

## RESMED INC

### COMPENSATION COMMITTEE CHARTER

The ResMed Inc Board of Directors adopted this Compensation Committee Charter on May 13, 2004.

#### 1. PURPOSE

- 1.1. Officer, Director, and Executive Compensation.** The primary purpose of the Compensation Committee is to assist the Board in fulfilling its oversight responsibilities relating to the compensation of officers, directors, and executives of the Company.
- 1.2. Philosophy, Practices, and Procedures.** The Committee may also advise the Board regarding the Company's compensation philosophies, practices, and procedures.
- 1.3. Succession Planning.** The Committee may also advise the Board regarding key senior management succession planning, including recruiting, hiring, development, and retention, and termination of key senior executives.

#### 2. COMPOSITION

- 2.1. Qualification.** The Committee will consist of three or more directors as determined by the Board, each of whom meet all of the following qualifications:
  - a. Non-management Director.** Each director will, while serving as a member, be:
    1. a "non-employee director" as that term is used by Securities and Exchange Act Rule 16b-3;
    2. an "outside director" as that term is used by Section 162(m) of the Internal Revenue Code of 1986; and
    3. an "independent director" as that term is used by the New York Stock Exchange.
  - b. Regulatory Requirements.** Each director will meet all other standards (if any) required by any other applicable law or regulation, such as the State of Delaware, the US Securities and Exchange Commission, New York Stock Exchange, or the Australian Stock Exchange;

- c. **Independent Judgment.** Each director will be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and
- d. **Experience.** Each director will possess experience that, in the Board's business judgment, would help the Committee in its functions.

## 2.2. Selection.

- a. **Members.** The Board will appoint Committee members, after considering recommendations from the Nominating and Governance Committee. Committee members will serve until their successors are appointed and qualified. The Board may, with or without cause, remove Committee members from the Committee.
- b. **Chair.** The Board may designate one of the Committee members to serve as Committee Chair. If the Board does not designate a Chair, the Committee may designate a chair by majority vote of the full Committee.

**2.3. Removal.** The Board may, in its discretion and with or without cause, remove Committee members from the Committee.

## 3. RESPONSIBILITIES AND DUTIES

The Committee has the following powers and duties:

- 3.1. Chief Executive Officer Compensation.** The Committee will annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation.
- 3.2. Other Executive Compensation.** The Committee will annually review and approve the compensation of "executive officers" as that term is used in Securities Exchange Act Rule 16a-1(f), other than the CEO, including review and approval of base salary, annual incentives, long term incentives (such as equity-based compensation), and benefits;
- 3.3. Executive Contracts.** The Committee will review and approve any employment, severance, or change of control agreements with the CEO or executive officers;
- 3.4. Annual Report.** The Committee will issue an annual report on executive compensation, to be included in the Company's proxy statement or annual report, in accordance with applicable law and regulation.

- 3.5. Incentive Plans.** The Committee will periodically review and make recommendations to the Board regarding the adoption, amendment, or rescission of incentive compensation plans and equity-based plans.
- 3.6. Director Compensation.** The Committee will, periodically, review and recommend to the Board the compensation of Board members for service on the board and its committees.
- 3.7. Executive Succession.** The Committee will, periodically, review the CEO and with the Board matters relating to executive officers' development and to succession planning for the Chief Executive Officer and executive officer positions.
- 3.8. Equity Plan Administration.** The Committee will administer the Company's equity-based compensation plans, including its 1997 Equity Participation Plan and its 2003 Employee Stock Purchase Plan, and will function as the "Committee" referred to in those plans, unless the Board directs otherwise. The Committee's administration will include approving grants under the plans, adopting procedures for the plans, and, as necessary, interpreting the plans.
- 3.9. ERISA Plans.** The Committee will assist the board in fulfilling its fiduciary duties under the Employee Retirement Income Security Act of 1974, sponsored by the Company and by its majority-owned US subsidiaries, and will render any appropriate reports to the Board.
- 3.10. Material Transactions.** The Committee will, as it deems necessary or advisable, review the impact of any potential material transactions, such a merger, acquisition, or spin-off, on management succession and compensation plans.
- 3.11. Annual Review of Committee Performance.** The Committee will annually review its own performance.

**4. DELEGATION.** In fulfilling its responsibilities, the Committee may delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with the Company's certificate of incorporation, bylaws, and any applicable laws or rules of any regulator with authority over the Company, such as the SEC, NYSE, or ASX.

## **5. MEETINGS AND PROCEDURES**

**5.1. Number of Meetings.** The Committee will meet at least two times a year, and more frequently as the Committee deems necessary or advisable.

**5.2. Procedures.** The Chair (or in his or her absence, a member designated by the Chair) will preside at each meeting of the Committee and set the agenda for Committee meetings. The Committee will have the authority to establish its own rules and procedures for notice and conduct of its meetings, so long as they are consistent with the Company's bylaws.

**5.3. Attendance by Non-members.** All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but will not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event will not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, or any other person whose presence the Committee believes to be desirable and appropriate. Notwithstanding the foregoing, the Committee may 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 Committee.

**5.4. Consultants.** The Committee has the sole authority to retain and terminate independent counsel or other outside expert or advisor that the Committee believes to be desirable and appropriate, and sole authority to approve the advisor's fees and other retention terms. The Committee, in its discretion, may also use the services of the Company's regular inside or outside legal counsel, accounting, or other advisors to the Company. The Company will provide for appropriate funding, as determined by the Committee, to compensate any advisors retained by the Committee.

**5.5. Report to the Board.** The Chair will report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairman of the Board.