

RESMED INC

AUDIT COMMITTEE CHARTER

The ResMed Inc Board of Directors adopted this Audit Committee Charter on October 18, 2004.

1. PURPOSE

1.1. Oversight. The primary purpose of the Audit Committee is to assist the Board with its oversight responsibilities regarding:

- a. the integrity of ResMed's financial statements;
- b. ResMed's compliance with legal and regulatory requirements;
- c. the independent auditor's qualifications and independence; and
- d. the performance of ResMed's internal audit function and independent auditor.

1.2. Proxy Report. The Audit Committee prepares the report the Securities and Exchange Commission (the "SEC") requires ResMed to include in its annual proxy statement.

1.3. Additional Powers. In addition to the powers and responsibilities expressly delegated to the Audit Committee in this Charter, the Audit Committee may exercise any other powers and carry out any other responsibilities the Board delegates to it from time to time consistent with ResMed's bylaws.

1.4. Limitation. The Audit Committee's responsibilities are limited to oversight. ResMed's management is responsible for the preparation, presentation and integrity of ResMed's financial statements as well as ResMed's financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures.

The independent auditor is responsible for performing an audit of ResMed's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing ResMed's quarterly financial statements. The Audit Committee is not responsible for planning or conducting audits, or for determining that ResMed's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Audit Committee is entitled to rely on the integrity of ResMed's management, and the integrity of the professionals and experts (including ResMed's internal auditor (or others responsible for the

internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) and ResMed's independent auditor) who provide information to the Audit Committee. And, absent actual knowledge to the contrary, the Audit Committee is entitled to rely on the accuracy of the financial and other information provided to the Audit Committee by such persons, professionals or experts.

- 1.5. Auditing literature, particularly Statement of Accounting Standards No. 71, defines the term "review" to include a particular set of required procedures to be undertaken by independent auditors. The members of the Audit Committee are not independent auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that Audit Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

2. MEMBERSHIP

- 2.1. The Audit Committee consists of at least three Board members. Each member is financially literate as determined by the Board in its business judgment or must become financially literate within a reasonable time after his or her appointment to the Audit Committee. At least one member has accounting or related financial management expertise as determined by the Board in its business judgment. And at least one member of the Audit Committee is an "audit committee financial expert" within the definition adopted by the SEC or else ResMed discloses in its periodic reports required pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") the reasons why at least one member of the Audit Committee is not an "audit committee financial expert."
- 2.2. Each Audit Committee member satisfies the independence requirements of the New York Stock Exchange and Exchange Act Rule 10A-3(b)(1). No Audit Committee member may simultaneously serve on the audit committee of more than two other public companies, unless the Board determines that simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and such determination is disclosed in ResMed's annual proxy statement.
- 2.3. The Board appoints members to the Audit Committee, and designates the Chair, on the recommendation of the Nominating and Governance Committee. The Board may remove members from the Audit Committee, with or without cause.

3. MEETINGS AND PROCEDURES

- 3.1. The Chair (or in his or her absence, a member the Chair designates) presides at each Audit Committee meeting and sets the agenda. The Audit Committee has authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are consistent with ResMed's bylaws.

- 3.2.** The Audit Committee meets at least once during each fiscal quarter and more frequently as the Audit Committee deems desirable. The Audit Committee meets separately, periodically, with management, with the internal auditor and with the independent auditor.
- 3.3.** All non-management directors that are not members of the Audit Committee may attend and observe meetings of the Audit Committee, but will not participate in any discussion or deliberation unless invited to do so by the Audit Committee, and in any event will not be entitled to vote. The Audit Committee may, at its discretion, include in its meetings members of ResMed's management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by ResMed or any other person whose presence the Audit Committee believes to be desirable or appropriate. Notwithstanding the foregoing, the Audit Committee may also exclude from its meetings any person it deems appropriate, including, but not limited to, any non-management director that is not a member of the Audit Committee.
- 3.4.** The Audit Committee has sole authority to retain or terminate any independent counsel, experts or advisors (accounting, financial or otherwise) that the Audit Committee believes to be necessary or appropriate, and sole authority to approve the advisor's fee and other retention terms. The Audit Committee, in its discretion, may also utilize the services of ResMed's regular legal counsel or other advisors to ResMed. ResMed will provide appropriate funding, as determined by the Audit Committee, to compensate the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services, to compensate any advisors the Audit Committee employs, and for ordinary administrative expenses the Audit Committee incurs that are necessary or appropriate in carrying out its duties.

4. POWERS AND RESPONSIBILITIES

4.1. Interaction with the Independent Auditor.

- a. Appointment and Oversight.** The Audit Committee is directly responsible for appointing, compensating, retaining and overseeing the independent auditor's work (including resolving any disagreements between ResMed's management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for ResMed. The independent auditor reports directly to the Audit Committee.
- b. Pre-Approval of Services.**
1. Before the independent auditor is engaged by ResMed or its subsidiaries to render audit or non-audit services, the Audit Committee pre-approves the engagement. Audit Committee pre-approval of audit

and non-audit services are not required if the engagement complies with pre-approval policies and procedures the Audit Committee establishes regarding ResMed's engagement of the independent auditor.

2. Pre-approval is effective if the policies and procedures detail the particular service, the Audit Committee is informed of each service provided, and the policies and procedures do not delegate to ResMed's management the Audit Committee's responsibilities under the Exchange Act.
 3. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals, provided such approvals are presented to the Audit Committee at a subsequent meeting.
 4. Audit Committee pre-approval of non-audit services (other than review and attest services) will not be required if such services fall within available exceptions established by the SEC.
- c. Independent Auditor Independence.** The Audit Committee, at least annually, reviews the independent auditor's independence, quality control procedures, and the experience and qualifications of the independent auditor's senior personnel providing audit services to ResMed. In conducting its review:
1. The Audit Committee obtains and reviews a report prepared by the independent auditor describing:
 - i. the auditing firm's internal quality-control procedures; and
 - ii. any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues.
 2. The Audit Committee discusses with the independent auditor its independence from ResMed, and obtains and reviews a written statement prepared by the independent auditor describing all relationships between the independent auditor and ResMed, consistent with Independence Standards Board Standard 1, and considers the impact that any relationships or services may have on the objectivity and independence of the independent auditor.

3. The Audit Committee confirms with the independent auditor that the independent auditor complies with the SEC's partner rotation requirements.
4. The Audit Committee considers whether ResMed should adopt a rotation of the annual audit among independent auditing firms.
5. The Audit Committee, if applicable, considers whether the independent auditor's provision of any permitted information technology services or other non-audit services to ResMed is compatible with maintaining the independence of the independent auditor.

4.2. Annual Financial Statements and Annual Audit.

a. Meetings with Management, the Independent Auditor and the Internal Auditor.

1. The Audit Committee reviews and discusses with management and the independent auditor:
 - i. major issues regarding accounting principles and financial statement presentations, including any significant changes in ResMed's selection or application of accounting principles, and major issues as to the adequacy of ResMed's internal controls and any special audit steps adopted in light of material control deficiencies;
 - ii. any analysis prepared by management or the independent auditor of significant financial reporting issues and judgments made in connection with ResMed's financial statement preparation, including analysis of alternative GAAP methods' effect on ResMed's financial statements; and
 - iii. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on ResMed's financial statements.
2. The Audit Committee reviews and discusses the annual audited financial statements with management and the independent auditor, including ResMed's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

b. Separate Meetings with the Independent Auditor.

1. The Audit Committee reviews with the independent auditor any problems or difficulties the independent auditor may have encountered during its audit work, including any restrictions on the scope of activities or access to required information or any significant disagreements with

management and management's responses to such matters. Among the items that the Audit Committee considers reviewing with the Independent Auditor are any:

- i. accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise);
 - ii. communications between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement; and
 - iii. "management" or "internal control" letter the independent auditor issues, or proposes to be issued, to ResMed.
 2. The Audit Committee discusses with the independent auditor the report it is required to make to the Audit Committee regarding all:
 - i. accounting policies and practices to be used that the independent auditor identifies as critical;
 - ii. alternative treatments within GAAP for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - iii. other material written communications between the independent auditor and management of ResMed, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, independent auditor's engagement letter, independent auditor's independence letter, schedule of unadjusted audit differences and a listing of adjustments and reclassifications not recorded, if any.
 3. The Audit Committee discusses with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as then in effect.
- c. Recommendation to Include Financial Statements in Annual Report.**
The Audit Committee determines whether to recommend to the Board that the audited financial statements be included in ResMed's Annual Report on Form 10-K for the fiscal year subject to the audit. Its determination is based on:

1. the review and discussions in paragraphs 4.2(a)(2) and 4.2(b)(3) above; and
2. the disclosures received from and discussions with the independent auditor regarding its independence, as described in paragraph 4.1(c)(2) above.

4.3. Quarterly Financial Statements. The Audit Committee reviews and discusses with management and the independent auditor the quarterly financial statements, including ResMed's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

4.4. Internal Audit.

- a. **Appointment.** The Audit Committee reviews the appointment and replacement of the internal auditor.
- b. **Separate Meetings with the Internal Auditor.** The Audit Committee meets periodically with ResMed's internal auditor to discuss the responsibilities, budget and staffing of ResMed's internal audit function and any issue the internal auditor believes warrants Audit Committee attention.

4.5. Other Powers and Responsibilities.

- a. The Audit Committee discusses with management and the independent auditor ResMed's earnings press releases (with particular focus on any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. The Audit Committee's discussions may be general in nature (for example, discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which ResMed may provide earnings guidance.
- b. The Audit Committee discusses with management ResMed's policies with respect to risk assessment and risk management. The Audit Committee discusses with management ResMed's significant financial risk exposures and the actions management has taken to limit, monitor or control those exposures.
- c. The Audit Committee sets hiring policies for employees or former employees of ResMed's independent auditor.
- d. The Audit Committee establishes procedures for the receipt, retention and treatment of complaints received by ResMed regarding accounting, internal accounting controls or auditing matters. The Audit Committee also

establishes procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters.

- e.** The Audit Committee provides ResMed with the report of the Audit Committee with respect to the audited financial statements for inclusion in each of ResMed's annual proxy statements.
- f.** The Audit Committee, through its Chair, reports regularly to the Board any issues that arise with respect to the quality or integrity of ResMed's financial statements, ResMed's compliance with legal or regulatory requirements, the performance and independence of ResMed's independent auditor, the performance of ResMed's internal audit function or any other matter the Audit Committee determines is necessary or advisable to report to the Board.
- g.** The Audit Committee, at least annually, evaluates the Audit Committee's performance.
- h.** The Audit Committee, at least annually, reviews and reassesses this Charter and submits any recommended changes to the Board for its consideration.