

1 DPC TIANJIN to doctors and laboratory personnel employed by
2 government-owned hospitals in the People's Republic of China to
3 obtain or retain business in violation of the Foreign Corrupt
4 Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1, et seq.

5 2. This Agreement is limited to the USAO and the Fraud
6 Section, and cannot bind any other federal, state or local
7 prosecuting, administrative, or regulatory authorities. This
8 Agreement does not bind any other component of the Department of
9 Justice, including the Tax Division. However, the USAO and the
10 Fraud Section will bring this Agreement and the cooperation of
11 both DPC TIANJIN and its parent Diagnostic Products Corporation
12 ("DPC") to the attention of other prosecuting authorities or
13 other agencies, if requested.

14 3. This Agreement contemplates the resolution of the
15 criminal investigation now pending in the USAO and the Fraud
16 Section against DPC TIANJIN, its present or past subsidiaries,
17 divisions, parent, and affiliates for any foreign payments or the
18 accounting thereof disclosed to the USAO or the Fraud Section as
19 of the date of this Agreement, but specifically excluding any
20 such conduct not disclosed to the USAO or the Fraud Section as of
21 that date or any conduct occurring after that date. This
22 Agreement will not close or preclude the investigation or
23 prosecution of any natural persons, including any officers,
24 directors, employees, stockholders, or agents of DPC TIANJIN or
25 any such natural persons within any divisions, subsidiaries, or
26 affiliates of DPC TIANJIN who may have been involved in any of
27 the matters set forth in the Information or in any other matters.

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1 4. This Agreement is entered pursuant to Rule 11(c)(1)(c)
2 of the Federal Rules of Criminal Procedure.

3 PLEA

4 5. Defendant gives up the right to indictment by a grand
5 jury and agrees to plead guilty to a one-count Information in the
6 form attached to this agreement as Exhibit 1, or a substantially
7 similar form, charging DPC TIANJIN with violating the Foreign
8 Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1.

9 6. Defendant agrees that this Agreement will be executed
10 by an authorized corporate representative. Defendant further
11 agrees that a Resolution duly adopted by the Board of Directors
12 of DPC TIANJIN, in the form attached to this agreement as Exhibit
13 3, or in a substantially similar form, represents that the
14 signatures on this Agreement by DPC TIANJIN and its counsel are
15 authorized by DPC TIANJIN's Board of Directors.

16 7. Defendant agrees that the statute of limitations with
17 respect to the criminal conduct described in this Agreement and
18 the Information will be tolled during the time period from the
19 execution of this Agreement until ninety (90) days after the
20 sentencing of defendant.

21 8. If the Court does not accept this Agreement pursuant to
22 Federal Rule of Criminal Procedure 11(c)(1)(c), then neither
23 party will be bound by this Agreement and it will be deemed null
24 and void. As a result, among other things, the USAO and the
25 Fraud Section will be free to pursue a grand jury investigation
26 and whatever prosecution they deem appropriate against defendant,
27 any successors, and any of its present or past subsidiaries,
28 divisions, its parent, or affiliates for any foreign payments or

1 the accounting thereof. In addition, defendant, its
2 subsidiaries, its parent, and any divisions, or affiliates will
3 be free to assert any and all substantive and procedural defenses
4 to any grand jury investigation or prosecution.

5 NATURE OF THE OFFENSE

6 9. In order for defendant to be guilty of violating Title
7 15, United States Code, Section 78dd-1, as charged in the
8 Information, the following must be true:

9 One: That the defendant is a corporation organized
10 under the laws of a foreign country, or a
11 director, officer, director, employee, or agent
12 thereof, or a stockholder acting on a domestic
13 concern's behalf;

14 Two: That the defendant acted corruptly;

15 Three: That the defendant, while in the United States,
16 made use of the mails or any means or
17 instrumentality of interstate commerce or took any
18 other act in furtherance of an unlawful act under
19 this statute;

20 Four: That the defendant offered, paid, promised to pay,
21 or authorized the payment of any money or of
22 anything of value;

23 Five: That the payment was to a foreign public official;

24 Six: That the payment was for one of four purposes:
25 - to influence any act or decision of the foreign
26 public official;

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- 1 - to induce the foreign public official to do or
2 omit to do any act in violation of that official's
3 lawful duty;
4 - to obtain an improper advantage; or
5 - to induce that foreign public official to use his
6 or her influence with a foreign government or
7 instrumentality thereof to affect or influence any
8 act or decision of such government or
9 instrumentality; and

10 Seven: That the payment was made to assist the defendant
11 in obtaining or retaining business for or with, or
12 directing business to, any person.

13 Defendant admits that it is, in fact, guilty of this offense as
14 described in the Information.

15 PENALTIES

16 10. The statutory maximum sentence that the Court can
17 impose for a violation of Title 15, United States Code, Section
18 78dd-1 is: a fine of \$2,000,000 or twice the gross gain or gross
19 loss resulting from the offense, whichever is greatest, 15 U.S.C.
20 §§ 78dd-3(e), 18 U.S.C. § 3571(d); five years probation, 18
21 U.S.C. § 3561(c)(1); and a mandatory special assessment of \$400,
22 18 U.S.C. § 3013(a)(2)(B).

23 FACTUAL BASIS

24 11. Defendant agrees and stipulates that the factual
25 allegations set forth in the Information are true and correct and
26 accurately reflect defendant's criminal conduct. The parties
27 further stipulate and agree to the Statement of Facts attached
28 hereto and incorporated herein as Exhibit 2.

1 The defendant shall cause payment of a
2 criminal fine of \$2,000,000 to be made to the
3 Clerk, U.S. District Court. Interest on said
4 fine is waived provided the fine is paid
5 within ten (10) business days of the time of
6 sentencing.

7 15. The parties agree not to seek any adjustments to, or
8 departures from, the agreed upon payment of \$2,000,000 as set
9 forth herein.

10 16. Organizational Probation: The parties agree that
11 organizational probation need not be ordered in this case, in
12 view of DPC TIANJIN's agreement to retain an independent
13 compliance monitor for a period of 36 months as discussed below
14 in the "FCPA Compliance Program and Monitor" section.

15 17. Community Service: The parties agree that community
16 service need not be ordered in this case.

17 18. Forfeiture: The parties agree that forfeiture need not
18 be ordered in this case.

19 19. Special Assessment: Defendant agrees to pay the Clerk
20 of the Court for the United States District Court for the Central
21 District of California within ten (10) business days of the time
22 of sentencing the mandatory special assessment of \$400.

23 20. Waiver of Presentence Report: DPC TIANJIN intends, with
24 the permission of the Court, to waive the requirement for a
25 presentence report pursuant to Federal Rule of Criminal Procedure
26 32(b)(1)(A), based on a finding by the Court that the record
27 contains information sufficient to enable the Court to
28 meaningfully exercise its sentencing power. The USAO and the
Fraud Section intend to take no position with respect to this
issue. However, the parties agree that in the event the Court

1 orders the preparation of a presentence report prior to
2 sentencing, such order will not affect the agreements set forth
3 herein.

4 21. Entry of Guilty Pleas and Sentencing: The defendant
5 intends to ask the Court's permission to combine the entry of the
6 pleas and sentencing into one hearing, and the USAO and the Fraud
7 Section intend to take no position with respect to this request.
8 However, the parties agree that in the event the Court orders
9 that the entry of the guilty pleas and sentencing hearing occur
10 at separate hearings, such an order will not affect the
11 agreements set forth herein.

12 CALCULATION OF FINE

13 22. The agreement by the USAO and the Fraud Section to the
14 \$2,000,000 fine is based upon the following factors:

15 a. By entering and fulfilling the obligations under
16 this Agreement, defendant DPC TIANJIN demonstrates recognition
17 and affirmative acceptance of responsibility for its criminal
18 conduct. The plea underlying this Agreement reflects the
19 voluntary disclosure of the relevant conduct made by DPC, DPC
20 TIANJIN's parent company, to the Fraud Section; DPC's agreement
21 to disgorgement and prejudgment interest in the amount of
22 \$2,788,622 in connection with a Cease and Desist Order to be
23 entered between the United States Securities and Exchange
24 Commission and DPC; and its commitment to adopt, maintain, and
25 independently review the remedial measures set forth herein. At
26 the time of the disclosure, the conduct was unknown to the Fraud
27 Section and the USAO.

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1 b. DPC voluntarily implemented certain additional
2 compliance policies and procedures following its discovery of the
3 facts contained in the Information. By implementing an effective
4 compliance program under this Agreement and in connection with
5 the Cease and Desist Order to be entered between the United
6 States Securities and Exchange Commission and DPC, the company
7 will implement additional policies and remedy past procedures in
8 order to detect and prevent any further similar illegal conduct.

9 c. \$2,000,000 is the statutory maximum fine for a
10 single-count violation of Title 15, United States Code, Section
11 78dd-1.

12 CONSIDERATION BY THE OFFICE

13 23. In exchange for the corporate guilty plea of defendant
14 DPC TIANJIN and the complete fulfillment of all its obligations
15 under this Agreement, the USAO and the Fraud Section agree not to
16 file additional criminal charges against DPC TIANJIN, any
17 successors, or any of its present and former subsidiaries,
18 divisions, parent, or affiliates, for any foreign payments or the
19 accounting thereof disclosed to the USAO or the Fraud Section as
20 of the date of this Agreement.

21 DEFENDANT'S OBLIGATIONS

22 24. Defendant agrees:

23 a) To plead guilty as set forth in this Agreement.

24 b) To not knowingly and willfully fail to abide by
25 all sentencing stipulations contained in this Agreement.

26 c) To not knowingly and willfully fail to: (i) appear
27 as ordered for all court appearances, and (ii) obey any other
28 ongoing court order in this matter.

- 1 d) To not commit any crime.
- 2 e) To not knowingly and willfully fail to be truthful
- 3 at all times with the Court.
- 4 f) To pay the applicable fine and special assessment.
- 5 g) To retain and arrange for payment by itself or its
- 6 parent company in the United States for an independent compliance
- 7 expert, as described more fully in the FCPA Compliance Program
- 8 and Monitor section below.

9 25. Defendant further agrees to cooperate fully with the
10 USAO and the Fraud Section, and, as directed by the USAO and the
11 Fraud Section, with any other federal, state, local or foreign
12 law enforcement agency in connection with the matters described
13 in the Information. This cooperation requires defendant to:

- 14 a) Provide full disclosure of all information known
- 15 to defendant or its outside counsel as of the date of this
- 16 Agreement of payments to foreign officials and the accounting
- 17 thereof.
- 18 b) Produce voluntarily all documents, records, or
- 19 other tangible evidence relating to such payments about which the
- 20 USAO or the Fraud Section, or their designee, inquires.
- 21 c) Recommend orally and in writing that all DPC
- 22 TIANJIN officers, directors, employees, and agents cooperate
- 23 fully with any investigation or prosecution conducted by the USAO
- 24 or the Fraud Section relating to such payments, including
- 25 appearing for interviews and testimony in the United States.
- 26 d) Provide access to copies of original documents and
- 27 records relating to such payments.

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1 e) Provide access to defendant's outside accounting
2 consultants as well as the records, reports, and documents of
3 those outside accounting consultants relating to such payments
4 disclosed to the USAO or the Fraud Section as of the date of this
5 Agreement.

6 f) Provide all memoranda of interviews compiled and
7 prepared by DPC's and DPC TIANJIN's counsel, outside counsel,
8 consultants, accountants or other agents of interviews with
9 individuals relating to such payments disclosed to the USAO or
10 the Fraud Section as of the date of this Agreement.

11 g) Provide full disclosure to appropriate law
12 enforcement agencies in the People's Republic of China and to
13 cooperate fully with those agencies with respect to the conduct
14 in the People's Republic of China disclosed to the USAO or the
15 Fraud Section as of the date of this Agreement, as directed by
16 the Department. DPC TIANJIN will disclose to the Fraud Section
17 the extent to which it has already disclosed these facts and
18 remediated violations of Chinese law with the Government of the
19 People's Republic of China so the Fraud Section can determine
20 whether it's disclosure is adequate.

21 FCPA COMPLIANCE PROGRAM AND MONITOR

22 26. The obligation of DPC TIANJIN referenced in paragraph
23 24(g) above to retain and arrange for payment for a Monitor means
24 that DPC TIANJIN shall undertake all of the duties imposed upon
25 it in this section.

26 27. DPC TIANJIN agrees for a period of at least 36 months
27 from May 19, 2005, it will retain and pay for an outside,
28 independent compliance expert (the "Monitor") (who may be an

1 individual, partnership or other entity, including outside
2 counsel), selected and paid for by DPC TIANJIN and acceptable to
3 the Fraud Section. It shall be a condition of the Monitor's
4 retention that the Monitor is independent of DPC TIANJIN and that
5 no attorney-client relationship shall be formed between them. If
6 DPC TIANJIN, the Monitor, or any other party or tribunal asserts
7 or determines that communications between the Monitor and DPC
8 TIANJIN are protected by the attorney-client privilege or that
9 documents created or reviewed by DPC TIANJIN or the Monitor in
10 connection with the Monitor's work are protected by the work
11 product doctrine, then DPC TIANJIN shall waive only as to the
12 U.S. Department of Justice ("DOJ"), the USAO, and the U.S.
13 Securities and Exchange Commission ("SEC") any protections
14 afforded to such communications and documents concerning the
15 Monitor's work. Any revocation of these waivers shall constitute
16 a breach of this Agreement. The sharing of such communications
17 by the Monitor with the DOJ and the SEC is not intended to
18 constitute a waiver of any privilege under any federal or state
19 law that would shield from disclosure to any other third party
20 any such communications.

21 28. The Monitor shall:

- 22 (a) monitor DPC TIANJIN's compliance with this
23 Agreement;
- 24 (b) monitor DPC TIANJIN's implementation of and
25 adherence to policies and procedures relating to
26 FCPA compliance;
- 27 (c) ensure that the policies and procedures are
28 appropriately designed to accomplish their goals;

- 1 (d) report to the Department, in coordination with the
2 SEC, on at least a semi-annual basis and between
3 thirty (30) and forty-five (45) calendar days
4 before the end of the Monitor's term, as to DPC
5 TIANJIN's compliance with this Agreement; and
6 (e) coordinate with the SEC and provide information
7 about DPC TIANJIN as requested by that agency.

8 29. DPC TIANJIN agrees that the Monitor may disclose its
9 reports to the SEC and, as directed by the Fraud Section, to any
10 other federal, state or foreign law enforcement or regulatory
11 agency in furtherance of an investigation of any matters related
12 to payments to foreign officials and any matters relating to any
13 other transaction that has been or is discovered by, or brought
14 to the attention of, the Fraud Section or the SEC in connection
15 with the Fraud Section's investigation of DPC TIANJIN. During
16 the Monitor's term, no amendments or changes will be made to the
17 policies and procedures relating to FCPA compliance policies
18 without the prior approval of the Monitor.

19 30. DPC TIANJIN agrees that it hereafter will maintain an
20 effective compliance and ethics program designed to detect and
21 prevent violations of the Foreign Corrupt Practices Act and of
22 other applicable foreign bribery laws. DPC TIANJIN's program
23 shall include, at a minimum, the following components:

- 24 a) A clearly articulated corporate policy against
25 violations of the Foreign Corrupt Practices Act and
26 other applicable anti-bribery laws and the
27 establishment of compliance standards and procedures to
28 be followed by its officers, directors, employees,

1 agents, consultants, joint ventures, distributors, and
2 sub-contractors that are reasonably capable of reducing
3 the prospect of violative conduct;

4 b) The assignment to one or more senior DPC TIANJIN
5 corporate officials of responsibility for oversight of
6 compliance with policies, standards, and procedures
7 established pursuant to the Agreement between the Fraud
8 Section, the USAO and DPC TIANJIN, dated May 19, 2005.
9 Such officials shall have the authority and
10 responsibility to implement and utilize monitoring and
11 auditing systems reasonably designed to detect criminal
12 conduct by the company's employees and other agents,
13 including, where appropriate, the retention of outside
14 counsel and independent auditors to conduct
15 investigations and audits. In addition, such officials
16 shall be charged with proposing any necessary
17 modifications to the compliance program to respond to
18 detected violations and to prevent further similar
19 violations, subject to approval by the Monitor, as
20 otherwise required herein;

21 c) Clearly articulated corporate procedures to ensure that
22 DPC TIANJIN exercises due care to assure that
23 substantial discretionary authority is not delegated to
24 individuals whom the defendant knows, or should know
25 through the exercise of due diligence, have a
26 propensity to engage in illegal activities;

27 d) Clearly articulated corporate procedures to assure that
28 all necessary and prudent precautions are taken to

1 ensure that DPC TIANJIN has formed business
2 relationships with reputable and qualified agents,
3 consultants and other representatives for purposes of
4 business development and lobbying in foreign
5 jurisdictions and with reputable and qualified sub-
6 contractors for projects in which foreign governments
7 or public international organizations, or
8 instrumentalities thereof, are the ultimate customers
9 or beneficiaries. Such policy shall require that
10 evidence of such a "due diligence" inquiry be
11 maintained in DPC TIANJIN's files;

- 12 e) The implementation of appropriate disciplinary
13 mechanisms, including as appropriate, discipline of
14 individuals responsible for the failure to detect a
15 violation of the law or of compliance with DPC
16 TIANJIN's policies, standards, and procedures;
- 17 f) The establishment of a reporting system by which
18 officers, employees, agents, consultants, and other
19 representatives, as well as sub-contractors, may report
20 suspected criminal conduct without fear of retribution
21 or going through the chain of command or reporting the
22 same to the employee's, agent's, representative's, or
23 sub-contractor's immediate managers;
- 24 g) DPC TIANJIN will, using objective measures, determine
25 the regions or countries in which it operates that pose
26 higher risks of corruption. It will, on a periodic
27 basis, conduct rigorous FCPA audits of its operations
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1 in such regions or countries, which audits shall
2 include:

- 3 i. detailed audits of the operating unit's books and
4 records, with specific attention to payments and
5 commissions to agents, consultants, and sub-
6 contractors and contributions to joint ventures;
7 ii. audits of selected agents, consultants, sub-
8 contractors, and joint ventures, where authorized
9 by the governing contract or retention agreement;
10 iii. interviews with relevant employees, consultant,
11 agents, sub-contractors, and joint venture
12 partners.

13 MERGER OR SALE OF DPC TIANJIN

14 31. DPC TIANJIN agrees that in the event it, or its parent
15 DPC, sells or merges all of DPC TIANJIN's business operations as
16 they exist as of the date of this Agreement to a single
17 transferee or related group of transferees, whether such sale is
18 structured as a stock or asset sale, DPC TIANJIN shall include in
19 any contract for sale or merger a provision binding the purchaser
20 or successor fully to the obligations described in this Agreement
21 but solely with respect to the business operations of DPC
22 TIANJIN, including the provisions set forth in the FCPA
23 Compliance Program and Monitor Section and this section.

24 a. In the event of any such sale or merger of DPC
25 TIANJIN, the purchaser or successor agrees that the Monitor shall
26 continue his or her duties as described in the provisions set
27 forth in the FCPA Compliance and Monitor Section above. In the
28 event DPC TIANJIN has not selected a Monitor by the effective

1 date of any sale or merger, the Monitor shall be selected by the
2 Fraud Section. The Monitor shall be subject to the same
3 restrictions as set forth in paragraph 27 above. Subject to
4 Fraud Section approval, the Monitor shall be allowed to hire
5 others to assist with it's duties. Within one hundred eighty
6 (180) days of being retained the Monitor shall conduct an
7 appropriate review of the effectiveness of the purchaser's or
8 successor's program for compliance with applicable FCPA and other
9 anti-bribery laws and report its findings to the Fraud Section.

10 b. If after reviewing the preliminary report the
11 Fraud Section in its sole discretion determines that the
12 purchaser or successor has an effective FCPA/anti-bribery
13 compliance program, then the Monitor shall within one hundred
14 eighty days (180) of issuing its preliminary assessment to the
15 Fraud Section report back to the Fraud Section regarding the
16 efficacy of the integration by the purchaser or successor of DPC
17 TIANJIN into the purchaser's or successor's existing FCPA/anti-
18 bribery compliance program, including but not limited to the
19 implementation of FCPA training for appropriate DPC TIANJIN
20 employees (the "integration report"). If after reviewing the
21 integration report the Fraud Section in its sole discretion
22 determines that the purchaser or successor has effectively
23 integrated DPC TIANJIN into its existing FCPA/anti-bribery
24 compliance program, the purchaser or successor will no longer be
25 bound by the FCPA Compliance and Monitor provisions of this
26 Agreement.

27 c. If after reviewing the preliminary report the
28 Fraud Section in its sole discretion determines that the

1 purchaser or successor does not have an effective FCPA/anti-
2 bribery compliance program, then the purchaser or successor
3 shall, as noted above, remain bound by the terms of this
4 Agreement but solely with respect to the business operations of
5 DPC TIANJIN. In addition, the purchaser or successor shall
6 retain the Monitor for three years, less any time that the
7 Monitor may have consulted with DPC TIANJIN before any purchase
8 or sale of DPC TIANJIN. Within one-hundred and eighty days (180)
9 of issuing its preliminary assessment to the Fraud Section, the
10 Monitor shall report to the Department regarding the purchaser's
11 or successor's efforts to comply with the provisions in the FCPA
12 Compliance Program and Monitor Section of this Agreement and with
13 the conditions specified in this paragraph.

14 d. If, as part of or in connection with any sale or
15 merger of DPC TIANJIN, all of DPC TIANJIN's business operations
16 in the People's Republic of China are terminated, the
17 requirements of this section 31 shall not apply.

18 OBLIGATIONS OF THE USAO AND THE FRAUD SECTION

19 32. If defendant DPC TIANJIN complies fully with all
20 defendant's obligations under this Agreement, the USAO and the
21 Fraud Section agree:

22 a) To abide by all sentencing stipulations contained
23 in this Agreement.

24 b) Not to further prosecute defendant, any
25 successors, and any of its past or present subsidiaries,
26 divisions, parent, or affiliates for violations of the Foreign
27 Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1, et
28 seq., disclosed to the Fraud Section as of the date of this

1 Agreement. Defendant understands that the USAO and the Fraud
2 Section are free to prosecute defendant, any successors, and any
3 of its present or past subsidiaries, divisions, parent, or
4 affiliates for any other unlawful past conduct or any unlawful
5 conduct that occurs after that date.

6 c) In connection with defendant's sentencing, to
7 bring to the Court's attention the nature and extent of
8 defendant's cooperation.

9 d) To bring this Agreement and both DPC TIANJIN's and
10 its parent company's cooperation to the attention of other
11 prosecuting authorities or other agencies, if requested,
12 including but not limited to other components of the Department
13 of Justice, the U.S. Department of Health and Human Services, the
14 U.S. Department of Defense, and the U.S. Food and Drug
15 Administration.

16 BREACH OF AGREEMENT

17 33. If defendant, at any time between the execution of this
18 Agreement and the completion of defendant's cooperation pursuant
19 to this Agreement, knowingly and willfully violates or fails to
20 perform any of defendant's obligations under this Agreement ("a
21 breach"), the USAO or the Fraud Section may declare this
22 Agreement breached. If the USAO or the Fraud Section declares
23 the Agreement breached, and the Court finds such a breach to have
24 occurred, defendant will not be able to withdraw defendant's
25 guilty plea, and the USAO and the Fraud Section will be relieved
26 of all its obligations under this Agreement. In particular:

27 a) The USAO and the Fraud Section will no longer be
28 bound by any agreements concerning sentencing and will be free to

1 seek any sentence up to the statutory maximum for the crime to
2 which defendant has pleaded guilty.

3 b) The USAO and the Fraud Section will no longer be
4 bound by any agreements regarding criminal prosecution, and will
5 be free to prosecute defendant for any charges that the USAO or
6 the Fraud Section would otherwise have been obligated not to
7 prosecute pursuant to this Agreement.

8 c) The USAO and the Fraud Section will be free to
9 prosecute defendant for making false statements, obstruction of
10 justice, and perjury based on any knowingly false or misleading
11 statement by defendant.

12 d) The USAO and the Fraud Section will no longer be
13 bound by any agreement regarding the use of statements, tangible
14 evidence, or information provided by defendant, and will be free
15 to use any of those in any way in any investigation, prosecution,
16 or civil or administrative action. Defendant will not be able to
17 assert either (1) that those statements, tangible evidence, or
18 information were obtained in violation of the Fifth Amendment
19 privilege against compelled self-incrimination, or (2) any claim
20 under the United States Constitution, any statute, Rule 11(f) of
21 the Federal Rules of Criminal Procedure, Rule 410 of the Federal
22 Rules of Evidence, or any other federal rule, that statements,
23 tangible evidence, or information provided by defendant before or
24 after the signing of this Agreement, or any leads derived
25 therefrom, should be inadmissible.

26 34. Following a knowing and willful breach of this
27 Agreement by defendant, should the USAO or the Fraud Section
28 elect to pursue any criminal charge or any civil or

1 administrative action that was not filed as a result of this
2 Agreement, then:

3 a) Defendant agrees that any applicable statute of
4 limitations is tolled between the date of defendant's signing of
5 this Agreement and the discovery by the USAO or the Fraud Section
6 of any knowing and willful breach by defendant.

7 b) Defendant gives up all defenses based on the
8 statute of limitations, any claim of preindictment delay, or any
9 speedy trial claim with respect to any such prosecution or
10 action, except to the extent that such defenses existed as of the
11 date of defendant's signing of this Agreement.

12 LIMITED MUTUAL WAIVER OF APPEAL AND COLLATERAL ATTACK

13 35. Defendant DPC TIANJIN understands that the law gives
14 defendants the right to appeal sentences imposed. Defendant DPC
15 TIANJIN, however, gives up the right to appeal any sentence
16 imposed by the Court, and the manner in which the sentence is
17 determined, provided that defendant DPC TIANJIN is sentenced to
18 not more than a \$2,000,000 fine and a \$400 special assessment.
19 Defendant also gives up any right to bring a post-conviction
20 collateral attack on the sentence, except a post-conviction
21 collateral attack based on a claim of ineffective assistance of
22 counsel.

23 36. The USAO and the Fraud Section give up their rights to
24 appeal the sentence imposed by the Court and the manner in which
25 the sentence is determined, provided that the Court sentences
26 defendant DPC TIANJIN to pay a total of \$2,000,000 in fines and a
27 \$400 special assessment.

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1 37. Defendant DPC TIANJIN agrees that if, at or before the
2 time of sentencing, defendant DPC TIANJIN believes that the USAO
3 or the Fraud Section has acted in violation of this Agreement in
4 any way, defendant DPC TIANJIN will make that claim at or before
5 the time of sentencing. If defendant does not object at or
6 before the time of sentencing, defendant DPC TIANJIN gives up any
7 right to later make that claim in challenging the conviction or
8 sentence on appeal or collateral attack, except in a collateral
9 attack raising a claim of ineffective assistance of counsel.

10 SCOPE OF AGREEMENT

11 38. The Court is not a party to this Agreement and need not
12 accept it. However, this Agreement will be presented to the
13 Court under Federal Rule of Criminal Procedure 11(c)(1)(c) and,
14 pursuant to that Rule, the Court may either accept or reject the
15 Agreement or may defer its decision as to the acceptance or
16 rejection until there has been an opportunity to consider the
17 presentence report. The rights of defendant and of the USAO and
18 the Fraud Section should the Court reject this Agreement are set
19 forth in paragraph 8 *supra*.

20 39. This Agreement applies only to crimes relating to the
21 payments to foreign officials committed by defendant and any
22 subsidiaries, divisions, parent, or affiliates of defendant, has
23 no effect on any proceedings against any defendant not expressly
24 mentioned herein, and shall not preclude any past, present, or
25 future forfeiture actions except as expressly set forth above.

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This agreement is effective upon signature by defendant and
an Assistant United States Attorney.

AGREED AND ACCEPTED

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF CALIFORNIA

DEBRA WONG YANG
United States Attorney

STEVEN D. CLYMER _____ Date
Special Assistant United States Attorney
Chief, Criminal Division

JOSHUA R. HOCHBERG
Chief, Fraud Section
Criminal Division

Mark F. Mendelsohn _____ 05/19/2005
MARK F. MENDELSON _____ Date
Deputy Chief, Fraud Section
Criminal Division

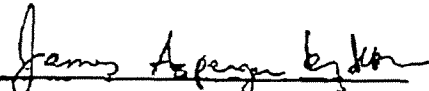
Adrian D. Mebane _____ 5/19/05
ADRIAN D. MEBANE _____ Date
Trial Attorney, Fraud Section
Criminal Division
United States Department of Justice

DPC (TIANJIN) CO. LTD.,




Michael Ziering
Chairman

Date 5-12-05


Attorney for Defendant
DPC (TIANJIN) CO. LTD.,

Date 5/19/05

CERTIFICATE OF COUNSEL

Along with other members of my firm, I am counsel for DPC (TIANJIN) CO. LTD. In connection with such representation, we have examined relevant DPC (TIANJIN) CO. LTD. documents, and have discussed this Agreement with the authorized representative of DPC (TIANJIN) CO. LTD. Based on our review of the foregoing materials and discussions, we are of the opinion that:

1. Michael Ziering, Chairman of DPC (TIANJIN) CO. LTD., is duly authorized to enter into this Agreement on behalf of DPC (TIANJIN) CO. LTD.

2. This Agreement has been duly and validly authorized, executed and delivered on behalf of DPC (TIANJIN) CO. LTD., and is a valid and binding obligation of DPC (TIANJIN) CO. LTD.

Further, we have carefully reviewed every part of this Agreement with the chairman of DPC (TIANJIN) CO. LTD. We have fully advised the chairman of DPC (TIANJIN) CO. LTD.'s rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To my knowledge, DPC (TIANJIN) CO. LTD.'s decision to enter into this Agreement is an informed and voluntary one.



Ira H. Raphaelson
O'Melveny & Myers. L.L.P.

Date 5/19/05

CHAIRMAN'S CERTIFICATE

I have read this agreement and carefully reviewed every part of it with counsel for DPC (TIANJIN) CO. LTD. I understand the terms of this Agreement and voluntarily agree, on behalf of DPC (TIANJIN) CO. LTD., to each of the terms. Before signing this Agreement, I consulted with the counsel for DPC (TIANJIN) CO. LTD. Counsel fully advised me of DPC (TIANJIN) CO. LTD.'s rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of DPC (TIANJIN) CO. LTD., in any way to enter into this Agreement. I am also satisfied with counsel's representation in this matter. I certify that I am a director and chairman of DPC (TIANJIN) CO. LTD., and that I have been duly authorized by DPC (TIANJIN) CO. LTD. to execute this plea agreement on behalf of DPC (TIANJIN) CO. LTD.

DPC (TIANJIN) CO. LTD.

5-19-05

DATE

BY:



MICHAEL ZIERING
CHAIRMAN

**ACTION BY WRITTEN CONSENT OF
THE SOLE SHAREHOLDER OF
DPC (TIANJIN) CO. LTD.**

The undersigned, being the sole shareholder (referred to as "Investor") of DPC (TIANJIN) CO. LTD., acting pursuant to the Company's Amended and Restated Articles of Association dated September 30, 1997 (the "Articles of Association"), does hereby take the following action and approves the following resolutions by written consent:

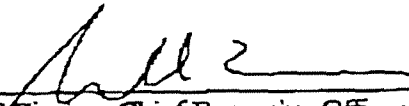
RESOLVED, that pursuant to Article 17 of the Articles of Association, the Investor hereby removes all incumbent directors of the Company from office and hereby elects the following persons to serve as directors of the Company: Michael Ziering, Ira Ziering and Bill Kozel;

RESOLVED FURTHER, that the incumbent Chairman and Vice Chairman of the Company are hereby removed from office and that Michael Ziering is hereby appointed Chairman and Ira Ziering is hereby appointed Vice Chairman in accordance with Article 19 of the Articles of Association and, in accordance with Article 20 of the Articles of Association, Michael Ziering, Chairman, or Ira Ziering, Vice Chairman (if the Chairman is unable to perform his duties) shall be the legal representative of the Company, and

RESOLVED FURTHER, that the officers of the Company shall give all required notices of the removal and election of directors and officers pursuant hereto in accordance with Articles 18 and 19 of the Articles of Association.

IN WITNESS WHEREOF, the undersigned has executed this written consent as of this 17th day of May, 2005.

DIAGNOSTIC PRODUCTS CORPORATION

By 
Michael Ziering, Chief Executive Officer and
legal representative of Investor

CERTIFICATION

I, Fritz Backus, hereby certify that I am the duly elected Secretary of DPC (TIANJIN) CO. LTD.; that the foregoing is a full, true and correct copy of resolutions duly adopted by the Board of Directors of said Corporation by unanimous written consent; that such resolutions have not been rescinded or revoked; and that the foregoing resolutions are not contrary to any provisions in the Articles of Association of DPC (TIANJIN) CO. LTD.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary of said Corporation this 19th day of May, 2005.


Secretary

**ACTION BY UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
DPC (TIANJIN) CO. LTD.**

The undersigned, being all of the directors of DPC (TIANJIN) CO. LTD., acting pursuant to Article 30 of the Company's Amended and Restated Articles of Association (the "Articles of Association") do hereby take the following action and approve the following resolutions by unanimous written consent:

WHEREAS, Chapter 5 of the Company's Amended and Restated Articles of Association requires the Company to have a general manager and such other officers as the Board may from time to time determine; and

WHEREAS, it is deemed advisable to appoint such officers;

NOW, THEREFORE, BE IT RESOLVED, that the current general manager and officers of the Company are hereby removed from office and that the following persons are elected to the offices set forth opposite their respective names:

| | |
|-------------------|--------------|
| General Manager - | Bill Kozel |
| President - | Ira Ziering |
| Secretary - | Fritz Backus |

WHEREAS, the Company's sole shareholder, Diagnostic Products Corporation, has negotiated a plea agreement with the Department of Justice ("DOJ") to settle the DOJ's investigation of the Company; and

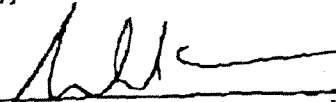
WHEREAS, the directors have had the opportunity to review the proposed plea agreement and to consult with counsel regarding such agreement and the Special Committee of the Board of Directors of Diagnostic Products Corporation has approved the execution of the plea agreement; be it

RESOLVED, that DPC (TIANJIN) CO. LTD., which has been the subject of an investigation by the United States Department of Justice in connection with commission payments made to physicians and laboratory personnel employed by government-owned hospitals in the People's Republic of China, consents to a settlement of the investigation and will, in the Central District of California, enter a plea of guilty to a one count Information charging DPC (TIANJIN) CO. LTD., with violating the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-1; and

RESOLVED FURTHER, that the Chairman or Vice Chairman of this Corporation be, and each hereby is, authorized to waive indictment and enter a plea of guilty to the Information substantially in such form as reviewed by this Board of Directors; and

RESOLVED FURTHER, that the Chairman or Vice Chairman of this Corporation be, and each hereby is, authorized to execute the Plea Agreement on behalf of the Corporation substantially in such form as reviewed by this Board of Directors.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent as of this 18 day of May, 2005.



Michael Ziering, Chairman and Director

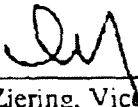
Ira Ziering, Vice Chairman and Director

Bill Kozel, Director

RESOLVED FURTHER, that the Chairman or Vice Chairman of this Corporation be, and each hereby is, authorized to execute the Plea Agreement on behalf of the Corporation substantially in such form as reviewed by this Board of Directors.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent as of this 18th day of May, 2005.

Michael Ziering, Chairman and Director



Ira Ziering, Vice Chairman and Director

Bill Kozel, Director

RESOLVED FURTHER, that the Chairman or Vice Chairman of this Corporation be, and each hereby is, authorized to execute the Plea Agreement on behalf of the Corporation substantially in such form as reviewed by this Board of Directors.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent as of this 18th day of May, 2005.

Michael Ziering, Chairman and Director

Ira Ziering, Vice Chairman and Director



Bill Koziel, Director

EXHIBIT "1"

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

| | | |
|---------------------------|---|------------------------------|
| UNITED STATES OF AMERICA, |) | CR 05- |
| |) | |
| |) | <u>I N F O R M A T I O N</u> |
| v. |) | [15 U.S.C. § 78dd-1: Foreign |
| |) | Corrupt Practices Act] |
| DPC (TIANJIN) CO. LTD., |) | |
| |) | |
| Defendant. |) | |
| |) | |
| |) | |

The United States Attorney charges:
[15 U.S.C. § 78dd-1]

At all times relevant to this Information:

A. INTRODUCTION

1. Diagnostic Products Corporation ("DPC") was a U.S. corporation engaged in providing immunodiagnostic systems and immunochemistry kits throughout the world and maintained its principal place of business in Los Angeles, California. DPC was an "issuer" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1. As an issuer, DPC regularly filed its financial statements with the U.S. Securities and Exchange Commission. Defendant DPC (TIANJIN) CO. LTD., formerly Tianjin

1 Depu (DPC) Biotechnological and Medical Products, Inc. ["DPC
2 TIANJIN"] was a wholly-owned subsidiary of DPC that had its
3 principal place of business in Tianjin, China. Defendant DPC
4 TIANJIN acted as an agent of DPC within the meaning of the
5 Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1. Defendant DPC
6 TIANJIN's financial results were a component of the consolidated
7 financial statements included in DPC's filings with the U.S.
8 Securities and Exchange Commission.

9 2. Defendant DPC TIANJIN's main business operations were
10 to produce and sell DPC TIANJIN's immunodiagnostic systems,
11 immunochemistry kits, and other medical equipment. The main
12 source of revenue of defendant DPC TIANJIN was from sales of its
13 immunoassays (test kits), which were utilized to identify and
14 measure medically significant chemical substances. The clinical
15 applications of these immunoassays related to the diagnosis and
16 management of thyroid, reproductive, and cardiac disorders;
17 infectious diseases; anemia; diabetes; and certain types of
18 cancer.

19 3. The Foreign Corrupt Practices Act of 1977 ("FCPA"), as
20 amended, 15 U.S.C. §§ 78dd-1, et seq., prohibited payments to
21 foreign government officials to obtain or retain business.
22

23 B. PAYMENTS TO FOREIGN GOVERNMENT OFFICIALS

24 Commission Payments

25 4. At least as early as late 1991 and continuing through
26 on or about December 12, 2002, defendant DPC TIANJIN made cash
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1 commission payments to laboratory personnel and doctors employed
2 by hospitals owned by the government of the People's Republic of
3 China (the "hospitals") to obtain and retain certain business
4 involving the sale of immunodiagnostic systems, immunochemistry
5 kits, and other medical equipment. The hospitals were
6 instrumentalities of the government of the People's Republic of
7 China, and the laboratory personnel and doctors were "foreign
8 officials" as that term is defined in the FCPA, 15 U.S.C. § 78dd-
9 1(f)(1)(A).

10 5. Defendant DPC TIANJIN entered into sales agreements and
11 purchase orders with certain of these hospitals in the People's
12 Republic of China for immunodiagnostic systems, immunochemistry
13 kits, and other medical equipment. The practice of entering into
14 such agreements was authorized by the General Manager of
15 defendant DPC TIANJIN, on behalf of the defendant.

16 6. Although defendant DPC TIANJIN was a major provider in
17 the People's Republic of China of immunodiagnostic systems,
18 immunochemistry kits, and other medical equipment, there were
19 other manufacturers and suppliers in the People's Republic of
20 China with whom defendant DPC TIANJIN competed. In order to
21 obtain and retain business with these hospitals for the sales of
22 immunodiagnostic systems, immunochemistry kits, and other medical
23 equipment, defendant DPC TIANJIN, acting through its officers and
24 agents, entered into sales agreements with people employed by the
25 hospitals -- usually the laboratory heads or assistants --
26 whereby these employees would receive commissions on defendant

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1 DPC TIANJIN's sales of immunodiagnostic systems, immunochemistry
2 kits, and other medical equipment (hereinafter referred to as the
3 "commission payments"). The commission payments were generally
4 3-5%, but sometimes as high as 20%, of the gross sales generated
5 by the contracts. The responsible officers of defendant DPC
6 TIANJIN understood that the hospitals would not have entered into
7 or maintained their business with the defendant if such
8 commission payments had not been made.

9 7. The General Manager of defendant DPC TIANJIN authorized
10 hand deliveries of the commission payments, in cash, as well as
11 by mail and wire transfers.

12 8. From in or about late 1991, through on or about
13 December 12, 2002, defendant DPC TIANJIN made commission payments
14 totaling approximately \$1,623,326 to laboratory department heads
15 and assistants in several hospitals in China, as follows:

| 16 | <u>Date</u> | <u>Amount of Commission Payments</u> |
|----|-------------|--------------------------------------|
| 17 | 1991 | \$6,349 |
| 18 | 1992 | \$33,159 |
| 19 | 1993 | \$42,340 |
| 20 | 1994 | \$37,724 |
| 21 | 1995 | \$88,433 |
| 22 | 1996 | \$97,058 |
| 23 | 1997 | \$121,446 |
| 24 | 1998 | \$140,934 |
| 25 | 1999 | \$180,940 |
| 26 | 2000 | \$262,487 |

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1 2001 \$301,305
2 2002 \$311,151

3 Authorization and Recording of the Payments

4 9. Defendant DPC TIANJIN recorded the commission payments
5 on its books and records as "selling expenses." DPC regularly
6 incorporated defendant DPC TIANJIN's selling expenses amount into
7 its consolidated financial statements which then were included in
8 filings to the U.S. Securities and Exchange Commission. The
9 General Manager and Deputy General Manager of defendant DPC
10 TIANJIN regularly prepared and submitted to DPC reports
11 containing defendant DPC TIANJIN's financial statements.
12 Defendant DPC TIANJIN routinely sent these reports by electronic
13 mail message and facsimile to DPC's principal place of business
14 in Los Angeles, California.

15 10. The General Manager of defendant DPC TIANJIN authorized
16 the practice of paying the commission payments to the employees
17 of the hospitals. The General Manager of defendant DPC TIANJIN
18 also approved and caused to be approved the budgets for sales
19 expenses of DPC TIANJIN, which included the commission payments
20 that DPC TIANJIN intended to pay to the employees of the
21 hospitals in the following quarter or year. Defendant DPC
22 TIANJIN caused approval of the proposed budgets to be sent by
23 telephone, facsimile, and electronic mail from Los Angeles,
24 California, to Tianjin, China.

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1 C. FOREIGN CORRUPT PRACTICES ACT VIOLATION

2 11. In or about November 2002, in the Central District of
3 California and elsewhere, defendant, DPC TIANJIN used electronic
4 mail and other means and instrumentalities of interstate commerce
5 corruptly in furtherance of an offer, promise to pay, and
6 authorization of the payment of money to officials of the
7 government of the People's Republic of China, for the purpose of
8 influencing the acts and decisions of said foreign officials in
9 their official capacities; inducing said foreign officials to do
10 and omit to do acts in violation of their lawful duty; securing
11 an improper advantage; and inducing said foreign officials to use
12 their influence with instrumentalities of a foreign government to
13 affect and influence acts and decisions of said instrumentalities
14 of a foreign government in order to assist defendant DPC TIANJIN
15 in obtaining and retaining business for and with, and directing
16 business to, defendant, to wit, DPC TIANJIN made payments to
17 foreign government officials, that is, doctors and laboratory
18 personnel employed by hospitals owned by the government of the
19 People's Republic of China, in order to secure and maintain
20 agreements for the sale of immunodiagnostic systems,
21 immunochemistry kits, and other medical equipment, and caused to
22 be sent an electronic mail message from Tianjin, China to Los
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1 Angeles, California containing a monthly report concerning the
2 allowance of said payments.

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DEBRA WONG YANG
United States Attorney



STEVEN D. CLYMER
Special Assistant United States
Attorney
Chief, Criminal Division

JOSHUA R. HOCHBERG
Chief, Fraud Section
Criminal Division

MARK F. MENDELSON
Deputy Chief, Fraud Section
Criminal Division

ADRIAN D. MEBANE
Trial Attorney
Criminal Division
United States Department of Justice

EXHIBIT "2"

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EXHIBIT 2

STATEMENT OF FACTS

Should this matter have proceeded to trial, the United States would have proven, by admissible evidence, the following facts beyond a reasonable doubt:

1. Diagnostic Products Corporation ("DPC") was a U.S. corporation established in 1971 with its principal place of business in Los Angeles, California. Defendant DPC (TIANJIN) CO. LTD., formerly Tianjin Depu (DPC) Biotechnological and Medical Products, Inc. ("DPC TIANJIN") was a wholly-owned subsidiary of DPC. DPC TIANJIN had its principal place of business in Tianjin, China and has been doing business in the People's Republic of China since 1991.

2. Among other things, DPC TIANJIN sold immunodiagnostic systems, immunodiagnostic kits and other medical equipment to hospitals owned by the government of the People's Republic of China.

3. Since at least late 1991 through December 12, 2002, DPC TIANJIN paid improper commissions to doctors and laboratory personnel who controlled the purchasing decisions for the internal medicine and nuclear medicine departments of certain hospitals, including hospitals owned by the government of the People's Republic of China ("the subject hospitals"), for the purpose of obtaining or retaining business with the subject hospitals. These improper commissions, typically between 3% and 10% of sales, totaled approximately \$1,623,326 from late 1991

1 through December 12, 2002. During most of this period, the
2 payments of these commissions were authorized by the General
3 Manager of DPC TIANJIN. In most cases, the commissions were paid
4 in cash and hand-delivered by DPC TIANJIN salespersons to the
5 person who controlled purchasing decisions for the particular
6 hospital department.

7 4. DPC TIANJIN recorded the commission payments on its
8 books and records as "selling expenses." The General Manager and
9 Deputy General Manager of DPC TIANJIN regularly prepared and
10 submitted to DPC financial statements which contained DPC
11 TIANJIN's sales expenses. DPC TIANJIN routinely sent these
12 statements by electronic mail message to DPC's principal place of
13 business in Los Angeles, California.

14 5. The General Manager of defendant DPC TIANJIN authorized
15 the practice of paying the commission payments to the employees
16 of the hospitals. The General Manager of defendant DPC TIANJIN
17 also approved and caused to be approved the budgets for sales
18 expenses of DPC TIANJIN, which included the amounts DPC TIANJIN
19 intended to pay to the employees of the hospitals in the
20 following quarter or year. Defendant DPC TIANJIN caused to be
21 sent approval of the proposed budgets by telephone, facsimile,
22 and electronic mail from Los Angeles, California, to Tianjin,
23 China.

24 6. In or about November 2002, DPC TIANJIN caused to be
25 sent an electronic email message from Tianjin, China, to Los
26 Angeles, California containing a monthly report concerning the
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1 allowance of payments to doctors and laboratory personnel
2 employed by hospitals owned by the Chinese government to assist
3 DPC TIANJIN in obtaining or retaining agreements for the sale of
4 immunodiagnostic systems, immunochemistry kits and other medical
5 supplies.

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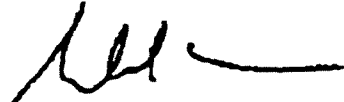
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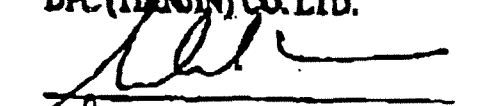
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Dated this the 13 day of May, 2005.

For DPC (TIANJIN) CO. LTD.



Michael Ziering
Chairman
DPC (TIANJIN) CO. LTD.

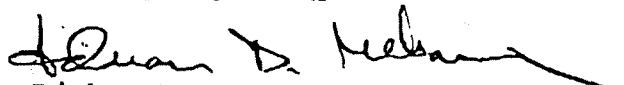

James Asperger
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DPC (TIANJIN) CO. LTD.
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Criminal Division

By: 
Mark F. Mendelsohn
Deputy Chief, Fraud Section
Criminal Division


Adrian D. Mabane
Trial Attorney
Criminal Division
United States Department of Justice

