

VARIAN MEDICAL SYSTEMS INC
 Form 4
 June 03, 2008

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 FINNEY ELISHA W

2. Issuer Name and Ticker or Trading Symbol
 VARIAN MEDICAL SYSTEMS INC [VAR]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 SVP, Finance and CFO

(Last) (First) (Middle)
 C/O VARIAN MEDICAL SYSTEMS, 3100 HANSEN WAY, ,
 MAIL STOP E-327
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 06/02/2008

PALO ALTO, CA 94304-1030
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	06/02/2008		M		6,000	A	\$ 17.95	41,138	D
Common Stock	06/02/2008		S(1)		1,500	D	\$ 47	39,638	D
Common Stock	06/02/2008		S(1)		400	D	\$ 47.01	39,238	D
Common Stock	06/02/2008		S(1)		1,400	D	\$ 47.02	37,838	D
	06/02/2008		S(1)		300	D		37,538	D

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

Common Stock						\$ 47.022		
Common Stock	06/02/2008	S ⁽¹⁾	600	D	\$ 47.17	36,938		D
Common Stock	06/02/2008	S ⁽¹⁾	600	D	\$ 47.2	36,338		D
Common Stock	06/02/2008	S ⁽¹⁾	600	D	\$ 47.234	35,738		D
Common Stock	06/02/2008	S ⁽¹⁾	500	D	\$ 47.323	35,238		D
Common Stock	06/02/2008	S ⁽¹⁾	100	D	\$ 47.335	35,138		D
Common Stock						31,371	I	by Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 17.95	06/02/2008		M	6,000	⁽²⁾ 11/15/2011	Common Stock 6,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

FINNEY ELISHA W
C/O VARIAN MEDICAL SYSTEMS
3100 HANSEN WAY, , MAIL STOP E-327
PALO ALTO, CA 94304-1030

SVP,
Finance and
CFO

Signatures

By: Franco N. Palomba For: Elisha W. Finney per attached
POA

06/03/2008

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This transaction is pursuant to the filer's SEC Rule 10b5-1 Stock Plan.

Stock option granted under the Varian Medical Systems, Inc. 1990 Omnibus Stock Plan, which complies with new Rule 16b-3. The

(2) option vests as follows: one third on 11/15/02, and the remaining shares in 24 equal installments over the 24 months following the first vesting date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. D>In accordance with SEC rules, we have based our calculation of the potential realizable value on the term of the option at its time of grant, and we have assumed that:

The fair market value on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option; and

The option is exercised and sold on the last day of its term for the appreciated stock price.

These amounts are based on 5% and 10% assumed rates of appreciation and do not represent our estimate of future stock prices. Actual gains, if any, on stock option exercises will be dependent on the future performance of the Common Stock.

Stock Options Exercised During 2002

The following table sets forth information concerning stock option exercises during 2002 and outstanding stock options held at the end of 2002 by the Company's named executive officers. No stock appreciation rights were exercised or outstanding during 2002.

Name	Shares		Number of Securities		Value of Unexercised
	Acquired		Underlying Unexercised		In-the-Money Options
	On	Value	Options at 12/31/02		at 12/31/02 (\$)
	Exercise	Realized	Exercisable/Unexercisable		Exercisable/ Unexercisable(1)
Bernard C. Bailey			125,000 / 595,000		\$171,250 / \$815,150
Thomas J. Colatosti	372,272	\$ 1,047,994	25,000 / 766,065		/ \$1,498,759
Iftikhar A. Ahmad			110,060 / 102,242		\$122,257 / \$68,390
Sean F. Mack			34,333 / 20,000		\$27,468 / \$6,938
Michael Mazzu			54,051 / 50,449		\$53,435 / \$24,02
Cameron Queeno			11,666 / 38,334		\$3,833 / \$7,667

(1) Based on the \$4.45 closing price of the Company's Common Stock on December 31, 2002 on the Nasdaq National Market, minus the respective option exercise price.

Employment Agreements

In June 2002, the Company entered into a letter agreement with Bernard C. Bailey pursuant to which the Company offered Mr. Bailey the position of Chief Executive Officer of the Company, with Mr. Bailey's employment to commence on or before September 3, 2002. The agreement provides that the Company will pay Mr. Bailey an annual salary of \$300,000 and a signing bonus of \$85,000. Mr. Bailey is also eligible to receive a performance-based cash bonus. Additionally, the agreement provides that the Company will pay Mr. Bailey severance equal to twelve months' salary if the Company terminates his employment without cause, provided that the severance payments would be reduced or eliminated if Mr. Bailey begins employment elsewhere during the twelve month severance period. Pursuant to the agreement, during the time of his employment with the Company and for a period of two years after his employment, Mr. Bailey cannot engage in any business that competes with the Company's business, and he cannot solicit any of the Company's employees. In addition, Mr. Bailey is required to maintain the confidentiality of the Company's business information.

On August 14, 2002, Mr. Bailey was issued an option to purchase 720,000 shares of Common Stock with an exercise price of \$3.35 per share, of which 125,000 options vest and become exercisable on January 1, 2003, 2004 and 2005 and the balance vest as the market capitalization of the Company reaches amounts between \$400 million and \$1 billion, provided he is employed by the Company on the vesting date. The vesting of Mr. Bailey's options will be accelerated if there is a change in control of the Company and the options fully vest if he is employed by the Company on May 14, 2012.

In October 2002, the Company entered into a letter agreement with James Ebzery pursuant to which the Company offered Mr. Ebzery the position of Senior Vice President, Sales and Marketing. In December 2002, the Company entered into similar letter agreements with each of William Aulet, pursuant to which the Company offered Mr. Aulet the position of Senior Vice President and Chief Financial Officer, and Jack Dillon, pursuant to which the Company offered Mr. Dillon the position of Senior Vice President, Government Solutions. The agreements provide that the Company will pay Mr. Ebzery, Mr. Aulet and Mr. Dillon annual base salaries of \$215,000, \$175,000 and \$200,000, respectively, subject to annual review by the Compensation Committee, and that each is eligible to receive a performance-based cash bonus.

In addition, during each of the executive's employment with the Company and for a period of two years after the termination of the executive's employment, each of the executives is restricted from engaging in any business that competes with the Company's business and from soliciting any employees of the Company. The executives have also agreed to maintain the confidentiality of the Company's business information.

The agreements further provide that Mr. Ebzery and Mr. Aulet will each receive an option under the Management Plan to purchase 200,000 shares of Common Stock with exercise prices of \$4.04 and \$4.35, respectively. Mr. Dillon will receive an option under the Management Plan to purchase 75,000 shares of Common Stock with an exercise price of \$4.08 per share. Each of the options vests in equal annual installments over three years, provided that vesting will be accelerated if there is a change in control of the Company. Additionally, the agreements provide that the Company will pay each of Mr. Ebzery, Mr. Aulet and Mr. Dillon severance equal to six months' salary if:

the Company terminates the executive's employment other than for cause; or

the executive resigns from the Company under circumstances in which the Company has failed to continue his employment in a position of Senior Vice President in the case of Mr. Ebzery or Mr. Dillon, or in a position of Vice President in the case of Mr. Aulet, has reduced the executive's compensation in bad faith or has changed the executive's job location by more than 50 miles.

Board Compensation Committee Report on Executive Compensation.

The Compensation Committee of the Company's Board of Directors (the Committee) is responsible for establishing and managing compensation policies for the Company's executive officers and for making decisions about awards under certain of the Company's stock-based compensation plans in satisfaction of the Securities Exchange Act Rule 16b-3. Each Committee member is an outside director within the meaning of Rule 16(b) of the Securities Exchange Act of 1934, as amended, and section 162(m) of the Internal Revenue Code. This report outlines the Company's compensation policies for the Chief Executive Officer and executive officers other than the Chief Executive Officer (collectively, the executive officers).

The Committee's compensation policies provide compensation opportunities that are comparable to those for similarly situated executives in comparable companies. These compensation policies are designed to reward executives based on their contributions to the Company's success with respect to shareholder value creation and to ensure the Company's ability to attract and retain qualified executives. The principal elements of compensation employed by the Committee to meet these objectives are base salaries, cash incentive opportunities, and stock options.

In making its decisions, the Committee uses the services of an outside compensation consultant as needed. The Committee considers a range of factors it believes to be relevant, including the Company's pay levels relative to competitive norms. External comparisons are made to data drawn from a number of sources, including the publicly available disclosures of selected peer companies and national compensation surveys of technology companies of similar size and complexity. The Committee also considers the Company's achievements over the past year, the individual's contributions to the Company's success, the roles and responsibilities of each executive and the internal equity of pay relationships.

The Committee manages an Executive Incentive Compensation Plan, described in the section titled Executive Compensation above, under which awards are linked to the achievement of predetermined financial goals such as earnings and revenue growth, as well as individual objectives. The Committee assigns performance measures annually on the basis of the Company's key objectives. All executive officers are eligible to participate in this incentive compensation plan.

Options granted in 2002 to executive officers under the Management Plan have an exercise price equal to the fair market value of the stock on the date of the grant, implying that no compensation can be earned under this element unless shareholder value is created, and vesting requirements that are linked to an extended service requirement. In determining the magnitude of the awards, the Committee considers competitive norms, and the roles, responsibilities, and prior performance of the individual. All executive officers, including the Chief Executive Officer, are eligible to participate in this option plan.

Compensation for 2003 generally reflects levels required to retain executives. Following its annual review of compensation after the close of 2002, the Committee made adjustments in executive officers' salaries to reflect competitive norms.

COMPENSATION COMMITTEE

Thomas J. Reilly, Chairman

Harriet Mouchly-Weiss

Peter Nessen

Board Audit Committee Report

The Company's Audit Committee oversees the Company's accounting, financial reporting, data processing, regulatory, and internal control environments. The Audit Committee also selects and engages the Company's independent accountants. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The primary duties and responsibilities of the Audit Committee are to:

select and engage the Company's independent accountants;

serve as an independent and objective body to monitor the Company's financial reporting process and internal control systems;

review and approve the scope of the annual audit, non-audit services to be performed by the independent accountants and the independent accountants' audit and non-audit fees;

review and appraise the audit efforts of the Company's independent accountants;

evaluate the Company's financial reporting and compliance with laws and regulations;

oversee management's establishment and enforcement of financial policies;

recommend to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for filing with the Securities and Exchange Commission; and

provide an open avenue of communication among the independent accountants, financial and senior management and the Board.

The Audit Committee has:

reviewed and discussed the audited financial statements of the Company for the fiscal year ended December 31, 2002 with the Company's management and the independent accountants, including a discussion of the quality and effect of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements;

discussed the matters required by Statement on Auditing Standards No. 61 with the independent accountants;

met with the independent accountants, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting; and

considered whether the provision of services represented under the heading "All Other Fees" set forth on page 8 is compatible with maintaining BDO Seidman's independence.

Explanation of Responses:

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

The Audit Committee has also received the written disclosures and the letter from the Company's independent accountants required by Independence Standards Board Standard No. 1 (entitled "Independence Discussion with Audit Committees"), has discussed the independence of the independent accountants and considered whether the provision of non-audit services by the independent accountants is compatible with maintaining the independence, and has satisfied itself as to the independence of the independent accountants.

Based on the review and discussions described above, the Audit Committee has recommended to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Peter Nessen, Chairman

Thomas J. Reilly

Harriet Mouchly-Weiss

STOCK PERFORMANCE GRAPH

Stock Performance Graph

The following performance graph assumes an investment of \$100 on December 31, 1997 and compares the change to December 31, 2002 in the market price of the Company's Common Stock with two broad market indexes, the S&P 500 and the Russell 2000. The Company paid no dividends during the periods shown, whereas the performance of the indices is shown on a total return, dividend reinvestment basis. The graph lines merely connect the prices on the dates indicated and do not reflect fluctuations between those dates.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Prior to its incorporation in Delaware on May 23, 1996 and its November 1996 initial public offering, the Company operated as the Viisage Technology Division of Lau. On November 6, 1996, Lau transferred substantially all of the assets and liabilities of its Viisage Technology Division to Viisage in exchange for shares of Viisage Common Stock. As of March 27, 2003, Lau directly owned approximately 31% of the issued and outstanding Viisage Common Stock.

On January 10, 2002, Viisage acquired the assets of Lau Security Systems, a division of Lau, including all of its intellectual property, contracts and distribution channels. The intellectual property acquired from Lau included, among other things, thirty-one U.S. or foreign patent grants or applications for inventions relating to facial recognition technologies or the production of identification cards, the patent acquired by Lau from Daozeng Lu and Simon Lu for verifying the identity of an individual using identification parameters carried on an escort memory, and numerous invention disclosures that are being considered for patent application. The transaction also included an exclusive license of Lau's rights to use the patented facial recognition technology it licensed from MIT for use in the federal access control field. As a result of this transaction, certain obligations on the part of Viisage to license intellectual property to Lau were terminated. The Company assumed certain liabilities related to the acquired business and will pay Lau a royalty of 3.1% of facial recognition revenues over the next twelve and a half years, up to a maximum of \$27.5 million.

In connection with the asset transfer described above, the Company and Lau terminated an existing Administration and Services Agreement (the Services Agreement), pursuant to which Lau had provided certain general accounting, data processing, payroll, human resources, employee benefits administration, shipping and receiving, and certain executive services to the Company. The termination was effective February 1, 2002, and the Company is now performing these tasks internally.

The Company and Lau are parties to a Use and Occupancy Agreement for the Company's use of certain office space for its corporate headquarters, which has been extended through January 31, 2004. The Use and Occupancy Agreement requires the Company to pay its proportionate share of the cost of shared facilities and office services including rent, insurance, property taxes, utilities, and other operating expenses, based on square footage or equipment utilized. The 2002 annual fee for facilities and services was approximately \$699,000.

On March 18, 2002, Viisage acquired the capital stock of Biometrica Systems, Inc. (Biometrica), a former licensee and distributor of Viisage's facial recognition technologies in the casino market, for approximately \$2.5 million in cash. In addition, the Company will make an annual earnout payment over the next five years equal to 5% of gross revenues received by the Company's gaming business unit each year. In 2002, the Company made the first earnout payment of approximately \$12,000. Biometrica's assets include, among other things, intellectual property relating to the BiometriCam, a compact camera with built-in facial recognition software.

License Arrangements

Pursuant to the asset sale described above, the Company has terminated all license agreements with Lau, except to the extent that Lau has agreed to enter into sub-licensing arrangements with the Company with respect to certain technology that Lau is holding on the Company's behalf. This includes an arrangement whereby Lau sub-licenses to the Company all of its rights under a license agreement dated August 20, 1996 between Facia Reco Associates and Lau.

Consulting Agreements

In connection with the purchase of the business of Lau Security Systems, the Company entered into consulting agreements with Denis K. Berube, Executive Vice President and Chief Operating Officer of Lau and Chairman of the Board of the Company, and Joanna Lau, President and Chief Executive Officer of Lau and the beneficial owner of more than 5% of the Company's outstanding stock. Under the consulting agreements, each of Mr. Berube and Ms. Lau will receive annual compensation of \$125,000. Each agreement terminates at the earlier of the tenth anniversary or the commencement of the consultant's full-time employment elsewhere.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers, directors and persons who own more than ten percent of a registered class of the Company's equity securities (Reporting Persons) to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and The Nasdaq National Market (Nasdaq). These Reporting Persons are required by SEC regulation to furnish the Company with copies of all Forms 3, 4 and 5 they file with the SEC and Nasdaq. The Company believes that all Reporting Persons have complied with all filing requirements applicable to them with respect to transactions during fiscal year 2002.

SHAREHOLDER PROPOSALS

Shareholders may submit proposals on matters appropriate for shareholder action at subsequent annual meetings of shareholders consistent with Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended. For such proposals to be considered for inclusion in the Proxy Statement and Proxy relating to the 2004 Annual Meeting of Shareholders, such proposals must be received by the Company for inclusion in the Company's Proxy Statement and proxy card relating to that meeting no later than December 17, 2003.

Pursuant to Rule 14a-4(c) of the Exchange Act, if a shareholder who intends to present a proposal at the 2004 Annual Meeting of Shareholders does not notify the Company of such proposal on or prior to March 2, 2004, then management proxies would be allowed to use their discretionary voting authority to vote on the proposal when the proposal is raised at the Annual Meeting, even though there is no discussion of the proposal in the 2004 Proxy Statement.

SOLICITATION EXPENSES

The Company will bear the cost of this solicitation. Solicitation will be made primarily by mail, but directors, officers, and employees of the Company may solicit proxies in person or by telephone or telecopy. The Company will request brokers, nominees, custodians, and fiduciaries to forward solicitation materials to obtain voting instructions from beneficial owners and will reimburse such parties for their reasonable expenses in connection therewith. In addition, the Company retains EquiServe Trust Company N.A. as its transfer agent, which assists in the distribution of proxies.

INCORPORATION BY REFERENCE

To the extent that this Proxy Statement has been specifically incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, the sections of the Proxy Statement entitled Board Compensation Committee Report on Executive Compensation, Board Audit Committee Report and Performance Graph shall not be deemed to be so incorporated, unless specifically otherwise provided in any such filing. In addition, such sections of this Proxy Statement shall not be deemed to be soliciting material.

OTHER DOCUMENTS

Upon written request by anyone who is a shareholder as of the record date, the Company will furnish, without charge, a copy of its Annual Report on Form 10-K. Such written request should be sent to the attention of the Controller, Viisage Technology, Inc., 30 Porter Road, Littleton, MA 01460.

OTHER BUSINESS

The Board of Directors does not know of any matters which will be brought before the Meeting other than those matters specifically set forth in the Notice of the 2003 Annual Meeting of Shareholders. However, if any other matter properly comes before the Meeting, it is intended that the persons named in the enclosed proxy card, or their substitutes acting thereunder, will vote on such matter in accordance with their best judgment.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF VIISAGE TECHNOLOGY, INC.

As Amended on February 12, 2003

Organization

One committee of the board of directors (the Board) of Viisage Technology, Inc. (the Company) will be known as the Audit Committee (the Committee). The membership of the Committee shall consist of not fewer than three independent directors, as such term is defined by the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission (Commission) and the applicable Nasdaq rules. No member shall be an affiliate of the Company (as defined by the Commission) other than in his or her capacity as a member of the Committee, the Board or any other committee of the Board. No member shall receive any compensation from the Company, other than for service as a director and as a member of committees of the Board. Each Committee member must also meet the financial literacy requirements for serving on audit committees, and at least one member must be a financial expert, as defined by the Commission and must have accounting or related financial management expertise, as set forth in the applicable Nasdaq rules.

One member of the Committee shall serve as Chair, who shall be responsible for leadership of the Committee, including scheduling meetings when necessary, presiding over meetings, preparing agendas, and making regular reports to the Board. The Chair will also serve as a liaison between the Committee, the Company's management, internal auditors, if any, and independent accountants.

Function

The primary function of the Committee is to assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Company. This will include but is not limited to, oversight of the integrity of the Company's financial statements, the Company's systems of internal controls and disclosure controls and procedures, the Company's compliance with applicable law and ethics programs, and the annual independent audit of the Company's financial statements. The Committee shall be directly responsible for the appointment, oversight and compensation of the Company's independent auditor, subject to shareholder ratification, and for oversight of the Company's internal audit function, if any. The Committee may also have such other duties as may from time to time be assigned it by the Board.

I. General responsibilities

A. The Committee shall provide and maintain open avenues of communication among the Company's management, employees, the independent accountant and the Board. The Committee shall receive and treat all complaints received by the Company regarding accounting, internal accounting controls and auditing matters and employee concerns regarding questionable accounting or auditing matters.

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

B. The Committee must report Committee actions to the full Board and may make appropriate recommendations.

C. The Committee has the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Committee shall have the authority and budget to retain independent counsel, accountants or others it needs to assist in carrying out its responsibilities.

A-1

D. The Committee will meet at least four times each year, and may meet more frequently if circumstances dictate. The Committee will meet as necessary with members of management or others to receive all pertinent information from management.

E. A Committee member should not vote on any matter in which he is not independent.

F. The Committee will do whatever else the law, the Company's charter or bylaws or the Board require.

II. Responsibilities for engaging independent accountants and appointing financial management

A. The Committee will select, retain, oversee and terminate, if necessary, the independent public accountants for Company audits. The Committee will review and set any fees paid to the independent accountants and review and approve dismissal of the independent accountants.

B. The Committee will confirm and assure the independence of the independent accountant. The Committee will obtain annually from the independent accountants a formal written statement describing all relationships between the auditors and the Company, consistent with the Independence Standards Board Standard Number 1. The Committee shall discuss with the independent accountants any relationships that may affect their objectivity and independence, and the Committee may take, or recommend that the Board take, appropriate actions to oversee itself as to the auditors' independence. The Committee will also consider whether the provision of any services by the independent accountants not related to the audit of the annual financial statements and the review of the interim financial statements is compatible with maintaining the auditor's independence. No non-audit services shall be provided by the independent accountants unless the provision of such services is approved in advance by the Committee (or by the Committee Chair), as required by the Sarbanes-Oxley Act of 2002, and complete and adequate disclosure of the services and the approval is made.

C. The Committee shall evaluate the qualifications, performance and independence of the public accountants, including a review and evaluation of the lead partner of the public accountant and taking into account the opinions of management and the Company's internal auditors.

D. The Committee shall consider whether hiring employees or former employees of the independent accountants is consistent with maintaining the auditor's independence.

E. The Committee will consider, in consultation with the independent accountant and the CFO, controller or internal auditor of the Company, if any, the audit scope and procedural plans made by the independent accountant.

F. The Committee will meet with management and the primary independent auditor to consider possible needs to engage additional auditors. The Committee will decide whether to engage an additional firm and, if so, which one.

G. The Committee will make sure that the CFO, controller or internal auditor, if any, and the independent accountant coordinate the internal and external audits. The purpose of coordinating these efforts is to assure completeness of coverage, to reduce redundancy and to allocate the audit resources effectively.

H. The Committee will review, and have veto power over, the appointment, replacement, reassignment or dismissal of the financial management of the Company, including any CFO, controller and/or internal auditor, as applicable.

A-2

III. Responsibilities for reviewing internal audits, the annual external audit and the review of quarterly and annual financial statements

A. The Committee will ascertain that the independent accountant views the Board and the Committee as its client, that it will be available to meet with the Committee at least annually, and that it will provide the Committee with a timely analysis of significant financial reporting issues.

B. The Committee will ask management and the independent accountant about significant risks and exposures and will assess management's steps to minimize them, including the Company's risk assessment and risk management policies.

C. The Committee will review the following with the independent accountant and the CFO, controller or internal auditor, as applicable:

1. The adequacy of the Company's internal control procedures and practices for accomplishing proper financial management including computerized information system controls, security, budgets, results, responsibilities, plans and staffing, and the Company's internal control procedures and practices for safeguarding assets and complying with the Company's policies and ethical practices.

2. As required by Section 302 of the Sarbanes-Oxley Act of 2002, review and discuss with management, the outside auditor and the internal auditor, if any, the Company's disclosure controls and procedures, any deficiencies in such disclosure controls and procedures and any fraud.

3. Any significant findings and recommendations made by the independent accountant, together with management's responses to them.

4. Any significant changes in the Company's accounting principles or financial reporting practices.

D. Shortly after the annual audit is completed, the Committee will review the following with management and the independent accountant:

1. The Company's annual financial statements and related footnotes.

2. The independent accountant's audit of and report on the financial statements. The Committee's discussions with management and the independent accountants shall include matters required to be discussed under Statement of Auditing Standards (SAS) No. 61.

3. The auditor's qualitative judgments about the appropriateness, as well as the acceptability, of accounting principles and financial disclosures, including the aggressive (or conservative) nature of the accounting principles and underlying estimates.

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

4. Any difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of activities or access to required information. The Committee shall review any management letter provided by the auditor and the Company's response to that letter.

 5. Compliance with applicable regulatory and financial reporting requirements.

 6. All other matters about the audit procedures or findings that GAAP requires the auditors to discuss with the Committee.
- E. Based upon the Committee's review of the audited financial statements, the Committee shall make recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.
- F. The Committee will review annual filings with the SEC and other published documents containing the Company's financial statements, and will consider whether the information in the filings is consistent with the information in the financial statements.

A-3

G. The Committee will review and discuss with the CFO, controller or internal auditor and the independent accountants the information contained in the interim financial reports to be filed with the Commission, including the Company's disclosures under Management Discussion and Analysis of Financial Condition and Results of Operations and critical accounting policies and the matters required to be discussed by SAS No. 61, before those interim reports are released to the public or filed with the SEC or other regulators.

H. The Committee will review and discuss with management and the independent accountants the earnings announcements and earnings guidance provided to analysts and rating agencies (generally or on a case-by-case basis) prior to their release.

I. The Committee will prepare a report as required by the rules of the Commission for inclusion in the Company's annual proxy statement that describes the Committee's composition and responsibilities, and how the responsibilities were fulfilled.

J. At least annually, obtain and review a report by the outside auditor describing: the audit firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and all relationships between the independent auditor and the company.

IV. Periodic responsibilities

A. Review the Committee's charter annually and recommend any proposed changes to the Board for approval.

B. Review and approve any material transaction between the Company and any director or executive officer of the Company (or any person or entity controlled by or controlling such director or officer, or in which such director or officer has a direct or indirect material financial interest). Prior to approval, the Committee shall consider whether such transaction would be in the best interests of the Company. If approved, the Committee should review the public disclosure of such transaction prior to such disclosure.

C. Review policies and procedures governing officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of those areas by the independent accountant.

D. Review matters that the Committee determines may have a material effect on the organization's financial statements, compliance policies and programs, and reports with regulators.

E. Meet at least quarterly with the independent accountant, management and internal auditor in separate executive sessions to discuss any matters the Committee or these groups believe should be discussed privately with the Committee.

F. Conduct an annual self-evaluation of the performance of the Committee.

G. Establish procedures for (i) receipt, retention and treatment of complaints received by the Company from external sources regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

While the Audit Committee has the duties and responsibilities set forth in this charter, the Audit Committee is not responsible for planning or conducting the audits or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

A-4

VIISAGE TECHNOLOGY, INC.

SECOND AMENDED AND RESTATED

1996 MANAGEMENT STOCK OPTION PLAN

Section 1 Purpose

The Purpose of this Second Amended and Restated 1996 Management Stock Option Plan (this Plan) is to advance the interest of Viisage Technology, Inc. (the Company), a Delaware corporation, by providing an opportunity to selected officers and employees of the Company to purchase common stock of the Company. By encouraging such stock ownership, the Company and its parent seek to attract, retain and motivate officers and employees. It is intended that this purpose will be effected by issuance of nonqualified stock options (nonqualified options) and incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the Code) (incentive options).

Section 2 Effective Date

The Plan shall be effective as of May 8, 2001, the date as of which it was adopted by the stockholders of the Company (the Effective Date). On July 21, 1997, the Board voted to amend the Plan, subject to shareholder approval, to authorize an additional 701,000 shares under the Plan to increase the number of shares available under the Plan to 2,057,100 shares. On January 26, 2000, the Board voted to further amend the Plan, subject to shareholder approval, to authorize an additional 750,000 shares under the Plan to increase the number of shares available under the Plan to 2,807,100 shares. On March 20, 2001, the Board voted to further amend the Plan, subject to shareholder approval, to authorize an additional 1,000,000 shares under the Plan to increase the number of shares available under the Plan to 3,807,100 shares.

Section 3 Stock Subject to the Plan

Options issued under this Plan shall be exercisable for the Company's common stock. The number of shares that may be issued under this Plan shall not exceed in the aggregate three million eight hundred seven thousand one hundred (3,807,100) shares of the common stock, \$.001 par value, of the Company (the Shares), subject to adjustment as provided in Sections 9 and 10 below. Any Shares subject to an option which for any reason expires or is terminated as to such Shares may again be the subject of an option under this Plan. In addition, any Shares purchased by an optionee upon exercise of an option under this Plan that are subsequently repurchased by the Company pursuant to the terms of such option, and Shares tendered as payment for Shares upon exercise of an option under this Plan, may again be the subject of an option under the Plan. The Shares delivered upon exercise of options under this Plan may, in whole or in part, be either authorized but unissued Shares or issued Shares reacquired by the Company.

Section 4 Administration

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

This Plan shall be administered by a committee of two or more non-employee members of the Board of Directors of the Company appointed by the Board (the Committee), each of whom meets any applicable requirements under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), or any successor provision, as applicable to the Company at the time (Rule 16b-3). Subject to the provisions of the Plan, the Committee shall have full power to construe and interpret the Plan and to establish, amend and rescind rules and regulations for its administration. Any decisions made with respect thereto shall be final and binding on the Company, the optionee and all other persons. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan.

B-1

Section 5 Eligible Participants

Incentive options may be issued to such management employees of the Company as are selected by the Committee. Nonqualified options may be issued to such officers or management employees of the Company as are selected by the Committee. Options under this Plan may not be issued to members of the Board of Directors of the Company. No employee may be granted options to acquire, in the aggregate, more than 1,337,000 Shares under the Plan (subject to adjustment as provided in Sections 9 and 10 below) during any fiscal year of the Company. If any option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part or shall be repurchased by the Company, the Shares subject to such option shall be included in the determination of the aggregate number of Shares deemed to have been granted to such employee under the Plan.

Section 6 Duration of the Plan

This Plan shall remain in effect indefinitely, unless terminated earlier pursuant to Paragraph 14 hereof, provided no incentive options may be issued after the tenth anniversary of the Effective Date. Options that are issued on or before the date of this Plan's termination shall remain exercisable in accordance with their respective terms after the termination of the Plan.

Section 7 Restriction on Incentive Options

Incentive options (but not nonqualified options) issued under this Plan shall be subject to the following restrictions:

(a) **Limitation on Number of Shares.** To the extent that the aggregate fair market value, determined as of the date the incentive option is issued, of the Shares with respect to which incentive options are exercisable for the first time by an employee during any calendar year exceeds \$100,000 (the "\$100,000 limitation"), the portion of such option which is exercisable in excess of such \$100,000 limitation shall be treated as a nonqualified option. In the event that an employee is eligible to participate in any other incentive stock option plan of the Company intended to comply with the provisions of Section 422 of the Code, the \$100,000 limitation shall apply to the aggregate number of Shares for which incentive stock options may be issued under all such plans.

(b) **10% Stockholder.** If any employee to whom an incentive option is issued pursuant to the provisions of the Plan is on the date of issuance the owner of stock (as determined under Section 424 (d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries, then the following special provisions shall be applicable to the incentive option issued to such individual:

(i) The option price per share subject to such incentive option shall not be less than 110% of the fair market value of one share on the date of issuance; and

(ii) The incentive option shall not have a term in excess of five (5) years from the date of issuance.

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

Section 8 Terms and Conditions of Options

Options issued under this Plan shall be evidenced by written instruments in such form not inconsistent with this Plan as the Committee shall approve from time to time, which instruments shall evidence the following terms and conditions, and such other terms and conditions (which need not be the same in different options) not inconsistent with the Plan as the Committee may approve from time to time:

(a) Price. Subject to the conditions on incentive options in paragraph 7(b), if applicable, the purchase price per share of stock payable upon the exercise of each incentive option issued hereunder shall be not less than one hundred percent of the fair market value of the stock on the day the option is issued. The purchase price per Share of stock payable upon exercise of each nonqualified option issued hereunder shall be determined by the Committee. Fair market value shall be determined in accordance with procedures to be established in good faith by the Committee and, with respect to incentive options, conforming to regulations issued by the Internal Revenue Service with regard to incentive stock options.

B-2

(b) Number of Shares. Each option agreement shall specify the number of Shares to which it pertains.

(c) Exercise of Options. Subject to the conditions on incentive options in subparagraph (b)(ii) of Paragraph 7, if applicable, each option shall be exercisable for the full amount or for any part thereof and at such intervals or in such installments, with acceleration based on such events, as the Committee may determine at the time it issues such option, provided that no incentive option shall be exercisable with respect to any Shares later than ten (10) years after the date of the issuance of such option.

(d) Notice of Exercise and Payment. An option shall be exercisable only by delivery of a written notice to the Company's Treasurer or any other officer of the Company designated by the Committee to accept such notices on its behalf, specifying the number of Shares for which it is exercised. If said Shares are not at that time effectively registered under the Securities Act of 1933, as amended, the optionee shall include with such notice a letter, in form and substance satisfactory to the Company, confirming that the Shares are being purchased for the optionee's own account for investment and not with a view to distribution. Payment shall be made in full at the time the option is exercised. Payment shall be made by (i) cash; (ii) by check; (iii) if permitted by vote of the Committee and stated in the Option agreement, subject to Section 13(c) below, by delivery and assignment to the Company of Shares previously owned by the optionee for more than six months and having a value equal to the Option price; (iv) if permitted by vote of the Committee and stated in the Option agreement (and if permitted by applicable law), through the delivery of an assignment to the Company of a sufficient amount of the proceeds from the sale of unrestricted Shares acquired upon exercise to pay for all of the Shares so acquired and any tax withholding obligation resulting from such exercise, and an authorization to the broker or selling agent to pay that amount to the Corporation; or (v) by a combination of (i), (ii), (iii) and (iv). The value of the Company stock for purposes of the foregoing clause (iii) shall be its fair market value as of the date the Option is exercised, as determined in accordance with procedures to be established by the Committee.

(e) Withholding Taxes; Delivery of Shares. The Company's obligation to deliver Shares upon exercise of an option, in whole or in part, shall be subject to the optionee's satisfaction of all applicable federal, state and local income and employment act withholding obligations. If permitted by vote of the Committee and stated in the stock option agreement, subject to Section 13(c) below, the optionee may satisfy the obligation, in whole or in part, (i) by electing to have Shares withheld having a value equal to the amount to be so satisfied (but not in an amount exceeding the minimum statutory withholding requirement applicable to such exercise), or (ii) by delivery and assignment to the Company of Shares previously owned by the optionee having a value equal to the amount to be so satisfied (but unless such Shares have been owned by the optionee for more than six months, not in an amount exceeding the minimum statutory withholding requirement applicable to such exercise). The value of Shares to be withheld or assigned shall be determined based on the fair market value of the Shares on the date the amount of tax to be withheld is to be determined.

(f) Termination of Options. Each option shall terminate and may no longer be exercised if the optionee ceases for any reason to perform services as an employee (or in the case of nonqualified options, as an officer or employee), unless otherwise provided in the optionee's option agreement; provided, however, that no option may be exercised to any extent by anyone after the date of expiration of the option.

(g) Rights as Shareholder. The optionee shall have no rights as a shareholder with respect to any Share covered by this option until the purchase thereof.

(h) Non-Transferability. No option shall be transferable by the optionee otherwise than by will or the laws of descent or distribution, and each option shall be exercisable during the optionee's lifetime only by the optionee. Notwithstanding the foregoing (but in the case of an optionee that is subject to Section 16 of the Exchange Act, only to the extent consistent with the requirements of Rule 16b-3 or other rules under Section 16 of the Exchange Act, and in the case of an incentive option, only if then permitted for incentive options under the Code and applicable regulations and rulings), such option may be transferred pursuant to an order that would

B-3

constitute a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder.

(i) Repurchase of Shares by the Company. Any Shares purchased by an optionee upon exercise of an option may in the discretion of the Committee be subject to repurchase by the Company if and to the extent specifically set forth in the option agreement pursuant to which the Shares were purchased.

(j) The instruments evidencing options may be in the form of agreements to be executed by both the optionee and the Company or certificates, letters or similar instruments, which need not be executed by the optionee but acceptance of which will evidence agreement to the terms of the issuance.

Section 9 Stock Dividends; Stock Splits; Stock Combinations; Recapitalization.

In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capitalization, or other distribution with respect to holders of the Company's common stock other than normal cash dividends, automatic adjustment shall be made in the number and kind of shares as to which outstanding options or portions thereof then unexercised shall be exercisable and in the available shares set forth in Section 3 hereof, to the end that the proportionate interest of the option holder shall be maintained as before the occurrence of such event. Such adjustment in outstanding options shall be made without change in the total price applicable to the unexercised portion of such options and with a corresponding adjustment in the option price per share. Automatic adjustment shall also be made in the number and kind of shares subject to options subsequently issued under the Plan.

Section 10 Merger; Sale of Assets; Dissolution

In the event of a change of the Company's common stock resulting from a merger or similar reorganization as to which the Company is the surviving corporation, or the formation of a holding company, the number and kind of shares which thereafter may be optioned and sold under the Plan and the number and kind of shares then subject to options issued hereunder or portions thereof then unexercised and the price per share thereof shall be appropriately adjusted by the Committee to prevent substantial dilution or enlargement of the rights available or granted hereunder. If the Company shall be a party to a merger or a similar reorganization after which the Company will not survive, or if there will be a sale of substantially all the common stock of the Company or a sale of all or substantially all of the assets of the Company, the Committee, in its discretion, may declare (a) that all outstanding options issued hereunder are to be terminated after giving at least 30 days' notice to holders of outstanding options (but if the Committee determines that 30 days' notice would be disruptive to the reorganization transaction with respect to which such notice is given, then the Committee may give such shorter notice as the circumstances reasonably require, but in no event less than 10 days), (b) that any outstanding option issued hereunder shall pertain to and apply, with appropriate adjustments as determined by the Committee, to the securities of the resulting corporation to which a holder of the number of Shares subject to the option would have been entitled, or (c) that the Company or resulting corporation will purchase all outstanding options issued hereunder from the optionees at a price per Share as to which the option is outstanding, unexercised and vested equal to the difference between the price at which Shares of the Company are to be purchased or exchanged in the transaction and the option price stated in the option agreement.

Section 11 Certain Definitions

(a) The term "employee" shall have, for purposes of the Plan, the meaning ascribed to it under Section 3401(c) of the Code and the regulations promulgated thereunder.

(b) the term option , unless otherwise indicated, means either an incentive option or a nonqualified option.

(c) the term optionee means an officer or employee to whom an option is issued under this Plan.

B-4

Section 12 Reload Options

Concurrently with the award of incentive options and nonqualified options under this Plan, the Committee may authorize reload options (Reload Options) to purchase the number of Shares which equals, to the extent authorized by the Committee, the number of Shares previously owned by the optionee for more than six months that are delivered and assigned to the Company in payment of the exercise price of such underlying option or in payment of the optionee's withholding tax obligation arising from the exercise of such underlying option. The issuance of a Reload Option shall become effective upon the exercise of such underlying option. Despite the fact that the underlying option may be an incentive option, a Reload Option is not intended to qualify as an incentive stock option under Section 422 of the Code. The instrument evidencing each option under this Plan for which Reload Options have been authorized by the Committee shall state that Reload Options are authorized thereunder, and upon exercise of such underlying option, the Reload Option shall be evidenced by an amendment to the underlying option instrument. The option price per Share deliverable upon the exercise of a Reload Option shall be the fair market value per Share on the date the issuance of the Reload Option becomes effective, as determined by the Committee. Each Reload Option is exercisable six months from the effective date of its issuance. The term of each Reload Option shall be equal to the remaining option term of the underlying incentive option or nonqualified option with respect to which it was issued. No additional Reload Options shall be issued to optionees when options are exercised following termination of the optionee's employment, except to the extent otherwise provided in an optionee's option agreement.

Section 13 Regulatory Compliance and Listing

(a) The issuance or delivery of any Shares subject to exercisable Options hereunder may be postponed by the Committee for such period as may be required to comply with any applicable requirements under the Federal securities laws, any applicable listing requirements of NASDAQ or any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such Shares. The Company shall not be obligated to issue or deliver any such Shares if the issuance or delivery thereof would constitute a violation of any provision of any law or of any applicable regulation of any governmental authority, NASDAQ or any national securities exchange.

(b) Should any provision of this Plan require modification or be unnecessary to comply with the requirements of Section 16 of the Exchange Act and Rule 16b-3, subject, in the case of incentive options, to applicable requirements for incentive options under the Code, the Committee may waive such provision and/or amend this Plan to add to or modify the provisions hereof accordingly.

(c) Any election made by an optionee then subject to Section 16 of the Exchange Act to make payment of any portion of an option price with Shares or to make payment of any portion of a tax withholding obligation with respect to an option exercise with Shares or by withholding of Shares shall be subject to any then-applicable requirements of Rule 16b-3 and other applicable rules under Section 16 of the Exchange Act.

Section 14 Termination or Amendment of Plan

The Board of Directors shall have the right to amend, modify or terminate the Plan at any time and from time to time; provided, however, that unless required by law, no such amendment or modification shall (a) affect any right or obligation with respect to any option theretofore issued; or (b) if this Plan has been approved by the Company's stockholders, make any modification or amendment affecting incentive options, for which stockholder approval is required under the Code, unless such amendment or modification affecting incentive options has been approved by the stockholders. In addition, no such amendment or modification shall be made without previous approval by the stockholders where such approval is necessary to satisfy, nor shall any amendment or modification be made at a time when the same would violate, any then-applicable requirements of federal securities laws (including without limitation Rule 16b-3), the Code or rules of NASDAQ or any stock exchange on which the Company's common stock is listed.

B-5

PROXY

VIISAGE TECHNOLOGY, INC.

30 Porter Road Littleton, Massachusetts

Proxy Solicited by the Board of Directors

of Viisage Technology, Inc.

for the 2003 Annual Meeting of Shareholders

The undersigned hereby appoints as proxies Bernard C. Bailey and Charles J. Johnson, and each of them or such other persons as the Board of Directors of Viisage Technology, Inc. (the Company) may designate, with full power of substitution. The undersigned hereby authorizes the above appointed proxies to represent and to vote, as designated on the reverse side, all shares of common stock of the Company held of record by the undersigned on March 27, 2003 at the 2003 Annual Meeting of Shareholders to be held on May 13, 2003, at 1:30 p.m. in the Rooftop Ballroom of the Omni Parker House, 60 School Street, Boston, Massachusetts and any adjournments or postponements thereof.

This proxy when properly executed will be voted as directed. If no direction is given, the proxy will be voted FOR the nominees for director, FOR proposals one, three and four, and in accordance with the proxy holders discretion respecting any other matters as may properly come before the meeting. Please mark, date, sign and return this proxy card promptly.

CONTINUED AND TO BE SIGNED ON THE REVERSE SIDE

Viisage Technology, Inc.
c/o EquiServe Trust Company, N.A.
P.O. Box 43068
Providence, RI 02940

[x] Please mark votes as in this example.

1. To ratify the Board of Directors' decision to fix the number of directors at eight and the number of Class I directors at three.

For	Against	Abstain
[]	[]	[]

2. Election of two Class I directors for a three-year term.

Nominees:

- (01) Denis K. Berube
(02) Chares E. Levine

For	Withheld
[]	[]

For all nominees except as noted above

3. To approve an amendment to the Viisage 1996 Management Stock Option Plan to increase the number of shares available for issuance thereunder from 3,807,100 to 4,807,100.

For	Against	Abstain
[]	[]	[]

4. To ratify the selection of BDO Seidman, LLP as independent accountants for the Company for the fiscal year ending December 31, 2003.

For	Against	Abstain
------------	----------------	----------------

Explanation of Responses:

Edgar Filing: VARIAN MEDICAL SYSTEMS INC - Form 4

[]

[]

[]

Mark here for address change and note at left [].

Mark here if you plan to attend the meeting [].

Signature

Signature

Date

Please sign this Proxy exactly as your name appears on this card. Joint owners should each sign personally. If you are signing as a representative of the named stockholder (e.g. as a trustee, corporate officer or other agent on behalf of a trust, corporation or other entity) you should indicate your title or the capacity in which you sign.