights expire), retirement on grounds of age, unfitness to work and death; with regard to the Performance Share Plan, in the event of (i) voluntary resignation without just cause; or (ii) dismissal for just cause or based on a subjective justified reason, the beneficiary will forfeit the right to be assigned all the Units and any right to the assignment of the shares. On the other hand, in the event of (i) resignation by a beneficiary who meets the legal requirements for a pension; (ii) a permanent disability preventing the beneficiary from continuing the relationship or employment; (iii) death; and (iv) dismissal without cause or not based on a subjective reason, the beneficiary (or his/her heirs or legal successors) will be entitled to retain a number of Units (or assigned shares) calculated in proportion to the duration of the relationship. It is clearly understood that the Board of Directors reserves the right to derogate from the abovementioned provisions allowing, for example, all or part of awarded Units to be kept or shares or a substitutive amount to be awarded, in part or in full, even when the applicable conditions have not been met, and on the basis of specific agreements with the individual beneficiaries, for the Units to be forfeited also in the cases where the latter would be entitled to keep them according to the general rules stated above;

- for more details, please refer to the documents and regulations published under the Company/Governance/Compensation/Incentive Plans section of www.luxottica.com.

3. SUMMARY OF THE ACTIVITIES OF THE HUMAN RESOURCES COMMITTEE IN 2015

1. The Human Resources Committee met 5 times in 2015, with meetings lasting an average of approximately seventy-five minutes. The Chairman of the Board of Statutory Auditors or one Statutory Auditor attended three of the aforesaid meetings.

The meetings were duly recorded by the Group Human Resources Officer, who acts as Secretary of the Committee. In 2015 the Committee performed the following activities, making recommendations to the Board of Directors, where appropriate:

- Definition of the Corporate 2015 objectives related to the short-term incentive plan (MBO) for top and

senior management and of the cumulative 2015-2017 EPS target related to the long -term incentive plan (PSP 2015) for top and senior management;

- Final calculation of the Corporate 2014 objectives related to the short-term incentive plan (MBO) for top and senior management and final calculation of the cumulative 2012-2014 EPS target related to the long-term incentive plan (PSP 2012) for top and senior management;
- Examination of the global Succession Management and Leadership Planning process, as well as the related schedule for 2015 and summary document related to the annual process;
- Introduction, starting from the 2015 fiscal year, of specific claw-back mechanisms for the short-term variable remuneration of General Managers and Executives with Strategic Responsibilities;
- Introduction of the minimum holding clause with reference to the Ordinary and Extraordinary PSP 2015 incentive plans;
- Proposal to amend the Regulations of the Human Resources Committee;
- Presentation of Compensation Market Practices, with special reference to the main European trends on the remuneration of Top Executives;
- Examination of Operations with Related Parties according to the Procedure adopted by the Company in matters of the assignment of remuneration and benefits to the members of the administration and control boards and executives with strategic responsibilities. In this capacity, the Committee examined the agreements listed below:
- Retention of LTI incentive plans (Performance Share Plans) in the event of termination of the employment relationship;
- Review of the remuneration to be paid in the event of the termination of the employment relationship with the two CEOs;
- Information on the termination of the employment relationship with one Executive with Strategic Responsibilities;

- Examination and assessment of the Entry Fee of the CEO for Markets;

 - Assessment of the proposals related to the compensation of directors that hold special positions, as well as members of the Control and Risk Committee and the Human Resources Committee;

 - Assessment and approval of the allocation of a bonus in the form of the awarding of free treasury shares of the Company to all employees of the Italian companies of the Group, on the occasion of the 80th birthday of Mr. Leonardo Del Vecchio, Chairman and Founder of the Group;

 - Remuneration proposals for 3 key executives.
2. The Board of Directors approved a special allocation amounting to EUR 25,000 for the year 2015 in order to provide the Committee with adequate financial resources to carry out its duties.

Table 1 Remuneration paid to directors, auditors, general managers and executives with strategic responsibilities (in euros)

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	
Name and Surname	Office	Term in office	Expiration	Fixed remuneration	Remuneration for Committee Participation	Variable non-equity remuneration Bonuses and other incentives	Profit-sharing	Non-cash benefits	Other remuneration	Total
Leonardo Del Vecchio	Chairman	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017							
				1,158,070(1)						1,158,070
				1,158,070						1,158,070
Luigi Francavilla	Vice Chairman	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017							
				153,292(2)						153,292
				657,060						657,060
				810,352						810,352
Massimo Vian	CEO for Product and Operations	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017							
				1,110,776(3)		1,365,550(4)		44,654		2,520,980
				1,110,776		1,365,550		44,654		2,520,980
Adil Mehboob-Khan	CEO for Markets	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017							
				11,763,034(5)		1,701,450(6)		50,514		13,514,998
				11,763,034		1,701,450		50,514		13,514,998

Marina Brogi	Director	April 24, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				68,611	17,153(7)	85,764
(II) Remuneration paid by subsidiary or affiliate companies						
(III) Total				68,611	17,153(7)	85,764
Luigi Feola	Director	April 24, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				68,611		68,611
(II) Remuneration paid by subsidiary or affiliate companies						
(III) Total				68,611		68,611
Elisabetta Magistretti	Director	January 1, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				95,292	35,292(8)	130,584
(II) Remuneration paid by subsidiary or affiliate companies						
(III) Total				95,292	35,292(8)	130,584
Mario Notari	Director	April 24, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				68,611	17,153(9)	85,764
(II) Remuneration paid by subsidiary or affiliate companies						
(III) Total				68,611	17,153(9)	85,764
Maria Pierdicchi	Director	April 24, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				68,611		68,611
(II) Remuneration paid by subsidiary or affiliate companies						
(III) Total				68,611		68,611
Karl Heinz Salzburger	Director	April 24, 2015 - December 31, 2015	Approval of financial statements for 2017			
(I) Remuneration paid by the Company				68,611		68,611
(II) Remuneration paid by subsidiary or						

affiliate companies				
Luciano Santel	Director	April 24, 2015 -December 31, 2015	Approval of financial statements for 2017	
(II) Remuneration paid by subsidiary or affiliate companies				
Cristina Scocchia	Director	April 24, 2015 -December 31, 2015	Approval of financial statements for 2017	
(II) Remuneration paid by subsidiary or affiliate companies				
Sandro Veronesi	Director	April 24, 2015 -December 31, 2015	Approval of financial statements for 2017	
(II) Remuneration paid by subsidiary or affiliate companies				
Andrea Zappia	Director	April 24, 2015 -December 31, 2015	Approval of financial statements for 2017	
(II) Remuneration paid by subsidiary or affiliate companies				
Mario Cattaneo	Director	January 1, 2015 -April 24, 2015	Approval of financial statements for 2015	
(II) Remuneration paid by subsidiary or affiliate companies				
Claudio Costamagna	Director	January 1, 2015- April 24, 2015	Approval of financial statements for 2015	
(I) Remuneration paid by the Company		26,917	9,500(14)	36,417

(II) Remuneration paid by subsidiary or affiliate companies			
Claudio Del Vecchio	Director	January 1, 2015 -April 24, 2015	Approval of financial statements for 2015
(II) Remuneration paid by subsidiary or affiliate companies			
Marco Mangiagalli	Director	January 1, 2015 -April 24, 2015	Approval of financial statements for 2015
(II) Remuneration paid by subsidiary or affiliate companies			
Anna Puccio	Director	January 1, 2015 -April 24, 2015	Approval of financial statements for 2015
(II) Remuneration paid by subsidiary or affiliate companies			
Marco Reboa	Director	January 1, 2015 -April 24, 2015	Approval of financial statements for 2015
(II) Remuneration paid by subsidiary or affiliate companies			
Francesco Vella	Chairman of the Board of Statutory Auditors	January 1, 2015 -December 31, 2015	Approval of financial statements for 2017
(II) Remuneration paid by subsidiary or affiliate companies			
Alberto Giussani	Statutory Auditor	January 1, 2015 -December 31, 2015	Approval of financial statements for 2017
(I) Remuneration paid by the Company		70,000	70,000

(II) Remuneration paid by subsidiary or affiliate companies						
Barbara Tadolini	Statutory Auditor	January 1, 2015-December 31, 2015	Approval of financial statements for 2017			
(II) Remuneration paid by subsidiary or affiliate companies				18,000(18)		18,000
Executives with strategic responsibilities 10 employees of the Company						
(II) Remuneration paid by subsidiary or affiliate companies						
Executives with strategic responsibilities 6 employees of subsidiary companies						
(II) Remuneration paid by subsidiary or affiliate companies				2,622,580	1,820,864(21)	4,443,444 2,287,737 868,966

- (1) EUR 95,292 paid as Director and EUR 1,062,778 paid as Chairman of the Board of Directors.
- (2) EUR 95,292 paid as Director and EUR 58,000 paid as Vice-Chairman of the Board of Directors.
- (3) EUR 95,292 paid as Director, EUR 415,484 paid as CEO and EUR 600,000 paid as an employee.
- (4) Variable non-equity remuneration paid because of the employment contract and for the position as Director.
- (5) EUR 95,292 as a Director, EUR 9,666,129 paid as CEO and EUR 2,001,613 paid as an employee. It is to be noted that following the termination of the employment relationship with the Company starting from February 29, 2016, Adil Mehboob-Khan did not retain any rights over the long-term incentive plans previously assigned.
- (6) Variable non-equity remuneration paid only because of the employment contract and for the position as Director.
- (7) Remuneration paid as member of the Human Resources Committee in office since April 24, 2015.
- (8) Remuneration paid as member of the Control and Risk Committee and from April 24, 2015 as Chairman of the Committee.
- (9) Remuneration paid as member of the Human Resources Committee in office since April 24, 2015.
- (10) Remuneration paid as member of the Control and Risk Committee since April 24, 2015.
- (11) Remuneration paid as member of the Control and Risk Committee since April 24, 2015

- (12) Remuneration paid as Chairman of the Human Resources Committee until April 24, 2015.
- (13) Remuneration paid as Chairman of the Control and Risk Committee until April 24, 2015.
- (14) Remuneration paid as Chairman of the Human Resources Committee until April 24, 2015.
- (15) Remuneration paid as member of the Control and Risk Committee and Human Resources Committee until April 24, 2015.
- (16) Remuneration paid as member of the Human Resources Committee until April 24, 2015.
- (17) Remuneration paid as member of the Control and Risk Committee until April 24, 2015.
- (18) Remuneration paid as statutory auditor in the subsidiary company Salmoiraghi&Viganò.
- (19) Variable non-equity remuneration paid because of the employment contract and for the position as Director.
- (20) Variable non-equity remuneration paid because of the employment contract and for the position as Director.

(21) Variable non-equity remuneration paid because of the employment contract and for the position as Director.

* Remuneration amounts indicated are equal to the proportionate share of the fair value of the financial instruments on the allocation date, calculated using actuarial techniques, spread over the relevant vesting period.

Table 2 Stock options granted to directors, general managers and executives with strategic responsibilities

A	B	Options held at the beginning of the year				Options allocated during the year				Options exercised during the year			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and Surname	Office	Plan	Number of options	Exercise price	Exercise period (from - to)	Number of options	Exercise price	Exercise period (from - to)	Fair value on allocation date (Estimated Potential Value)	Allocation date	Share market price on allocation date	Number of options	Exercise price
Executives with strategic responsibilities - 10 employees of the Company		Non-US Stock Option Plan 2012 (resolution of the Board of May 7, 2012)	60,000	Euro 26.94	May 7, 2015 May 7, 2021							40,000	Euro 26.94
Executives with strategic responsibilities - 6 employees of subsidiary companies		Stock Option Plan 2008 (resolution of March 13, 2008)	15,000	Euro 18.08	March 14, 2011 March 14, 2017								
		Non-US Reassigned Ordinary Plan 2009 (resolution of the Board of 07 May 2009)	20,000	Euro 15.03	May 7, 2012 May 7, 2018								
		US Reassigned Extraordinary Plan 2009 (resolution of the Board of 07 May 2009)	50,000	Euro 15.11	December 3, 2012 June 12, 2018								
Total			145,000									40,000	

* Remuneration amounts indicated are equal to the proportionate share of the fair value of the financial instruments on the allocation date, calculated using actuarial techniques, spread over the relevant vesting period.

Table 3A Incentive plans awarding financial instruments other than stock options to directors, general managers and other executives with strategic responsibilities

A	B	(1)	Financial instruments allocated in previous years and not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not assigned (9)	Financial instruments vested during the year (10)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on grant date (Estimated Potential Value)	Vesting period	Allocation date	Market price allocation date	Number and type of financial instruments	Number and type of financial instruments
Massimo Vian	CEO for Product and Operations	PSP PLAN 2012 (resolution of the Board of May 7, 2012)	24,000	May 7, 2012 December 31, 2014						4,000	20
		PSP PLAN 2013 (resolution of the Board of 29, April 2013)	20,400	April 29, 2013 December 31, 2015							
		PSP PLAN 2014 (resolution of the Board of April 29, 2014)	22,800	April 29, 2014 December 31, 2016							
		PSP PLAN 2015 (resolution of the Board of May 4, 2015)			134,400	7,737,408	May 4, 2015 December 31, 2017	May 4, 2015	EUR 60.02		

A	B	(1)	Financial instruments allocated in previous years and not vested during the year		Financial instruments allocated during the year					Financial instruments vested during the year and not assigned (9)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on grant date (Estimated Potential Value)	Vesting period	Allocation date	Market price on allocation date	Number and type of financial instruments
Adil Mehboob-Khan	CEO for Markets	PSP PLAN 2015 (resolution of the Board of May 4, 2015)			**327,600	18,859,932	May 4, 2015 December 31, 2015	May 4, 2015	Euro 60.02	
		PSP PLAN 2012 (resolution of the Board of May 7, 2012)	105,600	May 7, 2012 December 31, 2014						17,600
		PSP PLAN 2013 (resolution of the Board of April 29, 2013)	106,520	April 29, 2013 December 31, 2015						
		PSP PLAN 2014 (resolution of the Board of April 29, 2014)	117,000	April 29, 2014 December 31, 2016						
Executives with strategic responsibilities - 10 employees of the Company		PSP PLAN 2015 (resolution of the Board of May 4, 2015)			290,200	16,706,814	May 4, 2015 December 31, 2017	May 4, 2015	Euro 60.2	

A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Name and Surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on grant date (Estimated Potential Value)	Vesting period	Allocation date	Market price on allocation date	Number and type of financial instruments	Number and type of financial instruments
Executives with strategic responsibilities - 6 employees of subsidiary companies		PSP PLAN 2012 (resolution of the Board of May 7, 2012)	108,000	May 7, 2012 December 31, 2014						18,000	90,000
		PSP PLAN 2013 (resolution of the Board of April 29, 2013)	88,800	April 29, 2013 December 31, 2015							
		PSP PLAN 2014 (resolution of the Board of April 29, 2014)	82,800	April 29, 2014 December 31, 2016							
		PSP PLAN 2015 (resolution of the Board of May 4, 2015)				49,200	2,832,444	May 4, 2015 December 31, 2017	May 4, 2015	EUR 60.02	
Total			675,920		801,400	46,136,598				39,600	198,000

* Remuneration amounts indicated are equal to the proportionate share of the fair value of the financial instruments on the allocation date, calculated using actuarial techniques, spread over the relevant vesting period.

** It is to be noted that following the termination of the employment relationship with the Company starting from February 29, 2016, Adil Mehboob-Khan did not retain any rights over the long-term incentive plans previously assigned.

Table 3B Cash Incentive plans for directors, general managers and executives with strategic responsibilities

A Name and Surname	B Office	(1) Plan	(2) Bonus for 2015			(3) Bonuses of previous years			(4) Other Bonuses
			(A) Payable/paid	(B) Deferred	(C) Term of deferral	(A) Non-payable	(B) Payable/paid	(C) Still deferred	
Massimo Vian	CEO for Product and Operations	MBO 2015	1,365,550						
Adil Mehboob-Khan	CEO for Markets	MBO 2015	1,701,450						
Executives with strategic responsibilities - 10 employees of the Company			MBO 2015	3,295,600					
Executives with strategic responsibilities - 6 employees of subsidiary companies			MBO 2015	2,013,614					
(III) Total				8,376,214					

Share ownership of directors, auditors and executives with strategic responsibilities Year 2015

NAME AND SURNAME	OFFICE	INVESTEE COMPANY	SHARES HELD AS AT December 31, 2014	SHARES BOUGHT	SHARES SOLD	SHARES HELD AS AT December 31, 2015
Leonardo Del Vecchio	Chairman	Luxottica Group S.p.A.	296,666,525(1)	1,314,000	0	297,980,525
Luigi Francavilla	Vice Chairman	Luxottica Group S.p.A.	3,364,800(2)		282,000(2bis)	3,082,800
Massimo Vian	CEO for Product and Operations	Luxottica Group S.p.A.	2,780(3)	20,030(3bis)	8737	2,771,263
Adil Mehboob-Khan*	CEO for Markets	Luxottica Group S.p.A.	0	5(4)	0	5
Sandro Veronesi	Director (in office since April 24, 2015)	Luxottica Group S.p.A.	0	15,000	0	15,000
Claudio Del Vecchio	Director (in office until April 24, 2015)	Luxottica Group S.p.A.	3,310,000(5)	0	0	3,310,000
Executives with strategic responsibilities in Luxottica Group S.p.A. (10)		Luxottica Group S.p.A.	1,305	128,120(6)	126,000	1,109
Executives with strategic responsibilities in subsidiary companies (6)		Luxottica Group S.p.A.	58,198	90,015(6)	140,400	7,803

*ceased to hold office on January 29, 2016.

(1) 295,904,025 shares held through Delfin S.à r.l. (a company in which he holds 75.00% of the share capital in usufruct with voting rights and owns the remaining 25.00% directly); 275,000 ADRs and 487,500 shares held by his wife Nicoletta Zampillo.

(1bis) 297,218,025 shares held through Delfin S.à r.l. (a company in which he holds 75.00% of the share capital in usufruct with voting rights and owns the remaining 25.00% directly); 275,000 ADRs and 487,500 shares held by his wife Nicoletta Zampillo.

(2) Shares held with joint usufruct rights with his wife Elisabeth Engler.

(2bis) It is to be noted that the right of usufruct was granted to Luigi Francavilla and his wife Elisabeth Engler equally and indivisibly.

(3) 2,750 shares held by Massimo Vian; 30 shares held by his wife Alessandra Mottes

(3bis) 20,000 shares allocated under the PSP Plan 2012; 15 shares allocated to him as a bonus granted to employees of the Italian companies of the Group on the occasion of the 80th birthday of the Chairman Leonardo Del Vecchio; 15 shares allocated to his wife as a bonus granted to employees of the Italian companies of the Group on the occasion of the 80th birthday of the Chairman Leonardo Del Vecchio

(3ter) 14,028 shares held by Massimo Vian; 45 shares held by his wife Alessandra Mottes

(4) Shares allocated to him as a bonus granted to employees of the Italian companies of the Group on the occasion of the 80th birthday of the Chairman Leonardo Del Vecchio

(5) 40,000 shares represented by ADRs, 10,000 of which are held through the Del Vecchio Family Foundation, 142,000 shares held by a trust constituted for the benefit of his minor children.

(6) Includes shares granted under the PSP Plan 2012 and shares acquired following the exercising of stock options.

It must also be noted that in addition to the holdings disclosed in the above chart, two executives with strategic responsibilities employed by Luxottica's US subsidiaries that participate in the Tax Incentive Savings Plan (a company-sponsored 401(k) savings plan), beneficially own a certain number of Luxottica ADRs. As of December 31, 2014, such executives with strategic responsibilities beneficially owned interests in the Plan equivalent to, in the aggregate, 1,468.90 ADRs. As at December 31, 2015, the aforesaid executives owned the equivalent of 475.04 ADRs. The ADRs beneficially owned by Plan participants are held in the form of Units of an investment fund offered under the Plan and are allocated by the Plan administrator (Fidelity Investments) to participant accounts based on the cash amounts that the participants have decided to invest, which may result in holdings of fractional ADR investments.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LUXOTTICA GROUP S.p.A.

Date: April 7, 2016

By:

/s/ MICHAEL A. BOXER
MICHAEL A. BOXER
Group General Counsel