

DIAGNOSTIC PRODUCTS CORPORATION

Audit Committee Charter

Adopted by the Board of Directors on March 17, 2004

Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibility to oversee:

- the integrity of the Company's financial statements,
- the Company's compliance with legal and regulatory requirements,
- the independent auditor's qualifications and independence, and
- the performance of the Company's internal audit function and independent auditors.

The Audit Committee has the authority to obtain advice and assistance from legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor and to any advisors that the Audit Committee chooses to engage, and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will report regularly to the Board of Directors regarding the execution of its duties and responsibilities.

Composition and Meetings

The Audit Committee shall consist of three or more directors, all of whom shall meet the independence requirements (including those applicable solely to members of the Audit Committee) of the New York Stock Exchange. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating/Governance Committee. Committee members may be removed by the Board.

Each member of the Committee shall be financially literate (as determined by the Board of Directors in its business judgment) and at least one member shall have accounting or related financial management expertise (as determined by the Board of Directors in its business judgment). No director may serve on the Audit Committee if he simultaneously is serving on the audit committees of more than three public companies, including the Company, unless the Board has determined that such simultaneous service would not impair the ability of such member to

effectively serve on the Company's Audit Committee and such determination is disclosed in the Company's annual proxy statement.

The Committee as a whole shall meet at least four times per year on a quarterly basis, or more frequently as circumstances dictate. The Committee shall meet periodically with management, the internal auditor and the independent auditors in separate executive sessions. The chairman or any one or more of the members of the Committee, as designated by the Committee, may act on behalf of the Committee.

Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

Financial Statements and Public Disclosures

1. Review and discuss with management and the independent auditor the Company's Form 10-K and Forms 10-Q prior to filing with the SEC, including the annual and quarterly financial statements contained therein and disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

2. After undertaking the review and consultations set forth in paragraphs 1, 8 and 10, recommend to the Board whether the audited financial statements should be included in the Form 10-K.

3. Review and discuss with management earnings press releases, including the type and presentation of financial information and any "pro-forma" or "adjusted" non-GAAP information contained therein, as well as the financial information and earnings guidance provided to analysts and rating agencies. The Committee may perform these functions generally by discussing the types of information to be disclosed and the types of presentations to be made, rather than discussing the same in advance of each earnings release or other disclosure.

4. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

5. Review analyses prepared by management or the independent auditor which address significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

6. Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

Independent Auditors

7. With sole authority, appoint, compensate and oversee the work performed by the independent auditor, evaluate the performance of the independent auditor, and remove and replace the independent auditor if circumstances warrant. The independent auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of any disagreements between management and the independent auditor regarding financial reporting.

8. Assess, and take appropriate action with respect to, the independence of the independent auditor and present the Committee's conclusions with respect thereto to the Board. Such assessment shall include:

- reviewing the annual communication as to independence from the independent auditor required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committee;
- reviewing and discussing any disclosed relationships or services that may impact the objectivity and independence of the independent auditor; and
- considering whether the auditor's performance of permissible non-audit services is compatible with the auditor's independence.

9. Evaluate the qualifications and performance of the independent auditors and present its conclusion to the Board. Such evaluation should include:

- an assessment of the required communications and reports from the independent auditors listed in this Charter;
- evaluating the qualifications, performance and independence of the lead partner of the independent auditor and assuring the regular rotation of the lead audit partner as required by law; and
- Consideration of the opinions of management and the internal auditor.

10. Prior to the audit, discuss with the independent auditor the audit scope and plan and the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. Discuss with the independent auditor any audit problems or difficulties encountered in the course of the audit work, management's response thereto, and any significant disagreements with management.

11. Receive and discuss quarterly reports from the independent auditor regarding:

- all of the Company's critical accounting policies and practices;
- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with

management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and

- other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences.

12. At least annually, obtain and review a report by the independent auditor concerning:

- the firm's internal quality control procedures;
- any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- all relationships between the independent auditor and the Company.

13. Review and pre-approve all audit and permitted non-audit services to be provided by the independent auditor (subject to the de minimus exception permitted by Section 10A(i)(1)(B) of the Securities Exchange Act of 1934) and have sole authority to approve the fees and terms thereof. This duty may be delegated to one or more designated members of the Audit Committee, provided that any such pre-approval shall be reported to the Audit Committee at its next regularly scheduled meeting.

14. Establish policies concerning the Company's hiring of employees or former employees of the independent auditor.

Internal Controls and Internal Audit Function

15. Review and approve the selection and removal of the internal audit director.

16. Review the scope and effectiveness of the internal audit function.

17. Review management's internal control report and the independent auditor's attestation and report thereon.

18. Periodically review with the independent auditor the budget, staffing and responsibilities of the internal audit function.

Legal Compliance and Risk Management

19. Establish and enforce a code of ethics for senior financial officers as required by Section 406 of the Sarbanes-Oxley Act of 2003, and approve any amendment thereto or waiver thereof.

20. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.

21. Receive and review any disclosure from the Company's chief executive officer or chief financial officer made in connection with their certification of the Company's quarterly and annual reports filed with the SEC concerning (i) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

22. Discuss with the Company's counsel legal compliance matters and any legal matter that could have a significant impact on the Company's financial statements.

23. Discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management. Such discussions should include the Company's major financial and accounting risk exposures and the steps management has taken to monitor and control such risks.

Other Responsibilities

24. Prepare the report that the SEC requires be included in the Company's annual proxy statement.

25. Review and assess the adequacy of this Charter annually and recommend changes to the Board of Directors.

26. Conduct an annual evaluation of the Committee's performance.

27. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board deems necessary or appropriate.

Limitation of Audit Committee's Role

The Audit Committee relies on the expertise and knowledge of management, the internal auditor and the independent auditors in carrying out its oversight responsibilities. Management is responsible for the financial reporting process, the preparation of financial statements in accordance with generally accepted accounting principles, the system of internal controls, and procedures designed to insure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the financial statements. The Audit Committee's responsibility is to monitor and review these processes and procedures as described in this Charter; it is not the Committee's duty to assure that the Company's financial statements and disclosures are complete and accurate or the Company's compliance with applicable laws and regulations. The Audit Committee may apply reasonable materiality standards to all of its activities.