

OSI SYSTEMS, INC.

CHARTER OF THE COMPENSATION AND BENEFITS COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The purpose of the Compensation and Benefits Committee (the "Committee") of OSI Systems, Inc. (the "Company") shall be to discharge the Board of Directors' responsibilities relating to compensation of and provision of benefits for the Company's directors and executive officers. The Committee has overall responsibility for evaluating and approving the Company's compensation and benefits plans, policies and programs. The Committee shall undertake the specific responsibilities and duties set forth in this Charter and such other duties as the Board of Directors may from time to time prescribe.

Membership

The Committee shall be comprised of two or more members of the Board of Directors, each of whom shall be an "Independent Director" as such term is defined in Rule 5605(a)(2) of The Nasdaq Stock Market ("Nasdaq") rules. Additionally, no director may serve on the Committee unless the director (i) is a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Board of Directors shall appoint the members and designate one of the Committee members to be the chairman of the Committee. The members of the Committee shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Meetings

The Committee shall meet at least annually, and more often as it deems appropriate to fulfill the responsibilities set forth in this Charter. The Committee may establish its own schedule, which it shall provide to the Board of Directors in advance.

Responsibilities

Outlined below are certain continuing responsibilities that the Committee is expected to fulfill in effecting its purpose as stated in this Charter. This list of responsibilities is presented for illustrative purposes and is not intended to be exhaustive. The Committee may conduct additional activities as appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also fulfill other responsibilities delegated to it from time to time by the Board of Directors.

1. Review and approve corporate goals and objectives relevant to the Chief Executive Officer's and other executive officers' compensation.
2. Evaluate the performance of the Chief Executive Officer and other executive officers of the Company and, based on such evaluation, review and approve the annual salary, bonus, stock options and other benefits, direct and indirect, of the Chief Executive Officer and other executive officers. The Chief Executive Officer may not be present during voting or deliberations on his compensation.
3. In determining incentive compensation for relevant senior executives, the Committee will consider conduct in compliance with or in violation of the Company's Code of Ethics and Conduct. The Vice President of Compliance will report this information to the Committee at least once per year.
4. Review and recommend to the full Board of Directors compensation of directors, as well as director's and officer's indemnification and insurance matters.
5. Review and make recommendations to the Board of Directors with respect to the Company's incentive-compensation plans and equity-based plans, and oversee the activities of the individuals responsible for administering those plans.
6. Review and approve all equity compensation plans of the Company that are not otherwise subject to the approval of the Company's shareholders.
7. Review and make recommendations to the Board of Directors with respect to the Company's benefit plans, and oversee the activities of the individuals responsible for administering those plans.
8. Cause to be prepared, and then review and approve, the annual report on executive compensation for inclusion in the Company's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC and Nasdaq.
9.
 - (a) In its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser (each, an "Adviser").
 - (b) Be directly responsible for the appointment, compensation and oversight of the work of any Adviser.
 - (c) Determine the appropriate funding to be provided by the Company for payment of reasonable compensation to an Adviser.
 - (d) Select, or receive advice from, an Adviser, other than in-house legal counsel, only after taking into consideration the following factors:

- (i) the provision of other services to the Company by the person that employs the Adviser;
 - (ii) the amount of fees received from the Company by the person that employs the Adviser, as a percentage of the total revenue of the person that employs Adviser;
 - (iii) the policies and procedures of the person that employs the Adviser that are designed to prevent conflicts of interest;
 - (iv) any business or personal relationship of the Adviser with a member of the Committee;
 - (v) any stock of the Company owned by the Adviser; and
 - (vi) any business or personal relationship of the Adviser or the person employing the adviser with an executive officer of the Company.
10. Report regularly to the Board of Directors including with respect to:
- (a) such other matters as are relevant to the Committee's discharge of its responsibilities; and
 - (b) such recommendations as the Committee may deem appropriate.
11. Maintain minutes or other records of meetings and activities of the Committee.
12. Review and reassess annually the Charter, structures, processes and membership of the Committee.