

RESMED INC  
Form DEF 14A  
September 30, 2010  
Table of Contents

**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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- 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):

No fee required.

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

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- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
- (4) Date Filed:

**Table of Contents**

Dear Stockholder:

We cordially invite you to attend the ResMed Inc. Annual Stockholders Meeting on Thursday, November 11, 2010, at 2:00 p.m. US Pacific Time (Friday, November 12, 2010, at 9:00 a.m. Australian Eastern Time) in ResMed's corporate offices, located at 9001 Spectrum Center Boulevard, San Diego, California, 92123 USA.

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 elect three directors; approve an increase in the maximum annual aggregate limit of directors' fees that we may pay in any fiscal year to all non-executive directors, as a group, from the current limit of \$400,000 to a maximum aggregate amount not to exceed \$800,000; amend our certificate of incorporation to increase the number of authorized shares of our common stock from 200,000,000 to 350,000,000 shares; and, ratify the selection of our independent auditors for fiscal year 2011.

Your vote is important. This year, 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.

Very truly yours,

Peter C. Farrell

Founder and Executive Chairman of the Board

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
OF RESMED INC.**

**Date:** Thursday, November 11, 2010, at 2:00 p.m. (US Pacific Time)  
Friday, November 12, 2010, at 9:00 a.m. (Australian Eastern Time)

**Location:** ResMed Inc. s corporate office  
9001 Spectrum Center Boulevard

San Diego, California 92123 USA

- Items of Business:**
1. Election of three directors, each to serve for a three-year term. The nominees for election as directors at the 2010 Annual Meeting are Kieran Gallahue, Michael Quinn and Richard Sulpizio;
  2. To approve an increase in the maximum aggregate limit of directors' fees that we may pay in any fiscal year to all non-executive directors, as a group, from the current limit of \$400,000 to a maximum aggregate amount not to exceed \$800,000 during any fiscal year;
  3. To amend our certificate of incorporation to increase the number of authorized shares of ResMed's common stock from 200,000,000 to 350,000,000 shares;
  4. Ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2011; and
  5. Transaction of such other business as 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 14, 2010, 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.

**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,

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David Pendarvis

Secretary

Dated: September 30, 2010

**Table of Contents****Table of Contents**

<b><u>GENERAL INFORMATION</u></b>	1
<b><u>DELIVERY OF AND ACCESS TO PROXY MATERIALS</u></b>	1
<b><u>VOTING INSTRUCTIONS AND INFORMATION</u></b>	1
<b><u>COMMON STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT</u></b>	5
<b><u>EXECUTIVE COMPENSATION</u></b>	9
<u>Compensation Discussion and Analysis (CD&amp;A)</u>	9
<u>2010 In Review</u>	11
<u>Summary Compensation Table</u>	22
<u>Grants of Plan-Based Awards</u>	24
<u>Outstanding Equity Awards at Fiscal Year(s) End</u>	26
<u>Option Awards Vesting Schedule</u>	27
<u>Option Exercises and Stock Vested</u>	27
<u>Potential Payments on Termination or Change-of-Control</u>	27
<u>Risk Considerations in Compensation Programs</u>	30
<u>Compensation Committee Report</u>	30
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	31
<b><u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	31
<b><u>AUDIT MATTERS</u></b>	32
<u>Audit Fees</u>	32
<u>Pre-Approval Policy</u>	32
<u>Audit Committee Report</u>	32
<b><u>MATTER TO BE ACTED ON PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	34
<b><u>CORPORATE GOVERNANCE</u></b>	38
<u>Board Independence</u>	38
<u>Meetings and Director Attendance</u>	38
<u>Board Oversight of Risk</u>	38
<u>Board Leadership Structure</u>	39
<u>Committees of our Board of Directors</u>	39
<u>Communications with our Board of Directors</u>	42
<u>Code of Ethics</u>	42
<u>Compensation of Directors</u>	42
<b><u>CERTAIN RELATIONSHIPS AND TRANSACTIONS WITH RELATED PERSONS</u></b>	46
<b><u>MATTER TO BE ACTED ON PROPOSAL 2: INCREASE OF THE LIMIT ON ANNUAL AGGREGATE FEES FOR NON-EXECUTIVE DIRECTORS</u></b>	47
<b><u>MATTER TO BE ACTED ON PROPOSAL 3: AMEND THE CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK</u></b>	49
<b><u>MATTER TO BE ACTED ON PROPOSAL 4: RATIFICATION OF SELECTION OF AUDITORS</u></b>	51
<b><u>OTHER BUSINESS</u></b>	51
<b><u>STOCKHOLDER PROPOSALS FOR 2011 ANNUAL MEETING</u></b>	51

---

**Table of Contents**

**PROXY STATEMENT**

**GENERAL INFORMATION**

The ResMed Inc. ( ResMed, we, us, or our ) Board of Directors is providing this proxy statement in connection with our 2010 Annual Meeting of Stockholders to be held on Thursday, November 11, 2010, at 2:00 p.m. US Pacific Time (Friday, November 12, 2010, at 9:00 a.m. Australian Eastern Time) in ResMed Inc.'s corporate office, located at 9001 Spectrum Center Boulevard, San Diego, California 92123 USA, 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 2010 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, NOVEMBER 11, 2010, AT 2:00 P.M. US PACIFIC TIME (FRIDAY, NOVEMBER 12, 2010, AT 9 A.M. AUSTRALIAN EASTERN TIME)**

We expect to first make available this proxy statement to our stockholders and our holders of CHESSE Units of Foreign Securities (CUFS) on the internet, and to mail notice and access materials on or about October 1, 2010. Our annual report on Form 10-K was filed with the US Securities and Exchange Commission (SEC) on August 17, 2010 and is available for review on our website at [www.resmed.com](http://www.resmed.com) and at the website where our proxy materials are posted at [www.proxyvote.com](http://www.proxyvote.com) and [www.investorvote.com.au](http://www.investorvote.com.au).

Under rules the SEC recently adopted, 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 NYSE. If you hold our CHESSE units of Foreign Securities (CUFS) 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 on-going basis. There will also be instructions on how you may request to receive your materials electronically on a permanent basis. Certain stockholders who have previously indicated 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 14, 2010 (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

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**Table of Contents**

choice is specified, the shares represented by a properly executed proxy will be voted: (i) FOR each of the three nominees to our board listed in this proxy statement; (ii) FOR approval of the increase to the maximum aggregate annual limit on non-executive director fees, which approval will also constitute approval under ASX Listing Rule 10.17 as described further below; (iii) FOR the amendment of our certificate of incorporation to increase the number of authorized shares of ResMed common stock and (iv) FOR ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2011. 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.

*Holder of Common Stock Listed on the New York Stock Exchange (NYSE)*

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 preaddressed, 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 a 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.

If your broker holds your common stock in street name and you have not provided your broker with voting instructions, your broker will vote your shares in its discretion on proposals considered routine under NYSE rules. The election of directors is not considered routine and 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, however, will not affect the outcome of the vote of the proposal to elect directors since directors are elected by a plurality of the votes cast. The proposal to amend the maximum aggregate annual limit on non-executive director fees, the amendment to our certificate of incorporation, and the ratification of auditor selection are considered routine proposals for US-held securities, and thus your broker may continue to exercise its discretion to vote your shares absent your instruction on these proposals. In addition, with respect to the proposal to increase the maximum aggregate annual limit on non-executive director fees, other requirements under the ASX Listing Rules relating to the votes pertaining to CHES Units of Foreign Securities listed on the ASX may apply. Please see "Matter To Be Acted On Proposal 2: To Approve an Increase in the Maximum Aggregate Annual Limit on Non-Executive Director Fees" for a description of these requirements.

Internet voting closes at 11:59 p.m. (US Eastern Time) on November 10, 2010.

*Holder of CHES Units of Foreign Securities Listed on the ASX*

If you hold our CHES Units of Foreign Securities (CUFS), you will receive a Notice from Computershare, 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.

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## **Table of Contents**

**Your vote is important.** We encourage you to submit your proxy, or provide instructions to your brokerage firm, bank or the CHESSE 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 such 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 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 10 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 14, 2010 (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 151,525,836 shares of common stock (excluding treasury shares), the holders of which are entitled to one vote per share. Accordingly, an aggregate of 151,525,836 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 is not empowered to vote on a particular proposal and has not been instructed to vote on the proposal by the beneficial owner of such shares) will be counted as shares represented at our annual meeting for purposes of determining a quorum.

For Proposal 1, directors will be elected by a plurality of the votes cast. Thus, the three 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, but any resulting broker non-votes will have no effect on the outcome of the election.

For Proposal 2, Australian Stock Exchange (ASX) Listing Rules require the affirmative vote of a majority of the aggregate votes cast, in person or by proxy, to increase our non-employee director aggregate fees. As a result, abstentions will have no effect on the outcome of this proposal. This proposal is a matter on which brokers are entitled to vote and thus broker non-votes are not expected. Any broker non-votes that may result will not affect the outcome of this proposal. There are other voting requirements under the ASX Listing Rules relating to this proposal, please see "Matter To Be Acted On Proposal 2: To Approve an Increase in the Maximum Aggregate Annual Limit on Non-Executive Director Fees for a description of these requirements.

For Proposal 3, the affirmative vote of a majority of our outstanding shares of common stock entitled to vote at the annual meeting is required to approve the amendment to our certificate of incorporation and affect the increase in the number of authorized shares from 200,000,000 to 350,000,000. Abstentions to this Proposal 3 will be treated as votes against the amendment to the certificate. This proposal is a matter on which brokers are entitled to vote and thus broker non-votes are not expected.

For Proposal 4, the affirmative vote of a majority of the aggregate votes cast in person or by proxy is required for the ratification of the selection of KPMG LLP as our independent auditors. Abstentions will not affect the outcome of this proposal. Brokers generally have discretionary authority to vote on the ratification of our independent auditors, thus we do not expect broker non-votes to result from the vote on Proposal 4. Any broker non-votes that may result will not affect the outcome of this proposal.

**Table of Contents**

**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 us 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 10, 2010; or

Attending the 2010 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 CUFs*

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.

**Table of Contents****COMMON STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT**

The following table shows the number 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 Schedule 13G filed with the SEC and Substantial Stockholder Notices filed with the ASX, is the beneficial owner of more than five percent of our outstanding common stock; (2) each person who is currently a director, three 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 shares of common stock outstanding (excluding treasury shares) on September 14, 2010, 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 such person or entity, subject to community property laws, where applicable:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Outstanding Common Stock
<b>Stockholders Holding 5% or more</b>		
Capital Research Global Investors	12,921,000 <sup>(2)</sup>	8.5%
333 South Hope Street, 55/F		
Los Angeles, CA 90071-1406		
BlackRock, Inc.	11,009,190 <sup>(3)</sup>	7.3%
40 East 52nd Street		
New York, NY 10022		
<b>Named Executive Officers, Director and Nominees:</b>		
Peter Farrell	2,557,444 <sup>(4)</sup>	1.7%
Christopher Roberts	821,600 <sup>(5)</sup>	*
Kieran Gallahue	694,732 <sup>(6)</sup>	*
Gary Pace	655,000 <sup>(7)</sup>	*
Michael Quinn	624,600 <sup>(8)</sup>	*
David Pendarvis	347,752 <sup>(9)</sup>	*
Brett Sandercock	264,371 <sup>(10)</sup>	*
Robert Douglas	251,907 <sup>(11)</sup>	*
Richard Sulpizio	176,000 <sup>(12)</sup>	*
John Wareham	137,000 <sup>(13)</sup>	*
Ronald Taylor	98,286 <sup>(14)</sup>	*
All current executive officers and directors as a group (14 persons)	6,886,316 <sup>(15)</sup>	4.5%

\* Less than one percent (1%)

- (1) Beneficial ownership is stated as of September 14, 2010, and includes shares subject to options exercisable, and restricted stock units (RSUs) that vest, within 60 days after September 14, 2010, as set forth below. Shares have been rounded to the nearest whole number. Shares subject to options and RSUs are deemed beneficially owned by the person holding the options and RSUs to compute that person's ownership percentage, but are not treated as outstanding to compute any other person's ownership percentage.
- (2) Based on information provided in a Schedule 13G filed with the SEC on February 9, 2010, by Capital Research Global Investors. Capital Research Global Investors has sole voting power over 4,480,000 of these shares, shared voting power over 1,160,000 of these shares and sole dispositive power over all of these shares. The reported shares have been doubled to give effect to our August 2010 stock split.
- (3) Based on information provided in a Schedule 13G filed with the SEC on January 29, 2010, by BlackRock, Inc., that reports sole voting and dispositive power over all of these shares. The reported shares have been doubled to give effect to our August 2010 stock split.
- (4) Includes 458,548 shares held by the Peter C. Farrell Family Trust, 200,000 shares held by the Peter C. Farrell December 2009 Annuity Trust, 200,000 shares held by the Peter C. Farrell April 2010 Annuity Trust and 200,000 shares held by the Peter C. Farrell July 2010

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Annuity trust. Also includes 1,498,496 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.

**Table of Contents**

- (5) Includes 23,200 shares held by his spouse, 342,400 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. Also includes 247,500 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (6) Includes shares that Mr. Gallahue has the right to acquire on vesting of 14,284 restricted stock units, and 674,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (7) Includes 315,000 shares pledged pursuant to variable pre-paid forward contract with Credit Suisse First Boston Capital representing an obligation to either sell the pledged shares or repay initial advance in cash. Contract matures December 17, 2010. Also includes 340,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (8) Includes 6,600 shares owned by Kaylara ATF Straflo Pension Fund, an entity controlled by Mr. Quinn. Also includes 276,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (9) Includes shares that Mr. Pendarvis has the right to acquire on vesting of 5,000 restricted stock units, and 335,158 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (10) Includes shares that Mr. Sandercock has the right to acquire on vesting of 10,000 restricted stock units, and 237,500 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (11) Includes shares that Mr. Douglas has the right to acquire on vesting of 10,000 restricted stock units, and 237,500 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (12) Includes 156,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (13) Includes 132,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (14) Includes shares that Mr. Taylor has the right to acquire on vesting of 10,000 restricted stock units, and 84,000 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.
- (15) Includes an aggregate of 79,570 shares that the above individuals have the right to acquire on vesting of restricted stock units, and an aggregate of 4,375,654 shares of common stock that may be acquired on the exercise of stock options exercisable within 60 days after September 14, 2010.

**Executive Officers**

As of the record date, September 14, 2010, our executive officers were:

<b>Executive Officer</b>	<b>Age</b>	<b>Position</b>
Don Darkin	57	Sr. Vice President, Strategic Business Unit Patient Interfaces
Robert Douglas	50	Chief Operating Officer Asia Pacific
Michael Farrell	38	Sr. Vice President, Strategic Business Unit - Sleep
Peter Farrell	68	Executive Chairman of the Board of Directors
Kieran Gallahue	47	Chief Executive Officer, President and Director
Stein Jacobsen	45	Chief Operating Officer Europe
David Pendarvis	51	Sr. Vice President, Organizational Development and General Counsel
Brett Sandercock	43	Chief Financial Officer

**BIOS**

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

**DON DARKIN****Senior Vice President, Strategic Business Unit Patient Interfaces**

Don Darkin has been Sr. Vice President, Strategic Business Unit Patient Interfaces since July 2007. Before this position, Mr. Darkin held several senior roles within ResMed. He joined ResMed in August 1999 as Vice President, Product Development.

## **Table of Contents**

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 Teletronics 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 Asia Pacific**

Robert Douglas has been Chief Operating Officer Asia Pacific since July 2008. Before this, Mr. Douglas was Chief Operating Officer, Sydney from November 2005 to July 2008. From April 2001 to November 2005, Mr. Douglas was Vice President of Operations and responsible for ResMed's Australian manufacturing, and was Vice President of Corporate Marketing. Before joining ResMed in 2001, and beginning in 1995, Mr. Douglas was the General Manager, Strategy and New Business for Keycorp Ltd., an Australian electronic commerce company providing services to major banks and telecommunications companies around the world. Before Keycorp, he held senior R & D and operational roles in Teletronics Pty Ltd., mainly working on the development of an implantable defibrillator. Mr. Douglas sits on the board of directors of the Australian Science Media Centre (AusSMC) a nonprofit organization that facilitates media reporting of science. ResMed is a sponsor of AusSMC. Mr. Douglas has an M.B.A. from Macquarie University and a B.S. in Electrical Engineering and Computer Sciences from New South Wales University, Sydney.

### **MICHAEL J. FARRELL**

#### **Sr. Vice President, Strategic Business Unit Sleep**

Michael Farrell has been Sr. Vice President, Strategic Business Unit Sleep since July 2007. Mr. Farrell was Vice President, Marketing for the Americas from June 2005 through 2007 and before that role he was Vice President of Business Development, leading acquisitions and strategic alliances as well as the establishment of a new market development team. Mr. Farrell joined ResMed in September 2000, and before that he 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 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 and Executive Chairman of the Board. For a description of the compensation paid to Michael Farrell, see *Certain Relationships and Transactions with Related Persons*.

### **STEIN JACOBSEN**

#### **Chief Operating Officer Europe**

Stein Jacobsen has served as ResMed's Chief Operating Officer Europe since January 1, 2009. He joined ResMed in 2005 as Chief Operating Officer Nordics, after ResMed's acquisition of PolarMed Holding AS, a Scandinavian medical equipment distributor that Mr. Jacobsen founded in 1993. Mr. Jacobsen served as COO Nordics until July 2007, when he became Senior Vice President of ResMed's Ventilation Strategic Business Unit. With over 20 years' 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.

### **DAVID PENDARVIS**

#### **Sr. Vice President, Organizational Development and General Counsel**

David Pendarvis has been Sr. Vice President, Organizational Development since February 2005. Mr. Pendarvis has been Global General Counsel since he joined ResMed in September 2002, and from February 2003, has been Corporate Secretary. From September 2000 until September 2002, Mr. Pendarvis was a partner in the law firm of Gray Cary Ware & Freidenrich LLP, where



**Table of Contents**

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 holds a B.A. from Rice University; a J.D., *cum laude*, from the University of Texas School of Law; and a Masters of Science in Executive Leadership from the University of San Diego. Since December 2009, Mr. Pendarvis has served on the board of Sequenom, Inc., a NASDAQ-listed developer of technology, products and diagnostic tests that target and serve discovery, clinical research, and molecular diagnostics markets.

**BRETT SANDERCOCK**

**Chief Financial Officer**

Brett Sandercock has been Chief Financial Officer since January 1, 2006. From November 2004 until December 31, 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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**Table of Contents**

**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 2010, our named executive officers were Kieran Gallahue, our President and Chief Executive Officer, Brett Sandercock, our Chief Financial Officer, and our three next most highly paid executive officers: Peter Farrell, our Founder and Executive Chairman of the Board, David Pendarvis, our Sr. Vice President Organizational Development and General Counsel, and Rob Douglas, our Chief Operating Officer Asia Pacific. This section also discusses the Compensation Committee's role in the design and administration of these programs and policies and in making compensation decisions for our executive officers.

The Compensation Committee is a committee of our board of directors. It decides matters regarding compensation of our executive officers. 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 Securities Exchange. The Committee operates under a written charter adopted by our board of directors. We have posted a copy of the charter of the Compensation Committee on our Website, at [www.resmed.com](http://www.resmed.com). During fiscal year 2010, Gary Pace, Richard Sulpizio and Ronald Taylor served as members of the Compensation Committee. Mr. Taylor served as Chair of the Compensation Committee during the entire fiscal year. We feel 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.

***General Philosophy and Objectives***

We desire to attract, motivate and retain high quality employees who will enable us to achieve our short- and long-term strategic goals and values. We participate 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. The objectives of our compensation programs are to:

align the interests of our executives with those of our stockholders through equity-based incentive awards, in the form of stock options and, as introduced in the past fiscal year, in the form of restricted stock units, both of which align our executives' financial rewards with those of our stockholders through appreciation of our stock price;

subject a significant portion of our executives' compensation to the achievement of pre-established short-term corporate financial objectives and pre-established individual objectives through our annual cash incentive programs and our restricted stock unit program; and

provide a 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.

Each element of our compensation program is designed to satisfy one or more of these compensation objectives and each element is an integral part of and supports our overall compensation plan. Our executive compensation program primarily consists of:

a base salary;

a potential cash bonus based on our short-term financial performance; and

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an equity component linking the employee's long-term financial success to the stockholders' long-term financial success. The Compensation Committee begins its analysis by assessing each element of compensation (base salary, cash bonus and equity incentives) against peer company comparables. The peer group is comprised of companies in specific industry sectors that relate to our business. They are matched based on market capitalization, number of employees, net profit and numerous other factors to validate that the data is relevant in comparison to our executive positions. The Committee then matches positions for our executive officers against comparable positions from the peer group data, and assesses the various elements of compensation against the

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**Table of Contents**

median and other percentiles of the peer group data for each officer. The Compensation Committee considers each of the compensation components individually, considers total cash compensation (salary plus on-target bonus amounts), and considers total direct remuneration (total cash compensation plus equity compensation) as a whole in making its decisions. While the Committee considers the peer group data as a guide, ultimately the Committee makes an independent decision on appropriate compensation.

During fiscal year 2010, the Committee continued its philosophy from fiscal year 2009 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 peers as discussed more fully below under *Peer Group Comparisons*; and that total target cash compensation should reflect modest salaries and a high percentage of pay at risk in the form of an annual cash incentive. Consultant data presented for fiscal year 2010 reviewed by the Committee 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. During fiscal year 2010, the Committee also approved the use of restricted stock units in order to provide a mix of awards that increases the ability of the Compensation Committee to manage more effectively our use of shares under our stock option 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 restricted stock units awarded to our senior officers are earned only after certain pre-established performance measures are met.

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.

***Compensation Process***

The Compensation 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.

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 2007, the Compensation Committee has retained Frederic W. Cook & Co., Inc., an independent compensation consultant, to advise the Committee with respect to executive compensation matters for US executive officers. Also, the Committee engaged the services of Hewitt Associates in fiscal year 2010 regarding the compensation paid in Australia to the positions of Chief Financial Officer and Chief Operating Officer Asia Pacific. The Committee reviewed market practices and benchmarking data from the consultants 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.

Our Chief Executive Officer, our Founder and Executive Chairman, our Sr. Vice President Organizational Development, and other members of management provide input and recommendations to the Committee for their review and approval. In particular, all three officers make recommendations regarding the compensation to be paid to the other members of management. While the Compensation Committee gives consideration to these recommendations, it exercises independent judgments. Management provides to the compensation consultants and to the Committee historical and prospective breakdowns of total compensation components for each executive officer. 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 Compensation Committee meetings, the Committee Chairman excuses individual management members when deemed necessary for independent review or decision-making.

## **Table of Contents**

The Committee considers each of the three primary elements of compensation 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.

### **2010 In Review**

During fiscal year 2010, the philosophy and objectives of the Compensation Committee relating to performance-based pay were reflected in our overall executive compensation programs. In the prior fiscal year, the Committee had increased the bonus amounts payable, as expressed as a percentage of salary, for named executive officers, reflecting a desire to base more of their compensation on performance and put more at risk, with a goal of paying above peer comparables if ResMed achieved our targets. At the outset of fiscal year 2010, the Committee determined that the change in the prior year continued to be market competitive and provide appropriate incentives and decided that no change to the bonus percentages were required for fiscal 2010. Therefore, the bonuses payable at target performance for fiscal year 2010 remained at 120% of salary for our Chief Executive Officer and our Executive Chairman and 70% of salary for our other executive officers.

During fiscal 2010, we exceeded our performance targets, despite challenging overall economic conditions. As in the prior year, the primary performance measures for 2010 were revenue and profit as a percentage of sales at the global level, with additional goals established for our Chief Executive Officer and our Executive Chairman. Bonus payments to our executive officers and other executive officers reflected our over-achievement and were paid at amounts ranging from 108.39% to 113.26% 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.

Also during fiscal 2010, ResMed's stock price on the NYSE increased significantly (up 49% from June 30, 2009, through June 30, 2010). This increase brought value to our named executive officers' outstanding option grants, further serving as an incentive and retention tool and aligning our executives' incentives with those of long-term stockholders.

Beginning in fiscal 2010, we provided certain employees (including our named executive officers) the choice to select whether their equity awards would be entirely in the form of stock opt