



The Department of Commerce’s CHIPS Program Announces a Letter of Intent with Coherent for up to \$50 Million to Expand Indium Phosphide Production

The proposed CHIPS funds would accelerate the expansion of the largest indium phosphide wafer manufacturing facility in the world

June 16, 2026

WASHINGTON, D.C. – The Department of Commerce’s CHIPS Program Office announced the signing of a letter of intent to provide up to \$50 million in direct funding to Coherent Corp. (Coherent) under the CHIPS and Science Act.

Coherent is a global photonics leader, driving innovation and growth, with its technology used in datacenters, communications, and industrial markets. The proposed funding will support the expansion of the company’s world-leading facility in Sherman, Texas, the first and largest high-volume 150mm (6-inch) Indium Phosphide (InP) semiconductor manufacturing facility.

InP-based photonic devices enable the high-speed optical interconnects that move data between processors, memory, and systems inside the world’s most advanced AI data centers. As AI workloads continue to scale, these technologies are becoming increasingly critical to overcoming data movement bottlenecks and enabling higher-performance, more energy-efficient computing architectures.

The expansion will add advanced wafer fabrication equipment and cleanroom capacity to increase production of InP-based photonic devices at scale. Additionally, it would create high-skilled manufacturing jobs in Sherman and bolster the domestic supply chain for critical photonics technologies.

“Indium phosphide photonics are essential for enabling high speed data transmission within AI systems, telecommunications, and advanced networks,” said Bill Frauenhofer, Executive Director for Semiconductor Investment and Innovation at the Department of Commerce. “The CHIPS incentives will expand production capability, strengthen the U.S. semiconductor supply chain, and accelerate the next generation of critical optical technologies.”