

VARIAN MEDICAL SYSTEMS INC
Form DEF 14A
December 30, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission Only

(as permitted by Rule 14a-6(e)(2))

VARIAN 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.

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(3) Filing Party:

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Varian Medical Systems, Inc.

3100 Hansen Way

Palo Alto, CA 94304

December 30, 2016

Dear Stockholder:

You are cordially invited to attend Varian Medical Systems, Inc.'s 2017 Annual Meeting of Stockholders on Thursday, February 9, 2017 at 4:30 p.m. Pacific Time at our headquarters at 3100 Hansen Way, Palo Alto, California 94304.

The Secretary's formal notice of the meeting and the Proxy Statement appear on the following pages and describe the matters to be acted upon at the Annual Meeting. You also will have the opportunity to hear what has happened in our business in the past year.

We hope that you can join us. However, whether or not you plan to be there, please vote your shares as soon as possible so that your vote will be counted.

Sincerely,

R. Andrew Eckert
Chairman of the Board

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Varian Medical Systems, Inc.

3100 Hansen Way

Palo Alto, CA 94304

December 30, 2016

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

AND PROXY STATEMENT

Varian Medical Systems, Inc. will hold its Annual Meeting of Stockholders on Thursday, February 9, 2017 at 4:30 p.m. Pacific Time at its headquarters at 3100 Hansen Way, Palo Alto, California 94304.

This Annual Meeting is being held for the following purposes:

to elect seven directors to serve until the 2018 Annual Meeting of Stockholders;

to approve, on an advisory basis, the compensation of our named executive officers as described in the accompanying Proxy Statement;

to hold an advisory vote on how frequently (every one, two or three years) you prefer we conduct an advisory vote of stockholders to approve the compensation of our named executive officers;

to approve our Fourth Amended and Restated 2005 Omnibus Stock Plan (the Amended Stock Plan) to (i) preserve our ability to receive tax deductions under Section 162(m) of the Internal Revenue Code (the Code) and (ii) set a limit on the total value of equity and cash compensation that may be paid to each of our non-employee directors each fiscal year;

to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017; and

to transact any other business that properly comes before the Annual Meeting.

The Board of Directors has selected December 13, 2016 as the record date for determining stockholders entitled to vote at the Annual Meeting. A list of stockholders as of that date will be available for inspection during ordinary business hours at our principal executive offices at 3100 Hansen Way, Palo Alto, California 94304 for 10 days before the Annual Meeting.

Except for those stockholders that have already requested printed copies of our proxy materials, we are furnishing our proxy materials for this Annual Meeting to you through the Internet. On or about December 30, 2016, we mailed to stockholders as of the record date a Notice of Internet Availability of Proxy Materials (the Notice). Certain stockholders who previously requested email notice in lieu of mail received the Notice by email. If you received a Notice by mail or email, you will not receive a printed copy of the proxy materials unless you specifically request one. Instead, the Notice instructs you on how to access and review all of the important information contained in our Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (which we posted on the Internet on December 30, 2016), as well as how to submit your proxy over the Internet. We believe that mailing or emailing the Notice and posting other materials on the Internet allows us to provide you with the information you need more quickly while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. If you received the Notice and would still like to receive a printed copy of our proxy materials, you may request a printed copy of the proxy materials by any of the following methods: through the Internet at www.proxyvote.com; by telephone at 1-800-579-1639 or by sending an email to sendmaterial@proxyvote.com.

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Whether or not you plan to attend the Annual Meeting, please vote your shares as soon as possible in accordance with the instructions provided to you to ensure that your vote is counted at the Annual Meeting.

By Order of the Board of Directors,

John W. Kuo
Corporate Secretary

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PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider, and you should read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Meeting Agenda

Date: Thursday, February 9, 2017

Election of seven directors

Time: 4:30 p.m. Pacific Time

Advisory vote to approve executive compensation

Place: 3100 Hansen Way
Palo Alto, California 94304

Advisory vote on the frequency of advisory vote to approve executive compensation

Approval of Amended Stock Plan

Record Date:

December 13, 2016

Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017

Voting:

Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

Transact any other business that properly comes before the Annual Meeting

Voting Matters and Vote Recommendation

Voting Matter

Board vote recommendation

1. Election of directors

For each director nominee

2. Advisory vote to approve executive compensation

For

3. Advisory vote on frequency of advisory vote to approve executive compensation

Each year

4. Approval of Amended Stock Plan

For

5. Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017

For

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See Proposal One Election of Directors for more information.

The following table provides summary information about each director nominee and our other Board members.

Name	Age	Director since	Occupation	Other public boards	Committee memberships				
					AC	EC	CC	NC	EX
<u>Nominees for Election for a One-Year Term Ending with the 2018 Annual Meeting</u>									
Susan L. Bostrom (a)	56	2004	Former EVP, Chief Marketing Officer, Cisco Systems, Inc.	3			C	M	
Judy Bruner (a) (b)	58	2016	Former EVP, Administration and Chief Financial Officer, SanDisk Corporation	3	C				
Regina E. Dugan (a)	53	2013	VP of Engineering, Facebook, Inc.	1		M		M	
R. Andrew Eckert (a) (b)	55	2004	Former CEO, Valence Health	1	M		M		C
Mark R. Laret (a)	62	2007	CEO, UCSF Medical Center	1			M	C	M
Erich R. Reinhardt (a)	70	2012	Former CEO & President, Siemens Healthcare			M		M	
Dow R. Wilson	57	2012	President & CEO, Varian Medical Systems, Inc.						
<u>Directors Continuing in Office Until the 2018 Annual Meeting</u>									
Timothy E. Guertin (a)	67	2005	Former President & CEO, Varian Medical Systems, Inc.	1		M		M	
David J. Illingworth (a)	63	2011	Former CEO, Smith & Nephew plc	1	M	C			
Ruediger Naumann-Etienne (a) (b)	70	2003	Managing Director, Intertec Group	1	M	M			M

(a) Independent Director

AC Audit Committee

CC Compensation and Management Development Committee

EC Ethics and Compliance Committee

NC Nominating and Corporate Governance Committee

(b) Audit Committee Financial Expert

EX Executive Committee

C Chair

M Member

Attendance

Each director nominee is a current director and all directors attended at least 75% of the aggregate of all fiscal year 2016 meetings of the Board and each committee on which he or she served.

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Corporate Governance Highlights

We are committed to strong corporate governance and have adopted strong governance policies and practices that include:

- Establishing an Ethics and Compliance Committee to oversee our ethical compliance programs and activities involving legal and ethical business conduct;
- Adding four new independent directors to the Board since 2011;
- Declassifying our Board commencing with our 2016 Annual Meeting;
- Appointing an independent non-employee director as Chairman in fiscal year 2014 and separating the roles of Chairman and Chief Executive Officer since 2006;
- Having a majority of the Board members, and all members of our key Board committees, be independent;
- Having a majority voting policy commencing at our 2018 Annual Meeting;
- Adopting a guideline for director retirement and completing annual assessments of the Board and its committees;
- Adopting stock ownership guidelines for our directors and executive officers; and
- Reviewing at least annually the Company's business strategy and enterprise risk.

Executive Compensation Matters

See Proposal Two Advisory Vote on the Compensation of Our Named Executive Officers , Compensation of the Named Executive Officers and Directors and Proposal Three Advisory Vote on Frequency of Advisory Vote on Compensation of Our Named Executive Officers for more information.

Executive compensation advisory vote

Our Board of Directors recommends that stockholders vote to approve, on an advisory basis, the compensation paid to our named executive officers, as described in this Proxy Statement, for the reasons discussed below.

Pay for performance

As illustrated by the segments in the following graphs, 85% of our CEO's target total compensation opportunity was performance based and aligned with our stockholders in the form of annual incentives and long-term equity compensation. For the other named executive officers as a group, 76% of their total compensation opportunity was performance based.

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Our Board of Directors recommends that stockholders vote to hold an advisory vote to approve executive compensation every year.

Our Board of Directors has determined that an annual advisory vote on executive compensation will allow our shareholders to provide timely, direct input on the Company's executive compensation philosophy, policies and practices as disclosed in the proxy statement each year. The Board believes that an annual vote is therefore consistent with the Company's ongoing dialogue with our shareholders on executive compensation and corporate governance matters.

Approval of Amended Stock Plan

See Proposal Four Approval of the Varian Medical Systems, Inc. Fourth Amended and Restated 2005 Omnibus Stock Plan for more information.

Our Board of Directors recommends that stockholders approve our Amended Stock Plan, which is intended to, among other things, (i) preserve the tax-deductibility of certain stock awards granted under the Amended Stock Plan to certain executive officers and (ii) set a limit on the total value of equity and cash compensation that may be paid to each of our non-employee directors each fiscal year.

As discussed in more detail below, generally, Section 162(m) of the Code limits the deduction that a publicly held company may take on compensation paid in any given taxable year to certain executive officers. However, the \$1,000,000 limit on deductibility does not apply if such additional payments are performance-based compensation under Section 162(m). For the grant of awards under the Amended Stock Plan to qualify as performance-based compensation, the Amended Stock Plan, among other things, must include certain terms, which generally must be approved by the Company's stockholders every five years. Accordingly, our stockholders are being requested to approve the Amended Stock Plan, which was last approved by our stockholders five years ago. The Amended Stock Plan also places a limit on the total value of equity and cash compensation that may be paid to each of our non-employee directors each fiscal year. We believe that such a limit allows us to stay within reasonable bounds of what the market requires in a competitive environment, while also placing meaningful restrictions on the amount of compensation that may be paid to our non-employee directors.

Auditors

See Proposal Five Ratification of the Appointment of Our Independent Registered Public Accounting Firm for more information.

We ask that our stockholders ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017. Below is summary information about PricewaterhouseCoopers LLP's fees for services provided in fiscal years 2016 and 2015.

Fiscal Year	2016	2015
Audit fees	\$ 5,550,545	\$ 3,790,233
Audit related fees	156,500	200,000
Tax fees	1,468,139	1,335,129
All other fees	16,000	15,800
Total	\$ 7,191,184	\$ 5,341,162

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2018 Annual Meeting

Stockholder proposals submitted for inclusion in our 2018 proxy statement pursuant to SEC Rule 14a-8 must be received by us no later than September 1, 2017.

Notice of stockholder proposals to be raised from the floor of the 2018 Annual Meeting of Stockholders outside of SEC Rule 14a-8 must be delivered to us no earlier than October 12, 2017 and no later than November 11, 2017.

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GENERAL INFORMATION

Q: Who is soliciting my proxy?

A: The Board of Directors (the Board) of Varian Medical Systems, Inc. (we, us, Company, Varian or VMS) is sending you this Proxy Statement in connection with the Board's solicitation of proxies for use at the 2017 Annual Meeting of Stockholders or any adjournment or postponement thereof (the Annual Meeting). Certain of our directors, officers and employees also may solicit proxies on the Board's behalf by mail, telephone, email or fax or in person. We have hired Georgeson Inc., 480 Washington Blvd., Jersey City, New Jersey 07310, to assist in soliciting proxies from brokers, bank nominees and other stockholders.

Q: Who is paying for this solicitation?

A: We will pay for the solicitation of proxies. Our directors, officers and employees will not receive additional remuneration. We expect that we will pay Georgeson Inc. not more than \$10,000, plus reasonable out-of-pocket expenses, and also will reimburse banks, brokers, custodians, nominees and fiduciaries for their reasonable charges and expenses to forward our proxy materials to the beneficial owners of our common stock.

Q: What am I voting on?

A: You will be voting on five proposals. Proposal One is for the election of Susan L. Bostrom, Judy Bruner, Regina E. Dugan, R. Andrew Eckert, Mark R. Laret, Erich R. Reinhardt and Dow R. Wilson to the Board for a one-year term ending at the 2018 Annual Meeting of Stockholders.

Proposal Two is an advisory vote on the compensation of the executive officers listed in the Summary Compensation Table (the Named Executive Officers or NEOs) as described in this Proxy Statement.

Proposal Three is an advisory vote on the frequency of the advisory vote to approve executive compensation.

Proposal Four is the approval of the Amended Stock Plan to (i) preserve our ability to receive tax deductions under Section 162(m) of the Internal Revenue Code (the Code) and (ii) set a limit on the total value of equity and cash compensation that may be paid to each of our non-employee directors each fiscal year.

Proposal Five is the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2017.

Q: Who can vote?

A: Only our stockholders of record at the close of business on December 13, 2016 may vote. Each share of common stock outstanding on that date is entitled to one vote on all matters to come before the meeting.

Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

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- A: Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials (consisting of the Notice of Annual Meeting, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, as filed with the SEC on November 23, 2016) over the Internet. Therefore, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders. Starting on the date of distribution of the Notice, all stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request printed copies may be found in the Notice. If you request printed versions of the proxy materials by mail, the materials will also include a proxy card or other voting instruction form.

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Q: Can I receive proxy materials for future annual meetings by email rather than receiving a paper copy of the Notice?

A: If you are a holder of record, you may elect to receive the Notice or other future proxy materials by email by logging into www.proxyvote.com and entering your email address before you vote if you are voting by Internet or any time at www.computershare.com/investor or <http://enroll.icsdelivery.com/var>. If your shares are registered in street name, please check with your broker, bank or other nominee about how to receive future proxy materials by email, or enroll at <http://enroll.icsdelivery.com/var>. If you choose to receive proxy materials by email, next year you will receive an email with instructions on how to view those materials and vote before the next annual meeting. Your choice to obtain documents by email will remain in effect until you notify us otherwise. Delivering future notices by email will help us further reduce the cost and environmental impact of our stockholder meetings.

Q: What is the difference between a stockholder of record and a street name holder?

A: If your shares are registered directly in your name with Computershare Trust Company, N.A., our stock transfer agent, you are considered the stockholder of record for those shares. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares and your shares are said to be held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank or other nominee how to vote their shares using the method described under *How do I vote and how do I revoke my proxy?* below.

Q: How do I vote and how do I revoke my proxy?

A: If you hold your shares in your own name as a stockholder of record, you may vote your shares either in person at the meeting or by proxy. To vote in person, please bring a form of identification, such as a valid driver's license or passport, and proof that you were a stockholder as of December 13, 2016, and we will give you a ballot when you arrive. To vote by proxy, please vote in one of the following ways:

Via the Internet. You may vote through the Internet at www.proxyvote.com by following the instructions provided in the Notice.

Via Telephone. If you received your proxy materials or request printed copies by mail, stockholders located in the United States may vote by calling the toll-free number found on the proxy card.

Via Mail. If you received your proxy materials or request printed copies by mail, you may vote by mail by marking, dating, signing and mailing the proxy card in the envelope provided.

Voting by proxy will not affect your right to vote your shares if you attend the Annual Meeting and want to vote in person by voting in person you automatically revoke your proxy. You also may revoke your proxy at any time before the applicable voting deadline by giving our Secretary written notice of your revocation, by submitting a later-dated proxy card or by voting again using the telephone or Internet (your latest telephone or Internet proxy is the one that will be counted).

If you vote by proxy, the individuals named as proxyholders will vote your shares as you instruct. If you vote your shares over the telephone, you must select a voting option (For or Withhold (for directors), For, Against or Abstain (for Proposals Two, Four and Five) and One Year, Three Years or Abstain (for Proposal Three)) in order for your proxy to be counted on that matter. If you validly vote your shares over the Internet or by mail but do not provide any voting instructions, the individuals named as proxyholders will vote your shares FOR all directors, FOR Proposals Two, Four and Five and for ONE YEAR for Proposal Three. In that case, the proxyholders will have full discretion and authority to vote in the election of directors and to allocate votes among any or all of the nominees for director in any order they determine.

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If your shares are registered in street name, you must vote your shares in the manner prescribed by your broker, bank or other nominee. In most instances, you can do this over the telephone or Internet, or if you have received or request a hard copy of the proxy statement and accompanying voting instruction form, you may mark, sign, date and mail your voting instruction form in the envelope your broker, bank or other nominee provides. The materials that were sent to you have specific instructions for how to submit your vote and the deadline for doing so. If you would like to revoke your proxy, you must follow the broker, bank or other nominee's instructions on how to do so. If you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the broker, bank or other nominee holding your shares.

Q: What is the deadline for submitting a proxy?

A: Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day. In order to be counted, proxies submitted by telephone or the Internet must be received by 11:59 p.m. Eastern Time on February 8, 2016. Proxies submitted by mail must be received prior to the start of the Annual Meeting.

Q: What constitutes a quorum?

A: On the record date, we had 93,450,388 shares of common stock, \$1.00 par value, outstanding. Voting can take place at the Annual Meeting only if stockholders owning a majority of the issued and outstanding stock entitled to vote at the Annual Meeting are present in person or represented by proxy.

Q: What are abstentions and broker non-votes and how do they affect voting?

A: *Abstentions* If you specify that you wish to abstain from voting on an item, your shares will not be voted on that particular item. Abstentions are counted toward establishing a quorum. Abstentions have no effect on the election of directors or on Proposal Three and are included in the shares entitled to vote on Proposals Two, Four and Five. On Proposals Two, Four and Five, abstentions have the effect of a vote against the proposal.

Broker Non-Votes Under the New York Stock Exchange (NYSE) rules, if your broker holds your shares in its name and does not receive voting instructions from you, your broker has discretion to vote these shares on certain routine matters, including the ratification of the appointment of the independent registered public accounting firm. However, on non-routine matters such as the election of directors and Proposals Two, Three and Four, your broker must receive voting instructions from you, as your broker does not have discretionary voting power for that particular item. So long as the broker has discretion to vote on at least one proposal, these broker non-votes are counted toward establishing a quorum. When voted on routine matters, broker non-votes are counted toward determining the outcome of that routine matter.

Q: What vote is needed?

A: For Proposal One, the election of directors, the seven nominees receiving the highest number of votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal One will be elected as directors. As a result, if you withhold your authority to vote for any nominee, your vote will not affect the outcome of the election.

For Proposal Two, an affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required to approve the compensation of our Named Executive Officers as described in this Proxy Statement.

For Proposal Three, the number of years whether it is every one year, every two years or every three years for the frequency of the advisory vote to approve the compensation of our Named Executive Officers that receives the highest number of votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal Three will be the frequency that stockholders approve.

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For Proposal Four, an affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal Four is required to approve the Amended Stock Plan.

For Proposal Five, an affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal Five is required to approve the ratification of the appointment of Pricewaterhouse Coopers LLP as our independent registered public accounting firm.

Because your vote on Proposals Two and Three are advisory, they will not bind the Board or the Compensation and Management Development Committee (the Compensation Committee). However, the Board and the Compensation Committee will review the voting results and take the results into consideration in making future determinations on executive compensation and in determining how frequently future stockholder advisory votes to approve the compensation of our Named Executive Officers will occur.

Q: What happens if a director receives a plurality, but not a majority, of votes cast at the Annual Meeting?

A: In an uncontested election, if a nominee for director who is an incumbent director is elected by a plurality of the votes cast but does not receive the vote of at least the majority of the votes cast (*i.e.*, the number of shares voted for a director's election does not exceed 50% of the total number of votes cast with respect to that director's election, including votes to withhold authority), the director is deemed elected but is obligated to offer his or her resignation to the Board. Following submission of the offer of resignation, the Board, after considering relevant factors, including the recommendation of the Nominating and Corporate Governance Committee (the Nominating Committee), will decide whether or not to accept the offer of resignation and thereafter publicly disclose its decision. If a director's offer of resignation is not accepted by the Board, the director will continue to serve until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's offer of resignation is accepted by the Board, then the Board, in its sole discretion, may fill any resulting vacancy or decrease the size of the Board pursuant to the provisions of our By-Laws.

Q: Can I vote on other matters?

A: You are entitled to vote on any other matters that are properly brought before the Annual Meeting. Our By-Laws limit the business conducted at any annual meeting to (1) business in the notice of the annual meeting, (2) business directed by the Board and (3) business brought by a stockholder of record entitled to vote at the meeting so long as the stockholder has met the requirements for submitting stockholder proposals provided in our By-Laws. Under our By-Laws, a stockholder must notify our Secretary in writing (at our Palo Alto, California headquarters) of the proposal not less than 90 days nor more than 120 days before the anniversary of the prior year's annual meeting, which for the 2018 Annual Meeting of Stockholders will be no earlier than October 12, 2017 and no later than November 11, 2017. The notice must give a brief description of the business to be brought before the annual meeting, the reasons for conducting the business and the text of the proposal, as well as the name and address of the stockholder giving the notice and the beneficial owner on whose behalf the proposal is made, the number of shares owned and information about that beneficial ownership, all as detailed in our By-Laws. The notice must also describe any material interest the stockholder or beneficial owner has in the business and arrangements between such stockholder or beneficial owner and any other person in connection with the proposal and must include certain representations, all as detailed in our By-Laws.

To have your stockholder proposal be considered for presentation in the proxy statement and proxy card for our 2018 Annual Meeting of Stockholders, rather than just voted upon at the meeting without inclusion in the proxy statement and proxy card, a stockholder must submit to our Secretary (at our Palo Alto, California headquarters) a written proposal no later than September 1, 2017. The submission must contain the information required under Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act).

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We do not expect any matters other than those listed in this Proxy Statement to come before the Annual Meeting. If any other matter is presented, your proxy gives the individuals named as proxyholders the authority to vote your shares to the extent authorized by Rule 14a-4(c) under the Exchange Act, which includes matters that the proxyholders did not know were to be presented at least 90 days before the anniversary of the mailing of last year's proxy statement.

Q: How do I suggest potential candidates for director positions?

A: A stockholder may suggest one or more potential candidates for consideration by the Board as nominees for election as one of our directors at an annual meeting of stockholders. This can be done by notifying our Corporate Secretary in writing (at our Palo Alto, California headquarters) not less than 90 days nor more than 120 days before the anniversary of the prior year's annual meeting, which for the 2018 Annual Meeting of Stockholders will be no earlier than October 12, 2017 and no later than November 11, 2017. The notice must include all information about the potential candidate that must be disclosed in proxy solicitations pursuant to Regulation 14A under the Exchange Act (including the potential candidate's written consent to being named as a nominee and serving as a director) and a description of all material monetary agreements during the past three years and any other material relationships, between such stockholder and a beneficial owner on whose behalf the potential candidacy is made and their affiliates and associates, or others acting in concert, on the one hand, and each potential candidate, and his/her affiliates and associates, or others acting in concert, on the other hand, including all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if the stockholder were a registrant, all as described in our By-Laws. The notice must also include certain additional information about and representations by the stockholder and/or the beneficial owner, all as detailed in our By-Laws.

Q: How does the Board select nominees for election to the Board?

A: The Nominating Committee will consider potential candidates for directors submitted by stockholders, in addition to those suggested by other Board members and members of our management, and does not evaluate potential candidates differently based upon the source of the potential candidate. The Nominating Committee considers and evaluates each properly submitted potential candidate for director in an effort to achieve a balance of skills and characteristics on the Board, as well as to ensure that the composition of the Board at all times adheres to the independence requirements applicable to NYSE-listed companies and other regulatory requirements applicable to us. Please refer to Proposal One Election of Directors and our Corporate Governance Guidelines for additional details on our policy, process and membership criteria. A stockholder may recommend potential candidates for director by notifying our Corporate Secretary in writing (at our Palo Alto, California headquarters) as detailed in the question and answer above.

Q: How may I communicate with the Board of Directors?

A: Stockholders and other interested parties may communicate directly with the Board, the Board's Chairman or any other director or with the independent directors as a group or any other group of directors through the Board's Chairman by sending an email to lead.director@varian.com. Messages received will be forwarded to the appropriate director or directors.

Q: When and where is the Annual Meeting being held?

A: The Annual Meeting will be held on Thursday, February 9, 2017 at 4:30 p.m. Pacific Time at our headquarters at 3100 Hansen Way, Palo Alto, California 94304. If you need directions to the Annual Meeting so that you may attend or vote in person, please contact our Investor Relations department at investors@varian.com.

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Q: How can I find the results of the Annual Meeting?

A: Preliminary results will be announced at the Annual Meeting. Final results also will be published in a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

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PROPOSAL ONE

ELECTION OF DIRECTORS

BOARD RECOMMENDATION

VOTE FOR EACH OF THE NOMINEES

Our Board; Selection of Nominees

We commenced the declassification of our Board beginning with our 2016 Annual Meeting. At this Annual Meeting, you and the other stockholders will elect seven individuals to serve as directors for one-year terms that end at the 2018 Annual Meeting of Stockholders. Our three directors elected by stockholders at our 2015 Annual Meeting will serve out their three-year terms, and the entire Board will be elected annually commencing with the 2018 Annual Meeting of Stockholders.

Our Nominating Committee is charged with identifying, evaluating and recommending to the full Board director nominees. There are no minimum qualifications for directors. The Nominating Committee generally seeks individuals who have or provide:

Knowledge about our industries and technologies.

Experience in industries beyond healthcare;

International business experience;

Cultural, gender, ethnic or age diversity;

Experience in financial oversight and with the financial community, and a strong reputation with the financial community;

Experience in business management and the potential to succeed top management in the event of unexpected necessary Board intervention;

Broad experience at policy making level in business, government, education, technology or public interest; or

Business contacts, knowledge or influence useful to our business and product lines.

We believe that all of our directors should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a

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number that permits them, given their individual circumstances, to perform and carry out all director duties in a responsible manner. Each director must also represent the interests of all stockholders.

When seeking new director candidates, the Nominating Committee will consider potential candidates for directors submitted by Board members, members of our management and our stockholders. The Nominating Committee does not evaluate candidates differently based upon the source of the nominee.

All of the nominees, Ms. Bostrom, Ms. Bruner, Ms. Dugan, Mr. Eckert, Mr. Laret, Mr. Reinhardt and Mr. Wilson, are now members of the Board.

We expect that Mr. Naumann-Etienne, Mr. Reinhardt and Mr. Wilson will be appointed to the board of directors of Varex Imaging Corporation at the time of the anticipated spin-off of Varex Imaging Corporation from the Company, and that Mr. Naumann-Etienne and Mr. Reinhardt would retire from the Board of the Company at such time. In the event that Mr. Naumann-Etienne and Mr. Reinhardt retire from our Board at the time of the spin-off, we would reduce the size of our Board from ten directors to eight directors.

The individuals named as proxyholders will vote your proxy for the election of the seven nominees unless you direct them to withhold your vote. If any nominee becomes unable to serve as a director before the Annual Meeting (or decides not to serve), the individuals named as proxyholders may vote for a substitute.

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Set forth below are the names and ages of these nominees and the other continuing directors, the years they became directors, their principal occupations or employment for at least the past five years, the names of other public companies for which they serve as a director or have served as a director during the past five years. Also set forth are the specific experience, qualifications, attributes or skills that led our Nominating Committee to conclude that each person should serve as a director. All of our directors have held high-level positions in companies and have experience in dealing with complex issues. We believe that each is an individual of high character and integrity and has the ability to exercise sound judgment.

Nominees for Election for a One-Year Term Ending with the 2018 Annual Meeting

Susan L. Bostrom

Principal occupation, business experience and directorships

Age: 56

Positions at Cisco Systems, Inc., a networking equipment provider:

Director Since: 2004

Executive Vice President, Chief Marketing Officer, Worldwide Government Affairs (January 2006 January 2011)

Independent

Senior Vice President (February 2000 January 2006), taking on responsibility for Worldwide Government Affairs in October 2002 and becoming Chief Marketing Officer in January 2006

Vice President, Internet Business Solutions Group (1998 February 2000)

Other Current Public Company Board Memberships: Cadence Design Systems, Inc., an electronic design company; Rocket Fuel Inc., a provider of artificial intelligence advertising solutions; and ServiceNow, Inc., an enterprise IT cloud company.

Public Company Board Memberships in Past Five Years: Marketo, Inc., a marketing automation SaaS company.

Experience, qualifications, attributes or skills supporting directorship

Extensive experience and service in leadership roles at one of the world's leading technology companies;

Deep knowledge of marketing, government affairs, public policy and developing trends in networking and new media such as virtual collaboration, social media and information exchanges; and

Experience serving on the boards of directors and/or as a member of the compensation, nominating and corporate governance, strategy and IT committees of several public technology companies, a hospital, a university and a private company, and on the advisory board for two educational institutions.

Judy Bruner

Principal occupation, business experience and directorships

Age: 58

Positions at SanDisk Corporation, a global leader in flash memory storage solutions:

Director Since: 2016

Executive Vice President, Administration and Chief Financial Officer (June 2004 May 2016)

Independent

Member of Board of Directors (June 2002 July 2004)

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Senior Vice President and Chief Financial Officer, Palm, Inc., a manufacturer of personal digital assistants (September 1999 - June 2004)

Vice President, Finance & Corporate Controller, 3Com Corporation, a digital electronics manufacturer (May 1998 - September 1999)

Other Current Public Company Board Memberships: Brocade Communications Systems, Inc., a technology company specializing in data and storage networking products; Applied Materials, Inc., a provider of engineering solutions; Rapid7, a security data and analytics solutions provider.

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Experience, qualifications, attributes or skills supporting directorship

Over 35 years of financial management experience in the high technology industry

Deep experience with compliance and enterprise risk management

Audit committee chair experience

Significant mergers and acquisitions experience

Regina E. Dugan

Principal occupation, business experience and directorships

Age: 53

Vice President of Engineering, Facebook, Inc. (leading Building 8, a team charged with developing and delivering next generation consumer hardware to market) (May 2016 - Present)

Director Since: 2013

Vice President of Engineering at Google, Inc., a global technology company, leading the Advanced Technology and Products group (a group charged with breakthrough innovations in mobile computing and accelerating the development of promising technologies to market) (February 2014 - April 2016)

Independent

Senior Vice President, Google Inc. and Motorola Mobility LLC, a mobile technology company Google acquired in May 2012 (March 2012 - February 2014)

Director, Defense Advanced Research Projects Agency (DARPA), a research and development organization of the U.S. Department of Defense (July 2009 - March 2012)

Co-Founder, President and Chief Executive Officer, RedXDefense LLC, a security solutions company (2005 - July 2009)

Co-Founder, President and Chief Executive Officer, Dugan Ventures, an investment firm (currently a non-voting partner) (2001 - July 2009)

Other Current Public Company Board Memberships: Zynga Inc., a social game developer.

Experience, qualifications, attributes or skills supporting directorship

Experience leading DARPA, the principal agency within the U.S. Department of Defense responsible for research, development and demonstration of high-risk, high-payoff capabilities;

Familiarity with defense, security and commercial industries;

Expertise with a wide range of advanced technologies and demonstrated track record in moving to use new technologies, from sensor systems to big data products;

Years of experience serving in senior executive positions with responsibilities including fostering innovation and developing strategic business relationships across diverse industries and commercial entities large and small; and

Experience serving on the board of another public company.

R. Andrew Eckert

Principal occupation, business experience and directorships

Age: 55

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Director Since: 2004

Chief Executive Officer, Valence Health, a healthcare solutions company (August 2015 - October 2016)

Chairman Since: 2014

Chief Executive Officer, TriZetto Corporation, a healthcare IT solutions firm (March 2014 - November 2014)

Independent

Chief Executive Officer, CRC Health Corporation, a provider of substance abuse treatment and adolescent youth services (January 2011 - March 2014)

Managing Director, Symphony Technology Group, a private equity firm (October 2009 - January 2011)

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President and Chief Executive Officer, Eclipsys Corporation, a former publicly traded healthcare information management software provider (October 2005 – May 2009)

Chief Executive Officer, SumTotal Systems, Inc., an enterprise software provider (2004 – 2005)

Chief Executive Officer, Docent Inc., an enterprise software provider that was acquired by SumTotal Systems (2002 – 2004)

Chairman and Chief Executive Officer, ADAC Laboratories, a former publicly traded medical imaging company (1997 – 2001)

Other Current Public Company Board Memberships: Becton, Dickinson and Company, a global medical technology company.

Experience, qualifications, attributes or skills supporting directorship

Extensive experience obtained over 15 years serving as an executive officer of several public companies, including a medical imaging company and healthcare information management company;

Deep knowledge of operational, financial, strategic planning, product development and marketing matters; and

Experience serving on the board of directors of several public companies in the healthcare industry.

Mark R. Laret

Principal occupation, business experience and directorships

Age: 62

Chief Executive Officer, University of California, San Francisco Medical Center (April 2000 – Present)

Director Since: 2007

Chief Executive Officer, University of California, Irvine Medical Center (1995 – March 2000)

Independent

Other Current Public Company Board Memberships: Nuance Communications, Inc., a provider of voice and language solutions.

Experience, qualifications, attributes or skills supporting directorship

In-depth knowledge of the healthcare industry, hospital operations and managed care industry;

Experience in strategic planning, finance, financial management of hospital and physician practice, medical education and clinical research, and business turnaround through service as chief executive officer of leading medical institutions; and

Experience serving on the board of directors of another public company in the technology sector.

Erich R. Reinhardt

Principal occupation, business experience and directorships

Age: 70

Advisor to the Chief Executive Officer of Siemens AG, a global technology company (May 2008 – March 2011)

Director Since: 2012

President and Chief Executive Officer, Siemens Healthcare, formerly Siemens Medical Solutions, a supplier to the healthcare industry (1994 – April 2008)

Member of Managing Board, Siemens AG (2001 - 2008)

Current Board Memberships: Chairman, Medical Valley Europäische Metropolregion Nürnberg E.V., a national center of excellence for scientific medical technology in Germany; I-MED Network Ltd., an Australian medical imaging clinic network.

Experience, qualifications, attributes or skills supporting directorship

Extensive experience in medical device and healthcare industry;

Significant operational and international experience through service as a manager and executive in a leading international healthcare company,

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including as managing director of Siemens India, a Mumbai Stock Exchange listed company; and

Experience serving as chairman of the board of a medical technology company and on the board of directors of private healthcare companies, a hospital and a research institute in Germany.

Dow R. Wilson

Principal occupation, business experience and directorships

Age: 57

Positions at the Company:

Director Since: 2012

President and Chief Executive Officer (September 2012 - Present)

Corporate Executive Vice President and Chief Operating Officer (October 2011 - September 2012)

Corporate Executive Vice President and President, Oncology Systems (August 2005 - September 2011)

Corporate Vice President and President, Oncology Systems (January 2005 - August 2005)

Prior to joining the Company in January 2005, held various senior management positions within General Electric Company, a diversified industrial company

Public Company Board Memberships in Past Five Years: Saba Software, an e-learning software provider.

Presidential Appointment: Appointed to U.S. President's Advisory Council on Doing Business in Africa in November 2014.

Experience, qualifications, attributes or skills supporting directorship

Deep knowledge of our business, strategy and technology gained through serving as President of our Oncology Systems business and Chief Operating Officer before becoming our President and Chief Executive Officer;

Significant knowledge of domestic and international medical and healthcare industries gained from serving in management positions at General Electric;

Critical insight into operational requirements of a company with worldwide reach, knowledge of corporate and business unit strategies, and operational expertise, each gained from executive management experience at two large, global organizations; and

Experience serving on the board of directors and as lead director of another public company.

Directors Continuing in Office Until the 2018 Annual Meeting

Timothy E. Guertin

Principal occupation, business experience and directorships

Age: 67

Positions at the Company:

Director Since: 2005

Chief Executive Officer (February 2006 - September 2012)

Vice Chairman Since: 2012

President (August 2005 - September 2012)

Independent

Chief Operating Officer (October 2004 - February 2006)

Corporate Executive Vice President (October 2002 - August 2005)

President, Oncology Systems (1992 - January 2005)

Corporate Vice President (1992 - 2002)

Other Current Public Company Board Memberships: Teradyne, Inc., a supplier of automatic test equipment.

Experience, qualifications, attributes or skills supporting directorship

Deep knowledge of our management structure, strategy and users of our technology, which he has gained over more than 30 years with the Company;

Extensive knowledge of radiation producing technologies, software controls and safety measures gained through service in various leadership roles,

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including President and Chief Executive Officer of the Company and President of our Oncology Systems business

Broad experience in product development, regulatory, marketing, financial and operational matters;

Service on the board of directors of a public company; a medical technology company; several medical, healthcare and technology industry organizations and as a former director and chairman of the board of directors of TechAmerica (a nationwide technology trade association); and

Service on the board of trustees and as treasurer of the Radiation Oncology Institute (ROI, a non-profit organization engaged in cancer treatment research).

David J. Illingworth

Principal occupation, business experience and directorships

Age: 63

Chief Executive Officer, Smith & Nephew plc, a medical devices company (July 2007 - April 2011)

Director Since: 2011

Chief Operating Officer and Division President, Smith & Nephew plc (2002 - July 2007)

Independent

Other Senior Management Experience: President, XL Vision, Inc.; Chairman and Chief Executive Officer, VidaMed, Inc.; President, Nellcor Puritan Bennett LLC; and Managing Director, Asia/Pacific, GE Medical Systems.

Other Current Public Company Board Memberships: Domtar, Inc., a manufacturer of fiber-based products.

Public Company Board Memberships in Past Five Years: Smith & Nephew plc.

Experience, qualifications, attributes or skills supporting directorship

In-depth knowledge of the medical technology industry;

Extensive experience in sales, operations and general management in the United States, United Kingdom and Asia through his service as an executive of various medical technology companies; and

Service on the board of directors and as a member of the audit committee and the environmental, health, safety and sustainability committee, of another public medical device company.

Ruediger Naumann-Etienne

Principal occupation, business experience and directorships

Age: 70

Owner and Managing Director, Intertec Group, an investment company specializing in the medical technology field (1989 - present)

Director Since: 2003

Chairman of the Board of Directors, Cardiac Science Corporation, a provider of cardiology products (2006 - 2010)

Independent

Vice-Chairman of the Board of Directors, Cardiac Science Corporation (2005 - 2006)

Chairman of Quinton Cardiology Systems, a predecessor Cardiac Science Corporation (2000 - 2005)

Chairman of the Board of Directors, OEC Medical Systems, a provider of interoperative imaging solutions, acquired by General Electric Company (1993 - 1999)

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Other Current Public Company Board Memberships: IRIDEX Corporation, a provider of light-based medical systems and delivery devices.

Public Company Board Memberships in Past Five Years: Encision Inc., a provider of laparoscopic surgery instruments; and Bio-Rad Laboratories, Inc.

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Experience, qualifications, attributes or skills supporting directorship

Experience working in the medical device business for more than three decades;

Experience working in senior business and finance executive roles with a leading electronics company for a decade;

Extensive experience with finance and mergers and acquisitions;

International experience, having lived and worked in Europe and Latin America, and gained fluency in four languages; and

Service as Chief Executive Director, Chairman or director, and a member of the audit, nominating and compensation committees, of a number of public medical device companies.

Director Qualifications Matrix

The following matrix is provided to illustrate the skills and qualifications of our Board, as tied to our corporate strategic objectives, and demonstrate our commitment to inclusiveness and diversity.

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Governance of the Corporation

Overview

We are committed to strong corporate governance, and have adopted policies and practices that comply with or exceed the NYSE listing requirements and the Exchange Act. These policies and practices include:

Ethical Conduct and Strong Governance

The Board's Ethics and Compliance Committee (the Ethics Committee) oversees our ethical compliance programs and compliance with requirements involving legal and ethical business conduct.

The Board's Corporate Governance Guidelines articulate clear corporate governance policies, which include basic director duties and responsibilities.

The Board has adopted a Code of Conduct applicable to all of our employees, including the executive officers, and to our directors.

We have hotlines for employees to report concerns regarding ethics and financial matters, including accounting, internal controls and audit concerns, and the Audit Committee has established procedures for anonymous submission of these matters.

The Board has adopted a policy regarding conflicts of interest and related-person transactions under which potential conflicts of interest and related-person transactions must be reviewed and pre-approved by the Nominating Committee. The Nominating Committee has determined that certain categories of transactions are pre-approved under this policy. Please refer to the discussion under Certain Relationships and Related Transactions for more information on this policy and the related procedures.

Directors are expected to attend all stockholder meetings, and all current directors that were members of the Board at the time of the 2016 Annual Meeting of Stockholders attended the Annual Meeting.

The Board conducts an annual assessment on its effectiveness and the effectiveness of each of its committees.

The Board encourages director continuing education through a mix of in-house and third-party presentations and programs. The Nominating Committee is charged with tracking director continuing education. We pay or reimburse directors for expenses associated with attending these continuing education events.

We did not renew our stockholders' rights plan when it expired in December 2008.

Director Independence

In fiscal year 2014, the Board appointed an independent non-employee director as Chairman, and since 2006 we have separated the roles of Chairman and Chief Executive Officer. Mr. Eckert served in the capacity of lead independent director from February 2012 to February 2014 and has served as Chairman since February 2014.

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A majority of the Board members are independent of the Company and our management. The definition of independent is included in our Corporate Governance Guidelines, which can be found through the Corporate Governance link on the Investors page on our website at www.varian.com.

All members of our key Board committees the Audit Committee, the Compensation Committee, the Ethics Committee and the Nominating Committee are independent.

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Majority Voting

Our Corporate Governance Guidelines currently include a policy under which an incumbent director in an uncontested election who is elected by a plurality but does not receive the majority of the votes cast is obligated to offer his or her resignation to the Board.

The Company's Bylaws and Corporate Governance Guidelines were recently amended to include a majority voting standard for uncontested director elections commencing at our 2018 Annual Meeting. Going forward, if the number of nominees timely nominated for an annual meeting does not exceed the number of directors to be elected, each director shall be elected if the number of votes cast for the election of the director exceeds those cast against such director. Any incumbent director who is not re-elected by the majority voting standard will be required to tender his or her resignation promptly following the certification of the stockholders' vote. The Nominating and Corporate Governance Committee will consider such resignation and recommend to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following the certification of the stockholders' vote and will promptly disclose publicly its decision regarding whether to accept the director's resignation.

Board Structure

We are in the process of declassifying our Board. Commencing with our 2016 Annual Meeting, any director standing for election has been and will be elected for a one-year term and our entire Board will be elected annually commencing with the 2018 Annual Meeting of Stockholders.

The Board has since August 2011 added four new independent directors to the Board, including most recently Ms. Bruner, and has a commitment to inclusiveness and diversity.

The Board has adopted a guideline for director retirement that provides that a director should not serve on the Board for more than 15 years or after a director reaches the age of about 75. This guideline may be adjusted as the Board deems appropriate.

Our Corporate Governance Guidelines contain committee rotation guidelines that recommend adding a new member to each committee every three years.

The annual cycle of agenda items for Board and committee meetings reflects Board and committee requests and changing business and legal issues. The Board receives regularly scheduled presentations from our finance, legal and compliance departments and major business units and operations, and reviews enterprise risk at least annually. The Board's and committees' annual agenda includes, among other items, our long-term strategic plans, periodic reports on progress against long-term strategic plans, emerging and disruptive technologies, potential acquisition or investment targets, capital projects and evaluation of the Chief Executive Officer and management and Board succession.

Director & Executive Compensation

The Board has adopted stock ownership guidelines for our directors and executive officers. Each non-employee director is expected to own shares valued at five times the directors' annual retainer fee.

The Board has adopted a recoupment policy to recover certain incentive payments made to executives in the event of a restatement of our financial statements.

The Board has eliminated certain perquisites for executives, including the Executive Car Program and tax gross-ups.

Director Independence

The Board has determined that Ms. Bostrom, Ms. Bruner, Ms. Dugan, Mr. Eckert, Mr. Guertin, Mr. Illingworth, Mr. Laret, Mr. Naumann-Etienne and Mr. Reinhardt are independent for purposes of the

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NYSE listing requirements and under our Corporate Governance Guidelines. Mr. Wilson, our President and Chief Executive Officer, is an employee and therefore not independent. The Board considered transactions and relationships, both direct and indirect, between each director (and his or her immediate family) and the Company and its subsidiaries and affirmatively determined that none of Ms. Bostrom, Ms. Bruner, Ms. Dugan, Mr. Eckert, Mr. Guertin, Mr. Illingworth, Mr. Laret, Mr. Naumann-Etienne and Mr. Reinhardt has any material relationship, either direct or indirect, with us other than as a director and stockholder.

Additionally, in making its determination the Board analyzed the following relationships and determined that these relationships are immaterial and are not inconsistent with a determination that these directors are independent for purposes of the NYSE listing requirements and under our Corporate Governance Guidelines:

Ms. Bostrom serves as an outside director of a hospital and a university that are customers of ours, and as an outside director of one of our service providers.

Mr. Eckert serves as an outside director of a company from whom we are licensing and with whom we are developing certain technology.

Mr. Laret is the Chief Executive Officer of UCSF Medical Center, which is a customer of ours and with whom we have a research agreement. We have also made charitable donations to UCSF Medical Center and the Regents of the University of California in the past.

Board Meetings

The Board met six times in fiscal year 2016. Four of these Board meetings included executive sessions of either the independent directors or the non-management directors, or both, with Mr. Eckert presiding at such meetings. We have five standing committees of the Board: the Audit Committee, the Compensation Committee, the Ethics Committee, the Nominating Committee and the Executive Committee. Each current director attended at least 75% of the total Board meetings and meetings of the committees on which they served that were held in fiscal year 2016. Directors are encouraged to attend meetings of committees on which they do not serve as members. However, each of the Audit Committee, the Compensation Committee, the Ethics Committee and the Nominating Committee regularly hold executive sessions of only the committee members or non-management directors.

Board Leadership Structure

The Board has adopted Corporate Governance Guidelines designed to promote the functioning of the Board and its committees. These Guidelines address Board composition, Board functions and responsibilities, qualifications, leadership structure, committees and meetings.

Our Corporate Governance Guidelines do not indicate a particular Board structure, and the Board is given the flexibility to select its Chairman and our Chief Executive Officer in the manner that it believes is in the best interests of our stockholders. Accordingly, the Chairman and the Chief Executive Officer may be filled by one individual or two. The Board has determined that having Mr. Eckert, who is independent within the meaning of the NYSE listing standards, serve as Chairman and Mr. Wilson serve as Chief Executive Officer is in the best interests of the stockholders. We have separated the roles of Chief Executive Officer and Chairman in recognition of the differences between the two roles as they are presently defined. The Chief Executive Officer is responsible for setting our strategic direction and for our day-to-day leadership and performance, while the Chairman provides guidance to the Chief Executive Officer and leads the Board. The Board believes its administration of its risk oversight function has not affected the Board's leadership structure.

Director Stock Ownership Guidelines

To align the Board's interests with the interests of our stockholders, the Board has adopted stock ownership guidelines for its members. The guidelines state that each director should own shares of common stock

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(including Deferred Stock Units) with a value at least equal to five times his or her applicable annual retainer fee. Directors who were first appointed or elected to the Board after February 2004 must achieve the guideline within five years after such appointment or election. At the end of fiscal year 2016, all directors met the guidelines or were within the allowed time frame for meeting the guidelines. Under our insider trading policy, purchases on margin and the buying and selling of puts and calls of Company securities are prohibited.

The Board's Role in Risk Oversight

Our Company faces a number of risks, including operational, economic, financial, legal, regulatory and competitive risks. Our management is responsible for the day-to-day management of the risks we face. While our Board, as a whole, has ultimate responsibility for the oversight of risk management, it administers its risk oversight role in part through the Board committee structure, with the Audit Committee, the Compensation Committee, the Ethics Committee and Nominating Committee responsible for monitoring and reporting on the material risks associated with their respective subject matter areas.

The Board's role in our risk oversight process includes receiving regular reports from members of senior management, as well as external advisors such as Pay Governance LLC and PricewaterhouseCoopers LLP (PwC), on areas of material risk to us, including operational, economic, financial, legal, regulatory and competitive risks. The full Board (or the appropriate committee in the case of risks that are reviewed by a particular committee) receives these reports from those responsible for the relevant risk in order to enable it to understand our risk exposures and the steps that management has taken to monitor and control these exposures. When a committee receives the report, the Chairman of the relevant committee generally provides a summary to the full Board at the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role. The Audit Committee assists the Board in oversight and monitoring of principal risk exposures related to financial statements, legal, regulatory and other matters, as well as related mitigation efforts. The Compensation Committee assesses, at least annually, the risks associated with our compensation policies. The Ethics Committee assists the Board in oversight and monitoring of principal risks related to ethical compliance matters, such as compliance with anti-corruption and anti-bribery laws, as well as related mitigation efforts. The Nominating Committee assists the Board in oversight of risks that we have relative to compliance with corporate governance standards.

Board Committees and Committee Meetings

Each of our standing committees has a written charter approved by the Board that clearly establishes the committee's roles and responsibilities. Copies of the charters for the Audit Committee, the Compensation Committee, the Ethics Committee, the Executive Committee and the Nominating Committee, as well as our Corporate Governance Guidelines and Code of Conduct, can be found through the Corporate Governance link on the Investors page on our website at www.varian.com. Please note that information on, or that can be accessed through, our website is not part of the proxy soliciting materials, is not deemed filed with the SEC and is not to be