ResMed Inc.

Corporate Governance Report

Overview

ResMed is committed to effective corporate governance. At the core of corporate governance lies the board of directors. We have always had a strong and independent board and only two of our nine members are employees. Our board members do not hesitate to speak their minds and they ensure that we continue to manage the business for the long-range interests of our shareholders.

Our board has three core committees – the Audit Committee, the Nominating and Governance Committee and the Compensation Committee. Each is composed entirely of independent directors. Each works to review, approve and monitor the major financial and business activities of the company. We stay abreast of and comply with the latest regulations of the US Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE), the Australian Securities and Investments Commission (ASIC) and the Australian Stock Exchange (ASX); and we have strong accounting supervision and principles.

ASX Corporate Governance Principles

The following statements address ResMed's corporate governance in the context of the ASX's Corporate Governance Council Principles. This Corporate Governance Report should be read together with the section on ResMed's Corporate Governance contained in the 2009 Proxy Statement.

Principle 1: Lay solid foundations for management and oversight.

ResMed's business and affairs are managed by or under the direction of the Board. Our Corporate Governance Guidelines set forth goals regarding composition of the board and committees, meetings and expectations of directors. A copy of our Corporate Governance Guidelines may be found on our website at www.resmed.com, and is available to shareholders on request made to the Secretary, ResMed Inc., 9001 Spectrum Center Blvd, California, 92123.

Principle 2: Structure the board to add value.

<u>Committee Structure</u>. The board of directors has three committees to assist in the management of our affairs: Compensation, Nominating and Governance and Audit Committees. Copies of the charters for each of these committees may be found on our website at www.resmed.com, and are available to shareholders upon request made to the Secretary, ResMed Inc., 9001 Spectrum Center Blvd, California, 92123.

The Compensation Committee currently consists of Ronald Taylor (Chairman), Gary Pace and Richard Sulpizio. The Compensation Committee's primary purposes are to:

- establish and review the compensation of officers, directors and executives of ResMed;
- advise the board regarding ResMed's compensation philosophies, practices and procedures;
- advise the board regarding key senior management succession planning, including recruiting, hiring, development, retention and termination of key senior executives; and
- administer ResMed's equity and compensation plans.

The Nominating and Governance Committee currently consists of Gary Pace (Chairman), Michael Quinn, Richard Sulpizio, Ronald Taylor, John Wareham and Christopher Roberts. The Nominating and Governance Committee's primary purposes are to:

- assure that the composition, practices and operation of the board of directors contribute to lasting value creation and effective representation of ResMed shareholders; and
- assist the board, the chairman and the chief executive officer with selecting board and committee members, committee selection and rotation practices, evaluating the board's overall effectiveness, and reviewing and considering developments in corporate governance practices.

The Audit committee is discussed with regard to Principle 4, below.

The charters of the board and the individual committees contain guidelines for annual self-evaluations by the board and each of its committees. We also evaluate the performance of our executive officers at least annually.

<u>Board membership</u>. In selecting candidates for the board of directors, the Nominating and Governance Committee identifies nominees by first evaluating the current members of the board of directors willing to continue in service. Current members with qualifications and skills that are consistent with the Nominating and Governance Committee's criteria for board service are re-nominated. As to new candidates, the Nominating and Governance Committee generally polls the board of directors and members of management for their recommendations. The Nominating and Governance Committee may also review

the composition and qualification of the boards of directors of ResMed's competitors, and may seek input from industry experts and analysts. The Nominating and Governance Committee may engage a third-party search firm to identify candidates in those situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate.

The Nominating and Governance Committee reviews the qualifications, experience and background of all candidates. The independent directors and executive management interview final candidates. In making its determinations, the Nominating and Governance Committee evaluates each individual in the context of the board of directors as a whole, with the objective of assembling a group that can best perpetuate the success of ResMed and represent shareholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the Nominating and Governance Committee makes its recommendation to the board of directors.

Access to external advisors. The board of directors has the sole authority to retain and terminate outside experts and advisors it believes desirable and appropriate. ResMed provides for the appropriate funding, as determined by the board committee, to compensate any advisors retained by the board.

The roles of Chairman and Chief Executive Officer. Our founder, Dr. Peter C. Farrell, exercised the role of both Chairman of the Board and Chief Executive Officer until January 1, 2008. ResMed believes this combination was in the best interests of its shareholders, and was appropriate given Dr. Farrell's knowledge, experience and leadership. Dr. Farrell is the Executive Chairman of the Board and one of two non-independent directors on the board.

Under a board-approved succession plan and effective January 1, 2008, Kieran T. Gallahue was promoted to Chief Executive Officer, in addition to his role as President. Mr. Gallahue has been President, ResMed Global, since September 7, 2004. Before that, and beginning in January 2003, Mr. Gallahue was President and Chief Operating Officer of the Americas. Mr. Gallahue is the other non-independent director on the Board.

The board exercises independent oversight over the company. Our non-employee directors meet at least four times a year in executive session without management. The executive sessions are presided over by the Chair of our Nominating and Governance Committee.

Principle 3: Promote ethical and responsible decision-making.

ResMed is dedicated to conducting its business consistent with the highest standards of business ethics. We have an obligation to our employees, shareholders, customers, suppliers, community representatives and other business contacts to be honest, fair and forthright in all of our business activities.

ResMed is committed to patient care. ResMed educates physicians and the general public to increase awareness of health risks associated with untreated sleep-disordered breathing and other respiratory conditions.

ResMed is also committed to providing a safe and fair working environment for its employees, with equal opportunities for them to succeed. ResMed treats its customers fairly in its business practices. ResMed believes it is important to be a good corporate citizen and to contribute to the communities in which it operates.

We have a code of business conduct and ethics for directors, officers and employees, which can be found at www.resmed.com and is available to shareholders upon request made to the Secretary, ResMed Inc., 9001 Spectrum Center Blvd, California, 92123. The code summarizes the compliance and ethical standards and expectations we have for all of our officers, directors and employees, including our Chief Executive Officer and senior financial officers, with respect to their conduct in connection with our business. Our code of business conduct and ethics constitutes our code of ethics within the meaning of Section 406 of the Sarbanes Oxley Act of 2002 and the NYSE listing standards. ResMed also has an approved trading policy for directors, executive officers and other insiders, which identifies a trading window for a distinct period of time and prohibits trading outside the window. Our trading policy may be found on our website at www.resmed.com, and is available to shareholders upon request made to the Secretary, ResMed Inc., 9001 Spectrum Center Blvd, California, 92123.

We intend to disclose future amendments to or waivers of certain provisions of our code of business conduct and ethics applicable to our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions on our website at www.resmed.com within five business days, or as otherwise required by the SEC or the NYSE.

Principle 4: Safeguard integrity in financial reporting.

Our Audit Committee consists of Michael A. Quinn (Chairman), Christopher Roberts and John Wareham, each of whom has been determined by the board of directors to be financially literate under the current listing standards of the NYSE. In addition, the board of directors has identified all members of the Audit Committee as financial experts within the meaning of the SEC rules. The Audit Committee operates under a written charter that was adopted by the board of directors in May 2000, and last amended as of October 2004 and is available on our website. The Audit Committee's responsibilities include selecting our independent auditors and approving their fees and other significant compensation, as well as reviewing:

- our annual financial statements and quarterly results;
- the adequacy and effectiveness of our systems of internal accounting controls;
- any significant matters identified as a result of our independent accountants' procedures;
- the annual and quarterly earnings press releases prior to their respective releases;
- the independent auditors' audit plan and engagement letter;
- the independence and performance of our independent auditors;
- material legal matters and potential conflicts of interest;
- our code of ethical conduct and its enforcement; and
- the adequacy and succession planning of ResMed's accounting and financial personnel.

Principle 5: Make timely and balanced disclosure.

We take seriously our obligations under the securities laws and we focus on the timely disclosure of material information. We have formed a Disclosure Committee to implement our disclosure guidelines and to address disclosure issues that may arise from time to time. Our disclosure guidelines reflect the continuous disclosure requirements set out in the ASX Listing Rules and Corporation Act 2001 and are reviewed regularly.

Principle 6: Respect the rights of shareholders.

The shareholders' principal role in governance is to elect the directors, approve ResMed's selection of an outside auditor and vote on other business at the Annual General Meeting.

In addition, shareholders may nominate candidates for director. Recommendations received from shareholders in accordance with the shareholder nomination guidelines noted in ResMed's proxy statement will be processed and are subject to the same criteria as are candidates nominated by the Nominating and Governance Committee.

Shareholders may also submit proposals for consideration at the 2009 annual meeting. Detailed information on the process for shareholder submissions can be found in ResMed's 2009 proxy statement.

Shareholders may communicate with our non-management board members by written mail addressed to the Chairman of the Nominating and Governance Committee, care of Secretary, ResMed Inc., 9001 Spectrum Center Blvd, California, 92123. Shareholders are encouraged to include proof of ownership of our stock in such communications. The Secretary will forward all communications to the Chairman of the Nominating and Governance Committee.

Shareholders may communicate with management by contacting our Director of Investor Relations by mail to ResMed Inc., 9001 Spectrum Center Blvd, California, 92123 by phone at +1 (858) 836-5971 or by email to: investorrelations@resmed.com.

Principle 7: Recognize and manage risk.

The Audit Committee advises the board of directors and reports on the status of business risks to ensure risks are identified, assessed and appropriately managed. In addition, our CEO and CFO also submit financial statement certifications as required by the SEC and NYSE.

A detailed discussion about the market and business risks we face can be found in our annual report on form 10-K, which is available on our website at www.resmed.com.

Principle 8: Remunerate fairly and responsibly.

The Compensation Committee reviews and determines salaries, bonuses and all other elements of the compensation packages offered to ResMed's executive officers, including its Chief Executive Officer, and establishes our general compensation policies. The Compensation Committee operates under a written charter adopted by our board of directors. In making its decisions, the Compensation Committee considers the advice of independent compensation consultants regarding market comparisons and best practices.

ResMed believes that its executive compensation programs should reflect its financial and operating performance. In addition, individual contribution to ResMed's success should be supported and rewarded.

ResMed's executive and key employee compensation program consists of a base salary component, a component providing the potential for an annual bonus based on relevant company performance and a component providing the opportunity to earn stock options linking the employee's long-term financial success to that of the shareholders.

The Compensation Committee also makes recommendations to the full board on compensation for members of our board of directors. Details on the compensation received by our board of directors can be found in our proxy statement.

Appendix 1
Information on ResMed Inc.'s Common Stock

As of September 21, 2009, there were a total of 25,594 holders of ResMed Inc. Common Stock based on the information provided by ResMed's transfer agents.

ResMed has one class of Common Stock and each share is entitled to one vote per share on all matters on which shareholders have the right to vote.

Distribution of stockholdings (including CDI's) is as follows:

	Holders
1 -1,000	3417
1,001 – 5,000	4571
5,000 – 10,000	999
10,001 – 100,000	694
100,001 – Above	87

The top twenty holders of ResMed Inc. as of September 21, 2009, based on the information provided by ResMed's transfer agent are as follows:

Firm Name	Position	Percent of total
Cede & Co	56,764, 540	69%
CHESS Depository Nominees Pty Ltd	19,928,938	24%
ResMed Inc.	5,194,030	6%
Philip William Hone	150,000	.02%
Michael Quinn	99,600	.01%
Cabbitt Pty Limited	96,400	.01%
Acemed Pty Ltd	68,000	-
Cabbitt Pty Limited	60,000	-
Janette Sullivan	36,500	-
Maxine Meegan Roberts	11,600	-
Noel Cummings	10,000	-
APSA/Advance Product SA	5,000	-
Jeanette M Williams	5,000	-
Agar Brown & Carolyn Brown	4,000	-
Kathy Sieh	2,672	-
Stanley Clark & Audrey Clark	2,400	-
Linda Laidlaw	2,000	-
Kanwal Kapur & Nirmal Kapur	1,600	-
Sherrill Burden	1,200	-
David Roberts	1,200	-
Total	82,444,680	