

OSI SYSTEMS, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of OSI Systems, Inc. (the “Company”) shall be to assist the Board in its oversight of (i) the independence, qualifications and performance of the independent auditor, (ii) the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements, (iii) the Company’s internal audit function, and (iv) the Company’s significant financial matters.

This charter (the “Charter”) sets forth the authority and responsibilities of the Committee in fulfilling the purposes described herein. Members of the Committee are not full-time employees of the Company. The functions of the Committee are not intended to duplicate or substitute for the activities of management and the independent auditor. The Committee’s responsibilities are limited to oversight. The Company’s management is responsible for establishing and maintaining accounting policies and procedures in accordance with generally accepted accounting principles (“GAAP”) and other applicable reporting and disclosure standards and for preparing the Company’s financial statements. The Company’s independent auditors are responsible for auditing and reviewing those financial statements.

This Charter is not intended to establish, in and of itself, any legally binding obligations.

II. Membership

The Committee will be comprised of at least three (3) directors, all of whom shall satisfy the independence requirements for Audit Committee members under the rules and regulations of Nasdaq Stock Market LLC (“Nasdaq”) and the Securities and Exchange Commission (“SEC”) as such requirements are interpreted by the Board in its business judgement. Each Committee member must be able to read and understand financial statements, including a company’s balance sheet, income statement and statement of cash flows, and at least one Committee member must be an “audit committee financial expert” as defined under SEC rules.

All Committee members will be appointed by, and will serve at the discretion of, the Board. Committee members may be removed from the Committee, with or without cause, by the Board. The Board may appoint a member of the Committee to serve as the chairperson of the Committee (the “Chair”).

III. Meetings

The Committee will meet at least four (4) times a year. The Committee will meet in separate executive sessions periodically with the Company's chief financial officer, independent auditor and internal auditor.

A majority of the Committee members shall constitute a quorum for doing business. All actions of the Committee shall be taken by a majority vote of the Committee members present at a meeting at which a quorum is present or by unanimous written consent. The Committee may, at its discretion, delegate such of its authority and responsibilities as the Committee deems proper to Committee members or a subcommittee.

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 Chair may request that any director, member of management or other employee, representatives of the independent auditor or internal auditor or outside counsel be present at Committee meetings.

The Committee may retain any independent counsel, experts, or other 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.

IV. Responsibilities

The principal responsibilities of the Committee in serving the purpose described in Section I of this Charter are set forth below. These duties are set forth as a guide with the understanding that the Committee can carry them out in a manner that is appropriate given the Company's needs and circumstance, consistent with the requirements of the SEC and Nasdaq. The Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

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.

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 GAAP. Each Committee member shall be entitled to rely on (a) the integrity of those persons and organizations within and outside of the Company from which it receives information, (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported by the Committee to the Board), and (c) representations made by management as to any audit and non-audit services provided by the independent auditor. It is not the duty of the Committee to assure compliance with laws and regulations and the Company's business conduct guidelines.

V. Specific Duties

In carrying out its oversight responsibilities, the Committee will:

1. Review with the Company's management, internal auditor and independent auditor the Company's accounting and financial reporting controls.
2. 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.
3. Review the scope of the internal auditor's work plan for the year and receive a summary report of major findings, if any, by the internal auditor and how management is addressing the conditions reported.
4. Discuss with the independent auditors prior to each annual audit the scope and planning of such 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.
5. Assess the independent auditor's qualifications, performance and independence annually. In connection with this assessment, the Committee will review and discuss with the independent auditors if necessary all relationships between the independent auditor and the Company, including those described in the formal written statement that the Committee obtains annually from the independent auditor under applicable requirements of the Public Company Accounting Oversight Board, and will discuss all other matters required to be discussed under such Public Company Accounting Oversight Board regulations.
6. Review and discuss with management and the independent auditors the Company's quarterly financial statements and other related disclosures prior to filing of the Company's Quarterly Report on Form 10-Q.

7. 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 and other related disclosures to be included in the Company's annual report to stockholders and in the Company's Annual Report 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 and communications with the independent auditor concerning its judgment regarding the quality of the Company's accounting principles and concurrence 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.

8. Review and approve the Audit Committee Report required under SEC rules to be included in the Company's annual proxy statement.

9. Discuss with the Company's management and the independent auditor, as appropriate, the Company's earnings press releases.

10. 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.

11. Meet with management, the internal auditor and the independent auditor to discuss any relevant significant recommendations that the independent auditor may have.

12. Approve in advance the engagement by the Company of the independent auditor for all audit services and permitted non-audit services and approve the fees and terms of any such engagement unless the engagement falls within available exceptions under SEC rules.

13. Review 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.

14. Review the appointment and replacement of the senior internal audit executive and the senior compliance officer.

15. 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 or others that may have a material impact on the Company's financial statements.

16. Obtain and review, at least annually, a report by the independent auditor detailing:

- any material issues raised in such firm's most recent internal quality control review of the Company's audit engagement or by the Public Company Accounting Oversight Board's (United States) inspection of the Company's audit engagement;
- access to peer reviews of such firm and the Public Company Accounting Oversight Board (United States) inspection reports of such firm;
- any inquiry or investigation (if any) by governmental or professional authorities undertaken and relating to the lead audit engagement partner and any steps taken to deal with any such issues; and
- all relationships between the independent auditor and the Company.

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

18. 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.

19. Review and approve any proposed transaction in which the amount involved exceeds the pre-established threshold as set periodically by the Committee between the Company and any related party, as defined by applicable law, the SEC and Nasdaq rules.

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

21. 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.

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.