



**CHARTER FOR THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF
PACIFIC BIOSCIENCES OF CALIFORNIA, INC.**

(as amended December 14, 2016)

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors (the “*Board*”) of Pacific Biosciences of California, Inc. (the “*Company*”) shall be to:

- provide oversight of the Company’s compensation policies, plans and programs;
- assist the Board in discharging its responsibilities relating to (i) oversight of the compensation of the Company’s Chief Executive Officer (the “*CEO*”) and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, amended (the “*Exchange Act*”), (ii) evaluating and approving the executive officer compensation plans, policies and programs of the Company, and (iii) evaluating and approving director compensation;
- assist the Board in administering the Company’s equity compensation plans for its employees and directors; and
- provide oversight of, and advise the Board on, the Company’s CEO succession planning.

The compensation programs for the Company’s executive officers shall be (i) designed to attract, motivate and retain talented executives responsible for the success of the Company, (ii) designed to maintain appropriate levels of risk and reward, assumed on a relative basis at all levels within the Company in proportion to individual contribution and performance, and to encourage executives to manage from the perspective of owners with an equity stake in the Company, (iii) determined within a competitive framework and (iv) based on the achievement of the Company’s overall financial results, individual contributions and a compensation philosophy of “pay for performance”.

In furtherance of these purposes, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

MEMBERSHIP:

The Compensation Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Compensation Committee shall consist of no fewer than two members of the Board. The Board may designate one member of the Compensation Committee as its chair. The Compensation Committee may form and delegate authority to subcommittees when appropriate. Members of the Compensation Committee must meet the following criteria:

- the independence requirements, including the compensation committee requirements, of the Nasdaq Stock Market, Inc.;
- the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act; and



- the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

RESPONSIBILITIES AND DUTIES:

The responsibilities and duties of the Compensation Committee shall include:

Executive and Other Compensation

- Reviewing and making recommendations to the Board with respect to the compensation of the CEO, including: (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) equity compensation, (iv) any employment agreement, severance arrangement and change in control agreement/provision, (v) any signing bonus or payment of relocation costs and (vi) any other significant benefits, compensation or arrangements (including, without limitation, perquisites and any other form of compensation) not available to employees generally;
- Reviewing and making recommendations to the Board of corporate goals and objectives relevant to the compensation of the CEO, evaluating performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals;
- Annually reviewing and approving for the executive officers of the Company other than the CEO: (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) equity compensation, (iv) any employment agreement, severance arrangement and change in control agreement/provision, (v) any signing bonus or payment of relocation costs and (vi) any other significant benefits, compensation or arrangements not available to employees generally. One of the Compensation Committee's objectives shall be to use compensation to align the interests of the executive officers with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value;
- Reviewing and approving corporate goals and objectives relevant to the compensation of the executive officers of the Company other than the CEO, evaluating performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals;
- In evaluating and determining CEO and executive officer compensation, the Compensation Committee shall consider the results of the most recent stockholder advisory say on pay vote on executive compensation ("Say on Pay Vote") required by the rules and regulations promulgated under the Exchange Act;
- Acting as Administrator of the Company's equity compensation plans for its employees and directors;
- In consultation with senior management, review and evaluate the design and management of the Company's overall compensation plans and programs that cover the Company's employees and making recommendations to senior management with respect to improvements or changes to such plans or the adoption of new plans when appropriate;
- Evaluating, on a periodic basis, the competitiveness of (i) the compensation of the CEO and the executive officers of the Company and (ii) the Company's overall compensation plans;

- Evaluating director compensation and making recommendations to the Board regarding director compensation;
- Reviewing and making recommendations to the Board with respect to the directors' stock option grants under the Company's equity incentive plans and any proposed amendments thereto, subject to obtaining stockholder approval of any amendments as required by applicable law or the Nasdaq Rules;
- Reviewing and discussing with management the risks arising from the Company's compensation philosophy and practices for all employees that are reasonably likely to have a material adverse effect on the Company;
- Review, adopt, amend and/or terminate, or, recommend to the Board for approval, amendment or termination, and oversee clawback policies and/or practices if and as the Compensation Committee determines to be necessary or appropriate, or as required by law;
- Reviewing periodically the succession planning for executive officers, reporting its findings and recommendations to the Board, and assisting the Board in evaluating potential successors to such executive officers where the Compensation Committee or the Board consider it appropriate;

Related Duties and Authority

- Periodically reviewing this Charter and its processes and recommending any proposed changes to the Board of Directors;
- Consulting with the Human Resources department and, in its sole discretion and at the expense of the Company, retaining, or obtaining the advice of, a compensation consultant, legal counsel or other advisor (each an "Advisor Firm") to assist in the evaluation of executive officer and director compensation;
- Appointing, setting the compensation and overseeing the work of any Advisor Firm retained by the Compensation Committee. The Compensation Committee shall receive from the Company appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to Advisor Firms retained by the Compensation Committee. The authority granted in this Charter shall not affect the ability or obligation of the Compensation Committee to exercise its own judgment in the fulfillment of its duties under this Charter;
- In retaining or seeking advice from an Advisor Firm to the Compensation Committee, other than in-house legal counsel, the Compensation Committee must take into consideration the following factors:
 - the provision of other services to the Company by the Advisor Firm;
 - the amount of fees received from the Company by the Advisor Firm, as a percentage of the total revenue of the Advisor Firm;
 - the policies and procedures of the Advisor Firm that are designed to prevent conflicts of interest;
 - any business or personal relationship of the Advisor Firm or its representative with a member of the Compensation Committee;
 - any stock of the Company owned by the Advisor Firm or its representative; and

- any business or personal relationship of the Advisor Firm or its representative with an executive officer of the Company;

provided that the Compensation Committee is not required to conduct an independence assessment for an Advisor Firm that acts in a role limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope, terms or operations, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (ii) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the Advisor Firm, and about which the Advisor Firm does not provide advice;

- Evaluating whether any Advisor Firm retained or to be retained by it has any conflict of interest;
- Reviewing and recommending to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, and reviewing and approving the proposals regarding the Say on Pay Vote and the frequency thereof to be included in the Company's proxy statement;
- Reviewing and discussing with management the Company's Compensation Discussion and Analysis included in the Company's required filings with the Securities and Exchange Commission, including the annual proxy statement, and producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the Securities and Exchange Commission and any other applicable rules and regulations; and
- Annually reviewing the Compensation Committee's own performance.

MEETINGS:

The Compensation Committee shall meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities. The Compensation Committee may meet either in person or telephonically, and at such times and places as the Compensation Committee determines. The Compensation Committee may establish its own meeting schedule, which it will provide to the Board. The Compensation Committee may invite to its meetings other Board members, Company management and such other persons as the Compensation Committee deems appropriate in order to carry out its responsibilities. No executive officer may be present during portions of any meeting during which his or her performance and compensation are being deliberated and determined.

MINUTES:

The Compensation Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

REPORTS:

The Compensation Committee shall make regular reports to the full Board on the actions and recommendations of the Compensation Committee. The CEO may not be present during voting or deliberations regarding CEO compensation.

COMPENSATION:

Members of the Compensation Committee shall receive such compensation, if any, for their service as Compensation Committee members as may be recommended by this Compensation Committee based on benchmarks from peer groups determined in consultation with an outside consultant and determined by the Board in its sole discretion.