

# COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE CHARTER

(Amended August 7, 2009)

## PURPOSE

The purpose of the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of Varian Medical Systems, Inc. (the "corporation") shall be to (1) provide advice on management matters that have major implications to the development of the corporation, (2) discharge the Board's responsibilities relating to compensation of the corporation's Executive Officers, (3) evaluate the corporation's compensation plans, policies and programs for Executive Officers and (4) produce the Compensation Committee report required by the Securities and Exchange Commission ("SEC") for inclusion in the corporation's proxy statement or Annual Report on Form 10-K.

## MEMBERSHIP AND ORGANIZATION

The Committee shall be a standing committee of the Board consisting of a minimum of three (3) members of the Board ("Directors"), including a Chairperson. The members of the Committee shall be selected by and serve at the discretion of the Board. All members of the Committee shall qualify as (a) a non-employee director under Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (b) an independent director under the rules of the New York Stock Exchange, and (c) an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee shall have a secretary who need not be a member of the Committee. The Committee shall meet as often as it deems necessary to discharge its functions, but not less than two (2) times per fiscal year.

The corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of the compensation to any advisor employed by the Committee pursuant to the authority granted by this Charter and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## FUNCTION AND RESPONSIBILITIES

The Committee shall:

1. Matters Delegated to the Committee for Direct Action
  - a. Review and approve corporate goals and objectives relevant to the Chief Executive Officer's (the "CEO") compensation; develop process for evaluating the CEO's performance; lead the Board's evaluation of the CEO's performance in light of the foregoing corporate goals and objectives; and determine and approve the CEO's compensation level based on this evaluation. In determining the CEO's compensation, the Committee shall confer with the independent directors of the Board. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the corporation's performance and relative stockholder return, the

value of similar incentive awards to persons with comparable positions at comparable companies, and the awards given to the CEO in past years.

- b. Annually review and approve base salaries and all other compensation and benefit arrangements including any and all employment agreements, change-in-control agreements, perquisites, retirement and deferred compensation programs, for the Executive Officers (as defined by the SEC or applicable law, "Executive Officers") and all other corporate officers ("officers") and other executives reporting directly to the Chairman, CEO, COO or President.
- c. Approve provisions of separation agreements, including those that relate to accelerated vesting or other modification of stock options, restricted stock or other stock-related awards, for the Executive Officers and all other officers ("officers") and other executives reporting directly to the Chairman, CEO, COO or President.
- d. Administer the Company's Management Incentive Plan, Employee Stock Purchase Plan, Deferred Compensation Plan, Omnibus Stock Plan and any other Company plan which so provides or which the Board determines shall be administered by the Committee.
- e. Approve all outside board memberships of other for profit organizations by officers and persons reporting to an Executive Vice President or higher.
- f. Approve all consulting agreements between the corporation or its subsidiaries and non-employee directors as permitted by law and the company's listing exchanges, if not otherwise approved by the corporation's Nominating and Corporate Governance Committee.
- g. Review plans for succession of the CEO, COO, President and Executive Vice Presidents.
- h. Approve individual salary actions for other officers and non-officers where salary exceeds \$300,000 annually.
- i. Determine any guidelines for equity holding requirements for executives and non-employee directors and annually review status of individual compliance with these requirements.

2. Other Responsibilities and Authority

- a. Form and delegate authority to subcommittees and the CEO when appropriate, to approve corporate goals and objectives and participants under the corporation's Management Incentive Plan.
- b. Make regular reports to the Board.
- c. Annually review this Charter and make recommendations to the Board for any proposed changes.
- d. Annually review and evaluate the Committee's own performance.
- e. Review and discuss with management the corporation's proposed disclosures under the "Compensation Discussion and Analysis" required by

Regulation S-K under the Exchange Act and recommend to the Board whether such Compensation Discussion and Analysis should be included in the corporation's proxy statement and Annual Report on Form 10-K.

- f. Prepare annually, and in accordance with Regulation S-K, the Compensation Committee report required under the Exchange Act rules.

3. Matters Requiring Board Approval

Advise the Board on specific management and compensation matters on which the Board must act, including but not limited to making recommendations on:

- a. Adoption or amendment of company-wide bonus, compensation, profit sharing and incentive compensation plans.
- b. Adoption of all stock-related plans, and any amendment of a stock-related plan if applicable law or listing requirements would require that such amendment be approved by stockholders.
- c. Adoption or amendment of other benefit plans where incremental plan costs to the Company would exceed \$2.5 million annually.
- d. All compensation and benefits arrangements for directors.
- e. All election of corporate officers, and designation of Section 16 Officers.

4. General Advice to the Board

On its own initiative or when requested by the Board, review management and compensation matters having major implications to the long-range development of the Company.

5. Advice to the Chairman, CEO, COO and President

As a sounding board for the Chairman, CEO, COO and President, provide advice and counsel on management, personnel and compensation matters affecting the strength and effectiveness of the Company as a whole, including but not limited to:

- a. Management development;
- b. Guidelines for key employee compensation; and
- c. Philosophy and application of incentive programs of all kinds, including incentive programs associated with specific projects.

The Committee shall have sole authority to retain and terminate any compensation consultant to be used by the corporation to assist in the evaluation of CEO or Executive Officer compensation and shall have sole authority to approve the consultant's fees and other retention terms as well as to obtain advice and assistance from internal or external legal, accounting or other advisors.