

CHARTER OF THE COMPENSATION AND HR COMMITTEE
OF THE BOARD OF DIRECTORS OF
COHERENT, INC.

(as amended, February 27, 2013)

PURPOSE:

The purpose of the Compensation and HR Committee (the “Committee”) of the Board of Directors (the “Board”) of Coherent, Inc. (the “Company”) shall be to assist the Board to discharge the Board’s responsibilities relating to compensation of the Company’s executive officers. The term “executive officer” as used in this charter shall be defined as set forth in Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The Committee is responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

MEMBERSHIP AND ORGANIZATION:

The Committee and its Chairman will be appointed in accordance with the Company’s Governance Guidelines.

The Committee shall consist of no fewer than three (3) members. The Committee shall meet at least twice annually and all scheduled meeting dates shall be disclosed via company-wide memoranda, email or other similar means to the Company’s executives and employees at the beginning of each fiscal year.

Company legal personnel or outside counsel shall be in attendance at all Compensation and HR Committee meetings and act as secretary and minutes shall be finalized and approved by the Compensation and HR Committee and reviewed by the Board at subsequent meetings.

The Committee will maintain free and open communication among all Board members, the Chief Executive Officer (“CEO”), the Vice President of Human Resources, the Chief Financial Officer and the General Counsel on issues related to compensation, benefits and incentive plans.

The members of the Committee shall meet the (i) independence requirements of the Nasdaq Stock Market (except to the extent that the Company has chosen to avail itself of the “exceptional and limited circumstances” exemption from Nasdaq’s independence requirement, as set forth in Nasdaq Listing Rule 5605(d)(3)), (ii) “non-employee director” definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act, (iii) the “outside director” definition of Section 162(m) of the Internal Revenue Code of 1986, as amended; and (iv) the independence requirements set forth in the Governance Guidelines.

RESPONSIBILITIES AND AUTHORITY:

- Annually review and approve corporate goals and objectives for the CEO, and evaluate the CEO's performance relative to those goals and objectives (which shall not include approving any operating budgets of the Company).
- Develop and either approve, or recommend to the Board for approval, any employment agreement, change-of-control agreement, or provision of any other benefit, compensation, or contractual agreements for the CEO or any other corporate executive officer.
- Review the CEO's evaluations of all corporate executive officers, annually.
- Review all compensation and benefits, including base, incentive, and equity-based compensation, for the CEO and all corporate executive officers of the Company and either determine and approve, or make a recommendation to the Board for approval of, such compensation and benefits. The CEO shall not be present during voting or deliberations on his or her compensation.
- Review with management the Company's policies with respect to risk assessment and risk management for those areas assigned to the Committee by the Board of Directors or its designee.
- Annually review and assess the Company's Variable Compensation Program.
- Review all executive officers' compensation programs, including equity-based programs, including comparisons of those programs with those used by comparable companies in the Company's industry, review compliance of such programs with legislation and other legal requirements that may apply, and either determine and approve, or make recommendations to the Board for approval of, such programs.
- Approve for each fiscal year the aggregate number of shares that may be granted throughout the year to all employees and Section 16 officers.
- Grant the following types of equity grants pursuant to the power delegated to it by the Board: (i) all Section 16 officer grants, including annual, promotional, new hire and other grants, and (ii) all employee grants, including annual, promotional, new hire and other grants, and grants to employees in connection with mergers, acquisitions or other similar corporate transactions.
- Approve all equity compensation grants to Board members under the Company's stock plans (excluding those which are automatic upon initial or annual appointment or election to the Board).
- Review outstanding equity compensation grants to all non-executive officer employees which have previously been made during the applicable fiscal year by the Board.

- Delegate authority and oversight responsibility related to Committee duties and responsibilities, as the Committee deems proper, and periodically review such delegations.
- Review disclosure by the Company in its filings with the Securities and Exchange Commission concerning executive officer and Board compensation matters.
- Make regular reports to the Board.
- Review and reassess the adequacy of this Charter periodically, as appropriate and no less than annually, and make recommendations to the Board for any proposed changes.
- Perform a self-evaluation of the Committee performance no less than annually.
- The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel and other adviser retained by the Committee. The Committee may select a compensation consultant, legal counsel (other than in-house counsel) or other adviser only after taking into consideration the following factors, as well as any other factors identified by Nasdaq (excluding in-house counsel): (1) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser; (2) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser; (3) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest; (4) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (5) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (6) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company. Nothing herein shall require any compensation consultant, legal counsel or other adviser to be independent, only that the Committee consider the six independence factors enumerated above before selecting, or receiving advice from, such a compensation adviser. However, the Committee is not required to consider the foregoing factors if the compensation consultant, legal counsel or other adviser's services are limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is either not customized for the Company or that is customized based on parameters that are not developed by the adviser, and about which the the Company does not provide advice.

MINUTES:

The Company's Legal Department shall review and approve all Committee minutes as promptly as practicable following the meetings of that committee.

The Committee will maintain minutes of meetings, which minutes will be filed with the minutes of the meetings of the Board and shall be the responsibility of the Company's Legal Department to maintain for no less than four years. In addition, full and complete records of all equity grant materials, including all Committee minutes, relevant supporting material, and equity grant agreements shall be the responsibility of the Company's Legal Department to maintain.

FUNDING OF THE COMMITTEE'S FUNCTIONS:

The Company shall provide appropriate funding (as determined by the Committee) for the Committee in its capacity as a Committee of the Board in such amounts as determined by the Committee for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee.

Despite the enumeration above of certain responsibilities and functions of the Committee, nothing in this charter is intended to alter or impair operation of the "business judgment rule" as interpreted by the courts under the Delaware General Corporation Law. Further, nothing in this charter is intended to alter or impair the right of members of the Committee to rely, in discharging their oversight role, on the records of the Company and on other information presented to the Committee, the Board or the Company by its officers or employees or by outside experts such as the external auditors.