

OSI SYSTEMS, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of OSI Systems, Inc. (the "Company") will have the oversight responsibility, authority and specific duties as described below.

Membership

The Committee will be comprised of three (3) or more directors as determined by the Board. The members of the Committee must fulfill the independence and experience requirements of the rules and regulations of Nasdaq Stock Market LLC ("Nasdaq") and the Securities and Exchange Commission ("SEC"). Each Committee member must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee must be a financial expert as defined under SEC rules.

The members of the Committee will be elected annually at the organizational meeting of the Board and will be listed in the annual report to the Company's stockholders. One of the members of the Committee will be elected Committee Chairman by the Board. Committee members may be removed from the Committee, with or without cause, by the Board.

Meetings

The Committee is to meet at least four (4) times annually and as many additional times as the Committee deems necessary. Content of the agenda for each meeting should be cleared by the Committee Chairman. The Committee is to meet in separate executive sessions with the Company's chief financial officer, independent auditor and internal auditor at least once each year and at other times when considered appropriate.

The Committee has the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee. Committee members will strive to be present at all meetings. As necessary or desirable, the Committee Chairman may request that members of management and representatives of the independent auditor and internal auditor be present at Committee meetings.

The Committee may retain any independent counsel, experts or advisors that the Committee believes to be necessary or appropriate. The Company must provide for appropriate funding, as determined by the Committee, for payment of compensation to

the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any advisors employed by the Committee and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may conduct or authorize investigations into any matters within the scope of the duties and responsibilities delegated to the Committee.

Responsibilities

The Committee will assist the Board in fulfilling its oversight responsibilities with respect to (i) the annual and quarterly financial information to be provided to stockholders and the SEC; (ii) the system of internal controls that management has established; and (iii) the internal and external audit process. In addition, the Committee provides an avenue for communication between internal auditor, the independent auditor, financial management and the Board.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between the Company's management and the independent auditor regarding financial reporting) and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and the independent auditor and each such registered public accounting firm will report directly to the Committee. The Committee should have a clear understanding with the independent auditor that the independent auditor must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditor is to the Board and the Committee. The Committee will make regular reports to the Board concerning its activities.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with generally accepted accounting principles. It is not the duty of the Committee to assure compliance with laws and regulations and the Company's business conduct guidelines.

Specific Duties

In carrying out its oversight responsibilities, the Committee will:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. This should be done in compliance with applicable Nasdaq and SEC requirements.
2. Review with the Company's management, internal auditor and independent auditor the Company's accounting and financial reporting controls. Obtain annually in writing from the independent auditor its letter as to the effectiveness of such controls.

3. Review with the Company's management, internal auditor and independent auditor significant accounting and reporting principles, practices and procedures applied by the Company and management's judgments and estimates in preparing its financial statements. Discuss with the independent auditor its judgments about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.

4. Review the scope of the internal auditor's work plan for the year and receive a summary report of major findings by the internal auditor and how management is addressing the conditions reported.

5. Review the scope and general extent of the independent auditor's annual audit. The Committee's review should include an explanation from the independent auditor of the factors considered by the auditor in determining the audit scope, including the major risk factors. The independent auditor should confirm to the Committee that no limitations have been placed on the scope or nature of its audit procedures. The Committee will review annually with management the fee arrangement with the independent auditor.

6. Assess the independent auditor's qualifications, performance and independence annually. The Committee will obtain annually from the independent auditor a written statement delineating all relationships between the independent auditor and the Company, must actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that, in the view of the Committee, may impact the objectivity and independence of the independent auditor, and, if the Committee determines that further inquiry is advisable, must take appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence.

7. Have a predetermined arrangement with the independent auditor that it will advise the Committee, through its Chairman, and management of the Company of any matters identified through procedures followed for interim quarterly financial statements, and that such notification is to be made prior to the related press release or, if not practicable, prior to filing the Company's Form 10-Q. The Committee shall also receive a confirmation provided by the independent auditor at the end of each of the first three quarters of the year that it has nothing to report to the Committee, if that is the case, or the written enumeration of required reporting issues.

8. At the completion of the annual audit, review with management, the internal auditor and the independent auditor the following:

- The annual financial statements and related footnotes and financial information to be included in the Company's annual report to stockholders and on Form 10-K.

- Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
- Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the independent auditor during its audit, including access to all requested records, data and information. Inquire of the independent auditor whether there have been any disagreements with management which, if not satisfactorily resolved, would have caused it to issue a nonstandard report on the Company's financial statements.
- Other communications as required to be communicated by the independent auditor by applicable accounting literature relating to the conduct of the audit. Further, receive a communication provided by the independent auditor concerning its judgment about the quality of the Company's accounting principles, and that it concurs with management's representation concerning audit adjustments.

If deemed appropriate after such review and discussion, recommend to the Board that the financial statements be included in the Company's annual report on Form 10-K.

9. After preparation by management, approve the report required under SEC rules to be included in the Company's annual proxy statement.

10. Discuss generally with the Company's management and the independent auditor, as appropriate, the type of information to be disclosed and type of presentation to be made regarding the Company's earnings press releases.

11. Discuss with the independent auditor the quality of the Company's financial and accounting personnel. Also, elicit the comments of management regarding the responsiveness of the independent auditor to the Company's needs.

12. Meet with management, the internal auditor and the independent auditor to discuss any relevant significant recommendations that the independent auditor may have, particularly those characterized as "material" or "serious." Typically, such recommendations will be presented by the independent auditor in the form of a Letter of Comments and Recommendations to the Committee. The Committee should review responses of management to the Letter of Comments and Recommendations from the independent auditor and receive follow-up reports on action taken concerning the aforementioned recommendations.

13. Approve in advance the engagement of the independent auditor for all audit services and non-audit services and approve the fees and terms of any such

engagement unless the engagement is entered into pursuant to appropriate preapproval policies established by the Committee or if such service falls within available exceptions under SEC rules.

14. Review and concur with the Company's hiring of employees or former employees of the Company's independent auditor who were engaged on the Company's account or otherwise, as required by applicable legal or regulatory requirements or Nasdaq rules.

15. Review the appointment and replacement of the senior internal audit executive.

16. Review with management, the internal auditor and the independent auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by Company employees that may have a material impact on the financial statements.

17. Generally as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the Company's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

18. Discuss with the Company's management the Company's major financial risk and enterprise exposures and the steps management has taken to monitor and control such exposures.

19. As the Committee may deem appropriate, obtain, weigh and consider expert advice as to Audit Committee related rules of Nasdaq, Statements on Auditing Standards and other accounting, legal and regulatory provisions.

20. In conjunction with the Risk Management Committee, review for potential conflicts of interest and improprieties all related-party transactions in which the amount involved exceeds the pre-established threshold as set periodically by the Committee.

21. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

22. Perform any other activities required by applicable law, rules or regulations, including the SEC and Nasdaq rules, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

23. Delegate any or all of its responsibilities to a subcommittee of the Committee.