

## **Committee Charters**

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**RESPIRONICS, INC.**  
**CHARTER OF THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

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**I. PURPOSE**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- The financial reports, reports on internal controls, and other financial information provided by the Corporation to its shareholders, the public, the SEC, NASDAQ and any other governmental or regulatory body,
- The Corporation's systems of internal controls regarding finance, accounting, legal compliance (including disclosure controls and procedures and internal control over financial reporting) and ethics that management and the Board have established; and
- The Corporation's auditing, accounting and financial reporting processes generally.

The Audit Committee, to the extent consistent with this function should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Retain and appraise the audit efforts of the Corporation's independent auditors, determine the compensation to be paid to the Corporation's independent auditors, review and approve all non-audit services to be performed by the Corporation's independent auditors, and serve as the point of contact for reports to be made by the independent auditors concerning the Corporation's critical accounting policies and practices and other communications relating to the Corporation's financial matters.
- Review and appraise the audit efforts of the Corporation's internal audit department.
- Provide an open avenue of communication among the Corporation's independent auditors, financial and senior management, the internal audit department, and the entire Board of Directors.
- Establish procedures to receive and respond to employees' and others' complaints and concerns regarding the Corporation's accounting and auditing matters.

The Audit Committee should fulfill these responsibilities primarily by carrying out the activities enumerated in Section IV of this Charter.

**II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors (as such term is now or hereafter defined by securities laws and SEC and NASDAQ rules and regulations), and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise

(including, without limitation, at least one member who meets the definition of “audit committee financial expert” as such term is defined by the SEC as required by the Sarbanes-Oxley Act of 2002). The Board shall determine whether a director meets the definition of “audit committee financial expert,” and the Corporation shall disclose the basis for the Board’s determination in accordance with applicable securities laws and SEC and NASDAQ rules and regulations. No member of the Audit Committee may receive any consulting, advisory or other compensatory fees from the Corporation (other than directors fees, which may include a higher fee for serving on the Audit Committee). Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant, including director education programs developed or required by NASDAQ. The members of the Committee (and its chairperson) shall be elected by the Board at its annual organizational meeting or at such other time as the Board may determine. Committee members shall serve until their successors shall be duly elected and qualified.

### **III. MEETINGS**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its responsibility to foster open communication, the Committee shall meet at least quarterly with management, the director of the internal audit department and the Corporation’s independent auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately. In addition, the Committee or its Chair shall meet and consult with the independent auditors and management quarterly to review the Corporation’s financial statements and other matters consistent with IV below.

### **IV. RESPONSIBILITIES AND DUTIES**

The Audit Committee’s policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the Board of Directors and shareholders that the accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will:

#### Documents/Reports Review

1. Review and, if necessary, update this Charter periodically, at least annually, as conditions dictate.
2. Review the Corporation’s annual financial statements. Determine, based on review and discussion of the audited financial statements with management and the independent auditors, whether the Committee should recommend to the Board that the audited financial statements and any internal control report be included in the Company’s Annual Report on Form 10-K.
3. Review the regular internal audit reports to management prepared by the internal audit department and management’s response.
4. Review with financial management and the independent auditors the financial results for each quarterly fiscal period prior to the release of quarterly earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### Independent Accountants

5. Appoint the Corporation’s independent auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the independent auditors. On an annual basis, the Committee shall review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors’ independence. The Committee shall also ensure that the auditors meet all requirements for audit partner rotation under applicable securities laws and SEC and NASDAQ rules and regulations, and shall monitor any hiring by the Corporation of persons who were employed by the Corporation’s auditors to ensure that such

hiring does not adversely affect the auditors' independence. When such rules become effective, the Committee shall also ensure that the Corporation's auditors are a "registered public accounting firm" registered with the Public Company Accounting Oversight Board.

6. Pre-approve all auditing and permitted non-audit services to be provided by the independent auditors (including determining whether any proposed non-audit services fall within the categories of non-audit services prohibited under the Sarbanes-Oxley Act of 2002) with the exception of *de minimus* non-audit services (as such term is defined in the Sarbanes-Oxley Act) which are approved by the Committee prior to completion of the audit. The Committee may delegate pre-approval authority to one or more of its members, with the proviso that any decision taken by the delegated members be presented to the Committee at its regular meetings. The Committee may also adopt policies and procedures with respect to pre-approval of permitted non-audit services, provided that such policies and procedures conform to the requirements set forth in applicable laws, rules and regulations (including publication of the pre-approval policy).
7. Review the performance of the independent auditors and make any change of the independent auditors when circumstances warrant.
8. Periodically (but not less frequently than annually) consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.
9. Instruct the independent auditors that they report to the Audit Committee.

#### Financial Reporting Processes

10. In consultation with the independent auditors and the internal audit department, review the integrity of the Corporation's financial reporting processes and controls, both internal and external.
11. Review reports by the independent auditors concerning critical accounting policies and practices used, alternative treatments of financial information and their ramifications that have been discussed with management, and other written communications between the independent auditors and management, and resolve any disputes between the independent auditors and management regarding financial reporting matters.
12. Consider and recommend to the Board, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal audit department.

#### Process Improvement

13. Establish regular and separate systems of reporting to the Audit Committee by each of management, the independent auditors and the internal audit department regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
14. Following completion of the annual audit, review separately with each of management, the independent auditors and the internal audit department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
15. Review any significant disagreement among management and the independent auditors or the internal audit department in connection with the preparation of the financial statements and resolve such disagreements.

16. Review with the independent auditors, the internal audit department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee or the Board, have been implemented.

#### Ethical and Legal Compliance

17. Review periodically and, if necessary, recommend to the Board revision of a Code of Ethics (including without limitation provisions applicable to senior financial officers and to the Corporation's CEO, CFO, principal accounting officer, controller and persons performing similar functions) and ensure that management has established a system to enforce the Code of Ethics and report any changes in, or waivers of, the Code, all in accordance with applicable securities laws and SEC and NASDAQ rules and regulations.
18. Review management's monitoring of the Corporation's compliance with the Code of Ethics, and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports, and other financial information disseminated to governmental organizations and the public satisfy legal requirements and comply with applicable laws, rules and regulations.
19. Review activities, organizational structure, and qualifications of the internal audit department. Review and concur in the appointment, replacement, reassignment, or dismissal of the director of the internal audit department.
20. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading, reporting and disclosure policies.
21. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
22. Engage independent counsel or other advisers as deemed advisable by the Committee and determine the fees to be paid to such counsel or advisers.
23. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters.
24. Establish procedures for confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
25. Review and approve any "related party transaction" between the Corporation and any of its directors, executive officers and other insiders (as defined in applicable securities laws, rules and regulations) in accordance with the Company's "New Related Party Transaction Approval Requirements" policy, dated February 12, 2004.
26. Prepare reports required to be included in the Corporation's annual report or proxy statement pursuant to applicable laws, rules and regulations.

#### Other Duties

27. Perform any other activities consistent with this Charter, the Corporation's By-laws and applicable law, rules and regulation, as the Committee or the Board deems necessary or appropriate.

**RESPIRONICS, INC.**  
**CHARTER OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

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**I. PURPOSE**

The committee is responsible for (1) identifying individuals qualified to become board members and recommending to the board the director nominees; (2) making recommendations to the board on board composition and organization, and corporate governance; (3) addressing conflict of interest issues; (4) leading the board in its evaluation of the board, its committees, and individual directors; and (5) recommending membership and chairpersons for each committee.

**II. COMPOSITION**

The committee is comprised of a majority of independent directors.

**III. MEETINGS**

The committee will meet at least twice annually, at times and places decided by the chair after consultation with committee members.

**IV. RESPONSIBILITIES AND DUTIES**

1. Perform succession planning to permit orderly changes in the makeup of the Board.
  - a. Review with the board on an annual basis the size and composition of the board of directors, as well as the appropriate skills and characteristics required in the context of the strategic direction of the company.
  - b. Actively identify and seek individuals qualified to become board members.
  - c. Make recommendations with respect to nominations for directors, after considering the appropriate skills and characteristics required on the board.
  - d. Determine whether the assistance of a search firm is needed to identify director candidates and, if so, retain and terminate any such firm.
2. Recommend board committee structure and assignments, including committee chairmanships, to the full board for approval.
3. Manage the process whereby the Company's directors receive feedback regarding their performance as a director.
4. Investigate and provide recommendations on potential conflict of interest issues pertaining to members of the board of directors or Respironics employees, consistent with requirements outlined in the Respironics Business Conduct and Ethics Policy.
5. Review and reassess the by-laws, articles of incorporation, and other documents of the Company dealing with corporate governance principles. Recommend to the board any needed changes.