

BIOSITE INCORPORATED
AUDIT COMMITTEE CHARTER
July 14, 2005

PURPOSE

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors of Biosite Incorporated (the “*Corporation*”) is:

1. To assist in assuring that the Corporation’s financial statements are properly audited by qualified accountants who are independent;
2. To assist the Board of Directors in fulfilling its oversight responsibility with respect to the Corporation’s compliance with the requirements of the Securities Exchange Act of 1934 (the “*Exchange Act*”) regarding accurate books and records;
3. To assist the Board of Directors in fulfilling its oversight responsibility with respect to the Corporation’s maintenance of an effective internal audit function, if such a function is determined by the Committee to be necessary;
4. To assist the Board of Directors in monitoring financial risk exposures and developing guidelines and policies to govern processes for managing risk;
5. To assist the Board of Directors in fulfilling its oversight responsibility with respect to the Corporation’s fair dissemination of accurate information in compliance with securities laws;
6. To prepare the report required by the rules of the Securities and Exchange Commission (the “*SEC*”) to be included in the Corporation’s proxy statement for its annual meeting of stockholders;
7. To assist the Board of Directors in monitoring corporate compliance efforts and developing appropriate guidelines and policies; and
8. To perform such other duties and responsibilities enumerated in and consistent with this Charter.

The Committee’s function is one of oversight, recognizing that the Corporation’s management is responsible for preparing the Corporation’s financial statements, and the independent auditors are responsible for auditing those statements. In adopting this Charter, the Board of Directors acknowledges that the Committee members are not employees of the Corporation and are not providing any expert assurance as to the Corporation’s financial statements or any professional certification as to the external auditors’ work or auditing standards. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Corporation that provide information to the Committee and the accuracy and completeness of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary.

MEMBERSHIP AND PROCEDURES

Membership and Appointment

The Committee shall be comprised of not fewer than three members of the Board of Directors, as shall be appointed from time to time by the Board of Directors, based on recommendations, if any, from the Nominating and Corporate Governance Committee of the Board of Directors (the “*Nominating Committee*”).

Removal

The entire Committee or any individual Committee member may be removed from office without cause by the affirmative vote of a majority of the Board of Directors. Any Committee member may resign by giving oral or written notice to the Chairman of the Board of Directors, the Corporate Secretary or the Board of Directors.

Chairperson

A chairperson of the Committee (the “*Chairperson*”) may be designated by the Board of Directors based upon recommendation, if any, by the Nominating Committee. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership. The Chairperson shall determine the agenda, the frequency and the length of meetings and shall have unlimited access to management and information. The Chairperson shall establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.

Secretary

The Committee may appoint a Secretary whose duties and responsibilities shall be to keep full and complete records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board of Directors and to perform all other duties as may from time to time be assigned to him or her by the Committee, or otherwise at the direction of a Committee member. The Secretary need not be a Director.

Independence and Other Qualifications

Each member shall meet the objective test of “independence”. The Board of Directors shall make an individual determination that each member is independent within the meaning of any applicable law or any listing standard or rule established by The Nasdaq Stock Market, Inc. (“*Nasdaq*”). Each member shall also meet any additional experience requirements as may be established from time to time by Nasdaq and applicable to the Committee.

At least one member of the Committee shall be a “financial expert” as such term may be defined from time to time by the SEC or Nasdaq. Each member of the Committee must be able to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements.

Delegation

The Committee may, by resolution passed by a majority of the Committee, designate one or more subcommittees, each subcommittee to consist of one or more members of the Committee. Any such subcommittee to the extent provided in the resolutions of the Committee, and to the extent not limited by applicable law or listing standard, shall have and may exercise all the powers and authority of the Committee. Each subcommittee shall keep regular minutes of its meetings and report the same to the Committee or the Board of Directors.

Authority to Retain Advisers

In the course of its duties, the Committee shall have the authority, at the Corporation's expense, to retain and terminate such advisers as it deems necessary.

Evaluation

The Committee shall undertake an annual evaluation assessing the adequacy of this Charter and its performance with respect to its purposes and its duties and tasks set forth in this Charter, which evaluation shall be reported to the Board of Directors.

DUTIES AND RESPONSIBILITIES

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law or listing standards.

With respect to the independent auditors:

- 1.** Annually, the Committee shall select and employ the Corporation's independent auditors, subject to stockholder ratification of the selection, if such ratification is required or sought. The Committee shall fulfill the oversight responsibility of the Board of Directors with respect to the independent auditors' audit of the financial statements of the Corporation and its subsidiaries for the fiscal year for which it is appointed, including resolution of disagreements, if any, between the Corporation's management and the independent auditors regarding financial reporting. In connection with its selection of the independent auditors, the Committee shall review and evaluate the lead partner of the independent auditors' team, evaluate the qualifications, performance and independence of the independent auditors, including whether the auditors' quality controls are adequate and taking into account the opinions of management and the independent auditors.
- 2.** The Committee shall review the scope and plan of the work to be done by the independent auditors for each fiscal year. The scope and plan of work shall be based upon the recommendations of the independent auditors and management.

3. The Committee shall approve the terms and fees of all audit and permissible non-audit services by the independent auditors to the Corporation and its subsidiaries in advance of the provision of those services.
4. In connection with the Committee's approval of non-audit services, the Committee shall consider whether the independent auditors' performance of any non-audit services is compatible with the external auditors' independence.
5. At least annually, the Committee shall obtain and review a report by the independent auditors describing:
 - (a) the independent auditors' internal quality control procedures;
 - (b) any material issues raised by the most recent internal quality control review or peer review of the independent auditors' firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditors' firm, and the steps taken to deal with those issues; and
 - (c) all relationships between the independent auditors and the Corporation, in order to assess the auditors' independence.
6. The Committee shall also review all reports by the independent auditors describing:
 - (a) critical accounting policies and practices used by the Corporation;
 - (b) alternative treatments of financial information that have been discussed with management as required to be discussed by the independent auditors with the Committee, the ramifications of such alternative treatments and the independent auditors' preferred accounting treatment; and
 - (c) any other material written communication between the independent auditors' firm and the Corporation's management.

With respect to the Corporation's financial statements:

7. The Committee shall discuss the annual audited financial statements and quarterly financial statements with management and the independent auditors, including the Corporation's disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Corporation's reports filed with the SEC. The reviews and discussions shall include the results of the independent auditors' audit of the annual financial statements and review of the quarterly financial statements and shall be performed prior to the filing of such reports.
8. The Committee shall discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as any off-balance sheet structures on the Corporation's financial statements.

9. The Committee shall review disclosures made to the Committee by the Corporation's CEO and CFO during their certification process for the Form 10-K and Form 10-Q, including any significant deficiencies in the design or operation of internal controls, material weaknesses therein or changes thereto, any fraud involving management or other employees who have a significant role in the Corporation's internal controls, and any significant changes in internal controls.
10. In connection with its review of the Corporation's financial statements, the Committee shall review and discuss with the independent auditors the matters relating to the conduct of the audit required to be discussed by Statements on Accounting Standards Nos. 61 and 90 (Communications with Audit Committees), as they may be modified or supplemented, including, but not limited to, significant judgments, significant estimates, critical accounting policies and unadjusted differences.
11. Based on its review and discussions with management, the internal auditors and the independent auditors, the Committee shall recommend to the Board of Directors whether the Corporation's financial statements should be included in the Corporation's Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of the Form 10-K).
12. The Committee shall prepare the report required by SEC rules to be included in the Corporation's proxy statement for the annual meeting of stockholders.
13. The Committee shall discuss with management press releases relating to the Corporation's earnings, including the use of any "pro forma" or "adjusted" non-GAAP information, as well as financial information, earnings guidance and information about material acquisitions or dispositions, as well as correspondence broadly disseminated to the Corporation's stockholders and the general content of presentations to analysts, the investment community, rating agencies and lenders.
14. The Committee shall review (a) any significant disagreement between management and the independent auditors or the internal auditors in connection with the preparation of the Corporation's financial statements, (b) any difficulties which the independent auditors report were encountered during the course of the audit (including without limitation any restriction on the scope of work or access to required information), and (c) management's response to each of the above.
15. The Committee shall confer with management and the independent auditors, as appropriate, regarding the scope, adequacy and effectiveness of the Corporation's internal control over financial reporting.
16. The Committee shall consider and review with management, the independent auditors, and legal counsel, as appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

With respect to periodic reviews and reports:

17. Periodically, the Committee shall meet separately with each of management, the internal auditors and the independent auditors.
18. The Committee shall review with the independent auditors any audit problems or difficulties and management's response to them.
19. The Committee shall discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's policies with respect to risk assessment and risk management.
20. The Committee shall communicate to the Board of Directors any issues with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors or the performance of the internal audit function.

With respect to other matters:

21. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
22. The Committee shall monitor the rotation of the partners of the independent auditors on the Corporation's audit engagement team as required by applicable laws and rules and shall consider periodically and, if deemed appropriate, establish a policy regarding rotation of independent auditing firms.
23. The Committee shall establish the Corporation's hiring policies for employees or former employees of the Corporation's independent auditors.
24. The Committee shall review and, in its sole discretion, approve on an on-going basis all Corporation related party transactions.

AMENDMENT

This Charter and any provision contained herein may be amended or repealed by the Board of Directors.

APPROVED: Board of Directors
DATE: July 14, 2005