RESMED INC
Form DEF 14A
October 04, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14A-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

RESMED INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Stockholder:

We cordially invite you to attend the ResMed Inc. annual stockholders meeting on Thursday, November 17, 2011, at 10:00 a.m. Australian Eastern Time (Wednesday, November 16, 2011, at 3:00 p.m. US Pacific Time) in ResMed s corporate offices located at 1 Elizabeth Macarthur Drive, Bella Vista New South Wales 2153.

The attached notice of meeting and proxy statement contain information about the meeting s business, the nominees for election as directors and the other proposals. This year we ask you to: (i) elect two directors; (ii) approve an amendment to the ResMed Inc. 2009 Incentive Award Plan; (iii) approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in this proxy statement (say-on-pay vote); (iv) approve, on an advisory basis, the frequency of future say-on-pay votes; (v) ratify the selection of our independent auditors for fiscal year 2012; and (vi) transact other business that may properly come before the annual meeting or any continuation or postponement of it.

Your vote is important. We are again promoting the use of the internet to provide proxy materials to stockholders, as we believe this is an efficient, cost-effective and environmentally responsible method for facilitating our annual meeting. If you cannot attend the meeting in person, you may vote your shares by toll-free number, by internet, or, if this proxy statement was mailed to you, by completing and signing the accompanying proxy card and promptly returning it in the envelope provided. If you plan to attend the annual meeting, you will need proof of ownership of our common stock as of the close of business on Monday, September 19, 2011 (US Eastern Time). Please read VOTING INSTRUCTIONS AND INFORMATION *Voting by Attending our Annual Meeting* in the accompanying proxy statement.

Very truly yours,

Peter C. Farrell

Chairman of the Board,

President and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

OF RESMED INC.

Date:	Wednesday, November 16, 2011, at 3:00 p.m. (US Pacific Time) Thursday, November 17, 2011, at 10:00 a.m. (Australian Eastern Time)
Location:	ResMed Inc. s corporate office

1 Elizabeth Macarthur Drive

Bella Vista New South Wales 2153

Items of Business:

1. Election of two directors, each to serve for a three-year term. The nominees for election as directors at the 2011 annual meeting are Christopher Roberts and John Wareham.

2. Approval of the Amendment to the ResMed Inc. 2009 Incentive Award Plan, which in part increases the number of shares authorized for issuance thereunder from 22,921,650 (post split) to 35,475,000 shares (an increase of 12,553,350 shares) and adjusts the fungible share pool to which shares of common stock subject to full value awards are counted under the plan.

3. Approval, on an advisory basis, of the compensation paid to our named executive officers, as disclosed in this proxy statement (say-on-pay vote).

4. Hold an advisory vote on the frequency of future say-on-pay votes.

5. Ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2012.

6. Transaction of other business that may properly come before the meeting.

Record Date:	You are entitled to vote only if you were a ResMed stockholder at the close of business on September 19, 2011, at 4:00 p.m. (US Eastern Time)
Meeting Admission:	Only individuals with proof of share ownership are entitled to be admitted to our annual meeting. If you are a stockholder of record, you will need to bring proof of share ownership with you to our annual meeting, together with photo identification. If your shares are not registered in your name, you must bring proof of share ownership (such as a recent bank or brokerage firm account statement, together with proper identification) in order to be admitted to our annual meeting. Please note that if your shares are not registered in your name and you wish to vote at our annual meeting, you must bring to our annual meeting a legal proxy from the record holder of the shares, which is the broker or other nominee, authorizing you to vote at our annual meeting.

Your vote is important! Please refer to the accompanying proxy statement for a more complete description of the matters to be considered at our annual meeting and instructions on how to vote. You may vote by mail, by toll-free number, by internet or in person at the meeting. You may revoke your proxy at any time before it is voted.

By order of the board of directors,

David Pendarvis

Secretary

Dated: October 4, 2011

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PROXY STATEMENT

GENERAL INFORMATION

The ResMed Inc. (ResMed, we, us, or our) board of directors is providing this proxy statement in connection with our 2011 annual meeting of stockholders to be held on Thursday, November 17, 2011, at 10:00 a.m. Australian Eastern Time (Wednesday, November 16, 2011, at 3:00 p.m. US Pacific Time) in ResMed Inc. s corporate office, located at 1 Elizabeth Macarthur Drive, Bella Vista New South Wales 2153, or at any continuation, postponement or adjournment of the meeting, for the purposes discussed in this proxy statement and in the accompanying notice of annual meeting and any business properly brought before the meeting.

DELIVERY OF AND ACCESS TO PROXY MATERIALS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2011 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, NOVEMBER 17, 2011, AT 10:00 A.M. AUSTRALIAN EASTERN TIME (WEDNESDAY, NOVEMBER 16, 2011, AT 3:00P.M. US PACIFIC TIME)

We expect to first make this proxy statement available to our stockholders and our holders of CHESS Units of Foreign Securities on the internet, and to mail notice and access materials on or about October 4, 2011. Our annual report on Form 10-K was filed with the US Securities and Exchange Commission (SEC) on August 17, 2011, and is available for review on our website at www.resmed.com and at the website where our proxy materials are posted at www.proxyvote.com and www.investorvote.com.au. You are encouraged to access and review all of the important information contained in the proxy materials before voting.

We are furnishing proxy materials (proxy statement and annual report to stockholders) to our stockholders via the internet, instead of mailing printed copies of proxy materials to each stockholder. Accordingly, we are sending a notice of internet availability of proxy materials (Notice) to our stockholders of record, while brokers and other nominees who hold shares on behalf of beneficial owners will be sending their own similar Notice if your shares are listed on the New York Stock Exchange (NYSE). If you hold our CHESS Units of Foreign Securities listed on the Australian Stock Exchange (ASX), you will receive your Notice from ResMed s ASX share registry, Computershare Limited. If you received the Notice by mail, you will not automatically receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review this proxy statement, our annual report Form 10-K, and proxy voting card over the internet. The Notice also instructs you on how you may submit your proxy via the internet.

You can, however, still receive a hard copy of our proxy materials by following the instructions contained in the Notice on how you may request to receive your materials in printed form on a one-time or ongoing basis. Certain stockholders who have previously given us a permanent request to receive a paper copy of our proxy materials will be sent paper copies in the mail.

Stockholders are cordially invited to attend our annual meeting in person. However, please vote by internet, by toll-free number or by completing and signing a proxy card and returning it promptly in the postage paid-envelope provided. If you choose, you may still vote in person at our annual meeting even though you previously voted.

VOTING INSTRUCTIONS AND INFORMATION

Who can vote?

You are entitled to vote or direct the voting of your ResMed Inc. shares if you were a stockholder on September 19, 2011 (4:00 p.m. US Eastern Time), the record date for our annual meeting.

How do I vote?

Your vote is important. The shares represented by proxies (in the forms solicited by our board of directors) received by us before, or, if submitted in person, at our annual meeting, will be voted at our annual meeting. If a choice is specified on the proxy with respect to a matter to be voted on, the shares represented by the proxy will be voted in accordance with that specification. If no choice is specified, the shares represented by a properly executed proxy will be voted: (i) FOR each of the two nominees to our

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board listed in this proxy statement; (ii) FOR approval of the amendment to the ResMed Inc. 2009 Incentive Award Plan (the incentive plan); (iii) FOR the approval, on a non-binding, advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement (the say-on-pay vote); (iv) FOR every year on the frequency of future say-on-pay votes; and (v) FOR ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2012. You may vote by attending our annual meeting and voting in person, or you may vote by submitting your proxy. We encourage you to vote promptly.

Holders of Common Stock Listed on the New York Stock Exchange

You may vote by attending our annual meeting and voting in person or you may vote by submitting a proxy. The method of voting by proxy differs (1) depending on whether you are viewing this proxy statement on the internet or receiving a paper copy, and (2) for shares held as a record holder and shares held in street name. If you hold your shares of common stock as a record holder and you are viewing this proxy statement on the internet, you may vote by submitting a proxy over the internet by following the instructions on the website referred to in the Notice previously mailed to you. If you hold your shares of common stock as a record holder and you are reviewing a paper copy of this proxy statement, you may vote your shares by completing, dating and signing the proxy card that was included with the proxy statement and promptly returning it in the pre-addressed, postage-paid envelope provided to you, or by using the toll-free number, or by submitting a proxy over the internet using the instructions on the proxy card.

If you hold your shares of common stock in street name, which means your shares are held of record by a broker, bank or nominee, you will receive the Notice from your broker, bank or other nominee that includes instructions on how to vote your shares. Your broker, bank or nominee will allow you to deliver your voting instructions over the internet. In addition, you may request paper copies of the proxy statement and proxy card from your broker by following the instructions on the Notice provided by your broker.

Holders of CHESS Units of Foreign Securities Listed on the ASX

If you hold our CHESS Units of Foreign Securities, you will receive a Notice from Computershare Limited, which will allow you to deliver your voting instructions over the internet. In addition, you may request paper copies of the proxy statement and voting instruction from Computershare by following the instructions on the Notice provided by Computershare.

Voting By Attending our Annual Meeting

If you attend our annual meeting and wish to vote in person, you may vote your shares in person by requesting a ballot at our annual meeting. You will need to have proof of ownership and valid photo identification with you for admission to our annual meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at our annual meeting, you must bring to our annual meeting a legal proxy from the record holder of the shares, which is the broker or other nominee, authorizing you to vote at our annual meeting.

Broker Voting and Broker Non-Votes

If your broker holds your common stock in street name and you have not provided your broker with voting instructions, your broker may vote your shares in its discretion on proposals considered routine under New York Stock Exchange rules. The only proposal considered routine is the proposal to ratify our auditor selection. If you do not provide direction to your broker with respect to this proposal, your broker may continue to exercise its discretion to vote your shares. The election of directors, the amendment to the incentive plan, and the advisory votes on executive compensation and the frequency of advisory say-on-pay votes are not considered routine , and brokers do not have discretionary authority to vote on these matters without your direction. You must indicate to your broker how you wish to vote with respect to any shares you hold in street name or they will be considered a broker non-vote.

Broker non-votes will not affect the outcome of the election of our directors since the election of directors is determined based on the two nominees receiving the highest number of votes. Broker non-votes will also not affect the outcome of the advisory votes regarding our executive compensation and the frequency of say-on-pay votes, as these matters are generally determined based on the number of votes cast and broker non-votes are not considered votes cast. Broker non-votes may have an effect on the proposal relating to the amendment of the incentive plan, since broker non-votes do not count as votes cast and this proposal requires at least 50% of the outstanding shares of common stock entitled to vote to be cast.

Internet voting closes in the US at 11:59 p.m. (US Eastern Time) on November 15, 2011 for shares traded on the New York Stock Exchange and 10:00 a.m. (Australian Eastern Time) on November 15, 2011 for holders of CHESS Units of Foreign Securities listed on the Australian Stock Exchange.

Your vote is important. We encourage you to submit your proxy, or provide instructions to your brokerage firm, bank or the CHESS nominee, as applicable. This will ensure that your shares are voted at our annual meeting.

Solicitation of proxies. The cost of soliciting proxies will be borne by us. After the original delivery of the Notice and other proxy soliciting material, further solicitation of proxies may be made by mail, telephone, facsimile, electronic mail, and personal interview by our regular employees, who will not receive additional compensation for the solicitation. We will also request that brokerage firms and other nominees or fiduciaries deliver the notice and proxy soliciting material to beneficial owners of the stock held in their names, and we will reimburse them for reasonable out-of-pocket expenses incurred in doing so. We have engaged Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902, to act as a proxy solicitor to assist in the solicitation of proxies and provide related advice and informational support, and will pay approximately $12,000 in fees (plus reimbursement of expenses) for these services in the US and Australia.

List of Stockholders. In accordance with Delaware law, a list of stockholders entitled to vote at our annual meeting will be available at the meeting and for ten days before our annual meeting at our corporate offices, located at 9001 Spectrum Center Boulevard, San Diego, California, 92123 USA, between the hours of 9:00 a.m. and 4:00 p.m. local time.

How many votes are required?

Only record holders of our common stock as of the close of business on September 19, 2011 (at 4:00 p.m. US Eastern Time) (the record date), are entitled to receive notice of, and to vote at, our annual meeting. At the record date we had outstanding 148,703,504 shares of common stock (excluding treasury shares), the holders of which are entitled to one vote per share. Accordingly, an aggregate of 148,703,504 votes may be cast on each matter to be considered at our annual meeting.

To constitute a quorum to conduct business, a majority of the outstanding shares entitled to vote must be represented at our annual meeting. Shares represented by proxies that reflect abstentions or broker non-votes (street name shares held by a broker or nominee that are represented at the meeting, but with respect to which the broker or nominee has not been empowered to vote on a particular proposal and has not been instructed to vote on the proposal by the beneficial owner of the shares) will be counted as shares represented at our annual meeting for purposes of determining a quorum.

Proposal 1 Directors will be elected by a plurality of the votes cast. Thus, the two nominees receiving the largest number of votes will be elected. As a result, abstentions will not be counted in determining which nominees received the largest number of votes cast. Brokers do not have discretionary authority to vote on the election of directors, so resulting broker non-votes will not affect the outcome of the election.

Proposal 2 Approval of the proposed amendment to the incentive plan (proposal 2) requires the affirmative vote of a majority of shares cast in person or by proxy, provided that the total votes cast on the proposal represent over 50% of the outstanding shares of common stock entitled to vote on the proposal. Votes for and against and abstentions count as votes cast, while broker non-votes do not count as votes cast. All outstanding shares, including broker non-votes, count as shares entitled to vote. Thus, the total sum of votes for, plus votes against, plus abstentions, which are referred to as the NYSE Votes Cast, must be greater than 50% of the total outstanding shares of our common stock. Once this requirement is met, the number of votes for the proposal must be greater than 50% of the NYSE Votes Cast. The approval of an amendment to an equity plan is a matter on which brokers or other nominees are not empowered to vote without direction from the beneficial owner. Thus, broker non-votes can result from this proposal and make it difficult to satisfy the NYSE Votes Cast requirement. Abstentions have the effect of a vote against the proposal.

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Proposals 3 and 4 The proposals regarding the advisory votes on our executive compensation (say-on-pay vote) (proposal 3) and on the frequency of future say-on-pay votes (proposal 4) require the affirmative vote of a majority of shares cast in person or by proxy. Abstentions and broker non-votes will not affect the outcome of these proposals. If none of the frequency alternatives (every year, two years or three years) receive a majority of the votes cast, we will consider the highest number of shares cast by the stockholders to be the frequency that has been selected by our stockholders. Because the advisory vote on the frequency of future say-on-pay votes is advisory and not binding on ResMed or the board in any way (as is also the case for the say-on-pay vote and the ratification of our selection of KPMG LLP), the board may decide that it is in ResMed s and its stockholders best interests to hold an advisory vote on future say-on-pay votes more or less frequently than the option selected by our stockholders.

Proposal 5 The proposal regarding the ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2012 (proposal 5) requires the affirmative vote of a majority of the aggregate votes cast in person or by proxy. Abstentions will not affect the outcome of this proposal. Brokers generally have discretionary authority to vote on the ratification of our independent auditors, so we do not expect broker non-votes to result from the vote on proposal 5. Any broker non-votes that may result will not affect the outcome of this proposal.

How can I revoke my proxy or change my vote?

You may revoke your proxy and change your vote at any time before the proxy is exercised by any of the following methods:

Holders of Record

- Delivering written notice of revocation to our secretary at our principal executive offices located at 9001 Spectrum Center Boulevard, San Diego, California, 92123 USA;

- Delivering another timely and later dated proxy to our secretary at our principal executive offices located at 9001 Spectrum Center Boulevard, San Diego, California 92123 USA;

- Revoking by internet or by telephone before 11:59 p.m. (US Eastern Time) on November 15, 2011 for shares traded on the NYSE and 10:00 a.m. (Australian Eastern Time) on November 15, 2011 for holders of CHESS Units of Foreign Securities listed on the ASX; or

- Attending the 2011 annual meeting and voting in person by written ballot. Please note that your attendance at the meeting will not revoke your proxy unless you actually vote at the meeting.

Stock Held by Brokers, Banks and Nominees; and CHESS units of Foreign Securities

- You must contact your broker, bank or other nominee to obtain instructions on how to revoke your proxy or change your vote. You may also obtain a legal proxy from your broker, bank or other nominee to attend our annual meeting and vote in person by written ballot.

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COMMON STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table shows the number and percentage of shares of our common stock that, according to information supplied to us, are beneficially owned as of the record date by: (1) each person who, to our knowledge based on Schedules 13G filed with the US Securities and Exchange Commission and Substantial Stockholder Notices filed with the Australian Stock Exchange, is the beneficial owner of more than five percent of our outstanding common stock; (2) each person who is currently a director, two of whom are also nominees for election as directors; (3) each of the named executive officers; and (4) all current directors and executive officers as a group. In this proxy statement, beneficial ownership means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (that is, the power to dispose of, or to direct the disposition of, a security). All of the following calculations are based on 148,703,504 shares of our common stock outstanding (which excludes treasury shares) on September 19, 2011, the record date. Except to the extent indicated in the footnotes to the following table, the person or entity listed has sole voting and dispositive power with respect to the shares that are deemed beneficially owned by the person or entity, subject to community property laws, where applicable:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Outstanding Common Stock
Stockholders Holding 5% or more		
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	10,157,092(3)	6.83%
Capital Research Global Investors 333 South Hope Street, 55/F Los Angeles, CA 90071-1406	9,361,000(4)	6.3%
Named Executive Officers, Director and Nominees:		
Peter Farrell	2,442,190(5)	1.63%
Christopher Roberts	701,600(6)	*
Michael Quinn	696,600(7)	*
Gary Pace	353,273	*
Robert Douglas	285,986	*
David Pendarvis	278,283	*
Brett Sandercock	225,826	*
Richard Sulpizio	176,000	*
John Wareham	94,000	*
Stein Jacobsen	75,363	*
Ronald Taylor	21,255	*
Kieran Gallahue	14,064	*
All current executive officers and directors as a group (13 persons)	8,980,104	6.04%

* Less than one percent (1%)

(1) Beneficial ownership is stated as of September 19, 2011 and includes shares subject to options exercisable, and restricted stock units (RSUs) that vest within sixty days after September 19, 2011, as set forth below. Shares subject to those options and RSUs are deemed beneficially owned by the holder to compute that person s ownership percentage, but are not treated as outstanding to compute any other person s ownership percentage. Shares have been rounded to the nearest whole number.

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(2) Includes shares which the owner has the right to acquire upon vesting of RSUs, or exercise of vested options, as of September 19, 2011 or within 60 days after that date, as set forth in the table below.

Name of Beneficial Owner	Stock Options	RSUs
Peter Farrell	1,508,932	7,142
Christopher Roberts	240,000	0
Kieran Gallahue	0	14,064
Stein Jacobsen	54,500	20,714
Gary Pace	276,000	0
Michael Quinn	276,000	0
David Pendarvis	256,796	10,357
Brett Sandercock	185,000	20,714
Robert Douglas	260,000	20,714
Richard Sulpizio	156,000	0
John Wareham	84,000	0
Ronald Taylor	0	6,969
All current executive officers and directors as a group (13 persons)	3,629,728	136,745

(3) Based on information provided in a Schedule 13G/A filed with the SEC on February 8, 2011, by BlackRock, Inc., that reports sole voting and dispositive power over all of these shares.

(4) Based on information provided in a Schedule 13G/A filed with the SEC on February 10, 2011, by Capital Research Global Investors, that reports sole voting and dispositive power over all of these shares.

(5) Includes 501,408 shares held by the Peter C. Farrell Family Trust, 200,000 shares held by the Peter C. Farrell August 2011 Annuity Trust, 200,000 shares held by the Peter C. Farrell December 2010 Annuity Trust, 21,391 shares held by the Peter C. Farrell July 2010 Annuity Trust and 3,317 shares held by the Peter C. Farrell April 2010 Annuity Trust.

(6) Includes 23,200 shares held by his spouse, 302,400 shares held of record by Cabbit Pty Ltd, and 136,000 shares owned by AceMed Pty Ltd, two Australian corporations controlled by Dr. Roberts and his wife.

(7) Includes 400,000 CHESS Units held on the ASX representing 40,000 NYSE shares, 6,600 shares owned by Kaylara ATF Straflo Pension Fund, an entity controlled by Mr. Quinn.

Executive Officers

As of the record date, September 19, 2011, our executive officers were:

Executive Officer	Age	Position
Don Darkin	58	President sleep-disordered breathing strategic business unit
Robert Douglas	51	Chief operating officer
Michael J. Farrell	39	President Americas
Peter Farrell	69	Chairman of the board of directors, president and chief executive officer
Stein Jacobsen	46	President Europe
David Pendarvis	52	Chief administrative officer and global general counsel
Brett Sandercock	44	Chief financial officer

Kieran Gallahue resigned as our director, president and chief executive officer on January 28, 2011.

BIOS

For a description of the business background of Dr. Farrell, see Matters to be Acted On Proposal 1: Election of Directors.

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DON DARKIN

President sleep-disordered breathing strategic business unit

Don Darkin has been president, sleep-disordered breathing strategic business unit since May 2011. Previously he was senior vice president, strategic business unit patient interfaces from July 2007 to May 2011. Before these positions, Mr. Darkin held several senior roles within ResMed. He joined ResMed in August 1999 as vice president, product development. In May 2005, he became director of operations in France for ventilation, and subsequently served as vice president, business divisions, and senior vice president, global product development. Before working at ResMed, Mr. Darkin served as vice president of operations for Ambri Pty (Molecular Engineering and Biotechnology) Ltd. Australia, and vice president, product development for Telectronics Medical Systems Australia and USA. Mr. Darkin is identified as an inventor or co-inventor on 81 granted patents worldwide. Mr. Darkin was educated in the UK in mechanical engineering and has further professional management training at University of New South Wales and Massachusetts Institute of Technology.

ROBERT DOUGLAS

Chief Operating Officer

Mr. Douglas holds full operational responsibility for ResMed and its subsidiaries. Mr. Douglas appointment to chief operating officer on September 1, 2011, follows an extensive career within ResMed. His former roles include president Asia Pacific and chief, global supply operations from May 2011, responsible for global manufacturing and commercial distribution and sales operations in the Asia Pacific region; chief operating officer Asia Pacific since July 2008; chief operating officer Sydney from 2005, responsible for ResMed s manufacturing and research and development; vice president of operations from 2003 responsible for ResMed s manufacturing; vice president of bilevel division from 2000 2003. Mr. Douglas first joined ResMed in 2001 in the role of vice president of corporate marketing. Mr. Douglas has a Master of Business Administration from Macquarie University, a bachelor s degree in electrical engineering with First Class Honors and a B.Sc. (Computer Sciences) from The University of New South Wales, Sydney. Mr. Douglas also sits on the board of directors of the Australian Science Media Centre, a nonprofit organization that facilitates media reporting of science. ResMed is a sponsor of the Australian Science Media Centre.

MICHAEL J. FARRELL

President Americas

Michael J. Farrell joined ResMed in September 2000 and has been president, Americas since May 2011. Mr. Farrell was previously senior vice president, strategic business unit sleep from July 2007 to May 2011, and before that role he was vice president, marketing for the Americas from June 2005 through July 2007, and vice president, business development. Before joining ResMed, Mr. Farrell worked in management consulting and biotechnology, as well as in chemicals and steel manufacturing at Arthur D. Little, Genzyme Corporation, The Dow Chemical Company, Vale and BHP Billiton. Mr. Farrell sits on the board of directors of the American Association for Homecare. Mr. Farrell holds a Bachelor of Engineering, with first-class honors, from the University of New South Wales, a Master of Science in Chemical Engineering from the Massachusetts Institute of Technology, and an M.B.A. from the MIT Sloan School of Management. Michael Farrell is the son of Dr. Peter Farrell, our founder, chairman of the board and chief executive officer.

STEIN JACOBSEN

President Europe

Stein Jacobsen was appointed president, Europe in May, 2011. Prior to that appointment he served as ResMed s chief operating officer, Europe since January 1, 2009. He joined ResMed in 2005 as chief operating officer Nordics, after our acquisition of PolarMed Holding AS, a Scandinavian medical equipment distributor that Mr. Jacobsen founded in 1993. Mr. Jacobsen served as chief operating officer Nordics until July 2007, when he became senior vice president of our ventilation strategic business unit. With over twenty years of experience in the respiratory business, Mr. Jacobsen has founded and directed eight successful medical equipment distributors in the Scandinavian respiratory market. Mr. Jacobsen holds the equivalent of a B.Sc. in Clinical Engineering from the University of Stavanger, Norway.

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DAVID PENDARVIS

Chief Administrative Officer and Global General Counsel

David Pendarvis was appointed chief administrative officer in May 2011 and remains global general counsel, a position he has held since joining ResMed in September 2002 and corporate secretary since February 2003. Mr. Pendarvis had been senior vice president, organizational development from February 2005 to May 2011. From September 2000 until September 2002, Mr. Pendarvis was a partner in the law firm of Gray Cary Ware & Freidenrich LLP, where he specialized in intellectual property and general business litigation. Until September 2000 he was a partner with Gibson, Dunn & Crutcher LLP, where he began working in 1986. From 1984 until 1986 he was a law clerk to the Hon. J. Lawrence Irving, US District Judge, Southern District of California. Mr. Pendarvis is also a member of the board of directors of Sequenom, Inc., a NASDAQ-listed company providing molecular diagnostic testing and genetic analysis solutions. He holds a B.A. from Rice University; a J.D., cum laude, from the University of Texas School of Law; and a Master of Science in Executive Leadership from the University of San Diego.

BRETT SANDERCOCK

Chief Financial Officer

Brett Sandercock has been chief financial officer since January 1, 2006. From November 2004 until December 2005, Mr. Sandercock was vice president, treasury and finance at ResMed. Before that, from 1998 to November 2004, Mr. Sandercock was group accountant and then controller at ResMed. From March 1996 to August 1998 he was manager, financial accounting and group reporting at Norton Abrasives, a division of the French multi-national, Saint Gobain. Mr. Sandercock also held finance and accounting roles from November 1994 to March 1996 at Health Care of Australia, a large private hospital operator in Australia. From 1989 to 1994, Mr. Sandercock worked at PricewaterhouseCoopers in Sydney, specializing in audits of clients predominantly focused on distribution and manufacturing, financial services and technology. Mr. Sandercock holds a B.Ec. from Macquarie University and is a certified chartered accountant. Mr. Sandercock currently serves on the board of CAP-XX Limited, a London Stock Exchange-listed company that manufactures and markets super capacitors.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis (CD&A)

Introduction

This Compensation Discussion and Analysis section discusses the compensation policies and programs for our named executive officers. During fiscal year 2011, through January 28, 2011, Kieran Gallahue, president and chief executive officer, served as our principal executive officer. On February 1, 2011, Dr. Peter Farrell assumed Mr. Gallahue s position so that he is currently chairman of our board of directors, president and chief executive officer. Our other named executive officers for fiscal 2011 were Brett Sandercock, our chief financial officer, and our three next most highly paid executive officers: David Pendarvis, our chief administrative officer and global general counsel; Rob Douglas, our chief operating officer; and, Stein Jacobsen, our president Europe. This section also discusses the role of the compensation committee of our board of directors (the committee) in the design and administration of our compensation programs and policies and in making compensation decisions for our executive officers.

Overview of Fiscal Year 2011 Executive Summary

Financial Success. During the 2011 fiscal year, ResMed continued our trend of successful financial performance. In 2011, our net revenues increased by approximately 14%, from $1.09 billion to $1.24 billion. Meanwhile, net income increased by approximately 19% from $190 million to $227 million. Our diluted earnings per share increased by approximately 17%, from $1.23 to $1.44. As of June 30, 2011, ResMed s total shareholder return for the previous year was 2%, which compared to the peer group we use for compensation purposes was below the 25th percentile. For the three-year period ending June 30, 2011, total shareholder return was 20%, and above the 75th percentile, while total shareholder return over the preceding five-year period was 6%, consistent with the median. We believe the longer-term shareholder return is more relevant, and the one-year period is impacted by short-term share price movements. For example, for fiscal year 2010 our total shareholder return was 49%.

On August 5, 2010, we declared a two-for-one split of our common stock, payable in the form of a 100% stock dividend. On August 30, 2010, shareholders, including employee option holders, received one additional share of common stock for every share held on August 17, 2010.

Compensation Tied to Performance. We believe that our executive officers were instrumental in achieving our positive financial results. We further believe that the compensation paid to our named executive officers for fiscal 2011 reflects and is tied to their contributions to our success.

Bonuses. During fiscal year 2011, we performed at or above target for our performance metrics under our annual cash incentive program, despite challenging overall economic conditions. As in the prior year, the primary performance measures for 2011 were net sales and net profit as a percentage of sales at the global level and, for certain executive officers, at the regional level, with additional strategic goals established for our chief executive officer. We achieved 98.8% against target for global net sales and 103.25% against target for net profits as a percentage of sales. Bonus payments to our executive officers reflected our success and were paid at amounts ranging from 103.42% to 109.43% of target bonus opportunity. As the bonus payments exceeded target levels, they resulted in above median total cash compensation for our named executive officers as compared to our peer companies.

Restricted Stock Units. During fiscal year 2011, we granted performance-based restricted stock units that may be earned based on exceeding a minimum targeted pro forma net profit for the second half of fiscal year 2011. Because we exceeded the minimum targeted pro forma net profits for the second half of fiscal year 2011, all restricted stock units that were granted during fiscal year 2011 were earned, and continue to be subject to a four-year service based vesting requirement commencing with the date of grant.

Stock Options. On the date of our 2010 annual meeting, we granted stock options to certain of our named executive officers, with a strike price based on the price of our stock on the New York Stock Exchange on the date of our 2010 annual meeting, $33.70. As of the end of fiscal year 2011, our NYSE stock price was $30.95, below that strike price. Thus, our executive officers have yet to realize any gains from those stock options, consistent with shareholders who have held our stock over that same period of time.

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Implementation of Emerging Best Practices. In fiscal year 2011, the compensation committee took the following key compensation actions that are responsive to concerns of stockholders, continue to better align our performance with compensation paid and that tie management s interests with those of our stockholders:

Implemented cap on short-term incentive bonuses. The committee adopted a new policy related to the short-term incentive cash bonus program requiring that all executive officers cash incentive payouts be capped at two times (2X) the executive s target bonus opportunity.

Implemented policy not to pay out short-term incentive bonuses or other performance awards in the event of a termination of employment prior to date of payment. We adopted a policy not to pay or provide a cash bonus or other performance award under our short-term incentive compensation programs in the event a separation of service occurs before the date of payment for the bonus or award. This policy applies only to those members of management whose compensation is approved by the committee and applies even if the individual served through the end of the relevant measurement period.

Eliminated tax gross-up payments for new or materially modified change in control agreements. We continued our policy that we will no longer enter into new change in control agreements that provide tax gross-up payments. If any change in control agreement is materially modified, the committee s policy requires eliminating any tax gross-up payments in the amended agreement.

Adopted equity award guidelines for executive officers and directors. We believe that our officers and directors should be stockholders and have a meaningful financial stake in us, and we encourage them to own shares of our stock. During fiscal year 2011, we implemented equity award guidelines for our executive officers and directors. The guidelines require our chairman and chief executive officer to hold common stock valued at a minimum of three times (3X) annual base salary, while all other executive officers are required to hold common stock valued at one and half times (1.5X) annual base salary. Each non-executive director is required to hold five times (5X) the annual board retainer. The individuals will have five years to reach these targets. See *Fiscal Year 2011 Equity Ownership Guidelines*, and *Corporate Governance Compensation of Directors*, below.

Executive Management Changes in Fiscal Year 2011

On January 28, 2011, Kieran Gallahue resigned from service as our director, chief executive officer and president. Our board of directors appointed Dr. Peter Farrell to serve as chief executive officer and president, in addition to his role as chairman of the board, based largely on Dr. Farrell s experience as our founder and our president and chief executive officer for over 18 years, and our success under his leadership and his expertise within the sleep-disordered breathing industry. In February 2011, the committee increased Dr. Farrell s base salary from approximately $500,000 to $820,050, commensurate with the base salary then in effect for Mr. Gallahue, to reflect his additional responsibilities. Dr. Farrell s target bonus opportunity remained at 120% of his salary, and the committee reconfirmed that all bonuses are paid based on actual salary paid during the year and not on the salary in place as of the end of the fiscal year. No severance or additional benefits were paid to Mr. Gallahue in connection with his resignation. Based on the recommendation of the nominating and governance committee, the board formed a chief executive officer succession committee, comprised of Messrs. Wareham, Pace and Taylor, and advised by Mr. Pendarvis and Dr. Farrell, to evaluate potential candidates for the principal executive officer position and further advise on succession planning.

In May 2011, following review by Dr. Farrell in his new role and consistent with his emphasis on driving awareness of the prevalence of sleep-disordered breathing and other chronic diseases related to sleep-disordered breathing, we further reorganized our internal management teams and strategic business units. As part of these changes, effective May 2011, the following changes were made in our named executive officers responsibilities:

Mr. Douglas became our president Asia Pacific and chief, global supply operations. His responsibilities in this role included the management of sales and commercial activities in Asia Pacific, as well as leading our global supply organization with responsibilities for manufacturing and logistics. Mr. Douglas was previously our chief operating officer Asia Pacific;

Mr. Jacobsen became our president Europe. Mr. Jacobsen remains responsible for European sales and commercial activities. He was formerly chief operating officer Europe; and

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Mr. Pendarvis became our chief administrative officer and global general counsel, responsible for legal, human resources, training and development, and investor relations. Mr. Pendarvis was formerly senior vice president, organizational development, global general counsel, and secretary. He remains our company secretary.

In May 2011, the committee made certain salary adjustments to be effective for fiscal year 2012 to reflect these changes in responsibilities and to provide for annual salary adjustments. The committee also increased the annual cash target bonus opportunity for our executive officers (and certain other officers), other than the chief executive officer, to equal 75% of base salary, in order to provide consistency among management and to provide a greater percentage of compensation at risk and dependent on our performance.

In August 2011, Mr. Douglas was further promoted to the position of chief operating officer, and the committee approved certain additional compensation changes to reflect his increased responsibilities, as described more fully below.

Philosophy and Objectives of our Executive Compensation Program

We desire to attract, motivate and retain high quality employees who will enable us to achieve our short-term and long-term strategic goals and values. We operate in a high-growth environment where substantial competition exists for skilled employees. Our ability to attract, motivate and retain high-caliber individuals depends in large part on the compensation packages we offer. We believe that our executive compensation programs should reflect our financial and operating performance. In addition, individual contribution to our success should be supported and rewarded. In designing and implementing our executive compensation program, the committee is guided by the following principles:

Pay-for-performance is fundamental.

A significant portion of our executives compensation is at risk and tied to the achievement of pre-established short-term corporate financial objectives through our annual cash incentive programs and our restricted stock unit program. This philosophy is maintained despite the increased emphasis on base salary in Australia and Norway where certain of our named executive officers reside. The following pie charts illustrate the allocation of total direct compensation that the named executive officers earned for fiscal year 2011:

Provide market competitive compensation.

Our objective is to provide a target total compensation program that is competitive with similarly-sized companies in the medical device and medical technology industries with which we compete for executive talent. During fiscal year 2011, the committee continued its philosophy from fiscal year 2010 that total target cash compensation (assuming on-target cash bonus) for its executive officers should be targeted between the 60th and 70th percentile of our peer group; and that total target cash compensation should reflect a relatively lower emphasis on salary and a high percentage of pay at risk in the form of an annual cash incentive. Outside benchmark data for fiscal year 2011 reviewed by the committee at the commencement of 2011 indicated that the total cash compensation for ResMed s named executives in the aggregate was near the 60th percentile, indicating a good execution of the committee s strategies in compensation. Total target cash compensation for our chief executive officer and chief financial officer were slightly below median, reflecting the relative tenure of our then-chief executive officer and varying geographic markets for our chief financial officer.

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We are committed to a philosophy of total pay (the sum of cash compensation, equity compensation and benefits programs) being competitive within relevant markets when our performance meets target performance criteria set forth in our bonus programs. Total pay will typically lag the market when our performance is below the target performance criteria set forth in the bonus programs and will typically exceed competitive levels when our performance is above the target performance criteria set forth in the bonus program.

Stockholder interest alignment is crucial.
We believe that our equity-based incentive award program enhances long-term stockholder value and encourages long-term performance by providing a strong alignment of interests between our executives and our stockholders. Equity is a key component of our executive compensation because the committee believes that equity-based incentive awards, in the form of stock options and restricted stock units, align our executives financial rewards with those of our stockholders through appreciation of our stock price.

We continued the practice starting in fiscal year 2010 of providing certain employees (including our named executive officers) the choice to select whether their equity awards would be entirely in the form of stock options, entirely in restricted stock units or evenly split (in value) between the two. Each restricted stock unit was provided at a ratio of 1 restricted stock unit for 3.5 options. This ratio was determined by the committee, after considering the estimated Black-Scholes valuation of options at approximately 32% of an option strike price. The ratio was adjusted to 3.5:1 to provide a slight discount to reflect the lower risk of restricted stock units. In addition, the committee determined that restricted stock unit awards granted to our executive officers and certain other officers would, in addition to having a four year vesting period, be conditioned on achieving certain performance targets.

Make informed decisions.
The committee annually retains an independent compensation consultant to advise the committee on executive compensation matters for executive officers and to perform a comprehensive market analysis of our executive compensation program and pay levels. See the section titled *Peer Group Comparisons* below.

Compensation Process

Compensation Committee Membership and Role. Compensation committee members are independent directors who meet the standards for independence set by the US Securities and Exchange Commission, the New York Stock Exchange, and the Australian Stock Exchange. The committee operates under a written charter adopted by our board of directors. We have posted a copy of the charter of the committee on our website, at www.resmed.com. During fiscal year 2011, Gary Pace, Richard Sulpizio and Ronald Taylor served as members of the committee. Mr. Taylor served as committee chair during the entire fiscal year. We believe that Mr. Taylor s experience and prior service, including serving in a similar capacity on the boards of other public companies, provide him with appropriate qualifications to serve in this capacity for us.

The committee reviews and approves salaries, bonuses, equity-based compensation, and all other elements of the compensation packages offered to our executive officers, including our named executive officers, and establishes our general compensation policies.

The committee considers each of the three primary elements of compensation (salary, cash incentives and equity) based on market analysis, individual performance, the perceived value of the individual to ResMed and other factors it deems relevant. The committee also considers regional variation. For example, base salaries for certain positions in other countries, when translated to US dollars, may reflect a different percentile when compared to US market peers than when compared to market peers in an executive s home country. There are similar regional variations in the use of short-term and long-term incentives. The committee attempts to balance the goal of paying consistent with the local market, with the goal of maintaining internal consistency in compensating executives in different regions.

Timing of Decisions. Generally, our executive officers compensation is adjusted each year effective October 1, the beginning of our second fiscal quarter. Accordingly, the committee generally makes decisions on the principal components of executive officer compensation base salary, bonus potential, equity awards, and perquisites generally during the first quarter. Specific performance bonus targets for executive officers are generally determined before or during the first month of the fiscal year for that year. Determining actual performance versus targets and calculating bonus payouts generally occur in the first two months

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following the end of our fiscal year. Bonus payments to our officers are made after the fiscal year-end audit is complete. If other executive compensation issues arise during the course of the year, the committee takes those issues up on a case-by-case basis. Determinations regarding promotions are generally made contemporaneous with the promotions.

Independent Compensation Consultant. In making its decisions, the committee reviews data obtained from peer group companies and considers the recommendations of management and the advice of its independent compensation consultants regarding each element of compensation. Since fiscal year 2007, the committee has retained Frederic W. Cook & Co., Inc., an independent compensation consultant (Cook & Co.), to advise the committee with respect to executive compensation matters for executive officers. For fiscal year 2011, Cook & Co. also advised the committee regarding the Australian company benchmarks for the positions of chief financial officer and chief operating officer Asia Pacific. The committee reviewed market practices and benchmarking data from Cook & Co. and considered ResMed s and our executives relative performance and the recommendations of the consultants when setting compensation. The committee also considered the experience and knowledge of committee members regarding compensation practices for comparable positions at other companies. Although the committee considers various sources of information and recommendations, ultimately, of course, the committee relies on its own independent judgment.

Role of Management. Our founder, chairman, president and chief executive officer, our chief administrative officer and global general counsel, and other members of management provide input and recommendations to the committee regarding pay to the executive officers and other members of management for their review and approval. While the committee gives consideration to these recommendations, it exercises independent judgment. Management provides to the compensation consultants and to the committee historical and prospective breakdowns of total compensation components for each executive officer and financial data in support of the various compensation components. Management also provides recommendations that include financial goals and criteria for our annual and long-term incentive plans. Management gathers the information it provides from consultants, the market, and internal resources, allowing designs and strategies to be tied directly to our business needs. While management typically attends committee meetings, the committee chair excuses individual management members as appropriate for independent review or decision-making.

Peer Group Comparisons. In making its decisions on executive compensation, the committee generally uses industry compensation surveys prepared by outside consultants. In August 2010, Cook & Co., the committee s independent compensation consultants, performed an executive compensation review based on current US and Australian market compensation data from a peer group of publicly traded medical device and medical technology companies. Companies comprising the US peer group for the executive compensation review conducted in August 2010 for the 2011 fiscal year were:

Alere Inc.	Hologic Inc
Beckman Coulter Inc.	Illumina Inc.
Charles River Laboratories International, Inc.	Intuitive Surgical, Inc.
The Cooper Companies Inc.	Kinetic Concepts, Inc.
DENTSPLY International Inc.	Life Technologies Corporation
Edwards Lifesciences Corp.	PerkinElmer Inc.
Gen-Probe Incorporated	STERIS Corporation
Haemonetics Corp.	Techne Corporation
	Varian Medical Systems Inc.

The committee believes that this peer group reflected a reasonable cross-section of our labor market for talent and included companies that our investors might consider in determining the reasonableness of our pay and alignment of our pay with our performance. Each position, other than our chairman position, was reviewed against comparable positions within our peer group. The committee determined that there were no adequate comparable data points for the position of our founder and chairman, Dr. Farrell. The committee periodically reviews the composition of the peer group and the criteria and data used in compiling the list, and considers modifications to the group. We select peer companies that are medical device or medical technology companies with a market capitalization, stockholder return, profitability, revenue and employee population roughly comparable to ours. At the time of the August 2010 analysis, ResMed s revenue was slightly below the median and market capitalization was at the 75th percentile; also, as of August 2010, our one-year total shareholder return was the second highest in the peer group and our three-year total shareholder return was in the peer group s top quartile. ResMed s fiscal year 2010 revenue growth, operating income growth and diluted earnings per share growth were generally in the top quartile of the peer group. For the August 2010 review, Alere Inc. was added as a peer group from the group used in August 2009, consistent with selection criteria described above.

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In August 2010, the committee also considered compensation survey data from nine similarly-sized Australia-based publicly listed companies for our Australia-based chief financial officer and our president Asia Pacific. Cook & Co. noted that Australian peer companies typically have different pay models with higher salaries and lower incentives. The Australian peer group companies reviewed were:

Ansell Limited	Incitec Pivot Limited
Boral Limited	Ramsay Health Care
Cochlear Limited	Sonic Healthcare Limited
CSL Limited	Worley Parsons Limited
CSR Limited	

The committee also considered past consultant data prepared for our president Europe and information regarding current local market conditions. The committee also noted Europe and Norway peer companies typically have different pay models, with higher salaries and lower incentives.

Elements of Compensation

Base Salary

Base salaries provide our executives with a degree of financial certainty and stability. In order to attract and retain highly qualified executives, we pay within salary ranges that are generally based on similar positions in companies of comparable size and complexity. Using the peer group data, the committee assesses base salaries at the median, 60th and 75th percentiles with the goal of positioning base salary around the 60th percentile. Adjustments are made based on the final committee assessment.

Salary adjustments are generally made annually to be effective October 1, at the start of the second quarter of our fiscal year. In August 2010, the committee approved a base salary increase effective October 1, 2010 for each of our named executive officers as set forth below. Messrs. Gallahue and Sandercock each received a 10% salary increase as they were each below the median of the peer group data for comparable positions. In addition, effective as of February 1, 2011, the committee authorized an increase in Dr. Farrell s pay to reflect the added role of chief executive officer and president with the resignation of Mr. Gallahue on February 1, 2011. Dr. Farrell s salary was increased from $496,125 to $820,050, commensurate with the salary then paid to Mr. Gallahue. For Mr. Sandercock and Mr. Douglas, the amounts shown in the table below represent the US dollar equivalent of their Australian dollar-denominated salaries, with actual compensation varying based on currency fluctuations.

Named Executive Officer/Position at October 1, 2010	2010 Base Salary	% Variance of 2010 Base Salary to Peer 60th Percentile	2011 Base Salary	% Increase from 2010 to 2011
Peter Farrell Executive chairman	$ 472,000	n/a[a]	$ 496,125	5%[a]
Kieran Gallahue President and chief executive officer	$ 745,500	-16%	$ 820,050	10%
Brett Sandercock Chief financial officer	$ 382,579[b]	-14%	$ 473,162[c]	10%[d]
David Pendarvis Senior vice president, organizational development and global general counsel	$ 410,025	-1%	$ 430,526	5%
Rob Douglas Chief operating officer Asia Pacific	$ 353,320[b]	-14%	$ 417,102[c]	5%[d]
Stein Jacobsen Chief operating officer Europe	$ 363,090[b]	+6%	$ 377,614[c]	4%[d]

(a) The committee determined there was insufficient data for comparing this position, based in part on considering Dr. Farrell s past roles, to peer group. In addition, these amounts do not reflect the increase in pay occurring upon Dr. Farrell s assumption of the role as chief executive officer. When appointed president and chief executive officer in February 2011, Dr. Farrell s salary increased to $820,050 due to his increased role.

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(b) These salaries were approved in August 2009 in local currency. They are reported here in US dollars based on that fiscal year 2010 average annual exchange rate. The average annual exchange rates were approximately Australian Dollar (AUD) to US Dollars (USD) of 1 to 0.8833 and Norwegian Kroner (NOK) to USD of 1 to 0.1678.

(c) These salaries were approved in August 2010 in local currency. They are reported here in US dollars based on the fiscal year 2011 average annual exchange rate. The average annual exchange rates were approximately AUD to USD of 1 to 0.9931 and NOK to USD of 1 to 0.1729.

(d) The percentage increases are reported based on local currency.

For fiscal year 2012, in light of the re-alignments in structure at the senior management level occurring in May 2011, and in recognition of our overall continued strong financial performance, the committee increased base salaries by 5% for executive officers whose jobs did not entail extensive changes in duties, with the increase effective as of October 1, 2011, and for those executive officers and other officers whose jobs included additional duties, the committee increased base salaries to an amount that better positions them at approximately the 50th to 60th percentiles of peer group data for comparable positions, with the increases effective as of July 1, 2011. As a result, all of the named executive officers received a 5% base salary increase for 2012, other than Dr. Farrell who received a 10% salary increase and Mr. Jacobsen who received an 8% salary increase effective September 1, 2011, in connection with Mr. Douglas promotion to chief operating officer, he received an additional 12.6% increase in base salary commensurate with his additional responsibilities.

Annual Performance-Based Bonuses

The second compensation component is a cash bonus under our annual bonus program. The primary purpose of our annual bonus program is to motivate our executives to meet or exceed our company-wide and regional short-term operating performance objectives. The program is intended to share our success with eligible executives to the extent warranted by our performance, and to provide competitive compensation to eligible executives in a manner consistent with our philosophy of paying for performance. The bonus program is intended to qualify as a performance-based award under our incentive plan as well as performance-based compensation for purposes of section 162(m) of the US Internal Revenue Code.

In setting appropriate bonus target opportunities for fiscal year 2011, the committee reviewed the 50th, 60th, and 75th percentiles of peer comparables (both in terms of target amounts and amounts actually earned). The committee also considered the potential effect of bonus targets on total cash compensation and reviewed total cash compensation at peer comparables at those percentiles. During fiscal year 2011, the committee approved target bonus percentages for named executive officers at the same level as in prior years 70% of base salary for our named executive officers, other than our chief executive officer and chairman of the board, who is at 120% of base salary. Maintaining the bonus target percentages established for fiscal year 2010 reflected the committee s continuing preference to place a higher proportion of total cash compensation for these individuals at risk and based on our performance. The bonus percentages are designed to deliver total cash compensation roughly between the 60th and 70th percentiles of comparable peers if the pre-established target performance goals were achieved, while increasing the percentage of our officers cash compensation that is at risk based on corporate performance.

For fiscal year 2011, Messrs. Sandercock and Pendarvis participated in our global bonus compensation program, which is based on overall corporate financial performance as measured against equally weighted pre-established performance measures of global net sales and global net profit after tax as a percentage of revenues, as shown below. The other executive officers participated in bonus programs that were based not only on these global metrics, but also on the same metrics on a regional basis, as shown below. The committee believes that it is best to tie each executive s incentive pay to the areas over which the executive can assert the most influence and to vary the weighting to reflect the relative focus desired by the executive for each metric. The committee continues to believe that net sales and net profits after taxes as a percentage of revenues are important performance metrics on a global and regional basis because these goals focus on profitably increasing our revenues.

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The performance measures and their weighting by named executive officer for fiscal year 2011 were as follows:

Named Executive Officer	Global Net Sales	Global Net Profit after Tax as a % of Revenue	Regional Net Sales	Regional Net Profit after Tax as a % of Revenue	Other
Peter Farrell	40%	40%			20%
Brett Sandercock	50%	50%			
David Pendarvis	50%	50%			
Rob Douglas	40%	40%	15%	5%	
Stein Jacobsen	15%	15%	50%	20%	

The 2011 bonus program for Mr. Gallahue was identical to that for Dr. Farrell, though Mr. Gallahue did not receive any bonus for fiscal year 2011 because he resigned before fiscal year end. Dr. Farrell s bonus was based 20% on the development of strategic plans for ResMed in the special focus areas of primary care, endocrinology, cardiology and chronic obstructive pulmonary disease/ventilation.

In fiscal year 2011, the committee established a cap on the maximum amount of bonus payout per executive officer at 200% of that officer s target bonus opportunity. Although the committee retains discretionary authority to award a special bonus in the event performance metrics demonstrate that a bonus should have exceeded this cap, that discretionary bonus would not be considered part of our annual bonus program executed under our incentive plan. The fiscal year 2011 payout structure, based on achieving pre-established targeted milestones for each performance metric, is identical for each metric and is described in the following table. Payouts are expressed as a percentage of target bonus opportunity after giving effect to the weighting for the performance metric. Performance between and above the milestones listed below will be paid based on linear interpolations.

No payout	50% payout	100% payout	150% payout	150% to 200% payout
< 85% of target	85% of target	100% of target	115% of target	>115% of target

The committee approves the actual bonus amounts for executive officers after review of company financial data and performance. The targets and actual performance for each of the metrics are listed below.

Bonus Component	Targeted Performance	Actual Performance	Percentage Achieved	Bonus % Payout based on % Achieved
Global net sales	$ 1,235,171,000	$ 1,220,349,000	98.80%	96.00%
Global net profit after tax as a % of revenue	19.95%	20.60%	103.25%	110.85%

We also achieved 111.37% and 102.99% of our Asia Pacific net sales and Asia Pacific net profit after tax as a percentage of revenue targets, respectively, and 102.48% and 99.52% of our Europe net sales and Europe net profit after tax as a percentage of revenue targets, respectively. At the time the compensation committee set the regional metrics, the regional net sales and net profit after tax as a percentage of revenue targets were determined to be challenging but attainable. During the past three years, we have achieved the Europe regional goals at levels ranging from 100.03% to 102.48% for the Europe net sales targets and from 99.52% to 101.44% for the Europe net profit after tax as a percentage of revenue targets. Fiscal year 2011 was the first year that the committee established regional targets specific for the Asia Pacific region for Mr. Douglas.

For fiscal year 2011, applying the pre-determined bonus payment formula, the committee determined that following percentages of target bonus opportunities would be paid:

103.42% to Messrs. Sandercock and Pendarvis under our global bonus program based on equal weighting of both global metrics, 108.93% to Mr. Douglas, which reflected our Asia Pacific regional metrics, and,

104.85% to Mr. Jacobsen, which reflected our Europe regional metrics.

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In addition, the committee determined that Dr. Farrell achieved 80% of his strategic focus objectives. In making this determination, the committee reviewed company meetings with industry leaders in these areas, the extent to which strategic plans were established and whether they included financial data and other metrics to measure success within the strategic plans. This resulted in Dr. Farrell receiving 98.735% of his target bonus opportunity based on achievement of the additional performance measure (after 20% weighting) results in a payout of 98.735% of his target bonus opportunity representing approximately 118.5 % of his salary.

In calculating bonus metric achievement, the committee made the following adjustments from our GAAP financial statement revenues and net profit calculations to eliminate the impact of certain non-operating revenues and expenses:

- Global net sales were adjusted to eliminate the impact of currency movements (approx. $22.8 million);
- Global net operating profit was adjusted to eliminate the impact of:
  - stock-based compensation expenses (approx. $21.3 million, net of tax);
  - amortizing acquired intangibles (approx. $6.8 million, net of tax);
  - interest foregone on cash used to repurchase stock (approx. $0.4 million, net of tax);
  - donation to foundation (approx. $0.6 million, net of tax); and,
- Adjustments to regional net profit metrics were adjusted consistently to eliminate the impact of currency movements on regional revenues, and the regional impact of amortizing acquired intangibles.

The following table sets forth the 2011 target and actual bonus payments. Mr. Gallahue did not receive a bonus because he resigned effective February 1, 2011.

Named Executive Officer/ Position at October 1, 2010	Annual Bonus Target %	Annual Bonus Target $	Actual Bonus Pay	Actual Bonus as a % of Target
Peter Farrell Executive chairman	120%	$ 750,225[(a)]	$ 740,742	98.74%
Kieran Gallahue President and chief executive officer	120%	$ 984,060	$ 0	
Brett Sandercock[(b)] Chief financial officer	70%	$ 323,678	$ 334,748	103.42%
David Pendarvis Senior vice president organizational development and global general counsel	70%	$ 297,781	$ 307,965	103.42%
Rob Douglas[(b)] Chief operating officer Asia Pacific	70%	$ 288,496	$ 314,259	108.93%
Stein Jacobsen[(b)] Chief operating officer Europe	70%	$ 261,788	$ 274,485	104.85%

(a) Dr. Farrell s target bonus was based on base salary paid to him in 2011, including his increased base salary of $820,050 for part of the year in connection with his appointment as president and chief executive officer

(b) These amounts were approved in local currency by the committee. The foreign currency is converted to USD based on the fiscal year 2011 average annual exchange rate. The average annual exchange rates were approximately AUD to USD of 1 to 0.9931 and NOK to USD of 1 to 0.17291. The percentage increases are reported based on local currency.

In order to promote the retention value of our incentive programs, in fiscal year 2011, the committee adopted a new policy providing that we will not pay any bonus or other short-term incentive awards in the event of a separation of employment of an executive officer before the date of the payment. This policy does not impact options, restricted stock units, or other long-term incentives that have vested at the time of separation.

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For fiscal year 2012, the committee increased the target bonus opportunity for named executive officers to 75% of base salary, other than for our chief executive officer and chairman of the board, who remains at the same level as in prior years 120% of base salary. This increase to 75% was approved for all officers below the chief executive officer in order to align our target compensation to deliver short-term incentive compensation closer to the 75th percentile for on-target performance, as well as to recognize the changed roles and responsibilities arising from the reorganization of our management structure, and to have a larger percentage of compensation at risk based on our performance. The committee determined to change the bonus structure for our chief executive officer and chairman for fiscal year 2012 to eliminate the strategic or special focus goals that had been in place in previous years. The committee determined the special focus areas were not necessary at this time, given the change in Dr. Farrell s role from executive chairman to chairman and chief executive officer, and that these changes would better align Dr. Farrell s bonus structure with that of the other executive officers. Effective September 1, 2011, the committee approved an increase to Mr. Douglas target bonus to 80% of base salary in connection with his promotion to chief operating officer and related increased responsibilities.

For fiscal year 2012, substantially similar bonus metrics have been approved, with Dr. Farrell s and Messrs Douglas, Pendarvis and Sandercock s bonuses determined based on our global net sales and net profit as a percentage of sales, weighted equally, and the other executive officers having a percentage of their bonus opportunity-tied to these global metrics and a percentage tied to these metrics at the regional or product level for which they are responsible.

Long-Term Equity Award Program

The third major component of our named executive officers compensation provides a long-term incentive and alignment with stockholders through equity participation. The primary purpose of granting equity awards is to link our officers financial success to that of our stockholders, with the value of the equity awards increasing only as the stock price increases. In fiscal year 2010, the committee introduced restricted stock units into the equity award program in order to provide a mix of awards that increases the capability of the committee to manage more effectively our use of shares under our stock plan, balance the leverage and risk provided by various equity vehicles, more closely conform with practices at our peer companies, and provide more tax-effective equity awards (particularly for our Australian-based executives in light of recent tax law changes concerning option grants). The committee provides employees above certain graded classifications, including our named executive officers, the choice to select whether their equity awards are to be entirely in the form of stock options, entirely in restricted stock units, or evenly split in value between the two. For fiscal year 2011, each restricted stock unit was valued at 3.5 options, based on the relative Black-Scholes value of stock options compared to the value of our restricted stock units, discounted slightly to reflect the lower risk of restricted stock units. The combined availability of options and restricted stock units enables the award designee the opportunity to balance the incentive award in a manner that suits their particular risk profile and with respect to their own preferences in financial or tax planning in the US and non-US jurisdictions.

The committee reviews the grant history, historical burn rates, dilution overhang, and costs, and similar statistics among our peer groups. The committee reviewed Cook & Co. s August 2010 report concerning our historic equity grants and practices relative to those of our peer companies. The committee then establishes an annual pool of option shares available for grants, as well as new-hires, promotions and special situations. For the annual period between our 2010 and 2011 annual meetings, the committee approved a pool of 5 million option equivalents for company-wide use, representing double the pool size from fiscal year 2010 and prior years to account for the 2-for-1 stock split. The 5 million share size of the pool is between the 50th and 75th percentile of the peer group data on a gross run rate basis.

In determining the number of awards granted to specific named executive officers, the committee reviews company performance, the number of outstanding awards available, the percentage of the pool represented by the proposed grant, the present value of the proposed grant, existing option ownership, the number of options granted in the prior year and the three prior years, carried interest ownership, and the grant practices of our peer group companies. For fiscal year 2011, the committee reviewed peer company data to determine median equity awards for each officer s position, except Dr. Farrell, our founder and then-executive chairman. As in fiscal year 2010, the committee determined there was not an adequate comparable for Dr. Farrell s position based on his unique role as founder and executive chairman of ResMed. The committee based Dr. Farrell s grant on its perception of his level of contribution and effort, and the comparison to our other named executive officers.

Cook & Co. reported that our fiscal year 2010 and three-year average award levels were below the median range for our chief executive officer, and our other named executive officers, except our president Asia Pacific and president Europe. In fiscal year

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2010, which is the year reviewed when making fiscal year 2011 equity award determinations, our named executive officers option grants were below the market-cap adjusted median value in aggregate. For fiscal year 2011, the committee determined to continue the practice it followed in fiscal year 2010, and award the same size grant of option equivalents to all of our executive officers below our chief executive officer to promote a team-based approach by our senior management approach, promote internal equity, and eliminate geographical distinctions in equity grants at this senior level. In arriving at the specific grant size, the committee considered the peer group benchmarks at an individual level, as well as aggregate equity compensation for similar groups at our peers. On an individual basis, this resulted in equity awards slightly below the median for Messrs Pendarvis and Sandercock, and awards substantially above the median for Messrs Jacobsen and Douglas. On an aggregate basis, this resulted in an award between the 50th and 75th percentile for these named executive officers as a group.

The following table sets forth option equivalent grants (with each restricted stock unit valued at 3.5 options) provided to our named executive officers in fiscal year 2011 with comparisons to the relevant peer data, as well as the elections made by our named executive officers regarding the form of award to receive. Each option equivalent grant represents one option and 3.5 option equivalent grants represent one restricted stock unit.

Named Executive Officer/Position at October 1, 2010	2011 Option Equivalent Grant	Median Grant to Peer Group in 2010	Awards as Option %	Awards as Restricted Stock Units %
Peter Farrell Executive Chairman	200,000	n/a[(a)]	50%	50%
Kieran Gallahue President and chief executive officer	480,000	480,000	50%	50%
Brett Sandercock Chief financial officer	150,000	160,000		100%
David Pendarvis Senior vice president organizational development and global general counsel	150,000	160,000	50%	50%
Rob Douglas Chief operating officer Asia Pacific	150,000	70,000		100%
Stein Jacobsen Chief operating officer Europe	150,000	70,000		100%

(a) Insufficient data for comparing this position to peer group.

In addition, the committee continued its requirement established in fiscal year 2010 that restricted stock unit awards granted to our executive officers and certain senior executives would, in addition to having a four-year vesting period, be earned based on performance targets as shown in the table below. These conditions allow ResMed to deduct, for tax purposes, the compensation expense associated with those RSUs, and require that RSUs are only earned when the Company meets threshold levels of profitability. After grant, RSUs granted may be earned based on our actual performance compared to targeted levels of earnings for each of the three performance periods: (i) third fiscal quarter; (ii) fourth fiscal quarter; and (iii) the third and fourth fiscal quarters combined. No more than 100% of the RSUs granted may be earned, and once the target is met for a performance period, all RSUs associated with that period are earned. If the target for a performance period is not met, none of the RSUs for that period is earned. However, if the cumulative target for both periods is achieved in either period or in the combined period, 100% of the RSUs granted are earned. The committee determined that the performance condition on the November 2010 RSU grant to executive officers had been met, as shown in the table below.

Performance Component	Target	Approximate Actual Performance	Percentage Payout of RSU Award for the Metric

2011 Third and fourth quarter earnings	$ 67,206,000	$ 126,008,000	100%

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As a result of our earnings performance for the third and fourth quarters of fiscal year 2011, 100% of the RSUs granted were earned. Because the combined periods earnings were sufficient, there was no need to review the quarterly earnings independently.

Once the RSUs are earned, they are subject to a vesting requirement based on service with us, with 25% vesting each year on November 11, with the first vesting to occur on November 11, 2011.

The committee in August 2011 approved the following grants: (i) 120,000 stock option equivalents to Dr. Farrell in connection with his increased responsibilities as president and chief executive officer; and (ii) 200,000 stock option equivalents to Mr. Douglas in connection with his promotion to chief operating officer.

Terms of Stock Options and Restricted Stock Units

Stock options and restricted stock units were issued to our named executive officers during fiscal year 2011 under our incentive plan. The incentive plan requires that the exercise price of options equal the fair market value on the day of the grant, as measured by the closing price of our common stock on the New York Stock Exchange on the grant date. Generally, equity awards granted during the annual grant process are exercisable 25% per year on November 11th of each year subsequent to grant date. In addition, as discussed below, vesting is automatically accelerated on a change of control. After vesting, our named executive officers may exercise options for a maximum period of the earlier of: (1) seven years after the date of grant; or (2) one year after separation for any reason (except 6 months in the case of non-US participants). In fiscal year 2011, the committee adopted two new policies with respect to grants of equity awards to all recipients (including named executive officers): (1) that any unvested awards would accelerate at the recipient s death and become fully exercisable by the estate of the recipient; and (2) any vested options that are in the money (by a margin of 1%) would be exercised automatically at the option expiration date. The committee believes these adjustments were appropriate to address the needs of employees families in times of unfortunate loss as well as to protect an equity award recipient from inadvertently losing earned value of an award.

Policies with Respect to Equity Compensation Awards

The committee s policy is to generally have its annual incentive award grants to named executive officers and non-executive management effective on or about the annual stockholder meeting date. In setting this policy the committee considered many factors, including the alignment of this date with the election of directors and the traditional October 1, salary adjustment date. This enables management and the committee to combine the salary review process with the equity grant process for consistency and administrative convenience and to make awards only after performance in the previous year is known. Also, given our traditional earnings release date in late October or early November, the stockholder meeting is likely to occur in an open window period. In addition, the stockholder meeting date is set and announced several months in advance, providing transparency to the process. Based on these reasons, the committee has set the annual stockholder meeting date as the target for our annual equity grants, although the actual grant date (i.e., the date when the committee takes formal action to make the grants) may vary by a few days from the annual meeting date due to administrative or other factors. The exercise price for options included in the equity grants will equal the closing price of our common stock on the actual grant date.

The committee s policy with regard to granting incentive awards for promotions, new hire and other special situations is that the grants must be properly approved in advance of or on the grant date and the grant date is to occur on the first business day of the month following the promotion, new hire or other special situation; unless the event occurs on the first business day of the month, in which case the grant may be made as of that day. The committee has delegated authority to our chief administrative officer and global general counsel to make grants to employees in connection with new hires, provided that the grants are not to executive officers, are within pre-determined guidelines approved by the committee, and are consistent with other practices relating to our equity award program. In fiscal year 2011, our chief administrative officer and global general counsel approved grants of an aggregate amount of 154,748 option equivalents to individuals under this delegation. Restricted stock units are available for these grants, depending on the recipient s position and represented 118,748 option equivalents of the 154,748 option equivalents.

Fiscal Year 2011 Equity Ownership Guidelines

In August 2010, after reviewing industry trends and competitive comparisons, the committee approved equity ownership guidelines for our executive officers in an effort to continue to improve alignment of shareholder and management interest, and to conform to prevalent peer practices. These guidelines will require our chairman, president and chief executive officer to achieve stock ownership levels, including vested and unvested restricted stock units, in Company common stock of at least three times (3x) his annual base salary within five years. All other named executive officers will be required to own at least 1.5 times (1.5x) their respective annual salaries within five years. If these guidelines are not met, upon vesting of restricted stock units or option exercise, the officer must retain shares equal to fifty percent of the after-tax value of shares acquired on the vesting or exercise until the officer s guidelines are met. As of August 2011, each of our named executive officers met their ownership guideline.

Change of Control and Termination Arrangements

None of our executive officers, other than our president Europe, has a contractual right to receive severance payments if employment is terminated, except in the event of certain change of control events, described below.

Our form of option agreement for named executive officers provides:

- an extended option exercise period of one year after termination of employment of the executive for any reason; and

- accelerated option vesting on a change of control or upon death.

Our form of restricted stock unit agreement for executive officers also provides accelerated vesting on a change of control or death. These extended exercise provisions are intended to facilitate financial planning after employment terminates and to ensure that the executive would be able to exercise options and sell the underlying shares when not in possession of material public information about us. In addition, the accelerated vesting provisions are intended to protect the expected economic benefit of the executive s equity participation in the event of certain change of control transactions, and to make it easier to attract, retain, and motivate our key executives. All employees are entitled to acceleration of equity awards upon death. This feature was added in fiscal 2011 to assist families of departed executives in these difficult times. We also have incentive award agreements for all employees that provide for accelerated vesting on a change of control. We provide these vesting terms for employees who are not executive officers for reasons similar to those described below for our named executive officers. In addition, we believe it is consistent with our culture to provide, to the extent reasonable, similar benefits to all employees holding options or restricted stock unit awards.

We have change in control agreements with each of our named executive officers and certain other members of our senior management team. These agreements provide certain change of control payments and benefits, including accelerated option and restricted stock unit vesting on a change of control. These agreements also provide for certain additional compensation and benefits, including severance payments based on a multiplier (based on position) of salary, bonus and other benefits, and limited tax-gross up payments, to be made to our named executive officers if their employment is terminated under specified circumstances within six months before or one year after a change of control. A description of the material terms of our change of control arrangements can be found beginning on page 31 of this proxy statement under *Potential Payments on Termination or Change of Control* . These agreements are maintained in order to recruit and retain new executives, as well as to foster best efforts of management in the deliberation of a potential transaction. The committee believes that these agreements may continue to attract senior level candidates to ResMed in light of the relatively specialized nature of our product offerings and the continued potential for merger and acquisition activity in the medical technology market sector. Also, the committee believes that the agreements assure appropriate motivation by senior management to evaluate potential transactions that may involve ResMed. These agreements were reviewed and updated in immaterial ways to ensure compliance with section 162(m) and 409A of the US Internal Revenue Code during fiscal year 2008. These changes included slightly refined definitions for bonus compensation and good reason.

In recognition of stockholder concerns, in August 2010, the committee determined that any new change in control agreements, or any material amendment to an existing agreement, will exclude any obligation of ResMed to provide tax gross-ups to an affected individual for amounts due under the agreement. This represents a change from agreements made in prior fiscal years where gross-ups are provided.

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Under his employment agreement, our president Europe is entitled to 12 months salary in the event of a termination of his employment (other than a termination as a result of substantial breach by him of his agreement). This benefit is reduced if he finds other employment with ResMed and was negotiated as part of his employment agreement in connection with the release of his termination rights under the Norwegian Working Environment Act.

Perquisites and Other Benefits

The committee did not make any material changes in the perquisites and other benefits we provided to our named executive officers. We provided the benefits described below to our named executive officers during fiscal year 2011. The incremental cost to us of these benefits is described in the Summary Compensation Table.

We participate in a fractional aircraft interest program to provide for more efficient use of our executives time and to provide a more confidential and secure travel environment in which to conduct company business. This program is used primarily for business purposes by our chairman and chief executive officer and, to a lesser extent, by other named executive officers, subject to chief executive officer approval. We also make the program available to our chairman and chief executive officer for his personal use. Other named executive officers may travel for personal use together with the chairman or chief executive officer. We reflect all personal use as a perquisite valued at our incremental costs as set forth in our summary compensation table. The aggregate incremental cost to us for any personal use is reviewed at least annually by the committee. Named executive officers may invite their spouses or guests to accompany them during specified business trips subject to space availability. Our chief executive officer is authorized to make limited exceptions to this policy, if viewed as essential or appropriate under the circumstances. Aircraft use by a named executive officer, spouse or guest that does not constitute business use based on IRS guidance is treated as imputed income to the executive based on the IRS standard industry fare level. We do not reimburse the officers for taxes on the imputed income. In view of the increased productivity and security, we believe that these policies are appropriate to provide a comprehensive and competitive compensation package, particularly to our chairman and chief executive officer.

We provided comprehensive medical examinations to all of our named executive officers to promote their personal health and work/life balance. We believe this benefits us as well as the individuals through improved health, productivity and longevity.

We provided certain named executive officers with access to corporate club memberships they may use for personal and business use, to promote work/life balance, enable business entertainment and enhance community affiliations.

We provided certain of our named executive officers with a leased automobile available for business and personal use. This benefit is comparable with local market practices for executives in that region. We provide similar automobile benefits for other non-executives in that market and in other markets in which such benefits are a common compensation element.

We provided certain of our named executive officers with benefits in connection with a sales incentive award travel program. This program is primarily targeted for sales personnel and other key management who regularly interact with our customers and to recognize their contributions to us. The committee believes that participation by executive officers in this program enhances the overall sales incentive program and requires their attendance, to the extent determined by the appropriate operating officer. We provide these benefits on the same general basis as we provide to non-executives who qualify to participate in the program, including a tax gross-up. The tax gross-up is provided to all participants, not only to executive officers, and is provided so that they are not discouraged from participating by tax expenses that would otherwise be a personal expense attributable to this program. Our policy reflects the committee s belief that our named executive officers attendance at this program is a part of their general business duties.

We also offer paid time off, medical plans, dental plans, vision plans, tax qualified defined contribution retirement plans (including matching contributions and government-mandated contributions) and disability and life insurance plans. Named executive officers generally are eligible to participate in these benefit programs on the same basis as other similarly-situated employees in their respective locations.

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Deferred Compensation Plan

On May 27, 2010, the board adopted the ResMed Inc. Deferred Compensation Plan to be effective for fiscal year 2011. Eligible US employees selected to participate in the deferred compensation plan may elect to defer a portion of their base salary, bonus, commissions and other specified compensation. The amounts deferred under the plan represent an unsecured general obligation of ResMed to make payments to the participant at some time in the future. Amounts deferred under the plan will be credited to accounts maintained under the plan for each participant and will be credited with earnings, gains, or losses based on certain investment options chosen by the participant. These investment options are to be used for measurement purposes only and amounts deferred under the plan will not represent any actual investment made on the participant s behalf. The amount that we are required to pay under the plan is equal to the elective deferrals made by the participant, as adjusted for these hypothetical gains or losses. We may make discretionary contributions to participant accounts in amounts and at times that we determine from time to time in our discretion, including restoration matching contributions that are intended to restore the matching contributions lost under our 401(k) plan as a result of deferrals under the plan. The committee believes that the deferred compensation plan represents an additional retention tool for executive management as well as an attractive vehicle in recruiting talent to our executive team.

Tax Considerations

Section 162(m) of the US Internal Revenue Code limits the US federal income tax deductions of publicly-traded companies to the extent total compensation for certain named executive officers exceeds $1 million in any one year. Under Section 162(m) the deduction limit does not apply to payments that constitute qualified performance-based compensation. Generally, objectively determinable performance bonus payments and option grants to our named executive officers are intended to constitute qualified performance-based compensation under Section 162(m) and not be subject to the Section 162(m) limit. However, in certain circumstances, the committee may provide bonus payments, option grants, and other payments and awards that do not constitute qualified performance-based compensation if the committee determines that payments and awards would be in the best interest of ResMed. If compensation to certain named executive officers does not constitute qualified performance-based compensation, ResMed s deduction for US federal income tax purposes for that compensation may be wholly or partially disallowed under Section 162(m). Payments under our bonus program for fiscal year 2011, and the stock options grants and restricted stock units granted to our executive officers, are each intended to qualify as performance-based compensation for purposes of section 162(m) of the US Internal Revenue Code.

Sections 280G and 4999 of the Internal Revenue Code impose certain adverse tax consequences on excess parachute payments, which are compensatory payments or benefits that are contingent on a change in control and exceed in the aggregate three times the executive s base amount. Excess parachute payments are subject to a 20% excise tax and our compensation deduction in respect of the excess parachute payments is disallowed. If we were to be subject to a change of control, certain amounts received by our executives (for example, amounts attributable to accelerated vesting of stock options and certain severance payments) could be excess parachute payments. The change of control agreements generally provide that tax gross-up payments will be made only if aggregate payments and distributions to an executive are 10% or greater than 2.99 times the executive s base amount, as calculated under relevant US Internal Revenue Code provisions. In August 2010, the committee determined that any new change in control agreements, or any material amendment to an existing agreement, will exclude any obligation of ResMed to provide tax gross-ups to an affected individual for amounts due under the agreement.

Section 409A of the Internal Revenue Code requires programs that allow executives to defer a portion of their current income to meet certain requirements regarding risk of forfeiture and election and distribution timing (among other considerations). Section 409A of the Internal Revenue Code requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under the plans. Accordingly, as a general matter, it is ResMed s intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A of the US Internal Revenue Code.

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Summary Compensation Table

The following table sets forth summary information concerning the compensation awarded, paid to, or earned by each of our named executive officers for all services rendered in all capacities to us for the fiscal years ended June 30, 2011, and June 30, 2010, and June 30, 2009. We compensate our executive officers in their residences local currency. The compensation amounts for named executive officers based outside of the US are presented in US dollars based on an average annual conversion rate determined on June 30, 2011 (.9931 AUD and .1729 NOK).

Named Executive Officer	Year	Salary(a)	Option Awards(b)	Stock Awards(c)	Non-Equity Incentive Plan Compensation(d)	All Other Compensation(e)	Total
Peter Farrell	2011	$ 625,188	$ 1,031,540	$ 962,843	$ 740,742	$ 70,595	$ 3,430,908
Chairman, president & chief	2010	$ 466,875	$ 1,622,780	$ 0	$ 607,255	$ 87,738	$ 2,784,648
executive officer(f)	2009	$ 450,000	$ 1,054,000	$ 0	$ 597,499	$ 140,656	$ 2,242,155
Kieran Gallahue	2011	$ 462,879	$ 2,475,696(g)	$ 2,310,843(g)	$ 0	$ 59,192	$ 5,308,610
Former president & chief	2010	$ 736,625	$ 1,622,780	$ 1,459,407	$ 958,113	$ 52,253	$ 4,829,178
executive officer(f)	2009	$ 701,250	$ 2,108,000	$ 0	$ 942,721	$ 47,723	$ 3,799,694
Brett Sandercock	2011	$ 462,045	$ 0	$ 1,444,281	$ 334,748	$ 45,914	$ 2,286,988
Chief financial officer	2010	$ 378,025	$ 0	$ 1,021,600	$ 299,706	$ 37,843	$ 1,737,174
	2009	$ 300,473	$ 737,800	$ 0	$ 270,773	$ 29,634	$ 1,338,680
David Pendarvis	2011	$ 425,401	$ 773,655	$ 722,157	$ 307,965	$ 42,165	$ 2,271,343
Chief administrative officer and	2010	$ 405,144	$ 567,973	$ 510,800	$ 321,206	$ 49,847	$ 1,854,970
global general counsel	2009	$ 381,625	$ 737,800	0	$ 343,902	$ 39,873	$ 1,503,200
Rob Douglas	2011	$ 412,137	$ 0	$ 1,444,281	$ 314,259	$ 41,389	$ 2,212,065
Chief operating officer(h)	2010	$ 347,524	$ 0	$ 1,021,600	$ 275,523	$ 35,098	$ 1,679,745
	2009	$ 278,578	$ 957,400	$ 0	$ 245,337	$ 27,663	$ 1,508,978
Stein Jacobsen	2011	$ 373,983	$ 0	$ 1,444,281	$ 274,485	$ 90,415	$ 2,183,164
President Europe							

(a) Includes salary deferred under defined contribution retirement plans such as our 401(k) Plan and Deferred Compensation Plan in the US. Had these amounts not been deferred, they would have been payable to the officer in cash during the year. The 2011 base salaries for Messrs. Sandercock, Douglas and Jacobsen were approved in August 2010 in local currency. They are reported here in US dollars based on the fiscal year 2011 average annual exchange rate. The average annual exchange rates were approximately AUD to USD of 1 to 0.9931 and NOK to USD of 1 to 0.1729.

(b) The amounts shown are the grant date fair value of stock options granted in the year indicated, computed under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation, as amended (FASB ASC Topic 718). For a discussion of valuation assumptions, see Note 2(r) to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended June 30, 2011.

(c) The amounts shown are the grant date fair value of stock awards granted in the year indicated, computed under FASB ASC Topic 718. For a discussion of valuation assumptions for 2010, see Note 2(r) to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended June 30, 2011.

Stock options and restricted stock unit awards granted to our named executive officers in fiscal years 2009 through 2011 are governed by our incentive plan. Stock options and restricted stock units vest 25% per year on or about the anniversary of the grant date.

(d) Represents actual payouts under our performance-based cash bonus programs for the fiscal years shown. See *Compensation Discussion and Analysis Annual Performance Based Bonuses* and the *Grants of Plan Based Awards Table* for a more complete description of the 2011 bonus program.

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(e) The amounts shown consist of our incremental cost for the provision in fiscal year 2011 to our named executive officers of certain specified perquisites, as follows:

Named Executive Officer	Medical Exams	Personal Use of Company Aircraft(i)	Personal Use of Corporate Club Memberships(ii)	Sales Incentive Award Trip(iii) Travel	Sales Incentive Award Trip(iii) Tax Gross-Up	Company Car(iv)	Other(v)
Peter Farrell	$ 2,060	$ 20,954	$ 5,999	$ 4,735	$ 4,145	$ 0	$ 32,702
Kieran Gallahue	$ 0	$ 27,294	$ 3,499	$ 4,575	$ 4,170	$ 0	$ 19,653
Brett Sandercock	$ 844	$ 0	$ 0	$ 0	$ 0	$ 0	$ 45,070
David Pendarvis	$ 1,794	$ 0	$ 5,999	$ 4,023	$ 3,666	$ 0	$ 26,683
Rob Douglas	$ 844	$ 0	$ 0	$ 0	$ 0	$ 0	$ 40,545
Stein Jacobsen	$ 4,396	$ 0	$ 0	$ 0	$ 0	$ 35,963	$ 50,056

(i) The calculation of the aggregate incremental cost for personal use of company aircraft includes the variable costs incurred as a result of personal flight activity, such as the occupied hourly rate, fuel, trip related maintenance, universal weather monitoring, on-board catering, landing and ramp fees, excise taxes, and all other miscellaneous costs. No incremental cost for personal use of the aircraft is attributed to a named executive officer when the aircraft was previously scheduled to the destination for a business purpose. Since the aircraft is primarily used for business purposes, the aggregate incremental cost excludes fixed costs, such as the monthly management fee and amortization, because those costs would have been incurred regardless of the personal use.

(ii) The incremental cost of personal use of our golf club membership is allocated equally among Dr. Farrell, Mr. Gallahue and Mr. Pendarvis.

(iii) We provided certain of our named executive officers with benefits in connection with a sales incentive award travel program. Amounts above represent the cost of the executive officer s participation in that program. The cost includes the incremental cost to us of travel, hotel, meals, entertainment and other expenses for the executive officer and the officer s spouse or guest. The cost shown as tax gross-up represents the amount we reimbursed the officer for tax associated with income imputed to the officer in connection with the program. We provide tax gross-ups to all employees who participate in this program. We do this to encourage participation in the program, because they might otherwise be discouraged from participating by tax expenses attributable to this program. Attendance is part of the attending executive officer s management duty and enhances the effectiveness of the sales incentive program.

(iv) The incremental cost incurred by the Company in connection with a leased automobile for Mr. Jacobsen.

(v) The amounts shown as Other include a holiday gift card, matching contributions we made under our US 401(k) Plan and deferred compensation plan, government-mandated contributions we made under the ResMed Limited superannuation plan (a defined contribution retirement program for our Australia-based employees), and executive long-term disability premiums paid by us on behalf of our named executive officers. Those amounts for fiscal year 2011 were as follows:

Named Executive Officer	Company Contributions to Deferred Compensation Plan	Company Contribution to 401(k) and Non-US Retirement	Insurance Premiums
Peter Farrell	$ 0	$ 10,150	$ 22,552
Kieran Gallahue	$ 0	$ 5,217	$ 14,436
Brett Sandercock	$ 0	$ 41,617	$ 3,453
David Pendarvis	$ 0	$ 10,210	$ 16,473
Rob Douglas	$ 0	$ 37,092	$ 3,453
Stein Jacobsen	$ 0	$ 48,727	$ 1,329

We contribute to the US 401(k) Plan for each of our named participating executive officers on the same terms that apply to all other eligible employees. For fiscal year 2011 we made an automatic matching contribution to the plan equal to 4% of eligible participants base salary, normal bonus and commissions up to a maximum of 6% subject to US Internal Revenue Code limits on the maximum amount of pay that may be recognized. We contribute to the ResMed Limited

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Superannuation Plan in Australia at the government-mandated rate of 9% of total base salary. We contribute to a government-mandated statutory insurance and collective pension scheme for Mr. Jacobsen under Norwegian law at rates from 5% to 8% of total cash compensation within statutory limits and a company executive pension plan at 8% of the total cash compensation above such limits. We pay the cost of an executive long-term disability policy that provides for additional benefits for US-based executives (including US-based named executive officers) not generally available to other employees. Amounts shown above represent premiums paid for both generally-available and additional insurance. For a description of the Company contributions made to the Amended and Restated ResMed Inc. Deferred Compensation Plan see Deferred Contribution Plan.

(f) Effective as of January 28, 2011, Mr. Gallahue resigned as our president and chief executive officer and Dr. Farrell was appointed to serve as our president and chief executive officer.

(g) As a result of his resignation, Mr. Gallahue forfeited all option and restricted stock unit awards granted in fiscal year 2011.

(h) Mr. Douglas served as chief operating officer Asia Pacific during fiscal year 2011. He was promoted to chief operating officer, effective September 1, 2011.

Grants of Plan-Based Awards

The following table sets forth summary information regarding all grants of plan-based awards made to our named executive officers for the fiscal year ended June 30, 2011 and does not give effect to our August 2010 stock split.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[a]			Estimated Possible Payouts Under Equity Incentive Plan Awards[a]					
Named Executive Officer	**Grant Date**	**Threshold[b]**	**Target**	**Max.[b]**	**Threshold**	**Target**	**Max.**	**All Other Option Awards: Number of Securities Underlying Options[c]**	**Exercise Price of Option Awards ($/Share)**	**Grant Date Fair Value of Stock and Option[d]**
Peter Farrell	8/24/2010		750,225	1,500,450						
	11/11/2010				14,286	28,571	28,571			$ 962,843
	11/11/2010							100,000	$ 33.70	$ 1,031,540
Kieran Gallahue[e]	8/24/2010		984,060	1,640,100						
	11/11/2010				34,286	68,571	68,571			$ 2,310,843
	11/11/2010							240,000	$ 33.70	$ 2,475,696
Brett Sandercock	8/24/2010	$ 80,920	323,678	647,356						
	11/11/2010				21,429	42,857	42,857			$ 1,444,281
David Pendarvis	8/24/2010	$ 74,445	297,781	595,562						
	11/11/2010				10,715	21,429	21,429			$ 722,157
								75,000	$ 33.70	$ 773,655
Rob Douglas	8/24/2010	$ 7,212	288,496	576,992						
	11/11/2010				21,429	42,857	42,857			$ 1,444,281
Stein Jacobsen	8/24/2010	$ 19,634	261,788	523,576						
	11/11/2010				21,429	42,857	42,857			$ 1,444,281

(a) Represents potential payouts under our annual performance-based cash bonus program for fiscal year 2010. See *Compensation Discussion and Analysis Annual Performance-Based Bonuses* for a more complete description of the 2011 bonus program. The bonuses actually paid under the 2011 bonus program are reflected in the Summary Compensation Table. Dr. Farrell s target bonus was based on the base salary paid to him in 2011, including his increased base salary of $820,050 for part of the year in connection with his appointment as president and chief executive officer. The amounts for Messrs. Sandercock, Douglas and Jacobsen were approved in local currency by the committee. The foreign currency is converted to USD based on the fiscal year 2011 average annual exchange rate. The average annual exchange rates were approximately AUD to USD of 1 to 0.9931 and NOK to USD of 1 to 0.1729.

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(b) The threshold amounts shown are based on achievement of the threshold or minimum level of performance with respect to the lowest weighted performance measure. In the case of Messrs. Farrell and Gallahue, the threshold amounts are based on achievement of either the threshold global net sales or the threshold global net profit after tax goals, each weighted at 40%, as there was no threshold level of performance related to their development of strategic plan goal, weighted at 20%. A cap of 200% of target bonus opportunity was introduced for fiscal year 2011. See *Compensation Discussion and Analysis Annual Performance-Based Bonuses* for a description of the new cap.

(c) Our named executive officers were given a choice to receive their annual equity award as 100% options, 100% performance-based restricted stock units (RSUs) or 50% of value in each; with each RSU representing the equivalent of 3.5 options. RSU awards granted to our executive officers in fiscal year 2011 were issued under our incentive plan and were earned based on earnings performance targets for the third and fourth fiscal quarters of fiscal year 2011. 50% of the RSUs are earned based on our achievement of 2011 third quarter earnings target and 50% of the RSUs are earned based on our achievement of the 2011 four quarter earnings target, while 100% of the RSUs could be earned based on achievement of a combined 2011 third and fourth quarter earnings target. In addition, earned RSUs are subject to a service-vesting condition of 25% per year on November 11 of each year following grant date. The threshold amounts shown in the table above are 50% of the RSUs granted, assuming that either the 2011 third quarter or fourth quarter earnings target is achieved. The target and maximum amounts shown in the table above are 100% of the RSUs granted, assuming that both the third quarter and fourth quarter earnings targets or the combined third and fourth quarter target are achieved. For more information of the performance targets, see *Compensation Discussion and Analysis Policies with Respect to Equity Compensation Awards*. Based on actual performance, 100% of the units were earned for fiscal 2011 performance.

Stock options granted to our executive officers in fiscal year 2011 were issued under our incentive plan, are exercisable 25% per year on November 11 of each year following the grant date and have an exercise price equal to the closing price of our common stock on the New York Stock Exchange on the grant date.

(d) The dollar value of options shown represents the grant date fair value based on the Black-Scholes model of option valuation, computed under FASB ASC Topic 718. The actual value, if any, an executive may realize depends on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that an executive will realize a value at or near the value estimated by the Black-Scholes model. The following assumptions were used in the Black-Scholes model:

	November 11, 2010
Market price of stock	$ 33.70
Exercise price of option	$ 33.70
Expected stock volatility	31.26%
Risk-free interest rate	1.32%
Expected life	5.29 years
Dividend yield	0

The dollar value of restricted stock units shown represents the grant date fair value, based on the $33.70 closing value on November 11, 2010, the day of the grant.

(e) Effective as of January 28, 2011, Mr. Gallahue resigned as our president and chief executive officer. As a result of his resignation, Mr. Gallahue was not eligible to receive any bonus amounts under the 2011 bonus program, and he forfeited all option and restricted stock unit awards granted in fiscal year 2011.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth summary information regarding outstanding equity awards held by our named executive officers at June 30, 2011, and gives effect to our August 2010 stock split.

	Option Awards				Stock Awards			
Named Executive Officer	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable[(a)]**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested[(b)]**	**Market Value of Shares or Stock That Have Not Vested[(b)]**	**Equity Incentive Plan Awards: Number of Unearned Shares or Units of Stock That Have Not Vested[(c)]**	**Equity Incentive Plan Awards: Market Value of Unearned Shares or Units of Stock That Have Not Vested[(c)]**
Peter Farrell	0	100,000	$ 33.70	11/11/2017	0	$ 0	28,571	$ 884,272
	50,000	150,000	$ 25.54	12/17/ 2016				
	240,000	0	$ 19.25	2/3/2016				
	100,000	100,000	$ 15.52	11/20/2015				
	223,960	0	$ 12.4675	1/20/2015				
	150,000	50,000	$ 21.025	11/7/2014				
	230,360	0	$ 10.3725	12/19/2013				
	400,000	0	$ 23.095	11/10/2013				
Kieran Gallahue[(d)]	4,722	0	$ 25.54	2/1/2012	0	$ 0	0	$ 0
Brett Sandercock	5,000	0	$ 23.8750	7/7/2016	30,000	$ 928,500	42,857	$ 1,326,424
	50,000	70,000	$ 15.52	11/20/2015				
	97,500	32,500	$ 21.025	11/7/2014				
	50,000	0	$ 23.095	11/10/2013				
David Pendarvis	0	75,000	$ 33.70	11/11/2017	15,000	$ 464,250	21,429	$ 663,228
	17,500	52,500	$ 25.54	12/17/2016				
	10,388	0	$ 19.25	2/3/2016				
	0	70,000	$ 15.52	11/20/2015				
	16,040	0	$ 12.4675	1/20/2015				
	97,500	32,500	$ 21.025	11/7/2014				
	80,000	0	$ 23.095	11/10/2013				
	10,692	0	$ 9.35	5/27/2013				
	43,426	0	$ 6.9075	10/1/2012				
Robert Douglas	80,000	0	$ 19.25	2/3/2016	30,000	$ 928,500	42,857	$ 1,326,424