

COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE CHARTER

(Amended August 6, 2010)

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 (the "NYSE"), and (c) an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Each such member shall also qualify under any additional independence requirements for compensation committee members as may be imposed under the rules of the NYSE or the Exchange Act.^{1/} 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 compensation consultant, legal counsel or other 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

^{1/} Dodd Frank is imposing new independence requirements on Compensation Committee members.

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. Assess, at least annually, the risks associated with the corporation's compensation policies, and report to the Board and the Audit Committee whether the corporation's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the corporation.^{2/}
- d. 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.
- e. Administer the corporation's Management Incentive Plan, Employee Stock Purchase Plan, Deferred Compensation Plan, Omnibus Stock Plan and any other corporation plan which so provides or which the Board determines shall be administered by the Committee.
- f. Approve all outside board memberships of other for profit organizations by officers and persons reporting to an Executive Vice President or higher.
- 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 reporting to the CEO and the CEO's direct staff where salary exceeds \$350,000 annually.^{3/}
- i. Determine any guidelines for equity holding requirements for executives and non-employee directors and annually review status of individual compliance with these requirements.
- j. Approve the material terms of all arrangements between the corporation and any compensation consultant, or an affiliate of a compensation consultant, that has been retained by the Committee.^{4/}

2. Other Responsibilities and Authority

^{2/} Since February 28, 2010, proxy statements must disclose certain information when a company determines its compensation policies create risks that are reasonably likely to have a material adverse effect on the company. Only one company even arguably made such disclosure during this proxy season.

^{3/} Increase in threshold.

^{4/} Since February 28, 2010, disclosure is required of who approved arrangements and dollars paid if the Committee and the company use the same consultant.

- 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 corporation 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 corporation.

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 corporation 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 discretion to retain or obtain the advice of a compensation consultant to be used by the Committee to assist in the evaluation of CEO, Executive Officer or director compensation, or any other purpose. The Committee shall also have sole discretion to obtain the advice of independent legal counsel and other advisors. The Committee shall have direct responsibility for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other advisor it retains.^{5/} In selecting any such compensation consultant or other advisor, the Committee shall take into account factors identified as relevant to any such selection under the Exchange Act or the rules of the NYSE.

^{5/} Dodd Frank creates factors to consider in determining whether a consultant is independent and makes clear the Committee can hire who they want at the expense of the Company. (Prior charter provided the same substance, but revisions follow the text of the statute.)