

## CHARTER

### COMPENSATION COMMITTEE OF EMCORE CORPORATION

#### I. Purpose

The Compensation Committee shall discharge the Board's responsibilities relating to compensation of the Company's directors and executives. The Committee shall have overall responsibility for approving and evaluating the compensation plans, policies and programs of the Company. To that end, the Committee shall have the responsibility, power and authority to set the compensation and benefits of elected officers and senior executives, determine distributions and grant awards under and administer the Company's various stock option and other incentive plans, and assume responsibility for all matters related to all of the foregoing. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

#### II. Committee Membership

The Committee shall consist of such number of directors as may be designated from time to time by the Board of Directors, each of whom shall meet the independence requirements of the Nasdaq National Market. The members of the Committee shall be appointed by the Board in consultation with the chief executive officer, and may be replaced by the Board.

#### III. Compensation Policy

The Board of Directors of EMCORE believes that compensation of employees should be fair to both employees and shareholders, externally competitive, and designed to align very closely the interests of employees with those of the shareholders.

The EMCORE executive compensation program is designed to attract, motivate, reward and retain superior management talent.

The policy for the base pay component is to compensate executives at a level which approximates the median salaries of individuals in comparable positions and markets. The Compensation Committee approves all salary increases for executive officers.

#### IV. Committee Duties and Responsibilities

- A. **Incentive Compensation Plan Maintenance.** The Committee shall make recommendations to the Board concerning incentive compensation plans and equity-based plans. Shareholders must be given the opportunity to vote on equity-compensation plans, as well as material revisions to the terms of such plans, whenever a shareholder vote is required under the listing standards of the Nasdaq National Market.
- B. **Director Compensation.** The Committee shall periodically review and make recommendations to the Board with respect to the compensation of directors,

including Board and committee retainers, meeting fees, equity-based compensation, and such other forms of compensation as the Committee may consider appropriate.

**C. Executive Compensation.**

1. ***General.*** The Compensation Committee shall create, circulate and maintain a comprehensive set of policies and procedures for determining executive compensation. The policies and procedures are intended to explain how the compensation of executive officers is determined. For example, the policies and procedures may provide that executive compensation is based in part on comparing compensation levels at companies that are similar in size, profitability or industry, or that compensation is determined in part based on individual or Company performance. The policies and procedures shall further establish objective measures for cash and non-cash compensation (including bonuses, stock options, stock grants, and benefits such as health care, use of Company vehicles, memberships, travel for friends, relatives or personal trips, personal housing, and tax or legal services paid for or provided by the Company).
2. ***Chief Executive Officer Compensation.*** The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation, subject to any employment contract that may be in effect. In determining the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years, and such other factors as the Committee may consider relevant.
3. ***Compensation of Executives.***
  - a. ***Compensation Levels.*** The Committee shall annually review and approve for the senior executives of the Company, as such are recommended to the Committee by the Company's Chief Executive Officer, (i) the annual base salary, (ii) the annual incentive bonus, (iii) the long-term incentive award, (iv) employment agreements, severance arrangements, and change in control agreements or provisions, in each case as, when and if appropriate, and (v) any supplemental or special benefits. The structure of management compensation should link the interests of management, both individually and as a team, to the interests of shareholders and management compensation packages should be designed to create a commensurate level of risk and opportunity based on business and individual performance.
  - b. ***Objectives and Evaluation.*** The Compensation Committee shall set, in writing, annual and long-term performance goals for each executive officer of the Company. The Compensation Committee shall annually complete a written evaluation of each executive officer's performance against such goals and recommend compensation (including cash bonuses,

stock options, restricted shares, performance shares or other performance-based compensation) to be awarded based on whether the goals have been achieved.

- D. Overall Compensation Structure.** In addition to reviewing and setting compensation for management, the Committee should, from time to time, review broadly the overall compensation structure for employees. In doing so, the Committee should bear in mind that incentives are industry dependent and are different for different categories of employees.
- E. Biannual Stock Option Reviews.** The Committee shall perform conduct a biannual review of all stock option grants under the Plan to ensure compliance with the Company's Incentive Stock Option Grant Policy and 2000 Plan. The Committee may rely on outside professionals to assist it in its review. The Committee shall report the findings of its review at the next regularly scheduled Board of Directors meeting.
- F. Subcommittees and Delegation.** The Committee may form, and delegate authority to, subcommittees when appropriate.
- G. Reporting to the Board.** The Committee shall make regular reports to the Board.
- H. Consultants.**

  - 1. The Committee shall at all times have the authority to retain and terminate any compensation consultants or other advisors to assist it in any aspect of the evaluation of director, CEO or senior executive compensation or on any other subject relevant to the Committee's responsibilities, including the authority to approve such consultant's or advisor's fees and other retention terms.
  - 2. At least once every three (3) years, the Compensation Committee shall select and retain an independent consultant to conduct a comparative study of the Company's executive compensation policies, practices, and procedures relative to other public companies and prepare and submit to the Compensation Committee a report and recommendations.
- I. Annual Evaluation.** The Committee shall conduct an annual evaluation of the Committee's performance as compared to the requirements of its Charter. The Committee shall participate with the Nominating and Public Responsibility Committee in oversight of the annual evaluation process for the Board and management.
- J. The Committee Charter.** The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

## Compensation Committee:

**Key Practices**

The Compensation Committee has adopted the following key practices to assist it in undertaking the functions and responsibilities set forth in its charter:

1. Meetings. The Committee will meet at least two (2) times a year.
2. Compensation Principles. The Committee believes that its principal responsibility in compensating executives is to incentivize and reward officer and employee performance that will lead to long-term enhancement of shareholder value. The Committee regularly evaluates the effectiveness of the different elements of the Company's basic executive compensation program, which currently consists of: annual payments of salary and bonuses; annual grants of stock options; and periodic grants of restricted stock units and other contingent long-term performance awards. Each year, the Company reports the compensation paid to its five (5) most highly compensated executives in the proxy statement, and the Committee explains the reasons for its key compensation actions in a report included in the proxy statement.

Each element of the Company's executive compensation program serves a somewhat different purpose, and the Committee endeavors to provide a combination of compensation elements that enable the Company to attract, retain, incentivize and reward executives of superior ability who are dedicated to the long-term interests of the shareholders.

- a. Salary. Salary payments are made to compensate on-going performance throughout the year.
- b. Annual Bonus. Annual bonuses for executive officers are based upon the Committee's evaluation of the significance of each executive's contribution in the prior year to the long-term interests of the shareholders.
- c. Stock Options. The Committee considers stock options to be an extremely effective form of compensation for officers and other key employees because they provide incentives for superior performance leading to enhanced shareholder value. Stock options also encourage retention because they vest over a period of years. All stock options shall be granted in accordance with the terms of the plan governing such stock options.