



# Notice of Annual Meeting and Proxy Statement

March 22, 2002

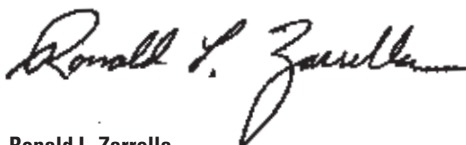
Dear Bausch & Lomb Shareholder:

We invite you to attend our annual meeting of shareholders on Tuesday, April 30, 2002, at 10:30 a.m., to be held at The Center for Biomedical Learning Conference Center at the Strong Memorial Medical Center Complex, School of Medicine and Dentistry, 601 Elmwood Avenue in Rochester, New York.

This booklet includes the formal notice of the meeting and the proxy statement. The proxy statement tells you about the agenda and the procedures for the meeting. It also describes how the company's Board of Directors operates and gives certain information about the company. In addition, you will note that for your convenience we have included the company's financial statements for 2001 as Exhibit A to the proxy statement.

We hope you will be able to attend the annual meeting. If you need special assistance at the meeting, please contact the Secretary of the company at the address above.

Sincerely,



**Ronald L. Zarrella**

Chairman and Chief Executive Officer

# Notice of Annual Meeting of Shareholders of Bausch & Lomb Incorporated

Date: April 30, 2002

Time: 10:30 a.m.

Place: The Center for Biomedical Learning Conference Center  
Strong Memorial Medical Center Complex  
School of Medicine and Dentistry  
601 Elmwood Avenue  
Rochester, New York 14642-0001

- Purpose:
- Elect four directors
  - Ratify appointment of independent accountants
  - Consider such other business, including shareholder proposals, as may properly come before the meeting or any adjournment thereof

YOUR VOTE IS IMPORTANT. YOU MAY EITHER CALL THE TOLL-FREE NUMBER SET FORTH ON YOUR PROXY CARD OR SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY TO ENSURE ITS ARRIVAL IN TIME FOR THE MEETING.



Jean F. Geisel  
Secretary  
March 22, 2002

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**Bausch & Lomb Incorporated**  
**Proxy Statement**  
**for**  
**Annual Meeting of Shareholders**  
**Tuesday, April 30, 2002**

**GENERAL INFORMATION**

The approximate date on which the enclosed form of proxy and this proxy statement are first being sent to shareholders is March 22, 2002.

**Outstanding shares**

On February 1, 2002, 53,253,369 shares of common stock and 524,938 shares of class B stock were outstanding. Each common share and class B share has one vote.

**Who may vote**

Shareholders of Bausch & Lomb Incorporated as of the company's record date, March 8, 2002, may vote. A list of shareholders entitled to vote will be available at the request of any shareholder at the annual meeting.

**How to vote**

You may vote by proxy or in person at the meeting. To vote by proxy, you may either call the toll-free number set forth on the proxy card, or mail your signed proxy card to our tabulator in the envelope provided. Even if you plan to attend the meeting, we recommend that you vote prior to the meeting. You can always change your vote as described below.

**How proxies work**

Bausch & Lomb's Board of Directors is asking for your proxy. By giving us your proxy, you authorize the proxyholders (members of Bausch & Lomb management) to vote your shares at the meeting in the manner you direct. If you do not specify how you wish us to vote your shares, your shares will be voted "for" all director candidates, "for" the ratification of the appointment of PricewaterhouseCoopers LLP as independent accountants for the company for 2002, and "against" the shareholder proposal described on pages 20 and 21. Proxyholders will also vote shares according to their discretion on any other matter properly brought before the meeting.

You may receive more than one proxy card depending on how you hold your shares. Generally, you need to either call the toll-free number or sign and return all of your proxy cards to vote all of your shares. For example, if you hold shares through someone else, such as a stockbroker, you may get proxy material from them. Shares registered in your name and shares held in the Bausch & Lomb 401(k) Plan are covered by a separate proxy card. If a proxy card representing shares in the Bausch & Lomb 401(k) Plan is not voted, those shares will be voted by the trustee of the Plan in accordance with the direction of the majority of shares voted by other participants in the Plan.

If for any reason any of the nominees for election as directors becomes unavailable for election, discretionary authority may be exercised by the proxyholders to vote for substitutes proposed by the Board of Directors.

**Quorum**

In order to carry out the business of the meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either by proxy or in person. Shares owned by Bausch & Lomb are not voted and do not count for this purpose.

**Changing your vote**

You may revoke your proxy before it is voted by submitting a new proxy with a later date, by voting in person at the meeting or by notifying Bausch & Lomb's Secretary in writing at the address under "Questions?" on page 22.

## **Votes needed**

Director nominees receiving the largest number of votes cast are elected, up to the maximum number of directors fixed by the Board to be elected at the meeting. As a result, any shares not voted (whether by abstention, broker non-vote or otherwise) have no impact on the election of directors, except to the extent that the failure to vote for a particular nominee may result in another nominee receiving a larger number of votes. Ratifying the appointment of PricewaterhouseCoopers LLP as independent accountants for 2002, and any other matter properly brought before the meeting, requires the favorable vote of a majority of the votes cast.

## **Attending in person**

Only shareholders, their designated proxies and Bausch & Lomb's guests may attend the meeting.

## **BOARD OF DIRECTORS**

The Board of Directors of the company met ten times in 2001. Each of the directors attended 75% or more of the aggregate number of regularly scheduled and special Board and committee meetings held during the year.

Directors who were not employees of the company received an annual retainer of \$52,000. In addition, directors who chaired committees and were not employees of the company received a \$5,200 annual retainer. No additional fees are paid for attendance at meetings. The company does not pay an annual retainer or fees to directors who are employees of the company.

The company's Annual Retainer Stock Plan for Non-Employee Directors was approved by the shareholders on May 10, 1996 and amended on January 25, 2000 to include director stock ownership guidelines. The guidelines provide that directors who own company shares with an aggregate market value of \$260,000 or more have the option to receive their annual retainer in company stock or cash or a combination of both. Directors who have not met the guidelines receive at least one-half of the annual retainer in company stock.

Under the 1990 Stock Incentive Plan, non-employee directors annually receive non-qualified, fully-vested options to purchase shares of class B stock of the company. The number of options is determined by a fixed formula set forth in the Plan, and the exercise price of all such options is determined by the fair market value of the company's common stock on the date of grant. For fiscal year 2001, each non-employee director was granted 3,084 options to purchase class B shares at a price of \$34.85 per share.

Effective November 9, 2001, the Board of Directors appointed William H. Waltrip as lead director to assist the Board with the transition of Ronald L. Zarrella as chairman and chief executive officer of the company. The appointment commenced on January 1, 2002 and will end with the annual meeting of shareholders on April 30, 2002.

## **Committees of the Board**

The Board of Directors has established four standing committees to assist it in carrying out its responsibilities: the Executive Committee, the Audit Committee, the Committee on Management and the Committee on Directors.

### **Executive Committee**

Number of Members: Five

Members: Ronald L. Zarrella (Chair), Franklin E. Agnew, John R. Purcell, William H. Waltrip and Kenneth L. Wolfe

Number of Meetings in 2001: Four

Functions: - Holds regularly scheduled and special meetings between regular Board meetings to take action necessary for the company to operate efficiently  
- Possesses all of the authority of the full Board, except as limited by the by-laws of the company

## **Audit Committee**

Number of Members: Five non-employee directors

Members: Jonathan S. Linen (Chair), Domenico De Sole, Ruth R. McMullin, Linda Johnson Rice and William H. Waltrip

Number of Meetings in 2001: Four

- Functions:
- Reviews the scope and results of the independent accountants' annual examination of the company's consolidated financial statements
  - Reviews the overall adequacy of internal controls with the company's internal auditors and independent accountants
  - Recommends to the Board the appointment of the independent accountants
  - Provides for direct communication among the Board, the independent accountants and the internal auditors, including review of the disclosures and letter provided by the independent accountants pursuant to Independence Standards Board Standard No.1
  - Reviews with management non-audit services and related fees, as well as fees for the audit, to assess compatibility of non-audit services with the independence of the company's independent accountants
  - Reviews with the company's general counsel and chief compliance officer the company's program for monitoring and assessing compliance with laws and company policy

## **Committee on Management**

Number of Members: Three non-employee directors

Members: Kenneth L. Wolfe (Chair), Franklin E. Agnew and Jonathan S. Linen

Number of Meetings in 2001: Five

- Functions:
- Reviews compensation policies to ensure that they provide appropriate motivation for corporate performance and increased shareholder value
  - Recommends to the Board remuneration of the chief executive officer and determines remuneration of other officers of the company elected by the Board
  - Conducts evaluation of the chief executive officer prior to submission of the evaluation to the Board
  - Grants options under and otherwise administers the company's stock incentive plans and approves and administers any other compensation plan in which officers of the company participate
  - Reviews and ensures that a process is in place to provide continuity and succession of officers and key employees

## **Committee on Directors**

Number of Members: Three non-employee directors

Members: John R. Purcell (Chair), Linda Johnson Rice and William H. Waltrip

Number of Meetings in 2001: One

- Functions:
- Recommends to the Board all matters relating to the Board, including the development of policies on composition, participation, and size of the Board, and the tenure and retirement of directors
  - Recommends to the Board changes in the organization and procedures of the Board, including corporate governance
  - Considers director nominees, including those submitted by shareholders, for recommendation to the Board

The Committee on Directors will consider director candidates proposed by shareholders. The company's by-laws provide that such shareholder submissions must include certain biographical information concerning the recommended individual, including age, address, employment history and board memberships, if any, and the candidate's written consent to the nomination and to serve if elected. To be considered for nomination at the 2003 annual meeting, shareholder submissions for nomination must be received at the offices of the company to the attention of the Secretary at One Bausch & Lomb Place, Rochester, New York 14604-2701 between December 31, 2002 and January 30, 2003.

## ITEM NO. 1 ELECTION OF DIRECTORS

### General

The Board of Directors currently has nine members and, pursuant to the company's by-laws, is divided into three classes. One class is elected each year to serve for three years. The term of office of each class will expire, respectively, on the dates of the annual meetings of shareholders in 2002, 2003 and 2004. The directors whose terms expire at the 2002 annual meeting of shareholders are Jonathan S. Linen, John R. Purcell and William H. Waltrip.

John R. Purcell has been a director of the company since 1976 and reached retirement age in 2001. The company's Corporate Governance Guidelines state that when a director reaches age 70 during his or her term of office, he or she shall retire as a director effective on the date of the next annual meeting of shareholders. In order to maintain continuity of the Board of Directors during the transition of Ronald L. Zarrella, who was named chairman and chief executive officer of the company on November 9, 2001, the Board of Directors has approved an exception to the Corporate Governance Guidelines to allow Mr. Purcell to stand for re-election as a director.

The Board of Directors has fixed the number of directors to be elected at the 2002 annual meeting of shareholders at four. In accordance with the by-laws which require that the three classes of directors be as equal in number as possible, Mr. Zarrella is nominated to stand for election to serve until the 2004 annual meeting and Messrs. Linen, Purcell and Waltrip are nominated to stand for re-election to serve until the 2005 annual meeting.

Information about the nominees for election as directors, as well as those directors continuing in office, is presented below.

### Nominee for Election as Director – Term Expiring 2004



RONALD L. ZARRELLA

Director since 2001

Age: 52

Mr. Zarrella was elected chairman and chief executive officer of Bausch & Lomb Incorporated on November 9, 2001. He was previously with General Motors Corporation, where since 1998 he was executive vice president and president of General Motors North America. From 1994 to 1998, Mr. Zarrella was vice president and group executive in charge of General Motor's North American Vehicle Sales, Service and Marketing Group. From 1985 to 1994, Mr. Zarrella held several executive positions at Bausch & Lomb, including serving as its president, chief operating officer and a member of its Board of Directors. Before joining Bausch & Lomb in 1985, he held various executive positions with Bristol Meyers Company and Esmark Corporation. Mr. Zarrella is a director of Avaya, Inc. and FIRST USA, chairman of the board of trustees of Worcester Polytechnic Institute and a member of the board of visitors of the Johns Hopkins School of Medicine.

## Nominees for Election as Directors – Term Expiring 2005

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JONATHAN S. LINEN

Director since 1996

Age: 58

Mr. Linen has served since 1993 as vice chairman of American Express Company, a diversified worldwide travel and financial services company. He joined that company in 1969 and held various executive positions before being appointed president and chief executive officer of Shearson Lehman Brothers in 1989. In 1992, he was named president and chief operating officer of American Express Travel Related Services Company, Inc. Mr. Linen is a member of the board of trustees of the National Urban League and the U.S. Council for International Business, and is a member of The Council on Foreign Relations.

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JOHN R. PURCELL

Director since 1976

Age: 70

Mr. Purcell has served since 1989 as chairman and chief executive officer of Grenadier Associates Ltd., a venture banking firm. From 1991 until 1997, he served as chairman of Donnelley Marketing, Inc., a data-based direct marketing company. From 1987 until 1990, he served as chairman of Mindscape, Inc., an educational and entertainment computer software company. Mr. Purcell served from 1982 until 1986 as chairman and president of SFN Companies, Inc., a communications company. Prior to that he served as executive vice president of CBS, Inc. and as senior vice president, finance of Gannett Co., Inc. He is a director of Omnicom Group, Inc., Technology Solutions Company, Information Holdings, Inc. and Journal Register Company.

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WILLIAM H. WALTRIP

Director since 1985

Age: 64

Mr. Waltrip has served since 1993 as chairman of the board of Technology Solutions Company, a systems integration company, and from 1993 until 1995 he was chief executive officer of that company. From 1996 to 1998, he also served as chairman of Bausch & Lomb Incorporated, and during 1996 was the company's chief executive officer. Mr. Waltrip served as the company's chairman from July 2001 to November 2001, and as its chief executive officer from September 2001 to November 2001. From 1991 to 1993, he was chairman and chief executive officer of Biggers Brothers, Inc., a food service distribution company and was a consultant to private industry from 1988 to 1991. From 1985 to 1988, he served as president and chief operating officer of IU International Corporation, a transportation, environmental and distribution company. Earlier, he had been president, chief executive officer and a director of Purolator Courier Corporation. He is a director of Advanced Medicine, Inc., Charles River Laboratories International, Inc., Teachers Insurance and Annuity Association and Thomas & Betts Corporation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ELECTION OF THE INDIVIDUALS IDENTIFIED ABOVE AS DIRECTOR NOMINEES OF THE COMPANY.

## Directors Continuing in Office – Term Expiring 2003

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FRANKLIN E. AGNEW

Director since 1982

Age: 67

Mr. Agnew serves as a business consultant to private industry. From 1989 until 1990, Mr. Agnew was trustee in reorganization of Sharon Steel Corporation. From 1971 until 1986, Mr. Agnew was a director of H. J. Heinz Company, a worldwide provider of processed food products and services, and from 1973 until 1986 was a group executive with responsibility for various Heinz affiliates. Mr. Agnew is a director of The Prudential Insurance Company of America.

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RUTH R. McMULLIN

Director since 1987

Age: 60

Mrs. McMullin is the chairperson of trustees of the Eagle-Picher Personal Injury Settlement Trust. She was a member of the faculty of the Yale School of Management as a Management Fellow from 1994 to 1995. From 1992 to 1994, she was president and chief executive officer of the Harvard Business School Publishing Corporation. From 1990 to 1992, Mrs. McMullin was a consultant to private industry and from 1991 to 1992, she was also chief executive officer of UNR Industries, Inc. and a member of that company's chairman's committee. From 1989 to 1990, Mrs. McMullin was president and chief executive officer of John Wiley & Sons, Inc., a publishing company. She joined that company as executive vice president and chief operating officer in 1987.

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LINDA JOHNSON RICE

Director since 1990

Age: 44

Mrs. Rice has served since 1987 as president and chief operating officer of Johnson Publishing Company. In addition to management of the company, she oversees the editorial content of *Ebony* and *Jet* magazines. She is also president of Fashion Fair Cosmetics, a division of Johnson Publishing. Mrs. Rice is a director of Kimberly-Clark Corporation, Omnicom Group, Inc. and VIAD Corp.

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## Directors Continuing in Office – Term Expiring 2004

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DOMENICO DE SOLE

Director since 1996

Age: 58

Mr. De Sole has served since 1995 as president and chief executive officer of Gucci Group N.V., a multibrand luxury goods company which designs, produces and distributes personal luxury accessories and apparel. He joined that company in 1984 as president and chief executive officer of Gucci America, Inc. and in 1994 was named chief operating officer of Gucci Group N.V. Mr. De Sole is a director of The Procter & Gamble Company.

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KENNETH L. WOLFE

Director since 1989

Age: 63

Mr. Wolfe served as chairman and chief executive officer of Hershey Foods Corporation, a food products manufacturing firm, from 1994 until his retirement in December 2001. He joined that firm in 1967 and held various executive positions before being appointed vice president and chief financial officer in 1981. In 1984, Mr. Wolfe was named senior vice president. From 1985 until 1993, he was president and chief operating officer. Mr. Wolfe is a director of Carpenter Technology Corporation.

## ITEM NO. 2

### RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors has unanimously approved and voted to recommend that shareholders ratify the appointment of PricewaterhouseCoopers LLP as independent accountants of the company for 2002. They have been independent accountants of the company since 1927. A representative of PricewaterhouseCoopers LLP plans to be present at the meeting, will have the opportunity to make a statement, and is expected to be available to respond to questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFYING THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT ACCOUNTANTS OF THE COMPANY FOR 2002.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND DIRECTORS AND EXECUTIVE OFFICERS

#### Beneficial Owners of More than 5% of the Company's Common Stock

Name and Address of Beneficial Owners	Number of Shares and Nature of Beneficial Ownership	Percent of Outstanding Common Stock
<b>Wellington Management Company, LLP</b> 75 State Street Boston, MA 02109	5,973,000 <sup>(1)</sup>	11.14%
<b>Dodge &amp; Cox</b> One Sansome Street, 35th Floor San Francisco, CA 94104	4,476,160 <sup>(2)</sup>	8.4%
<b>Ariel Capital Management, Inc.</b> 200 E. Randolph Drive Suite 2900 Chicago, IL 60601	3,698,160 <sup>(3)</sup>	6.96%
<b>Mellon Financial Corporation</b> One Mellon Center Pittsburgh, PA 15258	3,354,248 <sup>(4)</sup>	6.25%
<b>AIM Funds Management, Inc.</b> 5140 Yonge Street Suite 900 Toronto, Ontario M2N 6X7	3,227,300 <sup>(5)</sup>	6.06%

(1) Shares are as of December 31, 2001, and include 1,335,900 shares with respect to which there is shared power to vote and 5,973,000 shares with respect to which there is shared power of disposition. Includes 4,550,000 shares (8.49% of outstanding common stock) also reported as owned beneficially by The Vanguard Specialized Funds – Vanguard Health Care Fund, 100 Vanguard Blvd., Malvern, PA 19355.

(2) Shares are as of December 31, 2001 and include 4,202,610 shares with respect to which there is sole power to vote, 48,700 shares with respect to which there is shared power to vote and 4,476,160 shares with respect to which there is sole power of disposition.

(3) Shares are as of December 31, 2001 and include 3,230,430 shares with respect to which there is sole power to vote and 3,693,735 shares with respect to which there is sole power of disposition.

(4) Shares are as of December 31, 2001 and include 2,688,613 shares with respect to which there is sole power to vote, 197,100 shares which respect to which there is shared power to vote, 3,233,743 shares with respect to which there is sole power of disposition and 79,300 shares with respect to which there is shared power of disposition.

(5) Shares are as of December 31, 2001 and include 3,227,300 shares with respect to which there is sole power to vote and 3,227,300 shares with respect to which there is sole power of disposition.

## Security Ownership of Directors and Executive Officers

Presented below is information concerning the amount of company stock beneficially owned by each director and director nominee, each non-director officer named in the Summary Compensation Table appearing on page 13, and all directors and executive officers of the company as a group. All numbers stated are as of February 1, 2002, and include beneficial ownership of shares of common and class B stock, which are identical with respect to dividend and liquidation rights and vote together as a single class for all purposes.

Except for class B stock, which is transferable only in accordance with the terms of the company's stock incentive plan under which it was acquired, and except as otherwise indicated, sole voting and investment power exists with respect to all shares listed as beneficially owned. No individual named below beneficially owns more than 1% of the company's outstanding voting stock, other than Messrs. Zarrella and Carpenter, and the shares beneficially owned by all directors and executive officers as a group constitute 4.5% of the company's outstanding voting stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership
Franklin E. Agnew	34,800 <sup>(1)</sup>
Gary M. Aron	54,648 <sup>(2)</sup>
William M. Carpenter	604,356 <sup>(3)</sup>
Domenico De Sole	12,369 <sup>(4)</sup>
Dwain L. Hahs	74,250 <sup>(5)</sup>
Jonathan S. Linen	17,999 <sup>(4)</sup>
Stephen C. McCluski	205,698 <sup>(6)</sup>
Ruth R. McMullin	30,218 <sup>(1)</sup>
John R. Purcell	48,583 <sup>(7)</sup>
Linda Johnson Rice	26,564 <sup>(1)</sup>
Mark M. Sieczkarek	50,809 <sup>(8)</sup>
William H. Waltrip	192,675 <sup>(9)</sup>
Kenneth L. Wolfe	25,361 <sup>(1)</sup>
Ronald L. Zarrella	642,197 <sup>(10)</sup>
All Directors and Executive Officers as a group (20 persons)	2,405,897

In addition to shares beneficially owned by directors and executive officers of the company, as indicated above, such persons may also own common stock equivalents under deferred compensation plans of the company, reflecting further their economic stake in the value of the company's common stock. As of February 1, 2002, the following common stock equivalents were owned by (i) the company's executive officers: Mr. Zarrella, 2,239; Mr. Carpenter, 54,976; Mr. Hahs, 7,356; Mr. McCluski, 13,801; Mr. Sieczkarek, 544; Mr. Aron, 548; (ii) the company's directors: Mr. Purcell, 8,111; and (iii) all executive officers and directors of the company as a group, 106,848.

- (1) Includes 20,544 shares which may be acquired within 60 days through the exercise of stock options.
- (2) Includes 36,024 shares and 181 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan, and 10,930 shares of restricted stock subject to satisfaction of certain vesting conditions.
- (3) Includes 574,896 shares and 668 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan. Mr. Carpenter resigned from the company on September 1, 2001.
- (4) Includes 10,181 shares which may be acquired within 60 days through the exercise of stock options.
- (5) Includes 18,000 shares and 215 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan, and 15,125 shares of restricted stock subject to satisfaction of certain vesting conditions.
- (6) Includes 161,297 shares and 1,421 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan, and 17,110 shares of restricted stock subject to satisfaction of certain vesting conditions.
- (7) Includes 6,238 shares which may be acquired within 60 days through the exercise of stock options.

- (8) Includes 34,552 shares and 649 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan, and 6,365 shares of restricted stock subject to satisfaction of certain vesting conditions.
- (9) Includes 183,257 shares which may be acquired within 60 days through the exercise of stock options.
- (10) Includes 500,000 shares and 14 shares, respectively, which may be acquired within 60 days through the exercise of stock options and acquired under the 401(k) Plan; and 142,183 shares of restricted stock subject to satisfaction of certain vesting conditions.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

The company's directors and executive officers are required to file reports with the Securities and Exchange Commission concerning their ownership of company stock. Based on the company's review of such reports, all reports were filed on a timely basis and there are no known failures to file by directors and executive officers during 2001.

## **EXECUTIVE COMPENSATION**

### **Report of the Committee on Management**

In 2001, the Committee on Management of the Board of Directors met five times. In advance of each meeting, management reviews the agenda with the committee chair and, prior to the meeting, each committee member receives a complete briefing book, which details each topic to be considered by the committee. The committee chair reports to the Board of Directors on committee discussions and key actions.

### **Compensation Philosophy and Policy**

Executive compensation at Bausch & Lomb seeks to align the financial interests of executives with the interests of shareholders by leveraging the mix of base salary, annual incentives and long-term incentives, placing greater emphasis on "at risk" pay components tied to key stock appreciation drivers.

Bausch & Lomb provides a competitive level of total compensation structured to attract and retain high caliber executives and offers incentive and equity ownership opportunities linked to annual and long-term company performance and to shareholder return.

To maintain a competitive level of compensation, the company commissions an independent consulting firm to conduct an annual survey of executive compensation in a defined group of companies. The surveyed companies are selected based on: (i) similarity of their product lines to those of Bausch & Lomb; (ii) the competitive market for executive talent and (iii) availability of compensation data provided confidentially to a third party. The surveyed companies include many, but not all, of the companies in the S&P Health Care Composite used in the Comparison of Five-Year Cumulative Total Shareholder Return chart on page 16. Complete compensation data is not widely available for all of the companies in the S&P Health Care Composite.

The annual survey compares Bausch & Lomb's total executive compensation opportunity to the compensation of matched jobs in the peer group of companies, based on the relative size of the peer company or, for certain officers managing operating units, the division or the business which that executive leads. The study includes base compensation, annual incentives and long-term incentives, including stock-based compensation. The aggregate compensation package, other than long-term incentive compensation, is targeted to pay at the lower end of the third quartile of the peer group of companies, if performance criteria are achieved (i.e., if financial performance meets expectations). Long-term incentive compensation was targeted to pay at the upper end of the third quartile. The Committee on Management is reviewing total executive compensation for 2002 and expects that long-term incentive compensation will also be targeted at the lower end of the third quartile. The relative financial performance of Bausch & Lomb and its peer group, together with the compensation survey results, are reviewed by the committee at least annually.

After considering the survey data, business objectives and compensation philosophy and strategy, the committee determines targeted levels of base compensation, long- and short-term incentives and stock option award levels for the officers of the company. In approving salary and incentive payments for individuals other than the chief executive officer, the committee also considers recommendations made by the chief executive officer. The compensation of individual executives can and does vary from the compensation benchmark based on such factors as individual performance, potential for future advancement, responsibilities and length of time in their current positions.

In September 2001, Mr. William H. Waltrip was named chief executive officer of the company for an interim period following the resignation of William M. Carpenter. Mr. Carpenter's severance arrangement is described on page 17. In November 2001, Ronald L. Zarrella was elected as chairman and chief executive officer. Mr. Zarrella's employment agreement is described on page 18.

## Base Pay

Base pay levels and increases for each officer take into consideration the individual's current performance, experience, the scope and complexity of his or her position within the company and the external competitive marketplace for comparable positions at peer companies. Base pay for officers is reviewed each year, and generally adjusted annually. In 2001, base pay for officers was not increased from 2000 levels, except where, during the year, an officer's responsibilities changed.

In determining Mr. Carpenter's base salary, the committee considered the comparator companies' actual and forecasted chief executive officer compensation (on a size-adjusted basis), targeting the lower end of the third quartile of the peer group chief executive officer base pay. The committee also considered financial and strategic performance of the company in the preceding year (2000) under Mr. Carpenter's direction. No weighting was assigned to the foregoing factors. Mr. Carpenter did not receive a salary increase in 2001. Upon Mr. Carpenter's resignation, Mr. Waltrip's compensation was set at \$400,000 per year. The pay was set after consideration of competitive pay for interim CEOs and a review of responsibilities to be performed. Mr. Zarrella's annualized base pay was established after consideration of competitive pay in the external market, including Mr. Zarrella's base pay with his then-employer.

## Annual Incentive Awards

In 2001, under the company's Economic Value Added, or EVA(R)<sup>1</sup>, incentive compensation program, corporate officers, including those identified in the Summary Compensation Table on page 13, except for Messrs. Zarrella and Waltrip, were eligible for annual incentive awards. These awards were based upon actual EVA performance of the company, plus, for operating units, the actual performance in achieving objectives established at the beginning of the year which drive EVA performance against targets established by the committee at the beginning of the year. Those operating unit objectives included, for example, sales and earnings growth, cost improvement and cash flow goals. EVA improvement occurs when the ratio of: (i) net operating profit after tax to (ii) capital employed in the business increases over time, thus linking incentive compensation and return on capital. The bonus target for each officer is expressed as a percentage of base pay, falling within a range of 37-90%, depending upon the position. Incentive targets for the executive officers on average were at the lower end of the third quartile of the comparator group of companies.

The committee defined performance intervals to establish measurement standards for determining the range of payouts as a percentage of the target payment. The performance intervals establish the criteria for a payout from zero to 200% of the target payment, but there is no cap and no floor in the incentive calculation.

The EVA program provides the incentive of a significant bonus opportunity, but also uses a "cumulative bonus bank" feature to ensure that extraordinary EVA improvements are sustained before extraordinary awards are paid out. If EVA performance exceeds the EVA goal, the target bonus plus one-half of the incentive calculation in excess of the target amount is paid currently, and the other half of the additional incentive is carried forward, in the bank, to the next year, payment of which is subject to future results. Similarly, a decline in EVA performance creates a negative bonus bank impact which is carried into future years and may reduce future awards. This bonus bank creates short- and long-term incentive features, rewarding sustained performance and continued employment.

For executive officers without individual operating unit responsibility, including the CEO, the 2001 annual incentive was based entirely on overall corporate EVA performance. In 2001, Bausch & Lomb's corporate EVA performance was negative, resulting in no bonus payout on overall corporate performance. Executive officers identified in the Summary Compensation Table on page 13 who managed business units had up to 50% of their annual incentive based on performance against EVA drivers of the business unit they managed. Negative overall company performance resulted in no cash bonus being paid to executive officers for 2001 under the EVA Incentive Compensation Program. The committee also decided that in order to incent future operating unit performance, it was in the company's best interests that no negative impact from overall company performance be applied to reduce bonus banks below zero.

Neither Mr. Zarrella nor Mr. Waltrip participated in the annual incentive program. Mr. Carpenter participated in this program, but received no bonus for 2001.

<sup>1</sup> EVA(R) is a registered trademark of Stern Stewart & Co.

## Long-Term Incentive Awards

The package of long-term incentives offered to officers in 2001 included stock options and stock grants. The package of long-term incentives was targeted at the upper end of the third quartile of peer company long-term incentive awards.

Under the Bausch & Lomb 1990 Stock Incentive Plan, which was approved by the shareholders, officers of the company are eligible to receive awards of stock options and stock grants, as approved by the committee. Guidelines for stock options and stock grants are based on a review of comparator company data in combination with an internal assessment of the scope and complexity of the executive's position. For each officer position, a target stock award is defined based on market data. The committee reviews the competitiveness of the target awards annually.

In January 2001, the committee awarded options within this framework including to Mr. Carpenter and to other officers identified on the Summary Compensation table on page 13.

As part of his hiring package, which is described on page 18, the company agreed to grant Mr. Zarrella 500,000 stock options in 2001. Mr. Waltrip received a one-time grant of 50,000 stock options in September 2001 as part of his agreement to serve as interim chief executive officer following Mr. Carpenter's departure. The 2001 options received by Messrs. Waltrip and Zarrella vested immediately. All stock options were priced at the fair market value of the underlying stock as of the date of the grant.

In 2001, Mr. Carpenter received options to purchase 200,000 shares of class B stock with an exercise price of \$44.825 per share. This award was below the target level for an annual award.

Under the Cumulative EVA Program, corporate officers, including some of those identified in the Summary Compensation Table on page 13, received restricted stock grants made pursuant to the company's 1990 Stock Incentive Plan. Each restricted stock grant under the Cumulative EVA Program vests based on achievement by the company of three-year corporate EVA goals approved by the committee at the time of grant. These awards are targeted at 25% of participants' aggregate long-term incentive compensation, with the chief executive officer's award under the Cumulative EVA Program targeted at 25% of such long-term incentive compensation. Actual awards under the Cumulative EVA Program, upon vesting, can range from 0-200% of the target number of shares awarded, depending upon company performance against pre-approved multi-year goals. In addition, since awards are expressed in shares of company stock, the actual value of awards upon vesting will vary based upon upward and downward changes in the market value of Bausch & Lomb common stock from the date of grant to the vesting date. The Cumulative EVA Program was designed to provide executives with incentives for long-term EVA improvements while also increasing stock ownership to further align executives' interests with those of shareholders.

Under the Cumulative EVA Program for the three-year award cycle beginning in 2001, executive officers, including some of those identified in the Summary Compensation Table on page 13, were awarded the shares of class B restricted stock described in the table on page 15 entitled "Long Term Incentive Plan - Awards in Last Fiscal Year". Neither Mr. Zarrella nor Mr. Waltrip received awards under the Cumulative EVA Program. Based upon the company's poor performance against pre-established multi-year EVA improvement goals for the years 1999-2001, Cumulative EVA Program awards granted to company executive officers in 1999 did not vest. Therefore, the value of these awards was zero. Mr. Carpenter's award under the Cumulative EVA Program, which is described on the table on page 15 entitled "Long Term Incentive Plan" was forfeited, together with all prior unvested awards under that program, upon his resignation in September 2001.

In addition to the Cumulative EVA Program, restricted stock grants may be awarded periodically to officers of the company. In 2001, restricted stock grants were awarded to officers other than the chief executive officer, including three of the people identified in the Summary Compensation Table on page 13, to reflect promotions and the company's desire to retain key executive talent.

### **Supplemental Executive Retirement Plan**

An additional key element of total compensation for the chief executive officer is the Supplemental Executive Retirement Plan (“SERP”) II, under which Mr. Zarrella was vested immediately as part of his hiring package, in view of his prior service with the company, and in view of similar benefits with his former employer which were forfeited. This benefit is described further on page 17. Mr. Carpenter was vested in this Plan before his resignation. This Plan, funded by life insurance to minimize the cost to the company, is designed to provide a competitive retirement benefit (up to a 60% replacement ratio). All other executive officers participate in SERP III, described on page 17. Contributions made under SERP II and SERP III Plans do not result in taxable income to the participants.

### **Response to Internal Revenue Code Limits on Deductibility of Certain Compensation**

Section 162(m) of the Internal Revenue Code of 1986 (the “Code”) limits to \$1,000,000 per person the company’s tax deduction of certain non-performance-based compensation paid in a given year to its most highly compensated officers. The levels of non-performance-based salary, bonus and other compensation paid by the company do not typically exceed this level. In order to minimize the potential for lost tax deductibility, the committee recommended, and shareholders approved in 1998, amendments to certain company plans which were designed to assure that performance-based compensation plans currently in place achieve compliance with the requirements of Section 162(m) of the Code. The committee’s present intention is to use the requirements of Section 162(m) as a guide in its compensation-related decisions, except where the best interests of the company and its shareholders dictate otherwise.

### **Conclusion**

Each element of the officer compensation package is reviewed by the Committee on Management to ensure that base pay and incentive opportunities are at competitive levels and to provide incentive systems reflecting financial performance and an alignment with shareholder interests. In summary, we believe the total compensation philosophy and compensation program serve the best interests of the shareholders.

Committee on Management

Kenneth L. Wolfe, Chair  
Franklin E. Agnew  
Jonathan S. Linen

## Compensation Tables

The individuals named in the following tables include all individuals serving as the company's chief executive officer during the fiscal year ended December 29, 2001, and the four other most highly compensated executive officers of the company for the fiscal year ended December 29, 2001.

### Summary Compensation Table

Name and Principle Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) <sup>(3)</sup>
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Award(s) (\$) <sup>(2)</sup>	Securities Underlying Options/SARs (#)	LTIP Payouts (\$)	
<b>R. L. Zarrella<sup>(1)</sup></b> Chairman and CEO	2001 2000 1999	\$63,462	\$0	\$1,404	\$0	500,000	\$0	\$2,856
<b>W. H. Waltrip<sup>(4)</sup></b> Interim Chairman and CEO	2001 2000 1999	\$166,622	\$0	\$1,508	\$0	50,000	\$0	\$3,920
<b>W. M. Carpenter<sup>(5)</sup></b> Former Chairman and CEO	2001 2000 1999	\$790,865 \$875,615 \$825,000	\$0 \$0 \$1,191,713	\$53,762 \$32,813 \$34,402	\$0 \$0 \$0	200,000 149,000 125,000	\$0 \$965,512 \$1,103,189	\$41,509 \$65,223 \$46,775
<b>D. L. Hahs</b> Sr. V.P., Global Supply Chain	2001 2000 1999	\$376,800 \$376,800 \$362,300	\$0 \$2,486 \$0	\$29,317 \$27,956 \$26,895	\$129,250 \$233,691 \$1,478,989	30,000 33,500 0	\$0 \$0 \$389,486	\$2,589 \$3,652 \$15,752
<b>S. C. McCluski</b> Sr. V.P. and CFO	2001 2000 1999	\$375,100 \$375,351 \$360,000	\$0 \$0 \$317,790	\$21,902 \$31,706 \$22,260	\$69,795 \$0 \$0	50,000 39,500 30,000	\$0 \$232,962 \$248,743	\$21,453 \$33,008 \$18,295
<b>M. M. Sieczkarek</b> Sr. V.P., Americas Region	2001 2000 1999	\$303,846 \$240,109 \$183,750	\$0 \$44,644 \$119,186	\$18,427 \$4,409 \$1,931	\$0 \$0 \$68,250	30,000 21,500 4,200	\$0 \$2,837 \$6,796	\$16,960 \$14,600 \$7,802
<b>G. M. Aron</b> Sr. V.P., RD&E	2001 2000 1999	\$300,000 \$265,275 \$237,927	\$0 \$26,758 \$79,693	\$27,638 \$23,249 \$0	\$93,060 \$0 \$0	30,000 18,500 4,200	\$0 \$5,262 \$7,053	\$9,667 \$3,763 \$2,803

(1) Mr. Zarrella became chairman and CEO on November 9, 2001.

(2) The restricted stock awards for Messrs. Hahs, McCluski and Aron, respectively, as reported above, will vest, dependent upon continued employment, as follows: 1,250 shares vest in 2003 and 1,250 shares vest in 2004; 675 shares vest in 2003 and 675 shares vest in 2004; 900 shares vest in 2003 and 900 shares vest in 2004. Holders of restricted stock, including restricted stock granted under the company's Cumulative EVA Program, are entitled to dividend and voting rights on the shares. At December 29, 2001, the aggregate number of shares and corresponding value as of such date of restricted stock owned by named individuals were as follows: Mr. Hahs, 15,125 shares valued at \$569,305; Mr. McCluski, 17,110 shares valued at \$644,020; Mr. Sieczkarek, 6,365 shares valued at \$239,579; and Mr. Aron, 10,930 shares valued at \$411,405.

(3) The amounts reported in this column for 2001 consist solely of the company's matching contributions under its 401(k) Plan and 401(k) Excess Plan.

(4) Mr. Waltrip's interim term as chairman and CEO ended on November 9, 2001.

(5) Mr. Carpenter resigned his position on September 1, 2001.

## Options/SAR Grants in Last Fiscal Year

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term <sup>(1)</sup>					
	Number of Securities Underlying Options/SARs Granted (#) <sup>(2)</sup>	% of Total Options/SARs Granted to Employees In Fiscal Year <sup>(3)</sup>	Exercise or Base Price (\$/Sh) <sup>(4)</sup>	Expiration Date	0%		5%		10%	
					Stock Price	Dollar Gain	Stock Price <sup>(5)</sup>	Dollar Gain	Stock Price <sup>(5)</sup>	Dollar Gain
R.L. Zarrella	500,000	24.13%	\$31.9100	Nov. 9, 2011	\$31.9100	\$0	\$51.98	\$10,035,000	\$82.77	\$25,430,000
W.H. Waltrip	50,000	2.41%	\$33.7500	Jul. 24, 2011	\$33.7500	\$0	\$54.98	\$1,061,500	\$87.54	\$2,689,500
W.M. Carpenter	200,000	9.65%	\$44.8250	Jan. 29, 2011	\$44.8250	\$0	\$73.02	\$5,639,000	\$116.26	\$14,287,000
D.L. Hahs	30,000	1.45%	\$44.8250	Jan. 29, 2011	\$44.8250	\$0	\$73.02	\$845,850	\$116.26	\$2,143,050
S.C. McCluski	50,000	2.41%	\$44.8250	Jan. 29, 2011	\$44.8250	\$0	\$73.02	\$1,409,750	\$116.26	\$3,571,750
M.M. Sieczkarek	30,000	1.45%	\$44.8250	Jan. 29, 2011	\$44.8250	\$0	\$73.02	\$845,850	\$116.26	\$2,143,050
G.M. Aron	30,000	1.45%	\$44.8250	Jan. 29, 2011	\$44.8250	\$0	\$73.02	\$845,850	\$116.26	\$2,143,050

- (1) There is no assurance that the value realized by an optionee will be at or near the amount estimated using this model. These amounts rely on assumed future stock price movements which management believes cannot be predicted with accuracy.
- (2) Stock options granted to the named executives vest annually in one-third increments, except those granted to Messrs. Zarrella and Waltrip, which vested immediately.
- (3) Based on total number of options granted to employees of 2,072,313.
- (4) The exercise price reflected in this column is equal to the fair market value of the options on the date of grant.
- (5) Fair market value of stock at end of actual option term, assuming annual compounding at the stated value.

## Aggregated Option/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

Name	Number Of Shares Acquired on Exercise	Value Realized <sup>(1)</sup>	Number of Securities Underlying Unexercised Options/SARs at FY-End (#)		Value of Unexercised, In-the-Money Options/SARs at FY-End (\$)	
			Exercisable	Unexercisable	Exercisable <sup>(2)</sup>	Unexercisable <sup>(2)</sup>
R.L. Zarrella	0	\$0	500,000	0	\$2,682,500	\$0
W.H. Waltrip	0	\$0	183,257	0	\$180,658	\$0
W.M. Carpenter	0	\$0	508,229	324,333	\$177,181	\$0
D.L. Hahs	0	\$0	8,000	46,000	\$0	\$0
S.C. McCluski	0	\$0	144,630	80,000	\$56,922	\$0
M.M. Sieczkarek	0	\$0	24,552	41,400	\$6,555	\$0
G.M. Aron	0	\$0	26,024	39,400	\$10,112	\$0

- (1) Market value of company's common stock at exercise, minus the exercise price.
- (2) Market value of company's common stock at year-end, minus the exercise price.

## Long-Term Incentive Compensation

As described in more detail in the Report of the Committee on Management on page 9, the EVA Plan requires that 50% of accrued bonuses payable in excess of 100% of target bonus be banked. The amount in the bonus bank is at risk in the sense that in any year the accrued bonus is negative, the negative bonus amount is subtracted from the outstanding bonus bank balance. For fiscal 2001, there were no amounts in the bonus bank as they were paid out in full in 2000.

## Long-Term Incentive Plan – Awards in Last Fiscal Year<sup>(1)</sup>

Name	Number of Shares	Performance Period (years)	Estimated Future Payments under Non-Stock Price-Based Plans		
			Threshold (shares)	Target (shares)	Maximum (shares)
R.L. Zarrella	0	0	0	0	0
W.H. Waltrip	0	0	0	0	0
W.M. Carpenter <sup>(2)</sup>	32,185	3	0	32,185	64,370
D.L. Hahs	5,000	3	0	5,000	10,000
S.C. McCluski	8,500	3	0	8,500	17,000
M.M. Sieczkarek	4,000	3	0	4,000	8,000
G.M. Aron	5,000	3	0	5,000	10,000

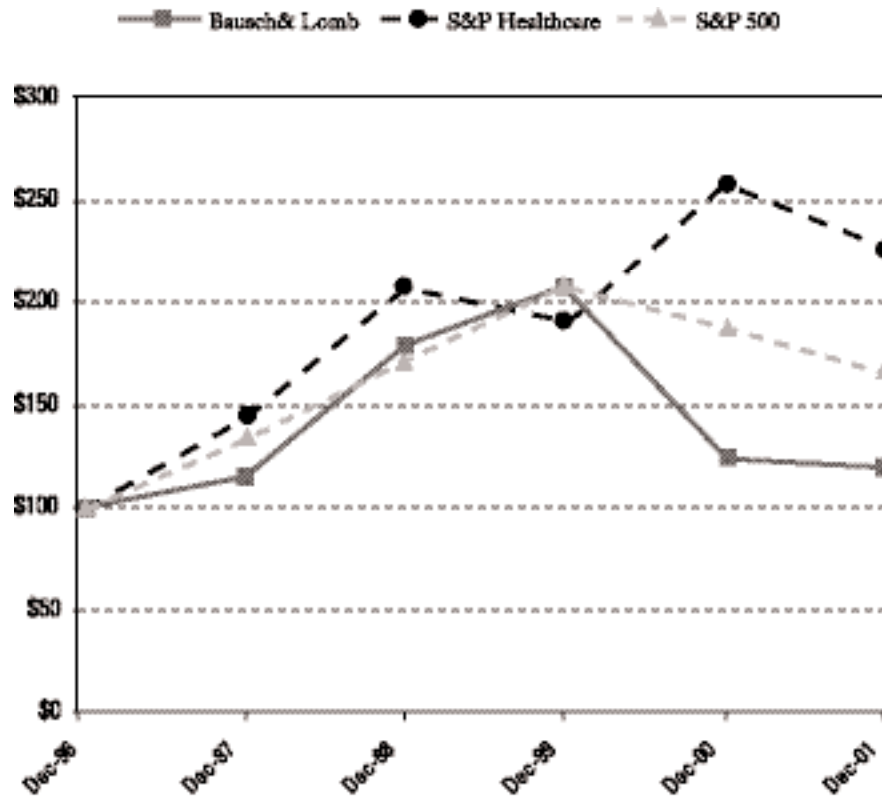
(1) Grants under the company's Cumulative EVA Program will vest at the end of each respective performance period after approval by the Committee on Management of the company's EVA performance results for each such period.

(2) This award was forfeited upon Mr. Carpenter's resignation from the company.

## TOTAL RETURN TO SHAREHOLDERS

Comparison Of Five-Year Cumulative Total Shareholder Return

December 1996 Through December 2001



Assumes \$100 invested on last day of December 1996. Dividends are reinvested quarterly.

Date	Bausch & Lomb	S&P Health Care Composite	S&P 500
Dec. 1996	\$100.00	\$100.00	\$100.00
Dec. 1997	\$116.08	\$143.67	\$133.32
Dec. 1998	\$179.63	\$207.10	\$171.33
Dec. 1999	\$208.02	\$190.07	\$207.33
Dec. 2000	\$125.57	\$258.28	\$188.42
Dec. 2001	\$120.37	\$226.81	\$166.12

## DEFINED BENEFIT RETIREMENT PLANS

Under the company's Retirement Benefits Plan, all employees of the company and certain subsidiaries who have reached age 21 and have at least one year of service are participants. The Plan is a cash balance retirement plan which accrues benefits in a hypothetical account which can be paid either as a single lump sum or converted to a lifetime monthly annuity at time of retirement or separation from the company. Account values increase annually based on earnings, as defined in the Plan, as well as other factors such as age, service and interest credited on account balances. Benefits vest after five years of service as defined in the Plan. Each of Messrs. Zarrella, Waltrip, Carpenter, Hahs, McCluski, Sieczkarek and Aron is a vested participant under this Plan. Assuming continued employment to normal retirement age, the estimated annual benefits payable to Messrs. Zarrella, Hahs, McCluski, Sieczkarek and Aron are \$31,776, \$93,302, \$61,174, \$47,187 and \$20,823 respectively. Assuming the payment of accrued benefits is deferred until normal retirement age, the estimated annual benefit payable to Mr. Carpenter is \$15,310. Assuming the payment of accrued benefits is paid immediately, the estimated annual benefit payable to Mr. Waltrip is \$1,676.

In addition, the company maintains a separate Retirement Benefit Restoration Plan, which provides eligible employees additional retirement benefits, which would otherwise be provided under the Retirement Benefits Plan but are excluded from that Plan by specific federal regulatory limitations. Benefits vest after five years of service as defined in the Plan. Messrs. Hahs, McCluski, Sieczkarek, and Aron are vested participants under this Plan. Assuming continued employment to normal retirement age, the estimated annual benefit payable to Messrs. Hahs, McCluski, Sieczkarek and Aron is \$130,064, \$120,960, \$66,199 and \$12,210 respectively.

The company maintains two Supplemental Executive Retirement Plans ("SERP"), under which officers may become eligible for retirement benefits in addition to those provided under the company's Retirement Benefits Plan. No officer is eligible to participate in more than one company SERP, and the officers named in the Summary Compensation Table on page 13, except for Mr. Waltrip, are participants in one of the SERPs described below. Participants who vest under SERP II will receive annual benefits, payable monthly, in an amount equal to a percentage of their final average salary and bonus compensation. Final Average Compensation is the highest average of a participant's compensation for any three full calendar years during the participant's last ten full calendar years of employment with the company. The percentage used is a function of age at retirement: 32% at age 55, and up to 60% at age 62. SERP III is a cash balance retirement plan which accrues benefits for eligible officers in a hypothetical account, at an annual rate of 5% of covered earnings, as defined in the Plan. Benefits are paid either as a single lump sum or converted to a lifetime monthly annuity at time of retirement or separation from the company. Benefits vest upon the completion of five years of service. The plans also provide for the payout of the net present value of all benefits in the event of a change in control of the company.

Messrs. Carpenter and Zarrella have vested benefits under SERP II. Messrs. Hahs, McCluski, Sieczkarek and Aron have vested benefits under SERP III. Assuming continued employment to age 60, the estimated annual benefit payable for Mr. Zarrella under SERP II is \$1,738,554. Assuming the payment of accrued benefits is deferred until normal retirement age, the estimated annual benefit payable to Mr. Carpenter is \$244,222. Assuming continued employment to normal retirement age, the estimated annual benefit payable to Messrs. Hahs, McCluski, Sieczkarek and Aron under SERP III is \$77,825, \$83,277, \$72,127 and \$11,215, respectively. Under SERP III, the benefit payable is stated as a cash balance. However, for purposes hereof, the annual payments stated above are calculated by applying an actuarial-based conversion factor against the projected value of the individual's cash balance account at normal retirement age.

## RELATED TRANSACTIONS, EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS

In connection with class B shares purchased under the company's stock incentive plans, the company may loan the participant an amount equal to the full amount of the purchase price of those shares, in which case the shares serve as collateral for the loan. The rate of interest on loans to participants is the lesser of the applicable federal rates announced monthly by the Internal Revenue Service pursuant to Section 1274(d) of the Internal Revenue Code of 1986, or 9%. To the extent applicable, the largest aggregate amount of indebtedness outstanding which exceeded \$60,000 at any time in the company's 2001 fiscal year for directors and executive officers of the company was as follows: (i) the company's directors: Mrs. McMullin, \$111,649; Mr. Purcell, \$731,326; Mrs. Rice, \$69,222; Mr. Waltrip, \$119,318 and (ii) the company's executive officers: Mr. Aron, \$238,095; Mr. Carpenter, \$915,750; Mr. Alan H. Farnsworth, \$352,742; Mr. Hahs, \$450,734; Mr. Jurij Z. Kushner, \$418,298; Mr. John M. Loughlin, \$247,653; Mr. McCluski, \$479,594; Mr. Sieczkarek, \$238,095; and Mr. Robert B. Stiles, \$649,162. As of February 1, 2002, the outstanding amount of such indebtedness was as follows: (i) the company's directors: Mrs. McMullin, \$110,532; Mr. Purcell, \$724,013; Mrs. Rice, \$68,530; Mr. Waltrip, \$118,125; and (ii) the company's executive officers: Mr. Aron, \$235,714; Mr. Farnsworth, \$349,214; Mr. Hahs, \$446,226; Mr. Kushner, \$414,115; Mr. Loughlin, \$245,176; Mr. McCluski, \$474,798; Mr. Sieczkarek, \$235,714; and Mr. Stiles, \$642,670.

The company entered into an agreement with Mr. Carpenter in connection with the termination of his employment, providing for payment of severance in an aggregate amount equal to two times the annual base salary as set forth in the Summary Compensation Table on page 13 to be paid over thirty-six months. In addition, the agreement provides for a continuation of various benefits through August 2004, continued participation in the Supplemental Executive Retirement Plan II through August 31, 2003 and vesting of unvested stock options through the severance period. The after-tax cost to the company of Mr. Carpenter's termination was \$1.8 million.

In connection with Mr. Zarrella's election as chairman of the board and chief executive officer, he and Bausch & Lomb have signed a five-year employment agreement dated November 9, 2001, which is renewed automatically for successive one-year terms, unless otherwise terminated. The terms of the agreement provide for a base salary of \$1.1 million during the first two employment years and a bonus during year 2002 of at least 100% of base salary. On November 9, 2001, the Committee on Management of the Board of Directors awarded Mr. Zarrella immediately-vested options to purchase 500,000 shares of the company's common stock at an exercise price of \$31.91 under the 1990 Stock Incentive Plan. An additional 500,000 options under this Plan were granted to Mr. Zarrella on January 2, 2002 at an exercise price of \$37.685. These options vest in one-third increments over a three-year period. Bausch & Lomb also agreed to pay Mr. Zarrella an amount up to \$5 million in cash and stock to compensate him for benefits forfeited at his prior employer in accepting employment with the company (including annual bonus incentive compensation, long-term incentive payments, and stock option value). On January 2, 2002, a resulting cash payment of \$2.1 million and a restricted stock grant of 65,561 shares were made to Mr. Zarrella. The restricted stock grant was made under the 1990 Stock Incentive Plan and vests in its entirety on the fifth anniversary of Mr. Zarrella's appointment.

The agreement also provides for a performance-based long-term incentive plan for one, two, and three-year award cycles, each of which shall have a target award of \$1 million paid in company restricted stock. For each three-year award cycle thereafter, the target award will be at least \$1 million. Awards will be paid in company restricted stock. In addition, Mr. Zarrella will participate in employee welfare and benefits plans and will be provided other standard senior executive perquisites. This includes participation in SERP II. On the effective date of the employment agreement, he was vested at 26% of final average compensation (based on 1999, 2000, and 2001 compensation with his prior employer). The benefit will increase each year up to a maximum of 60% of final average compensation achieved at age 60. If Mr. Zarrella is terminated without cause, or if Mr. Zarrella terminates employment for good reason, both as defined in the agreement, he will be entitled to his annual base salary and the highest annual bonus, plus medical and other benefits, for the remaining period of the employment agreement, and he will vest immediately in the SERP II benefit which would have been received at the end of the five-year employment period under the agreement.

Mr. Zarrella has also entered into a Change of Control employment agreement with the standard features described below. In the event his employment is terminated following a change in the control of the company, he would be entitled to the greater of (i) his remaining benefits under his employment agreement or (ii) benefits under the change of control employment agreement.

The company has entered into a Change of Control agreement, for an indefinite term, with each individual in the Summary Compensation Table on page 13, except for Mr. Waltrip. The agreement for Mr. Carpenter terminated with his termination of employment. Each agreement provides that, in the event of a change of control (as defined in the agreements) which is followed within three years, as determined under the agreements, by (i) termination of the officer's employment, (ii) a downgrading of the officer's position; or (iii) voluntary termination under circumstances specified in the agreements, the officer will be entitled to: (a) salary and pro rata bonus then due and (b) a lump sum separation payment equal to three times annual base salary and bonus as determined under the agreements. In 2001, the company increased the benefits to certain executive officers, including three of the named executive officers included in the Summary Compensation Table on page 13 (Messrs. Hahs, Sieczkarek and Aron), so that they will receive benefits equal to three times his compensation rather than two times his compensation. Each officer will also be entitled to a continuation of certain benefits and perquisites for up to three additional years as determined under the agreements. These benefits and perquisites may be reduced by corresponding benefits or perquisites provided by a subsequent employer during the period in which they are provided.

## **REPORT OF THE AUDIT COMMITTEE**

The members of the Audit Committee of the Board of Directors are Jonathan S. Linen (Chair), Domenico De Sole, Ruth R. McMullin, Linda Johnson Rice and William H. Waltrip. None of the Audit Committee members is a former employee of the company, except for Mr. Waltrip, who served as the company's chairman and chief executive officer during interim periods in 1996 and 2001, and as its chairman from 1996 through 1998 and briefly in 2001. In view of the interim nature of Mr. Waltrip's past service with the company, and in view of the fact that Mr. Waltrip's return to service solely as director has been characterized by the independent judgment and oversight which highlighted his ten years of service as an outside director prior to 1996, and from 1999 through the first two quarters of 2001, the Board of Directors has determined that it is in the best interests of the company for Mr. Waltrip to serve on the company's Audit Committee and that Mr. Waltrip's prior positions with the company do not interfere with his exercise of independent judgment as a member of the Audit Committee. None of the Audit Committee members has a business relationship with the company, or is a partner, controlling shareholder or executive officer of an entity that has a material business relationship with the company. In addition, there is no Audit Committee member who is employed as an executive of another company where any of the company's executives serves on that other firm's compensation committee. No member of the Audit Committee is an immediate family member of an individual who is an executive officer of the company or any of its affiliates.

Each member of the Audit Committee is financially literate, in accordance with the qualifications set forth by the company's Board of Directors in its business judgment. In addition, at least one member of the Audit Committee has accounting or related financial management expertise, as the Board of Directors interprets this qualification in its business judgment.

In 2001, the Audit Committee met four times. The Board of Directors has adopted a written Charter setting forth the authority and responsibilities of the Audit Committee. Consistent with its Charter, the Audit Committee took the actions identified on page 3 of this Proxy Statement. In addition, the Audit Committee recommended for Board approval, based on the full scope of its activities, that (i) the audited financial statements be incorporated by reference in the company's annual report on Form 10-K for the year ended December 29, 2001, and (ii) PricewaterhouseCoopers LLP be ratified as the company's independent accountants for 2002.

### **Audit Fees**

In its review, the Audit Committee examined a report from PricewaterhouseCoopers LLP of the fees billed to the company for fiscal year 2001, which included \$1,489,000 for the audit of the company's annual financial statements and review of quarterly reports on Form 10-Q.

### **Financial Information Systems Design and Implementation Fees**

PricewaterhouseCoopers LLP received no fees in 2001 for financial information systems design and implementation.

### **All Other Fees**

PricewaterhouseCoopers LLP received \$2,619,000 in 2001 in the aggregate for all other fees, which includes \$1,906,000 for tax-related services; \$103,000 for acquisition and divestiture assistance; \$364,000 for statutory audits of subsidiaries; \$95,000 for internal audit services and \$151,000 for other services.

The Committee has considered whether PricewaterhouseCoopers LLP's provision of non-audit services is compatible with maintaining the accountants' independence.

Audit Committee

Jonathan S. Linen, Chair  
Domenico De Sole  
Ruth R. McMullin  
Linda Johnson Rice  
William H. Waltrip

## ADDITIONAL INFORMATION

### Directors' and Officers' Insurance

The company has purchased insurance from the Federal Insurance Company and National Union Fire Insurance Company, insuring the company against obligations it might incur as a result of the indemnification of its directors and officers for certain liabilities they might incur, and insuring such directors and officers for additional liabilities against which they may not be indemnified by the company. This insurance was renewed effective January 30, 2002 for a period of one year at a cost of \$600,000.

## ITEM NO. 3 OTHER BUSINESS

### 2002 Shareholder Proposal

Under the company's by-laws, a majority of the votes cast by holders of the company's common and class B stock at a meeting at which a quorum of shares is represented is required for passage of the following shareholder proposal. Abstentions are counted for purposes of determining the presence or absence of a quorum. This has the effect of requiring a higher vote for passage. Broker non-votes are not counted for purposes of determining the presence or absence of a quorum and thus have no effect on the outcome of voting on these proposals. The following proposal has been submitted by a shareholder for consideration and is expected to be presented at the meeting.

### Shareholder Proposal – Eliminate Classified Board of Directors

Mr. Gerald W. McEntee, International President of the American Federation of State, County and Municipal Employees, AFL-CIO (“AFSCME”), 1625 L Street, N.W., Washington, DC 20036-5687, on behalf of the AFSCME Employees Pension Plan, beneficial owner of 386 shares of Bausch & Lomb common stock, has proposed the adoption of the following resolution and has furnished the following statement in support of its proposal (which statement is reproduced in its entirety, as written by Mr. McEntee):

RESOLVED: That the shareholders of Bausch & Lomb, Inc. (“Bausch & Lomb” or the “Company”) hereby urge the Board of Directors to take the necessary steps to eliminate the classification of the Board of Directors and require that all Directors stand for election annually. The declassification shall be completed in a manner that does not affect the unexpired terms of Directors previously elected.

### Supporting Statement

Between July 17, 2000, when Bausch & Lomb's stock closed at \$79.0938, and November 5, 2001, the stock has lost over 59% of its value, underperforming its peers in the American Stock Exchange Pharmaceutical Index. Analysts have criticized Bausch & Lomb's strategic direction and inability to predict earnings. The Company's refractive-surgery business has been hit hard by the closure of a number of surgery centers, while its vision-care business is suffering from increasing competitive pressures.

We believe the election of Directors is the most powerful way shareholders influence the strategic direction of our Company. Currently, the Board is divided into three classes, one with two members, one with three and one with four. Each class serves staggered three-year terms. Because of this structure, shareholders may only vote on roughly one third of the Directors each year.

The classified structure of the Board is not in shareholders' best interest because it reduces accountability and is an unnecessary takeover defense. Now is a prudent time to have all Directors annually accountable to shareholders, given the poor performance outlined above. We feel that annual accountability can serve to focus our Directors more closely on the performance of top executives and increasing shareholder value.

Annual election of Directors gives shareholders the power to completely replace their Board, or replace a majority of Directors, if a situation arises warranting such drastic action. We do not believe destaggering the Board will destabilize our Company or affect the continuity of Director service. Our Directors, as well as the directors of the overwhelming majority of other public companies, are routinely elected with over 95% shareholder approval.

A recent study found that firms with the strongest shareholder rights significantly outperform companies with weaker shareholder rights. A 2001 study of 1,500 firms conducted by researchers at Harvard University and the University of Pennsylvania's Wharton School found a significant positive relationship between greater shareholder rights, as measured by a governance index, and both firm valuation and performance from 1990 to 1999. Shareholder rights were measured by a governance index which took into account, among other things, whether a company had a classified board structure.

A growing number of shareholders appear to agree with our concerns. Last year a majority of shareholders supported proposals seeking the repeal of classified board structures at 27 companies, including Kroger, Baxter International, and Great Lakes Chemical.

We urge shareholders to vote for this proposal.

### **Board of Directors' Statement In Opposition To The Proposal**

At the 1985 annual meeting, the shareholders voted to amend Paragraph 5 of the company's Certificate of Incorporation ("Certificate") to provide, among other things, for a Board of Directors divided into three classes, serving staggered three-year terms. The Board stated in the proxy statement relating to that meeting its belief that the amendment would reduce the vulnerability of the company to certain potentially abusive takeover tactics and encourage potential acquirers to negotiate with the Board. The Board also stated its belief that the amendment assures continuity and stability of the company's management and policies, since a majority of the directors at any given time have prior experience as directors of the company.

In the opinion of the Board, the above reasons continue to be valid and the classified Board remains in the best interests of the shareholders. In fact, 61.5% of the S&P 500 corporations currently have classified boards. The classified board does not preclude unsolicited acquisition proposals but, by eliminating the threat of imminent removal, puts the incumbent Board in a position to act to maximize value to all shareholders. In addition, the Board does not believe that directors elected for staggered terms are any less accountable to shareholders than they would be if elected annually, since the same standards of performance apply regardless of the term of service.

A vote in favor of the proposal is only a recommendation to the Board. This advisory proposal requires the affirmative vote of a majority of the votes cast at the annual meeting by the holders of shares represented in person or by proxy to pass. An amendment to the Certificate to eliminate the classified board would require Board approval followed by the affirmative vote of 80% of the shares entitled to vote. For the reasons set forth above, the Board of Directors is opposed to such an amendment.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE ADOPTION OF THE FOREGOING SHAREHOLDER PROPOSAL. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY OTHERWISE IN THEIR PROXIES.**

We do not expect any business to come up for shareholder vote at the meeting other than the items described in this booklet. If other business is properly raised, your proxy card authorizes the proxyholders to vote as they deem appropriate.

The company's by-laws contain provisions regarding matters which may properly be brought before the shareholders at an annual meeting. The most recently revised by-laws are attached as Exhibit (3)-a to the company's Form 10-Q filed with the Securities and Exchange Commission on November 10, 1998.

### **Shareholder Proposals for Next Year**

In order to be eligible for inclusion in the company's proxy materials for next year's annual meeting of shareholders, any shareholder proposal (other than the submission of nominees for directors) must be received by the company to the attention of the Secretary at its principal executive offices not later than the close of business on November 24, 2002.

Shareholder proposals received by the company between December 31, 2002 and January 30, 2003 may also be considered at next year's annual meeting of shareholders but may not be included in the proxy materials for next year's annual meeting of shareholders. Nominations for directors submitted by shareholders must be received between those same dates.

## **Annual Report**

A summary Annual Report to Shareholders for the year ended December 29, 2001 accompanies the proxy material being mailed to all shareholders. The summary Annual Report is not a part of the proxy solicitation material.

## **How We Solicit Proxies**

Bausch & Lomb pays the costs of soliciting proxies. We are paying Georgeson Shareholder Communications Inc. a fee of \$12,000 plus expenses to help with the solicitation. In addition to this mailing, the company may solicit proxies personally, electronically or by telephone. We also reimburse brokers and other nominees for their expenses in sending these materials to you and getting your voting instructions.

## **People Needing Special Assistance**

If you plan to attend the annual meeting, we can provide reasonable assistance to help you participate in the meeting if you let us know in advance. Please call or write the Secretary at least two weeks before the meeting at the number or address under "Questions?" below.

## **Questions?**

If you have questions or need more information about the annual meeting, write to the

Secretary  
Bausch & Lomb Incorporated  
One Bausch & Lomb Place  
Rochester, New York 14604-2701

or call us at (585) 338-6010.

For additional information about the company, we invite you to visit Bausch & Lomb's Internet site at [www.bausch.com](http://www.bausch.com). Internet site materials are for your general information and are not part of this proxy solicitation.

According to rules of the Securities and Exchange Commission ("SEC"), the information presented in this proxy statement under the captions "Report of the Committee on Management", "Report of the Audit Committee" and "Comparison of Five-Year Cumulative Total Shareholder Return" shall not be deemed to be "soliciting material" or to be filed with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934, and nothing contained in any previous filings made by the company under the aforementioned Acts shall be interpreted as incorporating by reference the information presented under the specified captions.

## **Your Vote is Very Important!**

Please vote by calling the toll-free number set forth on your proxy card or by signing and promptly returning your proxy card in the enclosed envelope.

March 22, 2002