

DIAGNOSTIC PRODUCTS CORPORATION

CORPORATE GOVERNANCE GUIDELINES

Adopted by the Board of Directors on March 17, 2004

The following corporate governance guidelines have been adopted by the Board of Directors of Diagnostic Products Corporation to assist the Board in the exercise of its responsibilities.

A. Board Composition

1. Selection of Chairman of the Board and Chief Executive Officer

The Board believes that it is important to retain the flexibility to assign the responsibilities of the offices of chairman of the Board and chief executive officer in any manner that it determines to be in the best interests of DPC. The Board specifically reserves the right to vest the responsibilities of chairman of the Board and chief executive officer in the same individual.

2. Size of the Board

The Board will periodically review the size of the Board with the goal of achieving a diversity of experience without hindering effective discussion and responsiveness.

3. Board Membership Criteria

Nominees for director shall be selected on the basis of their business experience, character, judgment, and willingness to devote adequate time to Board duties. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. In addition, non-management directors should be independent of any particular constituency and be committed to representing all shareholders of the Company. We endeavor to have a Board representing diverse experience in areas that are relevant to the Company's activities.

A majority of the members of the Board shall be "independent" within the meaning of the New York Stock Exchange listing standards as in effect from time to time. To be considered independent under the NYSE rules, the Board must determine that a director does not have any direct or indirect material relationship with DPC. The Board has established the following guidelines to assist it in determining director independence in accordance with the NYSE rules:

The following business or charitable relationships will not be considered to be material relationships that would impair a director's independence:

- (i) the fact that a DPC director, or an immediate family member of a director, is an executive officer, director or

equity owner of another company that makes payments to, or receives payments from, DPC in any single fiscal year for property or services in an amount that is less than 1% of the annual consolidated gross revenues of the other company; or

- (ii) the fact that a DPC director, or an immediate family member of a director, serves as an officer, director or trustee of a charitable or not-for-profit organization for which a DPC executive officer or director also serves as an officer, director or trustee or to which DPC makes charitable or other payments in any single fiscal year in an amount that is less than 1% of the organization's annual consolidated gross revenues.

For relationships that are not covered by the foregoing clauses, the determination of whether or not the relationship is material and, therefore, whether the director is independent, shall be made by the other directors who are independent based on their consideration of all relevant facts and circumstances.

4. Director Nominations

The entire Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The nominating/governance committee is responsible for identifying, screening and recommending director candidates to the entire Board. When formulating its recommendations, the nominating/governance committee shall take into account, among other factors, the criteria and guidelines set forth herein, the size of the Board, and the skills and characteristics then needed for the Board.

The nominating/governance committee shall consider and make recommendations to the Board concerning nominees recommended by shareholders. Any shareholder of the Company may recommend a candidate to the committee for its consideration by writing to the committee and providing the candidate's name and contact information, biographical data, qualifications and the candidate's written consent to be named as a nominee in the Company's proxy statement and to serve and represent all of the Company's shareholders if elected.

5. Directors Who Change Their Present Job Responsibility or Serve on Other Boards

The Board does not believe that employee directors who cease to be corporate officers, or non-employee directors who change the position they held when they became a director, should necessarily leave the Board. The Board also does not believe it should limit the number of other boards on which a director may sit. However, the Board does expect each director promptly to notify the Board whenever he changes his principal employment or joins any other company's board of directors or audit committee. In such event, the nominating/governance committee shall review the continued appropriateness of Board membership under such circumstances, and the affected director shall be expected to act in

accordance with the recommendation of the nominating/governance committee.

6. Tenure

The Board does not believe that it should establish term limits or impose a mandatory retirement age for directors, as these could serve to cause the Company to lose the contributions of committed and knowledgeable directors. However, in connection with each director nomination recommendation, the nominating/governance committee shall consider the age and length of service of each director with the goal of having directors who are open to new ideas and willing to critically re-examine the status quo.

7. Board Compensation

No director who is also an employee of the Company shall receive additional compensation for his service as a director.

Compensation for non-employee directors should be at amounts deemed appropriate to attract qualified individuals to serve on the board and a portion of director compensation should be paid via stock options or other equity awards to align the directors' interests with those of the Company's shareholders and to encourage ownership of DPC stock. Changes in Board compensation, if any, should come at the suggestion of the compensation committee, but with full discussion and approval by the Board.

B. Board Meetings

1. Regular Meetings

There will be four regularly scheduled meetings of the Board each year.

2. Selection of Agenda Items for Board Meetings

The chairman of the Board, in consultation with the presiding director, shall prepare an agenda for each meeting of the Board and distribute it in advance to the directors. Each Board member is free to suggest inclusion of items on the agenda as well as to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

3. Distribution of Information to the Board

Management shall be responsible for assuring that, as a general rule, information and data that is important to the Board's understanding of the business to be conducted at a meeting is distributed in writing to the Board in advance of the meeting. To the extent possible, materials should be sent to the directors sufficiently in advance to permit adequate time for them to review and consider the information. Management shall endeavor to see that this material is as concise as possible while still providing sufficient information to enable the Board to be appropriately informed on the matters to be considered.

4. Executive Sessions of Non-Employee Directors

Non-employee directors shall meet separately from the other directors and management at least two times per year, and at least one such meeting shall include only independent directors.

5. Presiding Director

Whenever the chairman of the Board is not an independent director, the non-employee directors shall appoint an independent director to serve as presiding director. The presiding director shall:

- prepare the agenda for and chair executive sessions of the non-employee directors;
- provide the chairman of the Board with input on agendas for Board meetings;
- facilitate communications between the chairman of the Board and other members of the Board;
- subject to the oversight of the nominating/governance committee, receive communications from shareholders and other interested parties who desire to communicate directly with the non-employee directors, report on such communications to the nominating/governance committee and, if appropriate, respond to such communications on behalf of the non-employee directors; and
- advise the chairman as to the quality, quantity and timeliness of the flow of information from management that is necessary for the directors to effectively and responsibly perform their duties.

C. Board Committees

1. Standing Committees. The Company shall have four standing committees: executive, audit, nominating/governance, and compensation. The composition, qualifications, duties and responsibilities of the audit, nominating/governance, and compensation committees shall be set forth in their respective committee charters, which shall be approved and amended from time to time as deemed appropriate by the Board. The chair of each committee shall be appointed by the full Board, or, in the absence of such appointment, by the members of the committee. The Board may establish new committees or disband a committee (other than the audit, compensation and nominating/governance committee) as it deems appropriate. Whenever a new committee is appointed, the Board shall, by resolution, clearly define the responsibilities of such committee.

2. Executive Committee. The Executive Committee is responsible for exercising the powers of the Board in the management of the business and affairs of the corporation when the

Board is not in session, subject to the limitations of California law, the Company's Bylaws and any resolution adopted by the full Board. The chairman of the Board shall serve as chairman of the executive committee. The executive committee shall have at least three members, and at least one member of the executive committee shall be an independent director. Any action taken or approved by the executive committee must be approved by all members by the committee.

3. Reports to the Board

At each Board meeting, the chairman of each committee shall report the matters considered and acted upon by such committee since the preceding report.

D. Board Expectations and Responsibilities

1. Diligent Participation

Board members are expected to prepare for, attend and participate in all Board and applicable committee meetings. Attendance at meetings of the full Board by telephone is discouraged. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with such person's service as a diligent director.

Directors are also expected to attend all shareholder meetings.

2. Selection, Evaluation and Retention of Chief Executive Officer and Other Executive Officers

The Board, with assistance from the nominating/governance committee and the compensation committee, has the responsibility to select, evaluate the performance of and make decisions about the retention of the chief executive officer. The Board shall also oversee the selection and evaluation of other executive officers.

3. Succession Planning and Management Development

The chief executive officer shall review succession planning and management development with the Board on a periodic basis.

In addition, the chief executive officer shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain designated officers in the event one or more executive officers unexpectedly became unable to perform their duties. The short-term succession plan shall be in effect until the Board has the opportunity to consider the situation and take action, if necessary.

The Board shall monitor on a regular basis the effectiveness and execution by management of the Company's business plan and long-term strategies.

4. Disclosure of Potential Conflicts of Interest

Directors must disclose to the rest of the Board any potential conflict of interest they may have with respect to a matter under discussion and, if appropriate, refrain from voting on such matter.

5. Access to Management and Advisors

Directors shall have complete access to the Company's management and employees. The Board encourages management, from time to time, to bring managers into Board meetings (a) who can provide additional insight concerning the items being discussed because of their expertise in these areas, or (b) whom senior management believes have executive potential and should be given exposure to the Board.

The Board and committees may engage and consult with such independent advisors and experts as they shall deem appropriate to assist them in performing their duties and responsibilities, at the Company's expense.

6. Board Interaction with Institutional Investors, Press and Customers

The Board believes that management generally should speak for the Company. Accordingly, it is suggested that each director refer all inquiries from institutional investors, the press or customers to management.

7. Annual Evaluation

The Board shall conduct a self evaluation at least annually to determine whether it and its committees are functioning effectively. The nominating/governance committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.

8. Director Orientation and Continuing Education

Directors have an affirmative obligation to become and remain independently familiar with the Company's business and operations, but they should not rely exclusively on information provided to them by the chief executive officer. Management shall provide the directors with information concerning the Company's business, products, industry, competition and other relevant information from a variety of sources, including independent studies and market surveys and analyst and media reports. Directors should receive training from independent sources on their fiduciary responsibilities and liabilities.

Each new director shall be given an orientation with respect to his or her duties as a director, including (a) copies of these Guidelines, committee charters and corporate policies applicable to directors; (b) access to the Company's independent auditors and legal counsel; and (c) information about DPC's business, meetings with senior management and visits to Company facilities.

9. Shareholder Communications With the Board

Shareholders and other interested parties may communicate directly with the Board, with any individual director or with the presiding director, by calling the Company's Employee Hotline or by writing to the Board or such director in care of the corporate secretary. The corporate secretary shall forward written communications directly to the chair of the nominating/governance committee in the case of communications addressed to the Board, or to the individuals to whom they are addressed. Each director who receives any communication from a shareholder or other party shall provide the nominating/governance committee with a copy of the correspondence and the director's response thereto, if any, or with a summary of any oral communications.