

AUDIT COMMITTEE **CHARTER**

(Amended December 19, 2003)

PURPOSE

The purpose of the Audit Committee (“Committee”) of Varian Medical Systems, Inc. (the “corporation”) is to:

- oversee the corporation’s accounting and financial reporting process and audits of financial statements;
- assist the Board in oversight and monitoring of (i) the integrity of the corporation’s financial statements, (ii) the corporation’s compliance with legal and regulatory requirements, (iii) the qualifications and independence of the public accounting firm engaged for the purpose of issuing an audit report or performing other audit review or attest services (“Independent Auditors”), and (v) the performance of the corporation’s internal audit function and of the Independent Auditors;
- prepare the audit committee report required by the Securities and Exchange Commission (the “SEC”) for inclusion in the corporation’s proxy statements;
- regularly report to the corporation’s Board the results of its monitoring and recommendations; and
- provide to the Board such additional information and materials as the Committee may determine is necessary to make the Board aware of significant financial matters requiring the Board’s attention.

The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time assign to the Committee.

MEMBERSHIP AND ORGANIZATION

The Committee shall be a standing committee of the Board, serve at the discretion of the Board, and be comprised of a minimum of three directors including a Chairperson. Each member of the Committee shall qualify as an “independent director” under rules of the New York Stock Exchange (the “Exchange”) and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), shall be financially literate as interpreted by the Board in its business judgment, or become so financially literate within a reasonable time after appointment to the Committee. Committee members shall not serve simultaneously on the audit committees of more than three other public companies without the approval of the full Board.

At least one Committee member shall qualify as an “audit committee financial expert” as defined in Item 401(e) of Regulation S-K under the Exchange Act.

The Committee shall meet as often as it deems necessary to discharge its functions, but not less than quarterly. The Committee will meet separately, at least quarterly, with the corporation’s (i) management, (ii) employees responsible for the internal audit function (or other personnel responsible for the corporation’s internal audit function) (“Internal Auditors”), and (iii) Independent Auditors.

Members of the Committee shall receive fees, if any, for their service on the Committee as may be determined by the Board in its sole discretion, which fees may include retainers, per-meeting fees and

special fees for service as the Chairperson of the Committee. Fees may be paid in such form of consideration as is determined by the Board, including cash, deferred payment, stock, stock options, phantom stock and common stock equivalents. Committee members may not receive any compensation from the corporation except the fees received for service as a director or member of any of the several committees of the Board.

The corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of the compensation of the Independent Auditor, compensation to any advisor employed by the Committee pursuant to the authority granted by this Charter and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Each member of the Committee shall have one vote on any matter requiring action by the Committee.

FUNCTION AND RESPONSIBILITIES

The Committee's duties, responsibilities and authority shall include:

1. Reviewing the adequacy of the corporation's system of internal controls, including review, prior to public disclosure, of management's annual report on internal control over financial reporting and the attestations by the Independent Auditors relating to such report;
2. Appointing, compensating, retaining and overseeing the audit and non-audit services of the Independent Auditors (including resolving disagreements between management and the Independent Auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work (the Independent Auditors shall report directly to the Committee);
3. Pre-approving all audit services and non-audit services by the Independent Auditors permitted by law and SEC rules and/or establishing policies and procedures for such approval that comply with applicable law and SEC rules;
4. At least annually, obtaining and reviewing a report by the Independent Auditor describing: the audit firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the audit 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 audit firm, and any steps taken to deal with such issues; and (to assess the Independent Auditors' independence) all relationships between the Independent Auditor and the corporation, considering whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. This evaluation should take into account the opinions of management and the Internal Auditors. It should also include reviewing and evaluating the lead partner of the Independent Auditors;
5. Discussing the annual audited financial statements and quarterly unaudited financial statements with management and the Independent Auditors, including the corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
6. Receiving all required reports of the Independent Auditors prior to the filing of the corporation's Annual Report on Form 10-K and recommending to the Board whether the audited financial statements should be included in the corporation's Annual Report on Form 10-K;
7. Reviewing major issues regarding accounting principles and financial statement presentations, including any significant changes in the corporation's selection or application

- of accounting principles and major issues as to the adequacy of the corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
8. Reviewing analyses prepared by management and/or the Independent Auditors setting forth 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;
 9. Reviewing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the corporation;
 10. Discussing earnings press releases (including the type and presentation of information contained in press releases) as well as financial information and earnings guidance provided to analysts and rating agencies;
 11. As appropriate, engaging independent counsel and other outside advisors, as the Committee determines necessary to carry out its duties;
 12. Discussing policies with respect to risk assessment and risk management, including discussing guidelines and policies governing the process by which the corporation handles exposure to risk, the major financial risk exposures of the corporation and the steps management has taken to monitor and control such exposures.
 13. Reviewing with the Independent Auditors any audit problems or difficulties that the Independent Auditor encountered including any restrictions on the scope of the Independent Auditors' activities or on access to requested information and management's response; Such review may include any accounting adjustments that were noted or proposed by the Independent Auditors but were "passed" (as immaterial or otherwise), any communications between the audit team and the Independent Auditors' national office respecting auditing or accounting issues presented by the engagement, and any "management" or "internal control" letter issued, or proposed to be issued, by the Independent Auditors to the corporation, as well as discussion of the responsibilities, budget and staffing of the Internal Auditors;
 14. Setting clear hiring policies with respect to employees or former employees of the Independent Auditors;
 15. Reviewing the Independent Auditors' proposed audit scope, approach and independence;
 16. Requesting from the Independent Auditors at least annually the written disclosure and letter required by Independence Standards Board Standard 1 engaging in a dialogue with the Independent Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors, and recommending that the Board take appropriate action, if necessary, to ensure the independence of the Independent Auditors;
 17. Confirming that the proposed audit engagement team from the Independent Auditors satisfies applicable auditor rotation rules, including the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
 18. Directing the corporation's Independent Auditors to review before filing with the SEC the corporation's interim financial statements included in the Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
 19. Discussing with the corporation's Independent Auditors the matters required to be discussed by Statement on Accounting Standards ("SAS") No. 61, *Communications with Audit Committees* and SAS No. 90, as modified or supplemented;

20. Reviewing reports submitted to the Committee by the Independent Auditors in accordance with the applicable SEC requirements;
21. Providing reports as follows:
 - for the corporation's proxy statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(e)(3) of Schedule 14A;
 - to the Board, at least annually summarizing the Committee's actions, examinations and recommendations consistent with the Committee's Charter;
 - to the Board at least annually concerning the Committee's conclusions with respect to the Independent Auditors; and
 - to the Board any issues that arise with respect to the quality or integrity of the corporation's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Independent Auditors or the performance of the Internal Auditors.
22. Reviewing annually the Committee's Charter, structure, process and membership requirements from time to time;
23. Overseeing compliance with SEC requirements for disclosure of the Independent Auditors' services and the Committee members' qualifications and activities;
24. Reviewing, approving and monitoring the corporation's code of ethics for its senior financial officers;
25. Establishing procedures for receiving, retaining and treating complaints received by the corporation regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
26. Conducting an evaluation of the Committee's own performance at least annually.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the Committee's responsibility to certify the corporation's financial statements or to guarantee the Independent Auditor's report. This is the responsibility of Management and the Independent Auditor.