

RESMED INC
Form DEF 14A
October 03, 2014
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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

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RESMED INC.

(Name of Registrant as Specified in its Charter)

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Dear Stockholder,

We cordially invite you to attend the ResMed Inc. annual stockholders meeting on Thursday, November 20, 2014, at 10:00 a.m. Australian Eastern Time (Wednesday, November 19, 2014, at 3:00 p.m. US Pacific Time) in ResMed's Australian corporate office located at 1 Elizabeth Macarthur Drive, Bella Vista New South Wales 2153.

Your vote is important. 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. Please read **VOTING INSTRUCTIONS AND GENERAL INFORMATION** *Voting by Attending our Annual Meeting* in the proxy statement.

Very truly yours,

Peter C. Farrell

Chairman of the Board

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Notice of Annual Meeting of Stockholders of ResMed Inc.

Date: Thursday, November 20, 2014, at 10:00 a.m. Australian Eastern Time

Wednesday, November 19, 2014, at 3:00 p.m. US Pacific Time

Location: ResMed's Australian corporate office

1 Elizabeth Macarthur Drive

Bella Vista New South Wales 2153

Australia

Items of business: 1. Elect three directors, each to serve until our 2017 annual meeting and until their successors are elected and qualified. The nominees for election as directors at the 2014 annual meeting are Michael Farrell, Chris Roberts, and Jack Wareham.

2. Ratify our selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015.

3. Approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in this proxy statement.

4. Transact other business that 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 22, 2014, at 4:00 p.m. US Eastern Time.

Meeting admission: Stockholders are cordially invited to attend the annual meeting. If you plan to attend the meeting, you will need proof of share ownership as of 4:00 p.m. US Eastern Time on Monday, September 22, 2014, 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. Please also note that if your shares are not registered in your name 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.

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. Please read **VOTING INSTRUCTIONS AND GENERAL INFORMATION** in the proxy statement.

By order of the board of directors,

David Pendarvis

Secretary

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Voting Instructions and General Information

Why am I receiving these materials?

You are receiving this proxy statement because the board of directors of ResMed Inc. is soliciting your proxy to vote at our 2014 annual meeting of stockholders and any continuation, postponement or adjournment of the meeting. The meeting is scheduled for Thursday, November 20, 2014, at 10:00 a.m. Australian Eastern Time, Wednesday, November 19, 2014, at 3:00 p.m., US Pacific Time, in our Australian corporate office, located at 1 Elizabeth Macarthur Drive, Bella Vista New South Wales 2153 Australia. If you held shares of our stock on September 22, 2014, we invite you to attend the annual meeting and vote on the proposals described below under the heading "What am I voting on?" But you do not need to attend the annual meeting to vote your shares. Instead, you may vote over the internet, by telephone, or complete, sign, date, and return the enclosed proxy card by mail.

When and where are proxy materials available?

We expect to first make this proxy statement available to our stockholders and our holders of CHESSE Units of Foreign Securities on the internet, and to mail notice and access materials on or about October 10, 2014. Our annual report on Form 10-K was filed with the US Securities and Exchange Commission, or SEC, on August 8, 2014. You can review our 10-K on our website, at www.resmed.com, and at the website where our proxy materials are posted, at www.proxyvote.com and www.investorvote.com.au.

We encourage you to access and review all of the important information contained in the proxy materials before voting.

Voting Instructions

What am I voting on?

There are three proposals scheduled to be voted on at the annual meeting:

1. Elect three directors specified in this proxy statement to serve until our 2017 annual meeting and until their successors are elected and qualified;
2. Ratify our appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015; and
3. Approve, on an advisory basis, the compensation we paid to our named executive officers, as described in this proxy statement.

How does the board recommend that I vote?

Our board recommends that you vote:

1. FOR electing each of the three directors;
2. FOR ratifying our appointment of KPMG LLP as independent registered public accounting firm; and
3. FOR, on an advisory basis, approving the compensation we paid to our named executive officers.

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Who can vote at the annual meeting?

You are entitled to vote or direct the voting of your ResMed shares if you were a stockholder of record, a beneficial owner of shares held in street name, or a holder of Clearing House Electronic Subregister System CHESSE Units of Foreign Securities, as of 4:00 p.m. US Eastern Time, on September 22, 2014, the record date for our annual meeting. As of the record date, there were 139,753,124 shares of ResMed common stock outstanding, excluding treasury shares. Treasury shares will not be voted. Each stockholder has one vote for each share of common stock held as of the record date. As summarized below, there are some distinctions between shares held of record, those owned beneficially in street name, and those held through CHESSE Units of Foreign Securities.

What does it mean to be a stockholder of record?

If, on the record date, your shares of common stock were registered directly in your name with our transfer agent, Computershare, then you are a stockholder of record. As a stockholder of record, you may vote in person at the annual meeting or vote by proxy. Whether or not you plan to attend the annual meeting, we urge you to vote by the internet, by telephone, or to fill out and return the enclosed proxy card, to ensure your vote is counted.

What does it mean to beneficially own shares in street name?

If, on the record date, your shares of common stock were held in an account at a broker, bank, or other financial institution (we will refer to those organizations collectively as a broker), then you are the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker. The broker holding your account is considered the stockholder of record for purposes of voting at our annual meeting. As the beneficial owner, you have the right to direct your broker on how to vote the shares in your account. As a beneficial owner, you are invited to attend the annual meeting. However, since you are not a stockholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your broker giving you the legal right to vote the shares at the annual meeting, as well as satisfy the annual meeting admission criteria described below.

Under the rules governing brokers, your broker is not permitted to vote on your behalf on any matter to be considered at the annual meeting (other than ratifying our appointment of KPMG) unless you provide specific instructions to the broker as to how to vote. As a result, we encourage you to communicate your voting decisions to your broker before the annual meeting date to ensure that your vote will be counted.

What does it mean to be a holder of CHESSE Units of Foreign Securities?

CHESSE Units of Foreign Securities are depositary interests issued by ResMed through CHESSE, and traded on the Australian Securities Exchange (ASX). The depositary interests are frequently called CUFS , or CDIs. If you own ResMed CUFS or CDIs, then you are the beneficial owner of one ResMed common share for every ten CUFS or CDIs you own. Legal title is held by CHESSE Depositary Nominees Pty Limited. CHESSE Depositary Nominees are considered the stockholder of record for purposes of voting at our annual meeting. As the beneficial owner, you have the right to direct CHESSE Depositary Nominees on how to vote the shares in your account. As a beneficial owner, you are invited to attend the annual meeting. However, since you are not a stockholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from CHESSE Depositary Nominees giving you the legal right to vote the shares at the annual meeting, as well as satisfy the annual meeting admission criteria described below.

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You will receive a notice from Computershare that will allow you to deliver your voting instructions over the internet. In addition, you may request paper copies of the proxy statement and voting instructions from Computershare by following the instructions on the notice provided by Computershare.

Under the rules governing CUFS and CDIs, CHESSE Depository Nominees are not permitted to vote on your behalf on any matter to be considered at the annual meeting unless you provide specific instructions to CHESSE Depository Nominees as to how to vote. As a result, we encourage you to communicate your voting decisions to CHESSE Depository Nominees before the annual meeting date to ensure that your vote will be counted.

How do I vote my shares before the annual meeting?

Holders of common stock listed on the New York Stock Exchange (NYSE). If you are a holder of common stock listed on the NYSE, you may vote before the meeting 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. You may request paper copies of the proxy statement and proxy card by following the instructions on the Notice.

Holders of record. 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 pre-addressed, 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.

Shares held in street name . If you hold your shares of common stock in street name , which means your shares are held on record by a broker, bank or nominee, you will receive the 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.

Holders of CHESSE Units of Foreign Securities listed on the ASX. If you hold our CHESSE Units of Foreign Securities, you will receive a notice from Computershare, which will allow you to make your voting instructions over the internet. In addition, you may request paper copies of the proxy statement and voting instructions from Computershare by following the instructions on the notice provided by Computershare.

Internet voting closes in the US at 11:59 p.m., November 18, 2014 US Eastern Time for shares traded on the NYSE, and 10:00 a.m., November 18, 2014 Australian Eastern Time for holders of CHESSE Units of Foreign Securities listed on the ASX.

How do I vote at the 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, or if you hold CUFS or CDIs and you wish to vote in person, you must bring a legal proxy from the record holder of the shares, which is the broker or other nominee, or CHESSE nominee, as applicable, authorizing you to vote at our annual meeting.

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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 office located at 9001 Spectrum Center Boulevard, San Diego, California 92123 USA;

Delivering another timely and later dated proxy to our secretary at our principal executive office 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 18, 2014, for shares traded on the NYSE and 10:00 a.m. Australian Eastern Time on November 18, 2014, for holders of CHESSE Units of Foreign Securities listed on the ASX; or

Attending the 2014 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 CHESSE Units of Foreign Securities

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.

What happens if I return the proxy card to ResMed but do not make specific choices?

If you return a signed, dated proxy card to us with a choice specified on a voting matter, we will vote your shares according to your choice. If you return a signed, dated proxy card to us but do not make specific choices, we will vote your shares as follows: (1) FOR each of the three nominees to our board; (2) FOR ratifying our selection of KPMG; and (3) FOR approving, on a non-binding, advisory basis, the compensation we paid our named executive officers.

What does it mean if I received more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

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GENERAL INFORMATION

What are broker non-votes and how are they counted?

If your broker holds your common stock in street name and you have not provided your broker with voting instructions, your broker may vote your shares in its discretion on proposals considered routine under NYSE rules. The only proposal considered routine is the proposal to ratify our auditor selection. If you do not provide direction to your broker with respect to this proposal, your broker may continue to exercise its discretion to vote your shares. The election of directors and the advisory vote on executive compensation are not considered routine, and brokers do not have discretionary authority to vote on these matters without your direction. You must indicate to your broker how you wish to vote on any non-routine matter with respect to any shares you hold in street name or they will be considered a broker non-vote.

Broker non-votes will not affect the outcome of the election of our directors or the advisory vote regarding our executive compensation, as these matters are generally determined based on the number of votes cast and broker non-votes are not considered votes cast. Broker non-votes may have an effect on the proposal relating to the amendment of the incentive plan, since broker non-votes do not count as votes cast and this proposal requires at least 50% of the outstanding shares of common stock entitled to vote to be cast.

Your vote is important. We encourage you to submit your proxy, or provide instructions to your brokerage firm, bank or the CHESS nominee, as applicable. This will ensure that your shares are voted at our annual meeting.

How many shares must be present or represented to conduct business at the annual meeting?

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if a majority of the outstanding shares entitled to vote are represented at our annual meeting. Shares represented by proxies that reflect abstentions or broker non-votes will be counted as shares represented at our annual meeting for purposes of determining a quorum. If there are insufficient votes to constitute a quorum at the time of the annual meeting, we may adjourn the annual meeting to solicit additional proxies.

On the record date we had outstanding 139,753,124 shares of common stock (excluding treasury shares), the holders of which are entitled to one vote per share. Accordingly, an aggregate of 139,753,124 votes may be cast on each matter to be considered at our annual meeting, and at least 69,876,562 shares must be represented at the meeting to have a quorum.

What is the voting requirement to approve each of the proposals?

Proposal 1 Directors will be elected by a majority of the votes cast in person or by proxy, which means that the number of votes cast for a candidate for director must exceed the number of votes cast against that candidate. Abstentions and broker non-votes do not count as a vote cast either for or against and will not affect the outcome of the election.

Under our board's policy, in uncontested elections, an incumbent director nominee who does not receive the required votes for re-election will continue to serve, but is expected to tender a resignation to the board. The nominating and governance committee, or another duly authorized committee of the board, will decide whether to accept or reject the tendered resignation, generally within 90 days after certification of the election results. We will publicly disclose the board's decision on the tendered resignation and the rationale behind the decision.

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Proposal 2 The proposal to ratify our selection of KPMG LLP as our independent auditors for the fiscal year ending June 30, 2015, requires the affirmative vote of a majority of the aggregate votes cast in person or by proxy. Abstentions will not affect the outcome of this proposal. Brokers generally have discretionary authority to vote on the ratification of our independent auditors, so we do not expect broker non-votes to result from the vote on proposal 2. Any broker non-votes that may result will not affect the outcome of this proposal.

Proposal 3 The advisory vote to approve our executive compensation (say on pay vote) requires the affirmative vote of a majority of shares cast in person or by proxy. Abstentions and broker non-votes will not affect the outcome of this proposal. As an advisory vote, the results of this vote will not be binding on the board or the company. However, the board values the opinions of our stockholders and will consider the outcome of the vote when making future decisions on the compensation of our named executive officers and our executive compensation principles, policies and procedures.

Who pays the costs of proxy solicitors?

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 the 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 they incur.

How can I see a list of stockholders?

Under Delaware law, a list of stockholders entitled to vote at our annual meeting will be available at the meeting and for ten days before our annual meeting in our principal executive office, located at 9001 Spectrum Center Boulevard, San Diego, California, 92123 USA, between the hours of 9:00 a.m. and 4:00 p.m. US Pacific Time.

How will I receive my proxy materials?

We are furnishing proxy materials (proxy statement and annual report on Form 10-K) 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 CHES Units of Foreign Securities listed on the ASX, you will receive your Notice from our 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 on Form 10-K, and proxy voting card via 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 ongoing basis. Certain stockholders who have previously given us a permanent request to receive a paper copy of our proxy materials will be sent paper copies in the mail.

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Proposals

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Our bylaws authorize a board of directors with between one and thirteen members, with the exact number to be specified by the board from time to time. Our board has currently authorized eight directors. On January 1, 2014, Peter Farrell transitioned from executive chairman of the board to non-executive chairman of the board.

The board is divided into three classes. One class is elected every year at our annual meeting for a term of three years. The class of directors whose term expires in 2014 has three members: Michael Farrell, Chris Roberts, and Jack Wareham. Accordingly, three directors are to be elected at this annual meeting, who will hold office until the 2017 annual meeting or until the director's earlier death, disability, resignation, or removal.

On the nominating and governance committee's recommendation, our board has nominated Michael Farrell, Chris Roberts, and Jack Wareham, as directors at this annual meeting. We are soliciting proxies in favor of these nominees and proxies will be voted for them unless otherwise specified. If Michael Farrell, Chris Roberts, or Jack Wareham becomes unable or unwilling to serve as director, the proxies will be voted for the election of such other person, if any, as the board designates.

Information concerning the nominees for director and the other directors who will continue in office after our annual meeting is set forth below:

Director	Current term expiration	Age as of September 22, 2014	
Michael Farrell	2014	42	Chief executive officer, nominee for re-election
Chris Roberts	2014	60	Director, nominee for re-election
Jack Wareham	2014	73	Director, nominee for re-election
Peter Farrell	2015	72	Founder and chairman of the board
Gary Pace	2015	66	Director
Ron Taylor	2015	66	Lead director
Carol Burt	2016	56	Director
Rich Sulpizio	2016	64	Director

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The following biographical information is furnished with regard to our directors (including nominees) as of September 22, 2014.

Nominees for election at our annual meeting to serve for a three-year term expiring at the 2017 annual meeting:

Michael Farrell has served as our director since March 1, 2013.

Mr. Farrell has been our chief executive officer and a director since March 1, 2013. Before that appointment, he served as our president Americas from May 2011; our senior vice president, strategic business unit sleep from July 2007 to May 2011; our vice president, marketing for the Americas from June 2005 through July 2007; and before that was our vice president, business development.

Before joining ResMed in September 2000, Mr. Farrell worked in management consulting and biotechnology, as well as in chemicals and steel manufacturing at Arthur D. Little, Genzyme Corporation, The Dow Chemical Company, and BHP Billiton.

Mr. Farrell sits on the board of directors of the Medical Device Manufacturers Association (MDMA), the California Healthcare Institute (CHI), the La Jolla Playhouse and the New Children's Museum, San Diego.

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.

Mr. Farrell's father, Dr. Peter Farrell, is our founder and chairman of the board.

Mr. Farrell was appointed to serve as a director on the board effective March 1, 2013, at the same time he was appointed as chief executive officer. Mr. Farrell does not serve on any of the board's committees. Mr. Farrell's skills and more than 14 years' experience with ResMed and 20 years' experience with technology and healthcare industries provides him with a unique and deep understanding of our operations, technology and market, and led our board to the conclusion that he should serve as a director. In addition, the board believes it appropriate for the chief executive officer to serve as a member of the board.

Chris Roberts has served as our director since September 1992 and is a member of our audit committee. He also served as a director from August 1989 to November 1990.

Since February 2004, Dr. Roberts has been chief executive officer and president of Cochlear Limited, an ASX-listed hearing implant company for the treatment of severe and profound hearing impairment. Between August 1992 and January 2004 he was ResMed's executive vice president responsible for European and Asia Pacific activities. Between 1976 and 1989 he served in various positions in medical device companies,

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including president of BGS Medical (Denver, Colorado), an orthopedic implant company.

Dr. Roberts holds a B.E. in chemical engineering with honors from the University of New South Wales, an M.B.A. from Macquarie University, a Ph.D. in biomedical engineering from the University of

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New South Wales, and a Doctor of Science (honoris causa) from both Macquarie University and from University of New South Wales. He is a fellow of the Australian Academy of Technological Sciences and Engineering, a fellow of the Australian Institute of Company Directors, and a fellow of the Institution of Engineers Australia. He was a member of the National Health and Medical Research Council, Australia's health and medical research and advisory body for the 2003-2006 triennium, and the chairman of Research Australia, a non-profit organization from 2004 to 2010.

Dr. Roberts' knowledge of our business gained through his significant executive service as our executive vice president responsible for our European and Asia Pacific commercial operations, combined with his executive experience with other publicly-held international medical device companies, led our board to the conclusion that he should serve as a director. In particular, the board believes Dr. Roberts' lengthy tenure as a director of ResMed, especially when combined with his experience as a senior executive with ResMed, provides valuable depth of understanding of ResMed and its business environment, and continuity with board decisions and discussions. The board also believes that directors with longer tenure are more willing to criticize and challenge management, thus providing more independence. In addition, the board believes that the length of time that has elapsed since Dr. Roberts was an executive of ResMed enhances his independence. The board also believes that Dr. Roberts' background and ongoing experience as the chief executive officer of a global medical device company based in Australia provides an important perspective for the board.

Jack Wareham has served as our director since January 2005. He is chair of our audit committee and a member of our nominating and governance committee.

From September 1993 to January 2004, Mr. Wareham was the president of Beckman Coulter, Inc. a NYSE-listed biomedical company that develops and markets instruments, chemistries, software and supplies to simplify and automate laboratory processes. Mr. Wareham also served as chief executive officer from August 1998 to February 2005 and chairman from January 1999 to April 2005. Before joining Beckman Coulter in 1984, Mr. Wareham was president of Norden Laboratories, Inc., a wholly-owned subsidiary of SmithKline Beckman. He first joined a predecessor of SmithKline Beckman Corporation in 1968.

Mr. Wareham is a director and non-executive chairman of STERIS Corporation, a NYSE-listed market leader in infection prevention, decontamination and health science technologies, products and services. Mr. Wareham previously served as a director on the boards of Beckman Coulter, Inc., Greatbatch, Inc. and Accuray Incorporated. From 2000-2001, Mr. Wareham served as chairman of the Advanced Medical Technology Association, or AdvaMed, a medical device industry trade association.

Mr. Wareham holds a B.S. *cum laude*, in pharmacy from Creighton University in Omaha, Nebraska, and an M.B.A., with honors, from Washington University in St. Louis, Missouri.

Mr. Wareham's background reflects significant executive and operational experience with publicly-held medical technology companies, including president, chief executive officer, and chairman of Beckman Coulter, as well as governance experience on other public companies' boards. In particular, this experience includes more than five and six years of service on the STERIS compliance and compensation committees, respectively, six years of experience on the Greatbatch technology and audit committee and two years of experience on the Accuray governance committee. Mr. Wareham's experience and skills led our board to the conclusion that he should serve as a director.

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BOARD RECOMMENDATION

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE THREE NOMINEES TO THE BOARD OF DIRECTORS.

Directors continuing in office until our 2015 annual meeting

Peter Farrell is the founder and chairman of the board of ResMed and has been chairman and a director since our inception in June 1989.

Dr. Farrell also served as chief executive officer from July 1990 until December 2007, and from February 2011 until March 2013. Dr. Farrell served as executive chairman of the board from December 2007 until February 2011, and from March 2013 through December 2013. Since January 1, 2014, he has been a non-officer employee of ResMed.

From July 1984 to June 1989, Dr. Farrell served as vice president, research and development at various subsidiaries of Baxter International, Inc., and from August 1985 to June 1989, he also served as managing director of the Baxter Center for Medical Research Pty Ltd., a Baxter subsidiary. From January 1978 to December 1989, he was foundation director of the Graduate School for Biomedical Engineering at the University of New South Wales, where he currently serves as a visiting professor and as chairman of the UNSW Centre for Innovation and Entrepreneurship. He also serves on the Visiting Committee of the Health Sciences & Technology Program at the Massachusetts Institute of Technology.

Dr. Farrell serves on two faculty advisory boards at the University of California, San Diego: the Rady Business School and the Jacobs Engineering School. He holds a B.E. in chemical engineering with honors from the University of Sydney, an S.M. in chemical engineering from the Massachusetts Institute of Technology, a Ph.D. in chemical engineering and bioengineering from the University of Washington, Seattle and a D.Sc. from the University of New South Wales for research contributions in the field of treatment with the artificial kidney.

Since 2005, Dr. Farrell has been a director of NuVasive, Inc., a NASDAQ-listed company which develops and markets products for the surgical treatment of spine disorders. From 2007 through 2014, he was the non-executive chairman of the board of QRx Pharma, a specialty pharmaceutical company.

Dr. Farrell is a fellow or honorary fellow of several professional bodies, including a member of the National Academy of Engineering, to which he was elected in 2012. Dr. Farrell was named 1998 San Diego Entrepreneur of the Year for Health Sciences, Australian Entrepreneur of the Year in 2001 and US National Entrepreneur of the Year for Health Sciences in 2005. Dr. Farrell joined the Executive Council of the Division of Sleep Medicine at Harvard Medical School in 1998, served as vice chairman from 2000 until 2010 when he became chairman; he served in that capacity until May 2013. In 2012, he joined the board of trustees of the Scripps Research Institute.

Dr. Farrell's son, Michael Farrell, is our chief executive officer and one of our directors.

Dr. Farrell's role as our founder and chief executive officer for over 20 years provides him with a unique and deep understanding of our operations, technology and industry. In addition, his background reflects significant executive experience with other publicly-held medical technology companies and public company governance experience and training. This experience and training includes more than seven years of experience on the nominating and governance committee and one year of experience on the compensation committee of NuVasive, as well as coursework specific to corporate governance from the Harvard Business School. Dr. Farrell's experience and skills led our board to the conclusion that he should serve as a director.

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Gary Pace has served as our director since July 1994. He is a member of our nominating and governance committee and our compensation committee.

Dr. Pace is currently a director of Transition Therapeutics, a NASDAQ and TSX-listed company developing new therapies, and a director of Pacira Pharmaceuticals, a NASDAQ-listed specialty pharmaceutical company developing non-opioid products for post-surgical pain control. He is also a founder and director of Sova Pharmaceuticals, Inc., a privately-held pharmaceutical development company targeting central sleep apnea.

Dr. Pace was a co-founder and director of QRxPharma Limited, a specialty pharmaceutical company, from 2002 to 2014. From 1995 to 2001, Dr. Pace was president and chief executive officer of RTPPharma, a developer of nano-articulate technology. From 2000 to 2002, Dr. Pace was chairman and chief executive officer of Waratah Pharmaceuticals Inc., a spin-off company from RTPPharma. From 1993 to 1994, Dr. Pace was the founding president and chief executive officer of Transcend Therapeutics Inc. (formerly Free Radical Sciences Inc.), a biopharmaceutical company. From 1989 to 1993, he was senior vice president of Clintec International, Inc., a Baxter/Nestle joint venture and manufacturer of clinical nutritional products.

Dr. Pace holds a B.Sc. with honors from the University of New South Wales and a Ph.D. from Massachusetts Institute of Technology. He is a fellow of the Australian Academy of Technological Sciences and Engineering.

Dr. Pace's background reflects significant executive and operational experience in publicly-held pharmaceutical companies as well as scientific knowledge and directorial and governance experience. In 2011 the Corporate Directors Forum honored Dr. Pace as Director of the Year in Corporate Governance. His experience includes more than five years of service on the compensation committee of Peplin Inc., a specialty pharmaceutical company focused on advancing and commercializing innovative medical dermatology products listed on the ASX, seven years' experience on the nominating and governance and compensation committees of Celsion Corp., an oncology drug development company listed on NASDAQ, and eight years' experience as lead director and a member of the compensation and audit committees of Transition Therapeutics.

Dr. Pace's executive and operational experience and skills led our board to the conclusion that he should serve as a director. In addition, the board believes Dr. Pace's lengthy tenure as a director of ResMed provides valuable depth of understanding of ResMed and its business environment, and continuity with board decisions and discussions. The board also believes that directors with longer tenure are more willing to criticize and challenge management, thus providing more independence. The board also believes that Dr. Pace's background and ongoing experience in pharmaceutical areas provides an important resource for the board.

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Ron Taylor has served as our director since January 2005 and our independent lead director since July 1, 2013. He is chair of our nominating and governance committee and a member of our compensation committee.

In 1987, Mr. Taylor founded Pyxis Corporation, a manufacturer of automated drug dispensers for hospitals, where he served as chairman, president, and chief executive officer until its purchase by Cardinal Health, Inc., in 1996. For six years before founding Pyxis, Mr. Taylor was responsible for operations and international sales at Hybritech, Inc., a biotechnology company. Before joining Hybritech, he served over 10 years in management roles at Allergan Pharmaceuticals.

Mr. Taylor is a director of Actavis, PLC., a NYSE-listed specialty pharmaceutical company. From 1998 through May 2014, he served as a member of the Red Lion Hotels governance, compensation and audit committees. From 2002 until his appointment to the ResMed board in 2005, he served as chairman of the ResMed Foundation.

Mr. Taylor received a B.A. from the University of Saskatchewan and an M.A. from the University of California, Irvine.

Mr. Taylor's background reflects significant executive and operational experience with publicly-held medical technology and pharmaceutical companies, including experience in evaluating and investing in healthcare companies as a partner in a venture capital firm, and public company governance experience. He has been a director of approximately 20 public and privately held companies over the past 27 years. In addition, he has more than 15 years of experience as a member of the Red Lion Hotels governance, compensation and audit committees, and more than 20 years of experience as a member of the Actavis audit, compensation and governance committees. Mr. Taylor's experience and skills led our board to the conclusion that he should serve as a director.

Directors continuing in office until our 2016 annual meeting

Carol Burt has served as our director since November 2013. She is a member of our audit committee.

Ms. Burt has been a principal of Burt-Hilliard Investments since 2008, and since January 2013, an operating partner and a member of the operating council for Consonance Capital Partners, a New York-based private equity firm focused on the healthcare industry. Ms. Burt was formerly an executive of WellPoint, Inc., where she served from 1997 to 2007, most recently as WellPoint's senior vice president, corporate finance and development. In her time at Wellpoint, Ms. Burt was responsible for, among other things, corporate strategic planning and execution, mergers and acquisitions, strategic investments, finance, treasury, and real estate management. In addition, Wellpoint's financial services and international insurance business units reported to her.

Before joining WellPoint, Ms. Burt was senior vice president finance and treasurer at American Medical Response, a medical transportation company. Ms. Burt also spent 16 years at Chase Securities, Inc. (now JP Morgan), most recently as founder, managing director, and head of the healthcare investment banking group.

Ms. Burt serves on the board of WellCare Health Plans, Inc., a publicly-held managed care company focused on government-sponsored healthcare programs including Medicare and Medicaid plans; and

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Envision Healthcare, a publicly-held company providing physician-led outsourced medical services. Ms. Burt chairs WellCare's compensation committee, and serves on the audit and finance and nominating and governance committees. She also serves on Envision's audit, finance, and nominating and governance committees. Previously, Ms. Burt served on the board of Vanguard Health Systems, Inc. and Transitional Hospitals Corporation.

Ms. Burt graduated *magna cum laude*, from the University of Houston, earning a Bachelor of Business Administration.

Ms. Burt's skills and experience, particularly her 30 years of experience in operations, strategy, corporate finance and investment banking in the health insurance, healthcare services and financial services industries, combined with her board experience, led our board to the conclusion that she should serve as a director.

Rich Sulpizio has served as our director since August 2005. He is chair of our compensation committee.

Mr. Sulpizio retired as President and COO of Qualcomm, Inc. in 2001. He served on Qualcomm's board of directors from 2000 until 2007. Mr. Sulpizio joined Qualcomm in 1991 and in 1994, was appointed president of Qualcomm Wireless Business Solutions. Four years later, he became Qualcomm's President and COO. In 2002, he re-joined Qualcomm to serve as interim president of Qualcomm China and then took the helm of Qualcomm Europe in 2004. He was appointed as interim president in 2005 of MediaFLO USA, Inc. (now FLO TV Incorporated), a wholly owned subsidiary of Qualcomm, and was chartered with overseeing the development and

deployment of MediaFLO technology and bringing multimedia services to the wireless industry. Mr. Sulpizio's last assignment, from December 2009 to November 2013, was President and CEO of Qualcomm Enterprise Services (QES), a division of Qualcomm, Inc., which was sold to a private equity firm.

Before joining Qualcomm, Mr. Sulpizio worked at Unisys Corporation and Fluor Corporation.

Mr. Sulpizio currently serves as a director of CA, Inc., an information technology management software company. He also serves as an honorary board member of the advisory board of the University of California San Diego's Sulpizio Family Cardiovascular Center and the board of directors of the Danny Thompson Memorial Leukemia Foundation. Mr. Sulpizio holds a B.A. from California State University, Los Angeles, and an M.S. in Systems Management from the University of Southern California.

Mr. Sulpizio's background reflects significant executive and operational experience with publicly-held technology companies, including his service as the president and chief operating officer of Qualcomm, and seven years as a member of the Qualcomm board's strategic committee. In addition, Mr. Sulpizio also serves as a member of the compensation and governance committees of CA Technologies. Mr. Sulpizio's experience and skills led our board to the conclusion that he should serve as a director.

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Proposal 2: Ratification of selection of KPMG LLP as our independent registered public accounting firm for fiscal year ending June 30, 2015

The audit committee has appointed the firm of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2015. KPMG has served as our independent auditors since 1994. Neither the firm nor any of its members has any relationship with us or any of our affiliates except in the firm's capacity as our auditor.

Stockholder ratification of the selection of KPMG LLP as our independent registered public accounting firm is not required by our bylaws or otherwise. However, the board is submitting the selection of KPMG LLP to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether to retain KPMG. Even if the selection is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that the change would be in our and our stockholders' best interests.

We expect representatives of KPMG LLP to be present at the meeting. They will be able to make statements if they so desire and to respond to appropriate questions from stockholders.

BOARD RECOMMENDATION

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

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Proposal 3: Advisory vote to approve named executive officer compensation

Background

We are providing stockholders with an opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. This proposal is commonly known as a Say on Pay proposal.

In November 2011, our stockholders approved, on an advisory basis, that we conduct this vote annually. Based on that approval, our board decided that it will hold a Say on Pay vote annually, at least until the next required vote on the frequency of an advisory vote. Because the Say on Pay vote is advisory, it does not bind us. But the board's compensation committee, which consists entirely of independent directors, values our stockholders' opinions, and will take the results of the Say on Pay vote into account when making future executive compensation decisions.

Summary

We are asking our stockholders to provide advisory approval of the compensation paid to the executive officers we have described in the Compensation Discussion and Analysis section of this proxy statement and the related executive compensation tables. Our executive compensation program is designed to:

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;

subject a significant portion of our executives' compensation to the achievement of pre-established short-term corporate financial objectives through our annual cash incentive programs and our long-term shareholder value creation through our performance-based restricted stock unit (RSU) and three-year relative total-shareholder- return performance-based stock unit (PSU) programs; and

align the interests of our executives with those of our stockholders through equity-based incentive awards, in the form of stock options, RSUs, and PSUs, which together align our executives' financial rewards with those of our stockholders through appreciation of our stock price.

In 2014, our compensation programs and incentive opportunities aligned well with our goals and performance objectives and we continued to implement best pay practices in compensation, incentive designs, and policies.

Overview of fiscal year 2014 executive summary

Fiscal 2014 financial performance.

Top and bottom line growth. During the 2014 fiscal year, we grew our revenue, although at a slower rate than previous years, and we delivered strong growth at the bottom line.

Total shareholder returns. We attained one-, three-, and five-year absolute total stockholder returns (TSR) on the NYSE of 15%, 19%, and 21%, respectively. Similarly, we achieved one-, three- and five-year absolute TSR on the ASX of 11%, 24%, and 17%, respectively. The difference between NYSE and ASX returns is due to currency fluctuation.

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Succession Plan. Fiscal year 2014 was the first full year under our new management team.

Capital management. During fiscal year 2014, we increased our dividend to \$0.25 per share. Together, our dividend and share repurchases during the fiscal year returned to our stockholders \$349 million, representing 110% of the year's free cash flow.

Lower absolute and relative executive compensation during fiscal year 2014. During fiscal year 2014, we reduced the total compensation paid to our named executive officers, as a group, when compared to fiscal year 2013. Individually, each of our named executive officers' total fiscal 2014 compensation was lower than fiscal 2013, except for our chief executive officer. Our chief executive officer's compensation increased primarily because he served as our chief executive officer role for only four months during fiscal year 2013; when compared to annualized 2013 compensation, his 2014 compensation also declined.

Compensation tied to performance. The compensation paid to our named executive officers for fiscal year 2014, reflects our financial and stock price performance. During 2014, approximately 85% of our chief executive officers' compensation and 80% of our other named executive officers' compensation was at risk.

Annual cash awards were paid below target, based on combined performance in two key financial measures, and according to pre-established formulae, with no discretion.

Our pending long-term performance-based equity awards based on relative TSR would not have been paid based on our below-median total stockholder returns as of the end of fiscal year 2014, although their performance period is not yet completed.

These results were consistent with our pay-for-performance philosophy.

Last year's positive say on pay vote. At our 2013 annual meeting, our stockholders voted to approve, on an advisory basis, the compensation paid to our executive officers disclosed in last year's proxy statement; 81% of the shares voted on this proposal voted in favor. This was consistent with the 81% approval in 2012.

Implementation of best practices. Our compensation committee, assisted by its independent compensation consultant, continuously monitors emerging best executive compensation practices, particularly among our peer companies. In addition, we have continued to use compensation practices that we believe are consistent with best practices, and we do not have practices generally viewed as problematic. Our practices include:

No excise tax gross-ups in change of control agreements. Our change of control agreements do not provide excise tax gross-ups.

Limited severance. Our named executive officers are employed at-will, and have no right to severance on termination, except for terminations in the event of a change of control; terminations for death or disability; or involuntary termination not for cause, or a voluntary termination for good reason.

Limited retirement plans. We do not provide supplemental pension plans for our named executive officers. Our executives in the US and Australia participate in our 401(k) plan and superannuation plan on the same statutory basis as all other employees.

Equity award ownership guidelines. We have meaningful stock ownership guidelines for our executives and directors. If they do not meet the guidelines when required, our policy requires

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our executive officers and directors to retain shares equal to one-half of the after-tax value of shares acquired on vesting or exercise of options and RSUs until the ownership guidelines are met.

Pledging and hedging prohibited. During fiscal year 2014, our board adopted a policy prohibiting our officers and directors from hedging or pledging their ResMed stock, in accordance with emerging best practices among our United States peers.

BOARD RECOMMENDATION

The board believes that the information provided above and within the Compensation Discussion and Analysis section of this proxy statement demonstrates that our executive compensation program was designed appropriately and is working to ensure that management's interests are aligned with our stockholders' interests to support long-term value creation.

The following resolution will be submitted for a stockholder vote at the annual meeting:

RESOLVED, that the stockholders of ResMed approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in the Compensation Discussion and Analysis, compensation tables and narrative discussion of this proxy statement.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL, ON AN ADVISORY BASIS, OF THE EXECUTIVE COMPENSATION OF RESMED'S NAMED EXECUTIVE OFFICERS.

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COMPANY INFORMATION

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Corporate Governance

Board independence

Our board has determined that six of our eight continuing directors, Ms. Burt and Messrs. Pace, Roberts, Sulpizio, Taylor and Wareham, are independent members of our board under the listing standards of the NYSE, and they and their respective family members have no material relationship with us, commercial or otherwise, that would impair the director's independence. The board also determined that each member of the audit, nominating and governance, and compensation committees is independent as required by the applicable listing standards of the NYSE and that each member of the audit committee is independent as required by the applicable laws of the SEC. The board determined that Peter Farrell and Michael Farrell have material relationships with us that prohibit them from being considered independent under applicable standards: Michael Farrell is an executive officer; while Peter Farrell is a non-executive employee, the father of Michael Farrell, and was an executive officer within the last three years.

The following specific relationships or transactions were considered by our board in making its independence decisions, and the board concluded none of them impaired independence:

During fiscal year 2014, Dr. Farrell served as chairman of the board of QRxPharma Limited, a clinical-stage specialty pharmaceutical company listed on the ASX. Dr. Pace is a co-founder and also served as a director of QRxPharma during fiscal year 2014. Neither is currently a director of QRxPharma. We do not do any business with QRxPharma.

As of fiscal year-end 2014, we continued to hold a total equity investment of approximately \$500,000 in Sova Pharmaceuticals, a company of which Dr. Pace is a founder and director, with a nominal equity investment. Sova is a pharmaceutical development company targeting central sleep apnea. In addition, during 2014, we continued to hold an equity investment of approximately \$1.075 million in Sanitas, Inc., a remote health management software company in which Dr. Pace holds an equity investment of approximately \$50,000. These investments were approved by our board without Dr. Pace's participation.

Dr. Roberts served as an executive officer from 1992 through 2003. He has not been affiliated with us, other than being one of our directors, during the past approximate eleven years.

Drs. Pace and Roberts have each served as directors for more than ten years. The board considered that the length of their tenure had not compromised their independence; in fact, in the board's view, the depth of their knowledge and insight with the company has strengthened their contributions to our board.

Our board determined that these matters did not prevent Dr. Pace or Dr. Roberts from being considered independent under applicable standards.

Meetings and director attendance

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During fiscal year 2014, each director attended 100% of the meetings of our board and of the committees on which the director served. Our board and standing committees met, as follows:

Regular board: six meetings (four regular and two telephonic);

Compensation committee: four meetings;

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Audit committee: eight meetings (four regular and four telephonic); and

Nominating and governance committee: five meetings (four regular and one telephonic).

During each regular meeting, our independent directors met without management present, and our lead director chaired those sessions. In addition to meetings, the members of our board and its committees sometimes take action by written consent in lieu of a meeting, as permitted under Delaware corporate law, or discuss company business without calling a formal meeting.

All directors were present for our 2013 annual stockholders meeting. We encourage directors to attend our annual meetings and generally schedule board meetings to coincide with the annual meeting to facilitate directors' attendance.

Board oversight of risk

The general risk oversight function is retained by the full board while the standing committees of the board, comprised and chaired by our independent directors, retain primary responsibility for risk identification and analysis in the key areas further defined below. The committees periodically provide updates to the board regarding significant risk management issues and management's response.

Committee	Primary risk oversight responsibility
Audit committee	Overseeing financial risk, capital risk, financial compliance risk and internal controls over financial reporting.
Compensation committee	Overseeing our compensation philosophy and practices and evaluating the balance between risk-taking and rewards to senior officers.
Nominating and governance committee	Evaluating each director's independence and the effectiveness of our corporate governance guidelines and code of business conduct and overseeing management's succession planning.

Designated internal management, as well as certified professional accounting firms performing annual internal audits, regularly review and test functions, controls and processes to review, evaluate and recommend mitigation strategies, as may be warranted. Critical areas of focus include financial, operational, regulatory, compliance, economic, compensation, and competition, among others.

Board leadership structure

We have separated the roles of board chairman and chief executive officer. Dr. Farrell has served as our chairman of the board since 1989; he concurrently served as our chief executive officer from shortly after our founding in 1989, through January 2008, and from February 2011 through March 2013. In March 2013, on the appointment of Michael Farrell as our new chief executive officer, Dr. Farrell resigned as chief executive officer, and continued in the role of executive chairman. In January 2014, Dr. Farrell ceased serving as an executive officer; since then he has served as a non-executive employee and as non-executive chairman of the board.

The board continues to believe that having Dr. Farrell serve as the chairman of the board is the most appropriate leadership structure for us and in the best interest of our stockholders. Dr. Farrell is our founder, has been our chairman since our founding in 1989, and served as our chief executive officer for over 20 years. Dr. Farrell provides deep institutional knowledge about our organization's history and

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operations, the industry, the science underlying the medical conditions we address and the technology we develop. Dr. Farrell is widely regarded as a visionary leader in our industry. Under his leadership, the board believes we have achieved remarkable success and delivered substantial long-term rewards for our stockholders. Maintaining him in the role of chairman provides leadership continuity.

The board believes the advantages described above outweigh any theoretical risks or disadvantages arising from Dr. Farrell's role as an employee, or from his serving as chairman while his son, Michael Farrell, serves as chief executive officer.

First, the board believes that Dr. Farrell is uniquely suited to effectively perform the dual roles of providing leadership to the board as chairman, and serving as an employee, in which he provides guidance to management, particularly in the areas of long-term strategy, consulting with key opinion leaders in related fields, and maintaining our unique values and culture.

Second, the board believes our leadership structure mitigates any potential risks from the family relationship between Dr. Farrell and Michael Farrell. Six of our eight directors are independent, which provides a counterbalance to a non-independent executive chairman. Ron Taylor, the chair of our nominating and governance committee, also serves as our lead independent director. The role of our independent lead director provides an additional structure enabling an effective independent board. The primary responsibilities of the lead director are to preside over board meetings in the absence of the chairman, call, establish the agenda for and preside over meetings of the independent directors, act as a liaison between the independent directors and chairman, guide the chairman on board meeting agendas as well as the adequacy of information to be presented, communicate with stockholders as appropriate, and other duties that may be delegated by the board, independent directors, chairman or the nominating and governance committee. Finally, all of the board's committees are filled entirely by independent directors, providing an opportunity for the board to fulfill its oversight responsibilities.

For the reasons discussed above, our board believes the current leadership structure is in our best interest at this time. However, our corporate governance guidelines give the board the flexibility to change its leadership over time, as needed. The board continues to evaluate whether its leadership structure is appropriate as our business evolves.

Committees of our board of directors

The board has three standing committees to assist in the management of our affairs: compensation, nominating and governance, and audit. A copy of the charters for each of these standing committees can be found on our website at www.resmed.com.

In May 2013, as part of its routine ongoing assessment of its own operating procedures, the board reviewed the existing committee structure and decided to reduce the size of the nominating and governance committee, and rotate the chairs of all committees, effective at the beginning of fiscal year 2014. Below is a summary of our committee structure and membership information, as it has been since the November 2013 annual meeting, when Michael Quinn (a member of the audit committee) did

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not stand for re-election, and Carol Burt was elected as director and became a member of the audit committee.

Independent director	Compensation committee	Nominating and governance committee	Audit committee
Carol Burt	-	-	member
Gary Pace	member	member	-
Chris Roberts	-	-	member
Rich Sulpizio	chair	-	-
Ron Taylor	member	chair	-
Jack Wareham	-	member	chair

Compensation committee

The compensation committee currently consists of (and throughout fiscal 2014 consisted of) Rich Sulpizio (chair), Gary Pace, and Ron Taylor. Each of the compensation committee members has been determined by our board to meet the independence requirements for compensation committee service under the current listing standards of the NYSE and SEC.

The compensation committee's primary purposes are to:

establish and review the compensation of our officers and executives;

oversee management's decisions regarding our compensation philosophies, practices, and procedures; and

advise the board regarding the compensation of directors.

The compensation committee meets in person and by telephone to perform its duties. It works primarily with our chief administrative officer and global general counsel, our chief human resources officer, and their staff to gather internal data and solicit management's recommendations regarding compensation. The committee also communicates directly with our chief executive officer, as appropriate, for recommendations and information regarding compensation, particularly with regard to the direct reports to the office of the chief executive officer. In addition, the committee consults with our chief financial officer and his staff regarding the financial impact of certain compensation decisions. However, the committee generally determines the compensation for each of our individual officers outside of the presence of the affected officer. The committee also advises and consults with other non-executive board members as it determines appropriate regarding compensation issues.

During fiscal year 2014, the committee retained a nationally-recognized independent consultant, Frederic W. Cook & Co., Inc. The consultant was engaged to render advisory services and to serve as the committee's independent compensation consultant in connection with compensation-related matters for our executives and board. During fiscal year 2014, these compensation matters included assessing our executive compensation program, including salaries, target and actual bonuses, and long-term incentive equity grants. The consultant also advised the compensation committee regarding board compensation, including board fees and equity grants. The consultant provided the

committee with information regarding industry trends, best practices, and regulatory changes. Companies included in the peer group for competitive comparisons were initially proposed by the consultant and approved by the committee. The consultant was engaged directly by the committee. The consultant

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worked with our chief administrative officer and global general counsel, our chief human resources officer and their staff, but also communicated directly with the committee.

During fiscal year 2014, the committee also considered information from Towers Watson, compensation consultants we retained, regarding general compensation trends in several non-US countries, and compensation assessments for non-US executives who were not named executive officers.

The committee has reviewed the independence of FW Cook and Towers Watson, including considering the factors required by NYSE listing standards. After the review, the committee determined that each of FW Cook and Towers Watson is independent and that no conflict of interest exists that would prevent them from providing independent and objective advice to the committee.

During fiscal year 2014, the committee continued its practice of delegating to our chief executive officer and our chief administrative officer and global general counsel, authority to approve certain equity grants to employees who were not officers whose compensation was approved by the committee, so long as the aggregate total of those equity grants did not exceed committee-established thresholds and were consistent with committee-determined standard terms for grants. During fiscal year 2014, under this authority, this subcommittee granted zero options and 33,070 RSUs. The committee believes this delegation enhances our ability to attract, reward and retain talented employees by allowing management to extend binding employment offers and to act in other special situations quickly and flexibly. All other equity grants (including grants to named executive officers) must be pre-approved by the committee.

Nominating and governance committee

During fiscal year 2014, and currently, the nominating and governance committee consists of Ron Taylor (chair), Gary Pace and Jack Wareham.

The nominating and governance committee's primary purposes are to:

- assure that the composition, practices and operation of our board contribute to lasting value creation and effective representation of our stockholders; and

- assist the board 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.

Our corporate governance guidelines state 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.

The nominating and governance committee is responsible for reviewing with the board, on an annual basis, the appropriate characteristics, skills and experience required for the board as a whole and its individual members. To assist in promoting a diversity of backgrounds and experience on the board, the nominating and governance committee takes reasonable steps to identify and consider board candidates who are drawn from a wide talent pool, representing diversity of thought, culture, gender, ethnicity, race, background and other qualities.

The suitability of individual candidates depends on many factors. Those factors include:

fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility;

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practical wisdom and mature business judgment;

ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment;

experience in corporate management, or as a board member of a publicly-held company;

academic experience and technical understanding in the area of our operations;

professional experience in our industry; and

a commitment to representing the long-term interests of our stockholders.

The board evaluates each individual in the context of the board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

In determining whether to recommend a director for re-election, the nominating and governance committee also considers the director's past attendance at meetings and participation in and contributions to the board's activities.

After review and deliberation of all feedback and data, the nominating and governance committee makes its recommendation to our board.

Recommendations we receive from stockholders are subject to the same criteria as are candidates nominated by the nominating and governance committee. The committee will consider stockholder suggestions for nominees for directorship and has a policy to consider any candidate recommended by stockholders who have held a minimum of 1% of our outstanding voting securities for at least one year. A recommending stockholder must submit a detailed resume of the candidate and an explanation of the reasons why the stockholder believes the candidate is qualified for service on our board. The stockholder must also provide any other information about the candidate that would be required by US SEC rules to be included in a proxy statement. In addition, the stockholder must include the consent of the candidate (including the consent to a background check) and describe any relationships, arrangements or undertakings between the stockholder and the candidate regarding the nomination or otherwise. The stockholder must submit proof of ownership of our stock.

All communications should be submitted in writing to the chair of the nominating and governance committee, care of Secretary, ResMed Inc., 9001 Spectrum Center Boulevard, San Diego, California 92123 USA. Recommendations received after 120 days before the mailing of the proxy will likely not be considered timely for consideration at that year's annual meeting.

The nominating and governance committee will consider stockholder recommendations of candidates on the same basis as it considers all other candidates. For further information, see [Stockholder proposals for 2015 annual meeting](#).

Audit committee

The audit committee currently consists of Jack Wareham (chair), Carol Burt, and Chris Roberts. From July 1, 2013 through the November 2013 annual meeting, the committee consisted of Mr. Wareham (chair), Mr. Roberts, and Michael Quinn. Mr. Quinn's term expired at the November 2013 annual

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meeting, and Mr. Quinn did not stand for re-election. Ms. Burt was elected to the board at the November meeting, and since then she has served on the audit committee, together with Messrs. Wareham and Roberts. Each of the audit committee members serving during fiscal year 2014 has been determined by our board to be financially literate and meet the other requirements for audit committee service under the current listing standards of the NYSE and SEC. In addition, our board has identified all members of the audit committee as financial experts according to the SEC's requirements.

The audit committee's primary purposes are to assist the board with its oversight responsibilities regarding:

management's conduct of, and the integrity of our financial reporting;

our systems of internal control over financial reporting and disclosure controls and procedures; and

qualifications, engagement, compensation, independence, and performance of our independent auditors.

Communications with our board of directors

Any interested person, including any stockholder, may communicate with our non-employee board members by written mail addressed to the chairman of the nominating and governance committee, care of Secretary, ResMed Inc., 9001 Spectrum Center Boulevard, San Diego, California 92123 USA. We encourage stockholders to include proof of ownership of our stock in their communications. The secretary will forward all communications to the chairman of the nominating and governance committee.

Code of ethics

We have a code of business conduct and ethics for directors, officers and employees, which can be found at www.resmed.com. 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. We will 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 individuals performing similar functions on our website at www.resmed.com within five business days or as otherwise required by the SEC or the NYSE.

Pledging and hedging company stock prohibited

We have a policy prohibiting our directors, officers, and other employees from hedging or pledging their ResMed stock.

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Director Compensation 2014

Fiscal year 2014 program cash. Our non-executive director cash compensation program for fiscal year 2014 included the following cash payments:

an annual retainer of \$65,000;

no additional retainer to members of standing committees;

additional retainers to the lead director and chairs of our standing committees, as follows:

- \$20,000 for the lead director;
- \$18,000 for the audit committee chair;
- \$15,000 for the compensation committee chair; and
- \$10,000 for the nominating and governance committee chair.

no per-meeting fees, nor any retirement benefits to our non-executive directors.

Fiscal year 2014 program equity. During fiscal year 2014, as in past years, we awarded an equity grant on our annual stockholders meeting date to our non-executive directors (and to Dr. Peter Farrell) with a grant date fair value of \$250,000. Our non-executive directors had the opportunity to elect to receive their equity grant in the form of: (1) 100% options; (2) 100% restricted stock units, or (3) 50% options and 50% RSUs. Four of our directors elected to receive 100% options, two elected to receive 100% RSUs; and one elected to receive a 50% options and 50% RSUs.

The number of options or RSUs we granted was based on a relative fair value calculation prepared by an outside third party. RSUs and options vest in full on the earlier of: (1) November 11 in the year after the grant date, or (2) the date of the first annual meeting of stockholders following the grant date. During fiscal year 2014, non-executive directors were prohibited from selling or otherwise transferring 50% or more of the shares of common stock that vested, and from exercising any vested options, until the earlier of November 11 in the third year after the grant date or six months after the director's termination of directorship.

Changes for fiscal year 2014. The fiscal year 2014 director compensation program was changed from fiscal year 2013, as follows:

Board retainer: increased from \$50,000 to \$65,000

Compensation committee chair: increased from \$12,000 to \$15,000

Compensation philosophy. The compensation committee reviews non-executive director compensation, including reports from FW Cook, the committee's independent compensation consultant. After its review, the committee makes recommendations on non-executive director compensation to the board, and the board makes the final determination regarding non-executive director compensation.

The compensation committee and board review data on both US peers and Australian peers, reflecting the company's dual-listing locations. Australia and the US generally have different pay philosophies for

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compensating non-executive directors. ResMed's Australian peers generally pay higher cash, award less equity, and have overall lower compensation for non-executive directors than ResMed's US peers. While the board considers Australian peer data, the board believes the most relevant peers for ResMed director compensation are US peers. ResMed's primary listing is on the NYSE, it is primarily subject to US corporate governance requirements and risks, and its headquarters and the majority of its senior executives and directors are in the US. In addition, this US-perspective is consistent with our executive compensation philosophy, which gives more weight to ResMed's US peer's pay practices. Finally, we do not wish to create internal or cultural divisions by using significantly differentiated pay models between directors based in the US and Australia.

Market comparisons. In May 2013, the board and compensation committee reviewed director compensation for fiscal year 2014. They reviewed FW Cook's report covering cash compensation and equity compensation, compared to a peer group of 19 medical device and medical technology companies. They also considered information from a group of eleven Australian-based peers. The committee confirmed these peer groups in April 2013, and used the same peer groups to benchmark ResMed's executive compensation for fiscal year 2014. More information on the peer groups is included in the section below, *Compensation process – peer group companies*.

After considering this material and the compensation committee's recommendation, the board agreed to keep equity compensation at the same value as fiscal year 2013, but to increase the cash retainers as mentioned above), which would target total annual compensation at approximately \$315,000. This was the first increase in either the full board cash retainers or the overall base value of the program in four years. This program brought cash compensation from the lowest in the peer group to about the 35th percentile as compared to the peer companies; equity compensation remained in the upper quartile compared to the peer companies and total compensation remained at approximately the 75th percentile of peer companies. The board believes the 75th percentile was the appropriate positioning, given that the lower cash/higher equity program has more performance risk, and more alignment with stockholders than many peer programs. A 75th percentile total compensation positioning is also consistent with ResMed's philosophy on executive compensation. Similarly, the \$3,000 increase in the additional retainer for the compensation committee chair aligned that retainer with peer companies' 75th percentile.

The compensation committee and board will continue to monitor compensation trends, competitive practices, tax regulations, and other matters related to non-executive director compensation, and make adjustments as appropriate.

Equity ownership guidelines. We have adopted equity ownership guidelines for our non-executive directors. Each non-executive director is expected to hold ResMed stock with a value of at least five times the annual retainer amount (a total value of \$325,000 based on the retainer and guidelines in effect in fiscal year 2014). Shares of stock and unvested RSUs count towards the guidelines, but stock options (whether in-the-money or not) do not count toward the guidelines. Existing directors have five years from the later of August 2010 or the date of their appointment to the board to meet this guideline. If these guidelines are not met, the director must retain shares equal to 50% of the after-tax value of shares acquired upon any restricted stock vesting or stock option exercise until the director's guidelines are met. As of June 30, 2014, each of our non-executive directors met the equity ownership guidelines, except for Ms. Burt, who joined the board in November 2013, and has until November 2018 to meet the guideline.

Changes for fiscal year 2015. In May 2014, the board agreed that the value of the non-executive director compensation program for fiscal year 2015 should remain the same as fiscal year 2014. In August 2014, the board agreed that future equity grants to directors will not include the prohibitions on sale described above in *Fiscal year 2014 program – equity*, although past grants will continue to be subject to those restrictions. The board believes the equity ownership guidelines described above are sufficient to promote long-term ownership and align directors with stockholders.

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New directors. We pro-rate value-based equity awards and retainers for all new directors (for the period between their start date and the next annual meeting or service period, respectively). We do not provide new directors with any initial inducement equity awards.

Executive directors. Our officers do not receive additional compensation for their service as directors.

Chairman's compensation. During the first half of fiscal year 2014 (from July 1, 2013 through December 31, 2013), Dr. Peter Farrell served as our executive chairman of the board. During that time, Dr. Farrell received, as an executive officer, an annual salary of \$500,000; a bonus opportunity of 100% of his salary while serving as an executive officer (that is, a bonus opportunity of \$250,000), based on the global revenue and net profit targets discussed below in Compensation Discussion and Analysis for the first half of fiscal year 2014, and benefits and perquisites.

During the second half of the fiscal year (from January 1, 2014 through June 30, 2014), Dr. Farrell began serving as our non-executive chairman, although he remained a non-officer employee of the company. He continues in both capacities currently. Since January 1, 2014, as our non-executive chairman, he has received and will continue to receive while he serves as a board member, the regular board retainer at an annualized rate of \$65,000, and the regular board equity grant with a value of \$250,000, on the same terms as the other board members. He received the regular board equity grant for fiscal year 2014 in November 2013, but he did not receive an additional equity grant reflecting his service as executive chairman for the first half of fiscal year 2014.

Beginning January 1, 2014, in connection with his change in role from executive officer to non-executive employee, Dr. Farrell's annual salary as an employee was reduced to \$300,000, and he is no longer eligible to participate in our annual incentive bonus program or the long-term incentive equity programs we provide to our employees.

During fiscal year 2014, we provided benefits and perquisites to Dr. Farrell, in his role as executive chairman, and continuing in his role as non-executive chairman. The benefits and perquisites were consistent with those we provided to our executive officers, as described in Compensation Discussion and Analysis, except that we make our aircraft travel program available to him for personal use, with a guideline limiting the annual value of personal use to \$100,000. The incremental cost to us for these benefits is described in the compensation table below.

We continue to have an executive agreement with Dr. Farrell that provides him with benefits in the event of a change of control. The program is described in detail in Compensation Discussion and Analysis. But briefly, on the effective date of a change of control, all Dr. Farrell's unvested equity awards would vest in full. In addition, if his employment terminated under qualifying circumstances, then at the time of termination: (1) he would receive a severance payment equal to (a) two times his employee salary, plus (b) two times his highest actual bonus received during the past three years, plus (c) the amount we would be required to contribute on his behalf under our 401(k) plan based on his termination base salary; (2) he would become fully vested in his accrued retirement plan benefits; (3) all his unvested equity awards would vest in full; and (4) we would provide medical and dental health benefits for two years after the termination. The agreement does not include excise tax gross-ups; instead, it includes a best pay provision, reducing severance payments to the extent necessary so that no portion of any payments or benefits payable upon a change of control would be subject to excise tax.

For two years after a qualifying termination in connection with a change of control, Dr. Farrell will be prohibited from inducing any person in our employment to terminate employment or accept employment with anyone other than us or, subject to certain limited exceptions, engage in any business or activity or render any services or provide any advice to any person, activity, business or

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entity that directly or indirectly competes in any material manner with us or meaningfully support any person, business, entity or activity or initiate or further that business or activity. The restriction on post-termination employment will not apply if he resides in California, in accordance with California law. In addition, as a condition to payment and providing any benefits under the agreements, he must deliver a general release of claims in favor of us.

Fiscal year 2014 compensation table. The table below summarizes the compensation received by our non-employee directors for the year ended June 30, 2014:

Director	Fees earned or paid in cash^(a)	Option awards^{(b)(d)}	Restricted stock units^{(c)(d)}	Other compensation^(e)	Total
Carol Burt	\$ 43,334		\$ 249,994		\$ 293,328
Peter Farrell	\$ 32,500		\$ 249,994	\$ 793,256	\$ 1,075,749
Gary Pace	\$ 65,000	\$ 240,623			\$ 305,623
Chris Roberts	\$ 65,000	\$ 120,306	\$ 125,022		\$ 310,328
Rich Sulpizio	\$ 80,000		\$ 249,994		\$ 329,994
Ron Taylor	\$ 95,000		\$ 249,994		\$ 344,984
Jack Wareham	\$ 83,000	\$ 240,623			\$ 323,623

- (a) Each director was also reimbursed for expenses incurred for attending meetings (although these amounts are not reflected in the table above).
- (b) The amounts shown are the grant date fair value of options granted in fiscal year 2014, computed in accordance with FASB ASC Topic 718, based on the Black-Scholes model of option valuation to determine grant date fair value. The following assumptions were used:

	November 13, 2013
Market price of stock	\$51.25
Exercise price of option	\$51.25
Expected stock volatility	29.92%
Risk-free interest rate	1.37%
Expected life	4.9
Dividend yield	1.95%

- (c) The dollar value of the RSUs shown represent the grant date fair value of stock awards granted in the year computed based on the \$51.25 closing value on November 13, 2013, the date of the grant, rounded down to the nearest whole share.
- (d) The following table sets forth the number of options (both exercisable and unexercisable) and RSUs held by each of our non-employee directors as of the end of fiscal year 2014:

Options

Director	outstanding at fiscal year end	Restricted stock units outstanding at fiscal year end
Carol Burt	-	4,975
Peter Farrell	1,138,458	153,232
Gary Pace	291,440	-
Chris Roberts	204,583	2,488
Rich Sulpizio	232,793	8,239
Ron Taylor	36,000	4,975
Jack Wareham	135,440	-

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(e) The following table sets forth Dr. Peter Farrell's total compensation for fiscal year 2014:

Salary	Non-equity incentive plan compensation	Company contribution to 401(k) plan	Insurance premiums	Personal use of company aircraft ⁽ⁱ⁾	Personal use of corporate club memberships ⁽ⁱⁱ⁾	Sales incentive award ⁽ⁱⁱⁱ⁾	Sales incentive award tax gross- up ⁽ⁱⁱⁱ⁾	Total
\$403,750	\$259,916	\$6,066	\$23,053	\$81,909	\$4,580	\$6,686	\$7,295	\$793,256

- i. The calculation of the aggregate incremental cost for personal use of company aircraft includes the variable costs incurred as a result of personal flight activity, which includes the occupied hourly rate, fuel, trip related maintenance, universal weather monitoring, on-board catering, landing and ramp fees, excise taxes, and all other miscellaneous costs. No incremental cost for personal use of the aircraft is attributed when the aircraft was previously scheduled to the destination for a business purpose. Since the aircraft are primarily used for business purposes, the aggregate incremental cost excludes fixed costs, such as the monthly management fee and amortization, because such costs would have been incurred regardless of the personal use.
- ii. The incremental cost of personal use of our golf club membership is allocated equally among Dr. Farrell, Mr. Pendarvis, and other employees who are not named executive officers, based on their relative membership status during the year.
- iii. These amounts represent the cost of participation in our sales incentive award travel program, and includes the incremental cost to us of travel, hotel, meals, entertainment and other expenses for our chairman and his spouse. The cost shown as gross-up represents the amounts we reimbursed our chairman for the tax associated with income imputed to him in connection with the program. We provide tax gross-ups to all employees who participate in this program. We do this to encourage participation in the program, because they might otherwise be discouraged from participating by tax expenses attributable to this program. Also, we view attendance as part of Dr. Farrell's management duty and his participation enhances the effectiveness of the sales incentive program.

Table of Contents**Executive Officers**

As of the record date, September 22, 2014, our executive officers were:

Executive officer	Age	Position
Don Darkin	61	President sleep-disordered breathing strategic business unit
Rob Douglas	54	President and chief operating officer
Michael Farrell	42	Chief executive officer
Jim Hollingshead	51	President Americas
David Pendarvis	55	Chief administrative officer, global general counsel and secretary
Anne Reiser	53	President Europe
Brett Sandercock	47	Chief financial officer

BIOS

For a description of the business background of Michael Farrell, see [Items of Business Proposal 1: Election of Directors](#).

DON DARKIN**President sleep-disordered breathing strategic business unit**

Don Darkin has been president, sleep-disordered breathing strategic business unit since May 2011. Previously he was senior vice president, strategic business unit patient interfaces from July 2007 to May 2011. Before these positions, Mr. Darkin held several senior roles within ResMed. He joined ResMed in August 1999 as vice president, product development. 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 Telectronics Medical Systems Australia and US. Mr. Darkin is identified as an inventor or co-inventor on over 80 granted patents worldwide. Mr. Darkin was educated in the UK in mechanical engineering and has further professional management training from University of New South Wales and Massachusetts Institute of Technology.

ROB DOUGLAS**President and chief operating officer**

Rob Douglas has been ResMed's president since March 2013, and our chief operating officer since September 2011. Together with our chief executive officer, he holds full operational responsibility for ResMed and its subsidiaries. Mr. Douglas has had an extensive career within ResMed. His former roles include president Asia Pacific and chief, global supply operations from May 2011, responsible for global manufacturing and commercial distribution and sales operations in the Asia Pacific region; chief operating officer Asia Pacific since 2008; chief operating officer Sydney from 2005, responsible for our manufacturing and research and development; vice president of operations

from 2003 responsible for our manufacturing and vice president of respiratory and cardiac business from 2002. Mr. Douglas first joined ResMed in 2001 in the role of vice president of corporate marketing. Mr. Douglas has a Master of Business Administration from Macquarie University, a bachelor's degree in electrical engineering with first-class honors and a B.Sc. (Computer Sciences) from the University of New South Wales, Sydney. Mr. Douglas currently serves on the board of directors of the San Diego Regional Economic Development Corporation.

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JIM HOLLINGSHEAD

President Americas

Jim Hollingshead was appointed president Americas in March 2013. Mr. Hollingshead joined ResMed in March 2010 as vice president of strategy and business development. In August 2011, his role was expanded to include the leadership of ResMed ventures and initiatives, the unit responsible for growing early stage businesses. Before joining us, Mr. Hollingshead spent 18 years in strategy consulting, where he worked with senior executives across a wide range of industries. From September 2008 to February 2010, he was a senior partner in the strategy and life sciences practices in Deloitte Consulting, based in San Francisco. Before that Mr. Hollingshead was managing partner, west coast for Monitor Group, a global strategy consulting firm. While at Monitor Group, Mr. Hollingshead worked in various offices around the world, and successfully launched and ran three different practices, including a pan-European marketing strategy practice based in London. Mr. Hollingshead holds an A.B. in history and international relations with highest distinction from Stanford University, and an M.A. and Ph.D in political science from the University of California at Berkeley, where he was awarded a graduate student fellowship by the National Science Foundation.

DAVID PNDARVIS

Chief administrative officer, global general counsel and secretary

David Pendarvis was appointed chief administrative officer in May 2011 and remains global general counsel, a position he has held since joining ResMed in September 2002 and corporate secretary since February 2003. Mr. Pendarvis was senior vice president, organizational development from February 2005 to May 2011. From September 2000 until September 2002, Mr. Pendarvis was a partner in the law firm of Gray Cary Ware & Freidenrich LLP, where 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 is also a member of the board of Sequenom, Inc., a NASDAQ-listed company providing innovative technologies, products, and diagnostic tests for molecular diagnostic markets. He holds a B.A. from Rice University; a J.D., *cum laude*, from the University of Texas School of Law; and a master of science in executive leadership from the University of San Diego.

ANNE REISER

President Europe

Anne Reiser was appointed president Europe in March 2012. She had served as our chief operating officer - France since 2007, after joining as the sales director in 2006. Before joining ResMed, her career experience was in the medical device industry (Mölnlycke, Zimmer, American Home Product). More recently she worked for Medtronic and Hollister, with responsibilities for both France and finally southern European countries. Ms. Reiser has a master degree from Ecole Supérieure de Commerce de Clermont-Fd (Business School), and a bachelor degree of law from the University of Clermont-Ferrand and an executive master in management and healthcare policies from SciencesPo Paris.

BRETT SANDERCOCK

Chief financial officer

Brett Sandercock has been chief financial officer since January 1, 2006. From November 2004 until December 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

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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.

Table of Contents**Compensation Discussion and Analysis (CD&A)****Introduction**

This compensation discussion and analysis section discusses the compensation policies and programs for our named executive officers. Our named executive officers for fiscal year 2014 were: Michael Farrell, our chief executive officer; Brett Sandercock, our chief financial officer; and our three next most highly paid executive officers: Rob Douglas, our president and chief operating officer; Jim Hollingshead, our president Americas; and David Pendarvis, our chief administrative officer, global general counsel, and secretary.

This section also discusses our board compensation committee's role in designing and administering our compensation programs and policies and in making compensation decisions for our executive officers.

Overview of fiscal year 2014 executive summary

Financial success. During the 2014 fiscal year, we continued our trend of successful financial performance. Although our net revenue growth was at a slower rate than prior years, we had strong growth in bottom line earnings, as illustrated below:

Financial measure	% change	Fiscal year 2014	Fiscal year 2013
		performance	performance
Net revenue	3% (2% on a constant currency basis)	\$1.56 billion	\$1.51 billion
Net income	12%	\$345 million	\$307 million
Diluted earnings per share	14%	\$2.39	\$2.10

Our total stockholder return (TSR) on the NYSE for the one-year period ended June 30, 2014 was 15%, which was positive, but still below the median of the peer group we use for compensation purposes. Over the three- and five-year periods, relative TSR was strong (19% and 71% compounded annual growth).

Period	TSR on NYSE	Comparison to US peer group
One year ended June 30, 2014	15% CAGR	Between the 25 th and 50 th percentiles
Three years ended June 30, 2014	19% CAGR	> 75 th percentile
Five years ended June 30, 2014	21% CAGR	> 75 th percentile

Because our primary listing is on the NYSE, our TSR based on performance of our CHES Units of Foreign Securities trading on the ASX is impacted by currency fluctuations between the US and Australian dollars. Nevertheless, our one-, three-, and five-year total stockholder returns on the ASX are, respectively, 11%, 24%, and 17%. Compared to our Australian peers, our total stockholder returns were between the 25th and 50th percentiles over one year, above the 75th percentile over three years, and between the 50th and 75th percentiles over five years. Total

stockholder return is above the ASX 100 index for the three- and five-year time periods, and roughly consistent with the ASX 100 Index over the last fiscal year.

Capital management. During fiscal year 2013, we began paying a quarterly dividend of \$0.17 per share. In August 2013, we announced an increase in the dividend to \$0.25 per share; and in July 2014,

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we again increased the dividend to \$0.28 per share. Together, our dividend and share repurchases during fiscal year 2014 returned to our stockholders \$349 million, representing 110% of the year's free cash flow. While dividends and other capital management activities are not directly related to executive compensation, many of our stockholders mentioned their preference for dividends while discussing executive compensation. Accordingly, the board considered this input, along with other factors it found appropriate, in making its decision.

Succession plan. Fiscal year 2014 was the first full year under our new management team, with Michael Farrell, our former president Americas, serving as our chief executive officer; Dr. Peter Farrell serving as executive chairman of the board through December 31, 2013, and as non-executive chairman of the board thereafter; Rob Douglas, our chief operating officer, assuming the additional role of president, and Jim Hollingshead, our former chief strategy officer, taking on the role of president Americas.

Lower absolute and relative executive compensation during fiscal year 2014. During fiscal year 2014, we reduced the total compensation paid to our named executive officers, as a group, when compared to fiscal year 2013. Individually, each of our named executive officers' total fiscal 2014 compensation was lower than fiscal 2013, except for our chief executive officer. Our chief executive officer's compensation increased primarily because he only served as our chief executive officer role for four months during fiscal year 2013; when compared to annualized 2013 compensation, his 2014 compensation also declined. In retrospect, our compensation consultant in August 2014 confirmed that our chief executive officer's fiscal year 2014 salary, total cash, equity fair value, and total direct compensation were all below the median of benchmark compensation paid to chief executive officers in our peer group.

This reduction was the result of several factors. First, salary increases were relatively modest, and target bonus percentages were unchanged from fiscal 2013. Second, the grant date fair value of our officer equity compensation was lower because several officers were provided promotion equity grants in connection with our March 2013 executive succession, and these grants were not repeated in fiscal year 2014. Third, each officer's annual equity grants were reduced, at management's request, from the comparable grants in fiscal 2013 to provide additional equity for others in the organization during a year in which the aggregate value of the company's employee equity pool was decreased from the prior year. Finally, bonuses were paid below target (as discussed below). As a result, total officer compensation was lower, both in absolute terms, and relative to peers, than in fiscal year 2013.

Compensation tied to performance. The compensation paid to our named executive officers for fiscal year 2014, and their long-term equity incentive pay opportunities reflect and are tied to our financial and stock price performance. During 2014, approximately 85% of our chief executive officers' compensation and 80% of our other named executive officers' compensation was at risk.

Annual cash incentive awards were paid below target, based on combined performance in two key financial measures. During fiscal year 2014, we did not meet all of the targeted performance goals under our annual cash incentive program, and our compensation program reflected the actual performance with no change to the pre-established formulaic incentive pay, which we view as consistent with a pay-for-performance philosophy. As in past years, the primary performance measures for 2014 were adjusted net sales and adjusted net profit as a percentage of sales at the global level (weighted equally) and, for certain executive officers, at the regional or business unit level. We believe these measures reflect operating activities that are most important to stockholder value creation, as they focus on top line and bottom line performance. Named executive officer bonuses were formulaic, based on performance versus the goals, and did not include any upwards discretion.

We set challenging goals for our executives for fiscal year 2014. Our fiscal year 2014 revenue goal required 9.2% growth over fiscal year 2013, while our fiscal 2014 net profit goal required 10.8% growth. In retrospect, based on our compensation consultant's August 2014 report, achieving these goals required performances at the ~~90~~ 90th percentile of revenue growth at our peer companies, and 70th percentile net profit growth compared to peers.

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We achieved 93% of the adjusted global net sales goal (resulting in a payout of 77% for this measure), and we achieved 101% of the net profit as a percentage of sales goal (resulting in a bonus payout of 104% for this measure), which combined in an overall bonus payout, after a 50% weighting for each measure, of approximately 91% of target for those persons whose bonuses were based solely on these two measures. Bonus payments to our chief executive officer and our other named executive officers with global scope were at this level, and reflected this under-performance. Our president Americas received a payout of approximately 75% of target, a result of the regional component of his bonus, which fell further below targets. Because our overall financial performance did not meet our targets, our bonus payments were below target levels, which resulted in total cash compensation for our named executive officers at around the 60th percentile as compared to our peer companies, based on our consultant's report at the beginning of the 2014 fiscal year. The bonuses were consistent with the pre-established bonus formula, with no discretionary adjustment. And the resulting pay positioning was consistent with our pay philosophy, which targets total annual cash at the 60th to the 75th percentile, but only when targets are achieved.

Our equity program is balanced and requires high performance. The performance-contingent portion of our long-term equity awards are operating as designed to align management's interests with stockholders' interests. During fiscal year 2014, equity awards to our executive officers were made under a program we adopted in fiscal year 2013, partly in response to feedback from our stockholders. Fifty percent of the value of the annual equity grants made to executive officers were performance-based, measured over a three-year period beginning on our annual meeting date, with the number of shares to be earned depending on ResMed's total stockholder returns over the applicable three-year period compared to the average TSR of companies included in the US Dow Jones Medical Device Index, a broad-based index of medical device companies that could be viewed as an alternate investment by our stockholders. The TSR-contingent annual equity awards require a minimum threshold of 50th percentile performance before any shares are earned, and they require 60th percentile performance before target shares are earned. We believe that this median threshold is a higher minimum performance level than exists at most US companies with similar performance plans.

The other 50% of the value of our annual equity awards are granted in the form of either (1) stock options, or (2) restricted stock awards. Both the options and RSU awards time vest over a three-year period, but the RSU awards, consistent with prior years, are subject to the performance condition that we achieve 50% of our budgeted net profit in our third and fourth quarters, either individually or combined. Because we exceeded the minimum targeted pro forma net profit for the second half of fiscal year 2014, all RSUs that were granted during the fiscal year were earned, but continue to be subject to a three-year service-based vesting requirement from the grant date.

The program is illustrated below:

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We believe this design best balances the competing considerations of pay-for-performance orientation, stockholder alignment, retention, and administrative complexity. In addition, it balances the current practices among our US-based compensation peers, who, as a group, currently grant more than 75% of their named executive officer equity awards in the form of time-vested stock options or restricted stock. In contrast, our Australian peers grant a majority of the value of their equity awards in the form of performance-based options, restricted stock, or cash. Most of our executive officers reside and work in the US, our primary listing is on the NYSE, and most of our competitors are US-based, so we think this balance is appropriate for our labor and investor markets. Our RSUs and PSUs do not earn any dividends or dividend equivalents, and so are valued less than at our peers who do provide dividend equivalents.

Our previously-granted performance-based stock units awards would not earn any payout based on our below-median total shareholder returns as of fiscal year-end. Our PSUs are measured and earned after a three-year performance period commencing with the date of grant, based on our relative total shareholder return performance as compared to the US Dow Jones Medical Device Index, a broad-based index of medical device companies that could be viewed as an alternate investment by our stockholders. The PSUs require our TSR to perform at the median of our peers before any portion of the performance-based equity awards are earned and require target performance at the 60th percentile. In addition, earned PSUs are limited to 100% of target if our absolute TSR is negative over the performance period, even if our relative TSR would have resulted in a higher payout. This feature is designed to ensure payouts are not above-target unless our stockholders have a positive return. Shares earned, if any, may range from a minimum of 40% of target shares, to a maximum of 200% of target shares, based on the following schedule:

ResMed's relative TSR	Payout as a percent of target
80 th percentile and above	200%
60 th percentile	100%
50 th percentile	40%
Below 50 th percentile	0%

We granted PSUs to our named executive officers during fiscal year 2014 on the date of our 2013 annual meeting. In addition, PSU grants made during fiscal year 2013 (on our stockholder meeting date and in connection with our management reorganization) remain outstanding. Based on performance through June 30, 2014, none of the outstanding grants would have earned a payout, as shown in the table below. Since the awards have from 16 to 28 months remaining in their performance periods, any mid-period payout calculation is hypothetical. Nevertheless, as of the end of our 2014 fiscal year, none of the performance based units awarded for the two fiscal years this program has been in effect is tracking to deliver any value to our named executive officers. This reflects the plan design, our stock's relative under-performance during the relevant timeframe, and we believe is a powerful alignment between executive compensation and our stockholders' interests.

Award	ResMed total stockholder return through June 30, 2014	Ranking vs. Dow Jones Medical Device Index peers	Hypothetical payout as a percentage of target
November 2012	36%	39 th percentile	0%
March 2013	21%	39 th percentile	0%
November 2013	2%	41 st percentile	0%

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In August 2014, the compensation committee reviewed these results, and considered revising the future structure of our long-term performance-based equity award program. Based in part on management's recommendation, the compensation committee decided to continue the program without modification, as they believe it currently continues to provide proper incentives for stock price growth over the remaining performance period, and alignment of interests with our stockholders.

Last year's positive say on pay vote and continued implementation of emerging best practices. At our 2013 annual meeting, our stockholders voted to approve, on an advisory basis, the compensation paid to our executive officers disclosed in last year's proxy statement; 81% of the shares voted on this proposal voted in favor. This was consistent with the 81% approval in 2012.

While the compensation committee believes this vote is a signal of support for our programs, we believe that we may have complexities related to the say on pay support rate that are not experienced by many of our US competitors, because of the dual listing of our shares in the US and Australia, and the fact that our compensation philosophy is consistent with our US peer companies. The US-based pay philosophy results in executive compensation that is different than the Australian model, with lower salary and higher equity value than our Australian peers, with our equity grants less subject to performance conditions. But we believe our compensation arrangements best balance the competing philosophies and are in the best long-term interests of our stockholders, because most of our executive officers are in the US, and we compete for talent mostly with companies that pay using US compensation structures. We continued informal dialogue with our stockholders during fiscal year 2014; but in light of the consistent approval in the say on pay vote, broadly maintained consistency in our executive compensation program.

Best practices. Our compensation committee, assisted by its independent compensation consultant, continuously monitors emerging best executive compensation practices, particularly among our peer companies. We have continued to use compensation practices that we understand to be consistent with best practices, and do not have practices generally viewed as problematic.

No excise tax gross-ups in change of control agreements. Our change of control agreements do not provide excise tax gross-ups. They include a best pay limitation, which reduces the severance payments and benefits payable to the extent necessary so that no portion of any payments or benefits payable upon a change of control would be subject to excise tax.

Limited severance. All of our named executive officers are employed at-will, and have no right to severance on termination, except for terminations in the event of a change of control; terminations for death or disability; or involuntary termination not for cause, or a voluntary termination for good reason. The cash severance on change of control is limited to a double-trigger (requiring both a change of control and a termination) and the highest multiplier is for our chief executive officer, at 200% of salary and bonus.

Limited retirement plans. We do not provide supplemental pension plans for our named executive officers. Our executives in the US and Australia participate in our 401(k) plan and superannuation plan on the same statutory basis as all other employees.

Equity award ownership guidelines. We have meaningful stock ownership guidelines of 300% of salary for our chief executive officer, and 150% for the other named executives. We give our executive officers five years to meet these guidelines. If they do not meet them at that time, then they must retain shares equal to one-half of the after-tax value of shares acquired on vesting or exercise of options and RSUs until the guidelines are met.

Pledging and hedging prohibited. During fiscal year 2014, our board adopted a policy prohibiting our officers and directors from hedging or pledging their ResMed stock, in accordance with emerging best practices among our US peers.

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Philosophy and objectives of our executive compensation program

We want to attract, motivate and retain high-quality employees who will enable us to achieve our short-term and long-term strategic goals and values. We operate 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. In designing and implementing our executive compensation program, the committee is guided by the following principles:

Pay-for-performance is fundamental. A significant portion of our executives' compensation is at risk and tied to the achievement of pre-established short-term corporate financial objectives through our annual cash incentive programs. We maintain this at-risk philosophy despite the increased emphasis on base salary in Australia and Europe, where certain of our executive officers reside. We also believe that our equity program is performance-based. We granted 50% of our executive officers equity grants in the form of PSUs, with the number of shares vesting determined only after a three-year performance period, based on our total stockholder return compared to a broad-based index of medical device companies. In addition, the value our executive officers ultimately receive from the remaining 50% equity value granted in either stock options or RSUs depends on our stock performance over the vesting period of the grants.

Finally, RSUs are also subject to a performance condition related to our net profit.

The following pie charts illustrate the allocation of total direct compensation for our chief executive officer and the average the other named executive officers (NEOs) earned for fiscal year 2014:

We are committed to a philosophy of total pay (the sum of the cash compensation opportunity, the fair value of the equity compensation opportunity, and benefits programs) being competitive within relevant labor and stockholder 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 performance goal criteria set forth in the bonus programs and will typically exceed competitive levels when our performance is above the performance criteria set forth in the bonus programs as annual goals. We try to set the performance goals at a level that justifies the competitive position of target compensation and believe that actual fiscal year 2014 performance aligned with actual cash compensation levels in our peer group.

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Provide market competitive cash compensation. Our objective is to provide a target total compensation program that is competitive with similarly-sized US-based public companies in the medical device and medical technology industries with which we compete for executive talent. During fiscal year 2014, the committee decided to target total target cash compensation (assuming a cash bonus earned for achieving the goals at plan) for executive officers between the 60th and 75th percentile of our peer group; and that total target cash compensation should reflect a relatively lower emphasis on salary and a higher percentage of pay at risk in the form of an annual cash incentive. Outside benchmark data for fiscal year 2014 reviewed by the committee at the beginning of 2014 indicated that the base salaries for our named executives was generally between the 60th to 75th percentile target, bonuses were generally targeted at the 75th percentile, with total target cash compensation generally between the 60th and 75th percentile.

This positioning was consistent with the relative comparison of our fiscal year 2013 annual operating performance, measured by revenue growth, operating income growth, and return on invested capital. These metrics generally also ranked between the 60th and 75th percentiles of our peers, indicating good execution of the committee's compensation position and alignment with actual operating performance and performance expectations. The position was retroactively confirmed by the relative growth required by the revenue and earnings goals when measured at the end of fiscal year 2014.

As discussed above, we did not achieve our combined performance goals for fiscal year 2014, resulting in a bonus payout at 91% of target. Our actual cash compensation reflected this performance by bonuses that adjusted down for under-achievement. Because we set challenging targets, our program generally targets the 75th percentile in total cash compensation for on-target performance.

Align stockholder interest with long-term equity. We believe that our equity-based incentive award program enhances long-term stockholder value and encourages long-term performance by providing a strong alignment of interests between our executives and our stockholders. Equity is a key component of our executive compensation because the committee believes that equity-based incentive awards align our executives' financial rewards with those of our stockholders through appreciation of our stock price.

As discussed above, during fiscal year 2014, we continued the PSU equity program introduced in fiscal year 2013, and they represented 50% of the equity value in our annual grants. We also continued our practice of providing named executive officers the choice to select whether the balance of their equity awards would be entirely in the form of stock options, entirely in RSUs or evenly split (in value) between the two. Grant values were established by the committee, and the relative ratios of PSUs, RSUs, or stock options were determined by the relative values computed under Financial Accounting Standards Board Accounting Standards Codification Topic 718. In addition, the committee continued its practice of granting RSU awards to our executive officers and certain other officers conditioned on achieving certain performance targets, in addition to having a time-based vesting period. This condition is intended for units to qualify as performance-based compensation under US tax laws and preserve the deductibility of the compensation paid, and also provides a tie to our performance.

Make informed decisions. The committee annually retains an independent compensation consultant to advise the committee on executive compensation matters for executive officers and to perform a comprehensive market analysis of our executive compensation program, pay levels, and relative operating performance. See the section titled *Peer group comparisons* below.

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Compensation committee role. The compensation committee establishes our general compensation policies, and 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 all other executives that report to the office of the chief executive officer. The board has determined that all members of the compensation committee are independent directors under NYSE standards.

On an annual basis, the committee considers each of the three primary elements of compensation (salary, cash incentives and equity) 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 countries outside the US, 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, and creating common alignment among the executive team.

Timing of decisions. Generally, our executive officers' compensation is adjusted each year effective October 1, the beginning of our second fiscal quarter. This is a long-standing practice that allows us to consider the previous year's performance, and the new year's performance goals, in compensation decisions. Accordingly, the committee generally makes decisions on the principal components of executive officer compensation—base salary, bonus potential, equity awards, and perquisites—during the first quarter. Specific performance bonus targets for executive officers are generally determined before or during the first month of the fiscal year for that year. Determining actual performance versus targets and calculating bonus payouts generally occur in the first two months following the end of our fiscal year. Bonus payments to our executive officers are made after the fiscal year-end audit is complete. If other executive compensation issues arise during the course of the year, the committee takes those issues up on a case-by-case basis. Determinations regarding promotions are generally made contemporaneous with the promotions.

Independent compensation consultants. 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. The committee has independent authority to retain advisors. The committee has retained FW Cook, Inc., an independent compensation consultant, to advise the committee with respect to executive compensation matters for executive officers. FW Cook performs no work for us other than its work providing executive compensation consulting services to the committee.

During fiscal year 2014, the committee reviewed market practices and benchmark data from FW Cook and considered ResMed's and our executives' relative performance and the recommendations of the consultants when setting compensation. For fiscal year 2014, FW Cook also advised the committee regarding the Australian company benchmarks for the positions of our chief executive officer, as well as executive officers who reside there. In addition, management retained Towers Watson to provide market data and compensation assessment for executives located outside the US. 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.

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Management's role. Our chief executive officer, president and chief operating officer, chief human resources officer, chief administrative officer and global general counsel, and other members of management provide input and recommendations to the committee regarding pay to the executive officers and other members of management for their review and approval. While the committee gives consideration to these recommendations, it exercises independent judgment. Management provides to the compensation consultants and to the committee historical and prospective breakdowns of total compensation components for each executive officer and financial data in support of the various compensation components. 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 committee meetings, the committee chair excuses individual management members as appropriate for independent review or decision-making.

Peer group comparisons. In making its decisions on executive compensation, the committee generally uses industry compensation surveys prepared by outside consultants. In August 2013, FW Cook, the committee's independent compensation consultants, performed an executive compensation review based on current US and Australian market compensation data. The 19 US peer companies were generally within one-quarter and four times the size of our revenue and market capitalization, with ResMed in the middle to avoid bias from too many large or small peer companies. The compensation committee confirmed the peer group in April 2013, and companies comprising the US peer group were:

Alere Inc.	Illumina Inc.
Bio-Rad Laboratories, Inc.	Intuitive Surgical, Inc.
CareFusion Corporation	Life Technologies Corporation
Charles River Laboratories International, Inc.	Mettler-Toledo International Inc.
C.R. Bard, Inc.	PerkinElmer Inc.
The Cooper Companies Inc.	Sirona Dental Systems, Inc
DENTSPLY International Inc.	STERIS Corporation
Edwards Lifesciences Corp.	Varian Medical Systems Inc.
Haemonetics Corp.	Waters Corporation
Hologic Inc.	

The committee believes that this peer group reflected a reasonable cross-section of our labor market for talent and included companies that our investors might consider in determining the reasonableness of our pay and alignment of our pay with our performance. Consistent with these selection criteria, for fiscal year 2014, the committee removed from the peer group Masimo Corporation because its market capitalization was less than 20% of ResMed's, and Gen-Probe Incorporated, which had been acquired. The committee added to the peer group Bio-Rad Laboratories, Inc., C.R. Bard, Inc., Mettler-Toledo International, Inc., Sirona Dental Systems, Inc., and Waters Corporation; all of which are US publicly-traded medical device, medical, or bio-technology companies, with market capitalization and revenue within a range of one-quarter to four times ResMed's.

Each position was reviewed against comparable positions within our peer group. The committee periodically reviews the composition of the peer group and the criteria and data used in compiling the list, and considers modifications to the group. We select peer companies that are medical device or

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medical technology companies with a market capitalization, stockholder return, profitability, revenue and employee population roughly comparable to ours.

In August 2013, the committee also considered compensation survey data from eight similarly-sized Australia-based publicly listed companies for our Australia-based chief financial officer and our president Asia Pacific, as well as for our chief executive officer. The committee generally gives less weight to the Australian peer group. Because of the small number of publicly-traded global medical device companies in Australia, the peer group is less comparable. And ResMed compensates senior executives and directors on a US-style pay model, which is structurally and quantitatively different from the typical practices of companies in the ASX peer group. Nevertheless, the ASX peer group provides an informational data point, and may reflect the perspectives of ASX stockholders. The Australian peer group companies reviewed were:

Adelaide Brighton Limited	Incitec Pivot Limited
Ansell Limited	James Hardie Industries PLC
Boral Limited	Primary Health Care Limited
Cochlear Limited	Ramsay Healthcare
Computershare Limited	Sonic Healthcare
CSL Limited	

The committee decided to eliminate one company used in the fiscal year 2013 Australian peer group: CSR Limited, because its market capitalization was less than 20% of ResMed's. The committee added Computershare Limited, Primary Health Care Limited, James Hardie Industries PLC, and Adelaide Brighton Limited.

Elements of compensation

Base salary. Base salaries provide our executives with a degree of financial certainty and stability. In order to attract and retain highly qualified executives, we pay within salary ranges that are generally based on similar positions in companies of comparable size and complexity. Using the peer group data, the committee assesses base salaries at the median, 60th and 75th percentiles with the goal of positioning base salary around the 60th percentile. Adjustments are made based on the final committee assessment.

Salary adjustments are generally made annually to be effective October 1, at the start of the second quarter of our fiscal year. In August 2013, the committee approved a base salary increase effective October 1, 2013 for all of our named executive officers. Each named executive officer, except our chief executive officer, received a salary increase ranging from 3% to 3.5%, reflecting a limited increase consistent with our budgeted increase for all employees. Our chief executive officer's salary increased by 6.67%, reflecting his performance during fiscal 2013, and the conservative positioning of his initial CEO salary, relative to his peers, after his March 2013 promotion. Even with this increase, our chief executive officer's base salary was positioned slightly below the 25th percentile of our US peers, reflecting his short tenure in the role. His base salary was the lowest among CEO's at our Australian peers. This reflects both his shorter tenure, and the different compensation philosophies between the two countries.

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For Mr. Sandercock, the amounts shown in the table below represent the US dollar equivalent of his non-US dollar-denominated salaries, with actual compensation expense varying based on currency fluctuations. We believe that year-to-year currency fluctuations make the constant currency increases most meaningful for officers residing outside the US.

Named executive officer/position	2014 base salary	2013 base salary	Constant currency % increase from 2013 to 2014
Michael Farrell			
Chief executive officer	\$800,000	\$750,000	6.67
Rob Douglas			
President and chief operating officer	\$669,500	\$650,000	3.0
Jim Hollingshead			
President Americas	\$437,750	\$425,000	3.0
David Pendarvis			
Chief administrative officer and global general counsel	\$489,250	\$475,000	3.0
Brett Sandercock			
Chief financial officer	AUD 543,375	AUD 525,000	3.5

(a) Fiscal year 2014 salaries were approved based on the exchange rate we used to set our fiscal year 2014 budget, AUD:USD 1.04. The AUD amount reflects local currency, while the USD amounts for both 2013 and 2014 are converted at the FY 2014 budget rate.

Annual performance-based bonuses. The second direct compensation component is a cash bonus under our annual bonus program. The primary purpose of our annual bonus program is to motivate our executives to meet or exceed our company-wide, regional, and business unit short-term operating performance objectives. The program is intended to share our success with eligible executives to the extent warranted by our performance, and to provide competitive compensation to eligible executives in a manner consistent with our philosophy of paying for performance. The bonus program is intended to qualify as a performance-based award under our incentive plan as well as performance-based compensation for purposes of section 162(m) of the US Internal Revenue Code.

In setting appropriate bonus target opportunities for fiscal year 2014, the committee reviewed the 50th, 60th, and 75th percentiles of peer comparables (both in terms of target amounts and amounts actually earned). The committee also considered the potential effect of bonus targets on total cash compensation and reviewed total cash compensation at peer comparables at those same percentiles. For fiscal year 2014, the committee maintained the target bonus opportunity at the same levels as at fiscal year-end 2013 for our officers: 100% of base salary for the chief executive officer, 90% for the president and chief operating officer, and 75% for other named executive officers.

The committee believes it best to tie each executive's incentive pay to the areas over which the executive can assert the most influence and to vary the weighting to reflect the relative focus desired by the executive for each metric. The committee continues to believe that net sales and net profit as a percentage of revenue are important performance metrics on a global and regional basis because these goals focus on profitably increasing our revenue. We have consistently used these same bonus metrics for several years, as they focus on the core goals of top line growth and bottom line improvement.

For fiscal year 2014, our executive officers with primarily global responsibilities had bonuses determined based on pre-established performance measures of our global adjusted net sales and adjusted net operating profit after tax as a percentage of sales, weighted equally. This applied to Messrs. Farrell, Douglas, Pendarvis, and Sandercock for the entire fiscal year. Executives with primarily regional responsibilities, such as Mr. Hollingshead, have 70% of their target bonus based on regional performance measures (with 50% based

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on regional revenue, and 20% based on regional profit); while the remaining 30% is based on global performance measures (allocated equally between 15% global revenue, and 15% global profit), the same measures used for executives with primarily global responsibilities. The committee believes these weightings appropriately balance the need to focus on regional performance, while aligning with the global team for shared accountability and incentives to promote cooperation between regions.

The performance measures and their weighting by named executive officer for fiscal year 2014 were as follows:

Named executive officer	Global net profit			
	Global net sales	after tax as a % of revenue	Regional/SBU net sales	Regional/SBU net operating profit as a % of revenue
Michael Farrell	50%	50%	-	-
Rob Douglas	50%	50%	-	-
Jim Hollingshead	15%	15%	50%	20%
David Pendarvis	50%	50%	-	-
Brett Sandercock	50%	50%	-	-

The fiscal year 2014 payout structure, based on achieving pre-established targeted milestones for each performance metric, is identical for each metric and is described in the following table. Payouts are expressed as a percentage of target bonus opportunity after giving effect to the weighting for the performance metric. Performance between and above the milestones listed below is paid based on linear interpolations.

No payout < 85% of goal	50% payout 85% of goal	100% payout 100% of goal	150% payout 115% of goal	150% to 200% payout >115% of goal
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The committee approves the actual bonus amounts for executive officers after review of our financial data and performance. The committee has established a cap on the maximum amount of bonus payout per executive officer at 200% of that officer's target bonus opportunity.

The fiscal year 2014 targets and actual performance for each of the metrics are listed below.

Bonus component	Targeted performance	Actual performance	Percentage achieved	Bonus % payout based on % achieved
	(\$ in thousands)	(\$ in thousand)		
Adjusted global net sales ^(a)	\$1,653,119	\$1,539,104 ^(a)	93.10%	77.00%
Adjusted global net profit after tax as a % of revenue	24.27%	24.60%	101.36%	104.53%
Adjusted regional (Americas) net sales	\$925,716	\$835,181	90.22%	67.40%
	42.49%	38.61%	90.87%	69.57%

Adjusted regional (Americas) net
profit as a percentage of revenue

(a) Our revenue targets assume constant currency, so we adjust performance to eliminate any currency impact. Our 2014 revenue target represented 9% growth versus our 2014 revenue. Our 2014 net profit percentage target represented an increase of 244 basis points from our 2013 adjusted net profit as a percentage of revenue of 21.83%. At the time the compensation committee set the metrics, the targets were determined to be challenging but attainable.

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For fiscal year 2014, applying the pre-determined bonus payment formula, and without the use of any discretion, the committee determined that the following percentages of target bonus opportunities would be paid:

90.77% to Messrs. Farrell, Douglas, Pendarvis and Sandercock under our global bonus program based on equal weighting of both global metrics; and

74.84% to Mr. Hollingshead, which reflected our Americas regional and global metrics.

In calculating bonus metric achievement, the committee made the following adjustments from our GAAP financial statement revenue and net profit calculations to eliminate the impact of certain non-operating revenue and expenses:

Adjusted global net sales is a non-GAAP measure, and was adjusted to eliminate the impact of currency movements (approximately \$16 million);

Adjusted global net operating profit is a non-GAAP measure and was adjusted to eliminate the impact of:

- stock-based compensation expenses (approximately \$32 million, net of tax);
- amortization of acquired intangibles (approximately \$7 million, net of tax); and
- acquisition purchase price adjustments (approximately \$6 million, net of tax).

Adjusted regional operating profit is a non-GAAP measure and Americas regional operating profit was adjusted for the impact of a rental program, and demo equipment (approximately \$1.3 million).

The following table sets forth the 2014 target and actual bonus payments. All actual bonuses were funded under pre-established formulas; there was no discretionary adjustment by the compensation committee.

Named executive officer	Annual bonus target %	Annual bonus target \$	Actual bonus pay	Actual bonus as a % of target
Michael Farrell Chief executive officer	100%	\$ 787,500	\$ 714,814	90.77%
Rob Douglas Chief operating officer	90%	\$ 598,163	\$ 542,953	90.77%
Jim Hollingshead	75%	\$ 325,923	\$ 243,921	74.84%

President-Europe David Pendarvis				
Chief administrative officer and global general counsel Brett Sandercock ^(a)	75%	\$ 364,267	\$ 330,645	90.77%
Chief financial officer	75%	\$ 371,032	\$ 336,786	90.77%

- (a) These amounts were approved in local currency by the committee. The foreign currency is converted to USD based on the fiscal year 2014 average annual exchange rate. The average annual exchange rate was approximately AUD to USD .9182.

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In order to promote the retention value of our incentive programs, the committee has adopted a policy that we will not pay any bonus or other short-term incentive awards in the event of a separation of employment of an executive officer before the date of the payment. This policy does not impact options, RSUs, or other long-term incentives that have vested at the time of separation.

The committee has approved a bonus program for fiscal year 2015 that incorporates the same metrics and weighting as in fiscal year 2014.

Long-term equity award program. The third major component of our named executive officers' direct compensation provides a long-term incentive and alignment with stockholders through equity participation. The primary purpose of granting equity awards is to link our officers' financial success to that of our stockholders, with the value of the equity awards increasing only as the stock price increases.

As in fiscal year 2013, the committee approved 50% of the value of the annual equity grants made to executive officers in fiscal year 2014 was performance-based and measured over a three-year period, with the ultimate number of shares to be received depending on ResMed's total shareholder return (TSR) compared to companies included in the US Dow Jones Medical Device Index, a broad-based index of medical device companies. The other 50% of the value of our equity awards was granted in the form of either (1) stock options, or (2) restricted stock awards. We use PSUs, RSUs, and stock options in the equity award program to provide a mix of awards that increases the capability of the committee to manage more effectively our use of shares under our stock 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 Australian tax treatment of option grants).

The committee allowed the executives to choose, before the grant date, whether the other half of the equity value would be entirely in the form of stock options, entirely in RSUs, or evenly split in value between the two. The combined availability of options and RSUs enables the award designee the opportunity to balance the incentive award in a manner that suits their particular risk profile and with respect to their own preferences in financial or tax planning in the US and non-US jurisdictions.

In determining the value of awards granted to specific named executive officers, the committee reviewed our performance, the number of outstanding awards available, the percentage of the pool represented by the proposed grant, the present value of the proposed grant, existing option ownership, the awards granted in the prior year and the three prior years, and the grant practices of our peer group companies. For fiscal year 2014, the committee reviewed peer company data to determine competitive equity award values, at the median, 60th and 75th percentiles, for each officer's position. The committee also considered internal equity relationships, to promote a team-based approach by our senior management team, ensure equitable internal relationships, and eliminate geographical distinctions in equity grants. In arriving at the specific grant size, the committee considered the peer group benchmarks at an individual level, as well as aggregate equity compensation for similar groups of our peers.

At management's recommendation, in August 2013 the committee agreed to reduce the value of named executive officers' fiscal year 2014 equity awards below the values of comparable annual grants during fiscal year 2013, because less equity was available to the overall company for fiscal 2014, and this reduction would allow more equity to be available for grants to others in the organization. As a result, the fiscal year 2014 grant to our chief executive officer was slightly below the median; while grants to the other executives ranged from approximately 3% to 10% below the 75th percentile. All 2014 executive officer grants were reduced in value from the annual grants in the prior year by approximately 10%.

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The following table sets forth equity grant values provided to our named executive officers in fiscal year 2014, as well as the elections made by our named executive officers regarding the form of award to receive. When it approved the 2014 equity grants, the committee approved specific dollar values, and a valuation firm used those values and estimated inputs to calculate the number of stock options, RSUs, or PSUs granted. The equity grant values in the table below reflect actual values calculated after the grants were made, which vary slightly from the estimated values used by the valuation firm. The actual values were based on the closing stock price on the date of grant of \$51.25 on November 13, 2013, a Black-Scholes formula for the options, and a Monte-Carlo simulation for the performance units, each consistent with the accounting standards of FASB 718.

Named executive officer	Grant issued date	2014 grant value	Awards as performance-based stock units %	Awards as option %	Awards as restricted stock units %
Michael Farrell					
Chief executive officer	November 13, 2013	\$ 3,645,578	50%	-	50%
Rob Douglas					
President and chief operating officer	November 13, 2013	\$ 2,804,329	50%	-	50%
Jim Hollingshead					
President Americas	November 13, 2013	\$ 1,176,021	50%	-	50%
David Pendarvis					
Chief administrative officer and global general counsel	November 13, 2013	\$ 1,162,037	50%	25%	25%
Brett Sandercock					
Chief financial officer	November 13, 2013	\$ 1,377,004	50%	-	50%

In addition, the committee continued its requirement that restricted stock unit awards granted to our executive officers and certain senior executives would, in addition to having a vesting period, be earned based on performance targets as shown in the table below. These conditions require that RSUs are only earned when we meet threshold levels of profitability. After grant, RSUs granted may be earned based on our actual performance compared to targeted levels of earnings for each of the three performance periods: (1) third fiscal quarter; (2) fourth fiscal quarter; and (3) the third and fourth fiscal quarters combined. No more than 100% of the RSUs granted may be earned, and once the target is met for a performance period, all RSUs associated with that period are earned. If the target for a performance period is not met, none of the RSUs for that period are earned. However, if the cumulative target for both periods is achieved in either period or in the combined period, 100% of the RSUs granted are earned. Once earned, RSU awards continue to be subject to time-vesting requirements.

In August 2014, the committee determined that the performance condition on the November 2013 RSU grants to executive officers had been met, and 100% of the RSUs granted were earned, as shown in the table below. Because the combined periods earnings were sufficient, there was no need to review the quarterly earnings independently.

Performance component	Target	Approximate actual performance	Percentage payout of RSU award for the metric
2014 third and fourth quarter earnings	\$109,678,000	\$198,714,000	100%

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Although the RSUs granted in fiscal year 2014 were earned, they remain subject to a vesting requirement based on service with us, with 33% vesting each year as described more fully below under Terms of stock options, performance-based stock units, and restricted stock units.

In fiscal year 2014, we granted performance stock units, or PSUs, that are measured and earned after a three-year period based on our TSR performance relative to companies included in the US Dow Jones Medical Device Index. This was viewed as an objective and relevant list of other companies a typical ResMed investor might choose. New entrants to the index during the performance period are not added to the peer group and companies that fall out of the index mid-cycle, but continue trading, are not removed from the group. Companies that stop trading mid-cycle due to going private, acquisition or similar events are excluded from the final TSR calculation and companies that go bankrupt remain in the peer group and are assigned a TSR of -100%. The share price at the grant date, November 13, 2013, was used as the starting point for the TSR calculation, and a trailing 30 trading-day average share price is used to calculate the share price at the end of the performance period.

The awards require us to perform at the median of the index before any portion of the performance-based equity awards is earned, and require performance at the 60th percentile to earn the target number of shares. Shares earned may range from a minimum of 0% of target shares, to a maximum of 200% of target shares, based on the following schedule:

ResMed's relative TSR	Payout as a percent of target
80 th percentile and above	200%
60 th percentile	100%
50 th percentile	40%
Below 50 th percentile	0%

If our absolute TSR is negative for a performance period, the amount of PSUs that can be earned is limited to 100% of target, even if our relative TSR would have resulted in a percentage earn-out above 100%.

Terms of stock options, performance-based stock units, and restricted stock units

Stock options and RSUs were issued to our named executive officers during fiscal year 2014 under our 2009 incentive award plan. The plan requires that the exercise price of options equals the fair market value on the day of the grant, as measured by the closing price of our common stock on the NYSE on the grant date. In connection with the introduction of PSU awards in fiscal year 2013, we also generally reduced the vesting period from four to three years for RSUs and stock options granted to our named executive officers, to offset the increased deferral and downside risk from the shift to PSUs. Accordingly, in fiscal year 2014, stock options and RSUs granted to named executive officers during the November annual grant process are exercisable 33% per year on November 11th of each year after the grant date.

PSUs cliff-vest after the third anniversary of the grant, but only to the extent the committee certifies the performance criteria have been met. In addition, as discussed below, vesting for our equity awards is automatically accelerated on a change of control, death, or permanent disability. After vesting, our named executive officers may exercise options for a maximum period of the earlier of: (1) expiration of the grant (generally seven years after the date of grant), or (2) one year after separation for any reason (except six months after death in the case of non-US participants).

Equity compensation award policies

The committee's policy is to generally have its annual incentive award grants to named executive officers and non-executive management effective on or about the annual stockholders meeting date.

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However, it reserves the right to make exceptions and change the policy. In setting this policy the committee considered many factors, including the alignment of this date with the election of directors and our traditional October 1 salary adjustment date. This enables management and the committee to combine the salary review process with the equity grant process for consistency and administrative convenience and to make awards only after performance in the previous year is known and current year budgets and goals are set. Also, given our traditional earnings release date in late October or early November, the stockholders meeting is likely to occur in an open window period. Finally, the stockholders meeting date is set and announced several months in advance, providing transparency to the process. Based on these reasons, the committee has set the annual stockholders meeting date as the target for our annual equity grants, although the actual grant date (i.e., the date when the committee takes formal action to make the grants) may vary by a few days from the annual meeting date due to administrative or other factors. The exercise price for options included in the equity grants equals the closing price of our common stock on the actual grant date.

The committee's policy on granting incentive awards for promotions, new hire and other special situations is that the grants must be properly approved in advance of, or on the grant date, and the grant date is to occur on the first business day of the month following the promotion, new hire or other special situation; unless the event occurs on the first business day of the month, in which case the grant may be made as of that day. The committee has delegated authority to our chief executive officer, our chief administrative officer and global general counsel, and our chief human resources officer to make grants in connection with new hires, promotions, or special situations, provided that the grants are not to executive officers, and are consistent with other practices relating to our equity award program. In fiscal year 2014, our officers approved grants of an aggregate amount of 33,070 restricted stock units to individuals under this delegation. Starting with fiscal year 2014 these off-cycle awards were only granted in restricted stock units and the ability to select option equivalents depending on the recipient's position was eliminated from the policy.

Equity ownership guidelines

In August 2010, after reviewing industry trends and competitive comparisons, the committee approved equity share ownership guidelines for our executive officers in an effort to continue to improve alignment of stockholder and management interest, and to conform to prevalent peer practices. These guidelines require our chief executive officer to achieve stock ownership levels, including vested and unvested RSUs, in ResMed common stock of at least three times his annual base salary within five years. All other named executive officers are required to own at least one and one-half times their respective annual salaries within five years. If these guidelines are not met, upon vesting of RSUs or option exercise, the officer must retain shares equal to 50% of the after-tax value of shares acquired on the vesting or exercise until the officer's guidelines are met. As of August 2014, each of our named executive officers met their ownership guideline.

Change of control and termination arrangements

Our named executive officers serving at the end of fiscal year 2014 have limited contractual rights to receive severance payments if employment is terminated, as described below.

Equity award agreements.

Stock options. Our form option agreement for named executive officers provides that if they terminate service with us for any reason, they forfeit options that were unvested at the time of termination. However, a terminated officer has until one year after the termination to exercise options that vested before the

termination. These post-termination exercise provisions are intended to facilitate financial planning after employment terminates and to ensure that the

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executive would be able to exercise options and sell the underlying shares when not in possession of material public information about us. In addition, our form of option agreement for executive officers provides for accelerated vesting on a change of control, death, or permanent disability. This accelerated vesting is intended to protect the expected economic benefit of the executive's equity participation in the event of certain change of control transactions or personal tragedies, and to make it easier to attract, retain, and motivate our key executives. All employees are entitled to similar acceleration of equity awards upon death, permanent disability, or a change of control. We provide these vesting terms for employees who are not executive officers for similar reasons. In addition, we believe it is consistent with our culture to provide, to the extent reasonable, similar benefits to all employees holding equity awards.

Restricted stock units. Our form RSU agreement for executive officers also provides accelerated vesting on a change of control, death, or permanent disability. Similar provisions apply to all employees, and the rationale is the same as that described above for stock options.

Performance-based stock units. Our form PSU agreement for executive officers provides that if we terminate the officer for cause or the officer terminates employment without good reason (as those terms are defined in our change of control agreements and summarized below in Change of control agreements), the PSUs are cancelled. If we terminate the officer other than for cause, or the officer terminates for good reason, then the PSUs become earned and vested, on a prorated basis, based on the truncated service period ending at the termination, and based on relative TSR performance measured over that truncated performance period. Similarly, in the event of a change of control, the performance stock units are earned and vested as of the date of the change of control, with the number of units earned based on performance through the date of the change of control. In the event of death or permanent disability, 100% of the target units vest and are immediately distributed. The committee believes these provisions preserve the value of the award without unduly benefiting the executive, and are consistent with the philosophy of paying for actual service and actual performance.

Change of control agreements. We have change of control agreements with each of our named executive officers and certain other members of our senior management team. Our agreements do not contain excise tax gross-up benefits, reflecting the committee's view of best practice, particularly among peer companies, and in response to concerns expressed by our stockholders. The revised agreements include instead a best pay limitation, which reduces the severance payments and benefits payable to the extent necessary so that no portion of any payments or benefits payable upon a change of control of our company would be subject to the excise tax under Section 280G of the US Internal Revenue Code. In fiscal year 2014, we amended the change of control agreements to reflect the updated bonus opportunities of our executives set in connection with our 2013 management succession.

Our change of control agreements provide accelerated vesting for generally all outstanding equity awards on a change of control. These agreements also provide for double-trigger severance payments based on a multiplier (based on position, which for our chief executive officer is 2 times, and for other named executive officers is 1.5 times) of salary, bonus and other benefits, to be made to our named executive officers if their employment is terminated under specified circumstances within six months before or one year after a change of control. A description of the material terms of our change of control agreements can be found in *Potential payments on termination or change of control*. These agreements are maintained in order to recruit and retain new executives, as well as to foster best efforts of management in the deliberation of a potential transaction. The committee believes that these agreements may continue to attract senior level candidates in light of the relatively specialized nature

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of our product offerings and the continued potential for merger and acquisition activity in the medical technology market sector. Also, the committee believes that the agreements assure appropriate motivation by senior management to evaluate potential transactions that may involve us.

Insurance benefits. We provide our named executive officers with supplemental life and disability insurance benefits not generally available to all employees, although they are available to certain non-officers. The third-party insurance companies that underwrite these policies would be obligated to make payments to an executive if the executive terminated employment with us as a result of death or disability.

Perquisites and other benefits

During fiscal year 2014, we provided the benefits described below to our named executive officers. The incremental cost to us for these benefits is described in the summary compensation table.

We provided comprehensive medical examinations to promote personal health and work/life balance. We believe this benefits us as well as the individuals through improved health, productivity, and longevity.

We participate in an aircraft travel program to provide for more efficient use of time and to provide a more confidential and secure travel environment in which to conduct company business. This program is used primarily for business purposes, but is available to our executive officers for personal use, subject to chief executive officer approval. The aggregate incremental cost to us for any personal use is reviewed at least annually by the compensation committee, and the committee has a guideline limiting the value of an individual's annual personal use to \$100,000. Aircraft use by an employee, spouse or guest that does not constitute business use based on IRS guidance is treated as imputed income to the employee, based on the IRS standard industry fare level. We do not reimburse for taxes on the imputed income. In view of the increased productivity and security, we believe that these policies are appropriate to provide a comprehensive and competitive compensation package, particularly for our chief executive officer.

We provided access to corporate club memberships for personal and business use, to promote work/life balance, enable business-related entertainment, and enhance community affiliations.

We provided benefits in connection with a sales incentive award travel program. This program is primarily targeted for sales personnel and other key management who regularly interact with our customers and to recognize their contributions to us. The committee believes that participation by executive officers in this program enhances the overall sales incentive program and requires their attendance, to the extent determined by the appropriate operating officer. We provide these benefits on the same general basis as we provide to non-executives who qualify to participate in the program, including a tax gross-up. The tax gross-up is provided to all participants, not only to executive officers, and is provided so that they are not discouraged from participating by tax expenses that would otherwise be a personal expense attributable to this program. Our policy reflects the committee's belief that our named executive officers' attendance at this program is a part of their general business duties and that this is not a perquisite.

We provided certain of our named executive officers with relocation benefits in connection with their relocation for company purposes. These benefits were approved by the compensation committee and included reimbursement of certain expenses, and a one-time lump sum transition allowance to be applied against costs as appropriate. These benefits did not include any extraordinary items such as home purchases or reimbursement for losses on the sale of real estate.

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We also provided paid time off, medical plans, dental plans, vision plans, tax-qualified defined contribution retirement plans (including matching contributions and government-mandated contributions), and disability and life insurance plans. Named executive officers are eligible to participate in these benefit programs on the same basis as other similarly-situated employees in their respective locations.

Deferred compensation plan

We maintain the ResMed Inc. Deferred Compensation Plan, under which eligible US employees (including, but not limited to executive officers) selected to participate in the deferred compensation plan may elect to defer a portion of their base salary, bonus, commissions, and other specified compensation. The amounts deferred under the plan represent an unsecured general obligation to make payments to the participant in the future. Amounts deferred under the plan are credited to accounts maintained under the plan for each participant and are credited with earnings, gains, or losses based on investment options chosen by the participant. These investment options are used for measurement purposes only and amounts deferred under the plan will not represent any actual investment made on the participant's behalf. The amount that we are required to pay under the plan is equal to the elective deferrals made by the participant, as adjusted for these hypothetical gains or losses. The plan allows us to make discretionary contributions to participant accounts in amounts and at times that we determine from time to time in our discretion, including restoration matching contributions that are intended to restore the matching contributions lost under our 401(k) plan as a result of deferrals under the plan. The committee believes that the deferred compensation plan represents an additional retention tool for executive management, as well as an attractive vehicle in recruiting talent to our executive team.

Tax considerations

Section 162(m) of the US Internal Revenue Code limits the US federal income tax deductions of publicly-traded companies to the extent total compensation for certain named executive officers exceeds \$1 million in any one year. Under Section 162(m) the deduction limit does not apply to payments that constitute qualified performance-based compensation. Generally, objectively determinable performance bonus payments, option grants, and performance-based equity grants to our named executive officers are intended to constitute qualified performance-based compensation under Section 162(m) and not be subject to the Section 162(m) limit. However, in certain circumstances, the committee may provide bonus payments, option grants, and other payments and awards that do not constitute qualified performance-based compensation if the committee determines that payments and awards would be in the best interest of ResMed. If compensation to certain named executive officers does not constitute qualified performance-based compensation, our deduction for US federal income tax purposes for that compensation may be wholly or partially disallowed under Section 162(m). Our 2009 incentive award plan is designed to permit the grant of awards that are intended to qualify as performance-based compensation for purposes of section 162(m) of the US Internal Revenue Code.

Sections 280G and 4999 of the Internal Revenue Code impose certain adverse tax consequences on excess parachute payments, which are compensatory payments or benefits that are contingent on a change of control and exceed in the aggregate three times the executive's base amount. Excess parachute payments are subject to a 20% excise tax and our compensation deduction in respect of the excess parachute payments is disallowed. If we were to be subject to a change of control, certain amounts received by our executives (for example, amounts attributable to accelerated vesting of stock options and certain severance payments) could be excess parachute payments. Our changes of control agreements do not obligate us to provide tax gross-ups to an affected individual for any excise taxes due under the agreement. The agreements include instead a best pay limitation, which reduces

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the severance payments and benefits payable to the extent necessary so that no portion of any payments or benefits payable on a change of control would be subject to exercise tax.

Section 409A of the Internal Revenue Code requires programs that allow executives to defer a portion of their current income to meet certain requirements regarding risk of forfeiture and election and distribution timing (among other considerations). Section 409A of the Internal Revenue Code requires that nonqualified deferred compensation be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under the plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefit plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A of the US Internal Revenue Code.

Summary compensation table

The following table sets forth summary information concerning the compensation awarded, paid to, or earned by each of our named executive officers for all services rendered in all capacities to us for the fiscal years ended June 30, 2014, June 30, 2013, and June 30, 2012 (to the extent they were a named executive officer in the relevant year). We compensate our executive officers in their residences' local currency. The compensation amounts for named executive officers based outside of the US are presented in US dollars based on an average annual conversion rate for the relevant fiscal years.

Named executive officer	Year	Salary ^(a)	Option awards ^(b)	Stock awards	Non-equity incentive plan compensation ^(c)	All other compensation ^(d)	Total
Michael Farrell	2014	\$787,500	\$0	\$3,645,578	\$714,814	\$45,430	\$5,193,322
Chief executive officer	2013	\$511,211	\$999,713	\$3,029,996	\$499,754	\$47,071	\$5,087,745
Rob Douglas	2014	\$664,625	\$0	\$2,804,329	\$542,953	\$166,357	\$4,178,264
President and chief operating officer	2013	\$588,780	\$499,856	\$2,599,979	\$582,874	\$96,022	\$4,367,511
	2012	\$513,991	\$0	\$1,545,718	\$515,170	\$236,859	\$2,811,738
Jim Hollingshead	2014	\$434,563	\$0	\$1,176,021	\$243,921	\$43,827	\$1,898,332
President Americas	2013	\$379,846	\$399,885	\$1,299,999	\$330,315	\$33,975	\$2,444,020
David Pendarvis	2014	\$485,688	\$281,526	\$880,511	\$330,645	\$41,613	\$2,019,983
Chief administrative officer	2013	\$468,750	\$315,765	\$975,000	\$415,934	\$29,602	\$2,205,051
	2012	\$445,132	\$711,080	\$630,396	\$426,325	\$44,323	\$2,257,256
and global general counsel	2014	\$494,709	\$0	\$1,377,044	\$336,786	\$49,818	\$2,258,316
	2013	\$505,266	\$0	\$1,500,008	\$448,335	\$52,314	\$2,505,923
Brett Sandercock	2012	\$510,517	\$0	\$1,260,820	\$488,944	\$44,446	\$2,304,728

Chief financial officer

- (a) Company contributions for Mr. Douglas include amounts paid directly to his superannuation plan, and amounts paid to him as a true up cash bonus, in lieu of superannuation contributions he would have been eligible for had he continued to reside in Australia. The amount shown also includes \$36,026 for a true-up bonus paid in fiscal year 2014, but attributable to service in fiscal 2013.
- (b) The amounts shown are the fair value, on the grant date, of equity awards made in the year, computed under FASB ASC Topic 718. See Grants of plan-based awards table for a more complete description. Option awards include stock options issued under our 2009 incentive award plan, while Stock awards include RSUs and PSUs issued under that plan.
- (c) Represents actual payouts under our performance-based cash bonus programs for the fiscal years shown. See Compensation Discussion and Analysis Annual performance based bonuses and the Grants of plan-based awards table for a more complete description of the 2014 bonus program.

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- (d) The amounts shown consist of our incremental cost for certain specified perquisites for our named executive officers in fiscal year 2014, as follows:

Named executive officer	Personal use of		Personal use of		Sales		
	Medical exams	company aircraft ⁽ⁱ⁾	corporate club memberships ⁽ⁱⁱ⁾	incentive award ⁽ⁱⁱⁱ⁾	Sales incentive award tax gross-up	Relocation compensation ^(iv)	Other compensation ^(v)
Michael Farrell	\$0	\$0	\$0	\$6,133	\$6,692	\$0	\$32,605
Rob Douglas	\$1,677	\$0	\$0	\$9,000	\$8,937	\$23,320	\$123,423
Jim Hollingshead	\$0	\$0	\$0	\$4,960	\$5,413	\$0	\$33,454
David Pendarvis	\$0	\$0	\$4,580	\$4,782	\$5,218	\$0	\$27,033
Brett Sandercock	\$0	\$0	\$0	\$0	\$0	\$0	\$49,818

- (i) The calculation of the aggregate incremental cost for personal use of company aircraft includes the variable costs incurred as a result of personal flight activity, which includes the occupied hourly rate, fuel, trip related maintenance, universal weather monitoring, on-board catering, landing and ramp fees, excise taxes, and all other miscellaneous costs. No incremental cost for personal use of the aircraft is attributed to a named executive officer when the aircraft was previously scheduled to the destination for a business purpose. Since the aircraft are primarily used for business purposes, the aggregate incremental cost excludes fixed costs, such as the monthly management fee and amortization, because such costs would have been incurred regardless of the personal use.
- (ii) The incremental cost of personal use of our golf club membership is allocated equally among Mr. Pendarvis, Dr. Farrell, and other executives who are not named executive officers, based on their relative membership status during the year.
- (iii) We provided certain of our named executive officers with benefits in connection with a sales incentive award travel program. Amounts represent the cost of the executive officer's participation in that program. The cost includes the incremental cost to us of travel, hotel, meals, entertainment, and other expenses for the executive officer and the officer's spouse or guest. The gross-up represents the amounts we reimburse the officer for the tax associated with income imputed to the officer in connection with the program. We provide tax gross-ups to all employees (including non-officers) who participate in this program. We do this to encourage participation in the program, because they might otherwise be discouraged from participating by tax expenses attributable to this program. Also, our officers' attendance is part of their management duty, and their participation enhances the effectiveness of the sales incentive program.
- (iv) Represents residual and ongoing relocation costs in connection with Mr. Douglas' relocation from Australia to the US in fiscal year 2012 as a part of his agreement when promoted to president and chief operating officer.
- (v) The amounts shown as Other include matching contributions we made under our US 401(k) plan and deferred compensation plan, government-mandated contributions we made under the ResMed Limited superannuation

plan (a defined contribution retirement program for our Australia-based employees), and executive long-term disability premiums paid by us on behalf of our named executive officers. Those amounts for fiscal year 2014 were as follows:

Named executive officer	Company contributions to Deferred Compensation Plan	Company contributions to 401(k) and non-US retirement^(a)	Insurance premiums
Michael Farrell	\$0	\$11,495	\$21,109
Rob Douglas	\$0	\$97,503	\$25,920
Jim Hollingshead	\$0	\$10,861	\$22,593
David Pendarvis	\$1,256	\$9,016	\$16,761
Brett Sandercock	\$0	\$45,760	\$4,057

- (a) Company contributions for Mr. Douglas include amounts paid directly to his superannuation plan, and amounts paid to him as a true up cash bonus, in lieu of superannuation contributions he would have been eligible for had he continued to reside in Australia. The amount shown also includes \$36,026 for a true-up bonus paid in fiscal year 2014, but attributable to service in fiscal 2013.

We contribute to the US 401(k) plan for each of our participating named executive officers on the same terms that apply to all other eligible employees. For fiscal year 2014 we made a discretionary matching contribution to the plan in an amount up to 4% of eligible participants' base salary, normal bonus and commissions subject to US Internal Revenue Code limits on the maximum amount of eligible compensation. We also contributed to the ResMed Limited superannuation plan in Australia at the government-mandated rate of 9.25% of total base salary, up to the maximum contribution base.

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We pay the cost of an executive long-term disability policy that provides for additional benefits for US-based executives (including US-based named executive officers) not generally available to other employees. Amounts shown above represent premiums paid for both generally-available and additional insurance. For a description of the company contributions made to the Amended and Restated ResMed Inc. Deferred Compensation Plan see Deferred Compensation Plan.

Grants of plan-based awards

The following table sets forth summary information regarding all grants of plan-based awards made to our named executive officers for the fiscal year ended June 30, 2014:

Named Executive Officer	Issued/ grant date	Grant type	Estimated possible payouts under non-equity incentive plan awards ^(a)			Estimated possible payouts under equity incentive plan awards ^{(b)(c)}			All other option awards: number of securities underlying options ^(d)	Exercise price of option awards (\$/share)	Grant date fair value of stock and option ^(e)
			Threshold	Target	Max.	Threshold	Target	Max.			
Michael	11/13/2013	RSUs				18,596	37,192	37,192			\$1,832,000
Bell	11/13/2013	PSUs				14,508	36,270	72,540			\$1,813,500
	5/16/2013	Bonus	\$393,750	\$787,500	\$1,575,000						
Glas	11/13/2013	RSUs				14,305	28,610	28,610			\$1,409,300
	11/13/2013	PSUs				11,160	27,900	55,800			\$1,395,000
	5/16/2013	Bonus	\$299,082	\$598,163	\$1,196,326						
Wingshead	11/13/2013	RSUs				5,999	11,998	11,998			\$591,000
	11/13/2013	PSUs				4,680	11,700	23,400			\$585,000
Wingshead	5/16/2013	Bonus	\$162,962	\$325,923	\$651,846						
	11/13/2013	RSUs				3,000	5,999	5,999			\$295,500
Darvis	11/13/2013	PSUs				4,680	11,700	23,400			\$585,000
	11/13/2013	Options							24,234	\$51.25	\$281,500
	5/16/2014	Bonus	\$182,134	\$364,267	\$728,534						
Wingshead	11/11/2013	RSUs				7,024	14,048	14,048			\$685,000
Wingshead	11/11/2013	PSUs				5,480	13,700	27,400			\$685,000

5/16/2014	Bonus	\$185,516	\$371,032	\$742,064
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- (a) Represents potential payouts under our annual performance-based cash bonus program for fiscal year 2014. See *Compensation Discussion and Analysis Annual performance-based bonuses* for a more complete description of the 2014 bonus program. The bonuses actually paid under the 2014 bonus program are reflected in the Summary Compensation Table
- (b) Our named executive officers were given a choice as to receive half the value of their annual equity award as 100% options, 100% performance-based RSUs, or 50% of each; with the final number of options or RSUs based on their value determined under FASB ASC Topic 718. RSU awards granted to our executive officers in fiscal year 2014 were issued under our incentive award plan and were earned based on earnings performance targets for the third and fourth fiscal quarters of fiscal year 2014. The threshold amounts shown in the table above are 50% of the RSUs granted, assuming that either the 2014 third quarter or fourth quarter earnings target is achieved. The target and maximum amounts shown in the table above are 100% of the RSUs granted, assuming that both the third quarter and fourth quarter earnings targets or the combined third and fourth quarter target are achieved. Based on actual performance, 100% of the units were earned for fiscal 2014 performance.
- (c) Performance-based stock unit awards granted to our executive officers in fiscal year 2014 were issued under our 2009 incentive award plan and are earned based on our relative TSR performance versus the members of the Dow Jones US Medical Devices Index over a three-year period commencing with the grant date. The threshold is the 50th percentile versus the peer group at which 40% of the award is earned. Target is the 60th percentile versus the peer group at which 100% of the award is earned. Maximum is the 80th percentile versus the peer group at which 200% of the award is earned. No PSUs are earned for performance below threshold.
- (d) Stock options granted to our executive officers in fiscal year 2014 were issued under our incentive award plan, one-third are exercisable on November 11th of the three years following the grant date and have an exercise price equal to the closing price of our common stock on the NYSE on the grant date.
- (e) The dollar value of options represents the grant date fair value based on the Black-Scholes model of option valuation, as computed in accordance with FASB ASC Topic 718. The actual value, if any, an executive may realize depends on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that an

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executive will realize a value at or near the value estimated by the Black-Scholes model. The following assumptions were used in the Black-Scholes model:

	November 13, 2013
Market price of stock	\$51.25
Exercise price of option	\$51.25
Expected stock volatility	29.92%
Risk-free interest rate	1.37%
Expected life	4.9

- (f) The dollar value of RSUs represents the grant date fair value, based on the closing value on the grant date. The dollar value for PSUs represents the grant date fair value computed under FASB ASC Topic 718, determined as of the grant date using the Monte-Carlo simulation method, which uses multiple input variables to estimate the probability of meeting the performance objectives the compensation committee established for the award, including the expected volatility of our stock price, and other assumptions appropriate for determining fair value.

Outstanding equity awards at fiscal year end

The following table sets forth summary information regarding outstanding equity awards held by our named executive officers at June 30, 2014.

	Option Awards				Stock Awards			
	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable ^(a)	Option exercise price	Option expiration date	Equity incentive plan awards: number of shares or units of stock that have not vested ^(b)	Equity incentive plan awards: market value of shares or units of stock that have not vested ^(c)	Equity incentive plan awards: number of unearned shares or units of stock that have not vested ^(d)	Equity incentive plan awards: market value of unearned shares or units of stock that have not vested ^(e)
Named executive officer Michael	23,277	69,833	\$43.63	3/1/2020	53,448	\$ 2,706,072	37,192 ^(d)	\$ 5,613,290
Shareholders Equity								

Capital stock
(note 6)

Authorized 100,000,000 Common Shares Without par value 100,000,000 Preferred Shares Without par value		
52,688 5 - (2,688) Common Shares	13,314,402	13,216,707
Options (note 7)	855,116	373,882
Warrants (note 7)	62,036	53,709
Contributed Plus (note 7)	303,156	303,156
Deficit	(9,649,616)	(8,962,155)
	4,885,094	4,985,299
	5,436,393	5,453,577

Continuance

Operations
(note 1)
Standing
Letter (note

Approved by the Board of Directors

Leroy Wolbaum Director

Glen C. MacDonald Director

See accompanying notes to the financial statements.

Anglo Swiss Resources Inc.

(an exploration stage company)

Statements of Operation and Deficit

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

	2006	2005	2004
	\$	\$	\$
Expenses			
Interest and other income	(4,172)	(874)	(1,005)
Administrative	47,169	34,836	47,333
Consulting fees (note 9(b))	60,000	60,000	60,000
Depreciation	4,083	5,034	8,699
Filing fees	27,224	28,571	30,079
General exploration	8,743	8,753	7,366
Interest	55,832	2,420	237
Professional fees	38,121	69,416	21,688
Shareholder communications	48,506	40,113	80,972
Stock-based compensation (note 7)	481,234	177,026	147,307
Transfer agent fees	15,627	8,079	7,286
Travel and promotion	9,072	10,945	17,161
Write-down of mineral properties	-	38,159	-
Loss before income taxes	791,439	482,478	427,123
Income tax recovery future income taxes	(103,978)	-	-
Loss for the year	687,461	482,478	427,123
Deficit - Beginning of year			

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As previously reported	8,962,155	8,479,677	7,971,960
Stock-based compensation	-	-	80,594
As restated	8,962,155	8,479,677	8,052,554
Deficit - End of year	9,649,616	8,962,155	8,479,677
Weighted average number of shares outstanding	68,413,510	53,944,165	48,771,002
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.01

See accompanying notes to the financial statements.

Anglo Swiss Resources Inc.

(an exploration stage company)

Statements of Cash Flows

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

	2006	2005	2004
	\$	\$	\$
Cash flows used in operating activities			
Loss for the year	(687,461)	(482,478)	(427,123)
Items not affecting cash			
Depreciation	4,083	5,034	8,699
Write-down of mineral properties	-	38,159	-
Stock-based compensation	481,234	177,026	147,307
Income tax recovery	(103,978)	-	-
Changes in non-cash working capital			
Accounts receivable	(7,630)	(12,312)	774
Prepaid expenses	(5,725)	1,053	(1,624)
Accounts payable and accrued liabilities	12,588	81,520	(123,450)
	(306,889)	(191,998)	(395,417)
Cash flows from financing activities			
Proceeds from issuance of private placement			
and options	85,000	894,700	518,000
Share issue cost	-	(89,771)	-
	85,000	804,929	518,000

Cash flows used in investing activities

Purchase of equipment	(1,922)	-	-
Reclamation bond	-	-	(4,000)
Mineral property (costs) recoveries	(314,957)	(177,027)	26,987
	(316,879)	(177,027)	22,987

Increase in cash and cash equivalents

(538,768)	435,904	145,570
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Cash and cash equivalents - Beginning of year

603,639	167,735	22,165
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Cash and cash equivalents - End of year

64,871	603,639	167,735
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Supplemental disclosure of non cash**Investing and financing activities**

Shares issued for mineral properties	125,000	840,750	-
Shares issued for agent issue costs	-	10,000	-
Excluded accounts payable relating to mineral properties	70,434	1,982	1,415

See accompanying notes to the financial statements.

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

1.

NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia, Canada and has been primarily involved in the acquisition and exploration of mineral property interests in Canada.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. At December 31, 2006, the Company has working capital deficiency of \$455,069 (2005 equity of \$153,366). As it is typical for an exploration stage company, the Company has experienced losses in the current and prior periods and there is an accumulated deficit of \$9,576,113 (2005 - \$8,962,155). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets less liabilities may be materially less than the amounts recorded on the balance sheets.

2.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The significant measurement differences between these principles and those that would be applied under United States generally accepted accounting principles (U.S. GAAP), as they affect the Company, are disclosed in note 10.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with banks and highly liquid deposits with an initial maturity of less than 90 days.

(1)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

2.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are recorded at cost and are depreciated over their estimated useful lives of 3 to 10 years using the declining balance method, net of estimated salvage values. These assets will be written down to the fair value if the carrying value exceeds the estimated net recoverable amount. Mining assets are depreciated on a unit of production basis and while held in care and maintenance are not depreciated.

Mineral properties

Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred until the property to which they relate is placed into production, sold or abandoned or becomes impaired. Option or other payments received in respect of property interests are applied to reduce the carrying value of the properties. The carrying values of mineral properties are, where necessary, written down to the estimated fair value based on discounted estimated future net cash flows.

The Company reviews the carrying values of its resource properties whenever events or circumstances indicate that there may be a potential impairment. Where estimates of future cash flows are not available and where exploration

results or other information suggest impairment has occurred, management assesses whether the carrying value can be recovered, and if not, an appropriate write-down is recorded.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects in title registration.

Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted loss per share are the same.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized on an discounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation. As at December 31, 2006, the Company does not have any asset retirement obligations.

(2)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

2.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future Income Taxes

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Financial Instruments and Financial Risk

The Company's financial instruments consists of cash, amounts receivable, accounts payable and accrued liabilities, the fair values of which approximate their carrying amounts due to the short-term nature of these instruments.

Share Capital

Common shares issued for non-monetary consideration are recorded at the fair market value based upon the lower of the trading price of the Company's shares on the Toronto Stock Exchange Venture Exchange on the date of the agreement to issue the shares and the date of share issuance.

Stock-based Compensation

The Company follows the Recommendations of the Canadian Institute of Chartered Accountants (CICA) in connection with accounting for stock option-based compensation. The standard now requires that all stock option-based awards made to consultants and employees be recognized in these consolidated financial statements and measured using a fair value-based method.

Consideration received on the exercise of stock options and compensation options and warrants is recorded as share capital. The related contributed surplus originally recognized when the options were granted, is transferred to share capital.

Income Taxes

The Company accounts for tax consequences of the differences in the carrying amounts of assets and liabilities and their tax bases using tax rates expected to apply when these temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. The Company has taken a valuation allowance against all such potential tax assets.

The Company's accounting policy for future income taxes currently had no effect on the financial statements of any of the fiscal years presented.

(3)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

2.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Flow-through Shares

The Company has adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. Canadian tax legislation permits a Company to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and shareholders' equity is reduced.

If the Company has sufficient unused tax loss carry-forwards to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry-forwards, a portion, of such unrecognized losses, is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

3.

Reclamation bond

The Company has on deposit reclamation bonds totalling \$18,800 to satisfy certain performance obligations associated with the exploration of the Kenville and Blu Starr properties, respectively. These investments are recorded at cost and earn interest at market rates.

4.

Property, plant and equipment**2006**

	Cost	Accumulated depreciation	Net
	\$	\$	\$
Mine plant and equipment	1,090,003	105,559	984,444
Office equipment	30,424	25,492	4,932
Motor vehicles	19,564	10,971	8,593
	1,139,991	142,022	997,969

2005

	Cost	Accumulated depreciation	Net
	\$	\$	\$
Mine plant and equipment	1,090,003	105,559	984,444
Office equipment	29,005	24,963	4,042
Motor vehicles	19,564	7,920	11,644
	1,138,572	138,442	1,000,130

Mine plant and equipment were not depreciated in 2006, 2005 or 2004 as the equipment was not used.

(4)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

5.**Mineral properties**

	Acquisition costs	Exploration expenditures	Total
	\$	\$	\$
Kenville (a)			
Balance - December 31, 2004	1,415,736	3,891	1,419,627
Option payment received	(35,000)	-	(35,000)
Expenditures	-	55,394	55,394
Balance - December 31, 2005	1,380,736	59,285	1,440,021
Acquisition cost recoveries	(3,260)	-	(3,260)
Expenditures	-	1,081	1,081
Balance - December 31, 2006	1,377,476	60,366	1,437,842
Blu Starr (b)			
Balance - December 31, 2004	812,306	516,561	1,328,867
Expenditures	-	27,622	27,622
Balance - December 31, 2005	812,306	544,183	1,356,489
Expenditures	-	11,283	11,283
Balance - December 31, 2006	812,306	555,466	1,367,772

McAllister (c)

Balance - December 31, 2004	-	12,826	12,826
Acquisition costs	12,250	-	12,250
Expenditures	-	15,657	15,657
Write-down	(12,250)	(25,909)	(38,159)

Balance - December 31, 2005	-	2,574	2,574
Expenditures	-	5,393	5,393

Balance - December 31, 2006	-	7,967	7,967
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Till Claims (d)

Balance - December 31, 2004	-	-	-
Acquisition costs	114,500	-	114,500

Balance - December 31, 2005	114,500	-	114,500
Acquisition costs	-	-	-

Balance - December 31, 2006	114,500	-	114,500
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(5)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

	Acquisition costs	Exploration expenditures	Total
	\$	\$	\$
New Shoshoni Claims (e)			
Balance - December 31, 2004	-	-	-
Acquisition costs	69,000	-	69,000
Expenditures	-	35,419	35,419
Balance - December 31, 2005	69,000	35,419	104,419
Acquisition costs	30,000	-	30,000
Expenditures	-	251,793	251,793
Balance - December 31, 2006	99,000	287,212	386,212
PQ Claims (f)			
Balance - December 31, 2004	-	-	-
Acquisition costs	525,000	-	525,000
Balance - December 31, 2005	525,000	-	525,000
Expenditures	-	76,601	76,601
Balance - December 31, 2006	525,000	76,601	601,601
Lac de Gras Claims (Falcon Bay) (g)			

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Balance - December 31, 2004	-	-	-
Acquisition costs	270,000	-	270,000
Expenditures	-	-	-
Balance - December 31, 2005	270,000	-	270,000
Expenditures	-	-	-
Balance - December 31, 2006	270,000	-	270,000
Group of Four Claims (h)			
Balance - December 31, 2005	-	-	-
Acquisition costs	137,500	-	137,500
Expenditures	-	-	-
Balance - December 31, 2006	137,500	-	137,500
Total mineral properties - December 31, 2005	3,171,542	641,461	3,813,003
Total mineral properties - December 31, 2006	3,335,782	987,612	4,323,394

(6)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

5.

Mineral properties (*continued*)

a)

Kenville, Canada

The Kenville mineral property together with certain plant and equipment (note 5) is located near Nelson, British Columbia and operated as a gold mine from June to December 1992 whereupon operations were terminated due to insufficient working capital and the mine was placed on a care and maintenance basis. During the year ended May 31, 1997, the Company wrote down the plant and equipment to the present carrying value. The Company is planning to use the plant and equipment for the processing of high grade ore from Kenville.

On August 29, 2003, the Company entered into an option agreement upon the optionee making a payment of \$30,000. The joint venture partner may earn a 70% interest to the mineral rights on the property by paying the Company an aggregate of \$100,000 and incurring \$700,000 of expenditures over a three-year exploration period ending August 29, 2005. Under direction by a court order, the option agreement was extended one year to terminate on August 29, 2006 unless the optionee pays the Company an additional \$35,000 on each anniversary date. The optionee has met both payment dates and paid the Company the initial \$100,000. The optionee had until August 29, 2006 to incur the \$700,000 in expenditures or the agreement is terminated. During 2006, the Company was advised by the joint venture partner that they believe they completed the required expenditures of \$700,000 as required under the option agreement.

The Company has commenced an independent audit of the joint venture expenditures in accordance with the option agreement and has been unable to ascertain that the \$700,000 in expenditures has been made.

b)

Blu Starr, Canada

The Company owns a number of gemstone mineral and placer claims collectively known as the Blu Starr property, located near Nelson and Slocan, British Columbia. In relation to 174 claims, the prior vendors retained a 1.5% net smelter return on any future non-gemstone production. In relation to another 14 claims, the vendors retained a 3.5% net royalty on gemstone production and a 2% net smelter return on any future metal production.

c)

McAllister Group, Canada

The Company staked a number of mineral tenures totalling 31,000 hectares nearby Nelson, B.C. for diamond exploration during 2004 and 2005. In February 2005, the Company entered into an option agreement to acquire a portion of mineral tenures within the 31,000 hectares. The Company paid an initial amount of \$5,000 and issued 50,000 common shares valued at \$7,250 for the first year term of the option purchase agreement. The Company did not renew the second year option term for this agreement. In January 2006, the Company reduced its number of mineral tenures within the McAllister Group down to 1,959 hectares from the 31,000 hectares initially held. This reduction resulted in a write-down of \$38,159 to the value of this property.

(7)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

5.

Mineral properties (continued)

d)

Till Claims, Canada

The Company acquired a 100% interest in a number of mineral tenures totalling 3,427 hectares for diamond exploration during 2005. The mineral tenures are collectively known as the Till Claims and are located on the Fishing Lake area in the Northwest Territories. The Company paid \$20,000 and issued 900,000 common shares valued at \$94,500. The vendors retained a 2% gross overriding royalty (GORR) based on the average appraised value of all gem and industrial diamonds recovered and graded from the property. The Company may purchase 1% of the GORR by paying 1,000,000. The vendors are eligible to receive kimberlite bonus payments of 150,000 shares for each individual kimberlite discovered by the Company on the property.

e)

New Shoshoni Claims, Canada (Part of the Fry Inlet Property)

During 2005, the Company entered into an option and joint venture agreement with New Shoshoni Ventures Ltd. to acquire an undivided interest of 50%, plus a further option to earn an additional 10% interest in a number of mineral tenures totalling 23,587 hectares for diamond exploration. The claims are collectively known as the New Shoshoni Claims and are located near the Fry Inlet Lake in the Northwest Territories. The Company paid a cash instalment of \$25,000 and issued 400,000 common shares valued at \$44,000. The agreement requires that the company pay an additional purchase price of \$105,000 (\$30,000 paid) through annual payments over a three year period commencing May 25, 2006. The company must also incur \$3,000,000 in exploration expenditures by February 2009. The vendors retained a 3% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property. The Company may purchase 1% of the GORR by paying 2,500,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares upon the discovery of the first new kimberlite and 100,000 shares on the discovery of each successive kimberlite body to a cumulative total of 1,000,000 shares.

f)

PQ Claims, Canada (Part of the Fry Inlet Property)

The Company acquired a 100% interest a number of mineral tenures totalling 13,586 hectares for diamond exploration during 2005. The claims are collectively known as the PQ Claims and are located on the Fry Inlet area in the Northwest Territories. The Company paid a total of \$50,000 and issued 5,000,000 common shares valued at \$475,000. The vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The Company may purchase 1% of the GORR by paying 1,000,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares to a cumulative total of 1,000,000 shares for each kimberlite body discovered by the Company on the property.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

5.

Mineral properties (continued)

g)

Lac de Gras Claims, Canada (Falcon Bay Property)

The Company acquired a 100% interest in a number of mineral tenures totalling 21,229 hectares for diamond exploration during 2005. The claims are collectively known as the Lac de Gras Claims and are located on the Falcon Bay Diamond Property in the Northwest Territories. The Company paid a total of \$50,000 and issued 2,000,000 common shares valued at \$220,000. The vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The Company may purchase 1% of the GORR by paying 1,000,000. The vendors are eligible to receive kimberlite bonus payments of 250,000 shares upon the discovery of the first new kimberlite and 100,000 shares on the discovery of each successive kimberlite body to a cumulative total of 1,000,000 shares.

h)

Group of Four Claims, Canada

On January 19, 2006 the Company acquired a 100% interest in four strategically located mineral claims covering approximately 4,180 hectares within the Lac de Gras area in the Northwest Territories. The Company paid a total of \$12,500 and issued 1,000,000 common shares valued at \$125,000. The vendors retained a 2% GORR based on the average appraised value of all gem and industrial diamonds recovered and graded from the property in that calendar quarter. The Company may purchase 1% of the GORR by paying \$1,000,000. The vendors are eligible to receive kimberlite bonus payments of 200,000 shares to a cumulative total of 2,000,000 shares for each successive kimberlite body discovered by the Company on the property.

(9)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

6.**Capital Stock**

	Common shares	Amount \$
Balance - December 31, 2004	50,005,688	11,545,745
Capital stock issued		
Shares - issued for cash	7,347,000	734,700
- issued for property	8,350,000	840,750
- issued for agent issue costs	100,000	10,000
Options exercised	1,600,000	160,000
Contributed surplus, options exercised	-	129,051
Warrants	-	(47,979)
Issue costs - cash payment	-	(89,771)
- fair value of agent issue cost shares	-	(10,000)
- fair value of broker options (note 8)	-	(50,059)
- fair value of broker warrants	-	(5,730)
Balance - December 31, 2005	67,402,688	13,216,707
Capital stock issued		
Shares - issued for cash	850,000	85,000
- issued for property	1,000,000	125,000

Warrants	-	(8,327)
Income tax effect of renounced flow through expenditures	-	(103,978)
Balance - December 31, 2006	69,252,688	13,314,402

During 2005, 8,350,000 common shares were issued for a total of \$840,750 to purchase mineral claims for diamond exploration in the Northwest Territories. Directors exercised 1,600,000 options in 2005 for gross proceeds of \$160,000.

During 2006, 1,000,000 common shares were issued for a total of \$125,000 to purchase mineral claims for diamond exploration in the Northwest Territories.

Flow through shares

On December 29, 2005, the Company closed a flow through private placement for 1,224,500 units at \$0.60 per unit for gross proceeds of \$734,700. Each unit comprises one non flow through common share (1,224,500 shares), five flow through common shares (6,122,500 shares) and one share purchase warrant (1,224,500 warrants) entitling the holder to purchase an additional common share for \$0.22 for a two-year period expiring on December 29, 2007. The warrants are deemed to have a fair value of \$47,979, which was adjusted against capital stock. 100,000 common shares were issued as part of this private placement at a fair value of \$10,000. Total issue costs were \$155,560.

Under flow through share agreements, the Company agreed to renounce \$612,500 of qualifying expenditure to the investors effective December 31, 2005.

(10)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

6.

Capital Stock (Continued)

In accordance with CICA Handbook Section 3465 – Income Taxes, the Company has recorded a provision at the time of the actual renunciation, by a reduction in the amount included in share capital related to the flow through shares, for the future income taxes related to the deductions foregone by the Company. The Company renounced flow through expenditures in the year ended December 31, 2006, and as a consequence, recognized a reduction in share capital and a recovery of future income taxes of \$126,825. The Company expects to recognize a further reduction of \$86,692 in share capital and a recovery of future income taxes subsequent to the year ended December 31, 2006 in regards to this renunciation.

On December 29, 2006, the Company closed a flow through private placement for 850,000 units at \$0.10 per unit for gross proceeds of \$85,000. Each unit comprises one flow through common share (850,000 shares) and one share purchase warrant (850,000 warrants) entitling the holder to purchase an additional common share for \$0.15 for a one-year period expiring on December 29, 2007. The warrants are deemed to have a fair value of \$8,327 which was adjusted against capital stock.

The Company has estimated that the future income taxes recorded at the time of renunciation would be approximately \$29,002. Therefore, subsequent to the year ended December 31, 2006, the Company will recognize a reduction in share capital and a recovery of future income taxes of \$29,002 in regards to this renunciation.

7.

Contributed Surplus, Options and Warrants

	Options	Warrants	Contributed Surplus
	\$	\$	\$
Balance - December 31, 2004	275,847	196,840	106,316

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Stock based compensation	177,026	-	-
Exercise of options	(129,050)	-	-
Fair value of agents options	50,059	-	-
Fair value of agents warrants	-	5,730	-
Fair value of warrants issued on private placement	-	47,979	-
Warrants expired	-	(196,840)	196,840
Balance - December 31, 2005	373,882	53,709	303,156
Stock based compensation	481,234	-	-
Fair value of warrants issued on private placement	-	8,327	-
Balance - December 31, 2006	855,116	62,036	303,156

(11)

Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

7.

Contributed Surplus, Options and Warrants (continued)

Options

On December 29, 2005, the Company closed a flow through private placement for 1,224,500 units at \$0.60 per unit for gross proceeds of \$734,700. Each unit comprises one non flow through common share (1,224,500 shares), five flow through common shares (6,122,500 shares) and one share purchase warrant entitling the holder to purchase an additional common share for \$0.22 for a two-year period expiring on December 29, 2007. As part of their compensation, the broker was granted an option to acquire 146,940 units of this issue at \$0.60 per unit. Each unit comprises six common shares (881,540 shares) and one share purchase warrant (146,940) entitling the holder to purchase an additional common share for \$0.22 for a two-year period expiring on December 29, 2007. The option was valued at \$50,059 for the shares and \$5,730 for the warrants. The valuation is based upon the Black-Scholes model assuming an average risk-free rate of 2.95%, expected life of 2 years and expected volatility of 108%.

The Company has a fixed stock option plan. Under the terms of the plan, the Company may grant options to eligible directors, employees and consultants of the Company, up to a maximum of 11,000,000 common shares (11,000,000 common shares 2005). Options may be issued under the stock option plan at the sole discretion of the Company's board of directors. Options may be issued for a term of up to five years, with vesting provisions and the exercise price to be determined by the Company's board of directors, provided that the exercise price is no less than either the average high and low price of the Company's common stock traded on the TSX Venture Exchange for 10 days prior to the grant or the closing price of the Company's common shares on the day the options are granted.

During the years ended December 31, 2006 and 2005, the change in stock options outstanding is as follows:

2006		2005	
Number	Weighted	Number	Weighted
of shares	average	of shares	average

		exercise		exercise
		price		price
		\$		\$
Beginning of year	10,475,000	0.11	7,000,000	0.13
Granted	1,025,000	0.11	6,750,000	0.11
Exercised	-	-	(1,600,000)	0.10
Cancelled	(1,500,000)	0.11	-	-
Expired	-	-	(1,675,000)	0.21
End of year	10,000,000	0.11	10,475,000	0.11
End of year	6,566,250	0.11	3,475,000	0.10

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

7.

Contributed Surplus, Options and Warrants (continued)

At December 31, 2006, the following stock options are outstanding and exercisable:

Exercise price	Options outstanding	Options exercisable	Expiry date	Remaining	Remaining
				contractual	contractual
\$				life, outstanding options (years)	life, exercisable options (years)
\$0.10	200,000	200,000	January 23, 2007	.07	.07
\$0.10	125,000	125,000	February 17, 2008	1.13	1.13
\$0.10	1,900,000	1,900,000	February 12, 2009	2.12	2.12
\$0.10	500,000	500,000	September 28, 2009	2.74	2.74
\$0.11	6,750,000	3,656,250	November 17, 2010	3.88	3.88
\$0.10	525,000	175,000	July 26, 2011	4.58	4.58
	10,000,000	6,556,250			

During the year ended December 31, 2006, the Company granted 1,025,000 stock options to employees, directors and non-employees of which 500,000 were subsequently cancelled prior to the year end. The related compensation cost of \$46,326 has been recorded in the statement of loss and deficit. \$434,908 of the \$481,234 recorded for stock compensation in the statement of loss and deficit relates to options granted before 2006 which vested during 2006.

The estimated fair value of options granted that will vest subsequent to December 31, 2006 is \$158,164.

The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	2006	2005	2004
Expected dividend yield	Nil	Nil	nil
Average risk-free interest rate	4.00%	4.00%	3.54%
Expected life	5 years	5 years	3 years
Expected volatility	108%	108%	108%

On January 6, 2006, the Company cancelled 1,000,000 stock options previously granted to employees, directors and non employees, and on December 30, 2006, the Company cancelled an additional 500,000 stock options previously granted to employees, directors and non employees.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

7.

Contributed Surplus, Options and Warrants (continued)**Warrants**

During the years ended December 31, 2006 and 2005, the change in warrants outstanding was as follows:

	2006		2005	
	Number of	Exercise	Number of	Exercise
	warrants	price	warrants	price
		\$		\$
Beginning of year	1,224,500	0.22	5,180,000	0.15
Granted	850,000	0.15	1,224,500	0.22
Expired	-	-	(5,180,000)	0.15
End of year	2,074,500	0.19	1,224,500	0.22

During the year ended December 31, 2006, the Company issued 850,000 units in connection with a flow through private placement. Each unit consists of one flow through common share of the Company and one flow through share purchase warrant. Each warrant entitles the holder to purchase one additional flow through share at a price of \$0.15 until December 29, 2007. The warrants are estimated to have a fair value of \$8,327 based upon the Black-Scholes model assuming an average risk-free rate of 4.00%, expected life of 1 years and expected volatility of 108%.

Contributed Surplus

During the previous year ended December 31, 2005, 5,180,000 warrants expired which resulted in a fair value amount of \$196,480 being transferred to contributed surplus.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

8.**Income taxes**

a)

The income taxes shown on the consolidated statements of loss and deficit differ from the amounts obtained by applying statutory rates due to the following:

	2006	2005	2004
Statutory tax rate	34.12%	34.86%	35.62%
	\$	\$	\$
Loss for the year	(687,461)	(482,478)	(427,123)
Provision for income taxes based on statutory rates	(234,562)	(168,192)	152,141
Permanent differences	131,661	68,797	35,356
Tax benefits not recognized	102,901	99,395	116,785
	-	-	-

b)

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets as of December 31 are as follows:

	2006	2005
	\$	\$
Capital and non-capital loss carry-forwards	442,195	571,646
Property, plant and equipment, mineral properties and other	(134,903)	305,693
Total future tax assets	307,293	877,339
Valuation allowance	(307,293)	(877,339)
Net future tax assets	-	-

c)

The Company estimates that it has approximately \$1.3 million in non-capital losses, expiring between 2007 and 2026, to reduce future taxable income in Canada. The realization of income tax benefits related to these losses is uncertain and cannot be viewed as more likely than not. Accordingly, no future income tax asset has been recognized for accounting purposes.

d)

The Company completed a private placement of shares for gross proceeds of \$85,000 on December 29, 2006 and will be required to incur \$85,000 in eligible flow through expenditures during fiscal year 2007 through 2008.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

9.

Related party transactions

a)

Included in accounts payable and accrued liabilities is \$188,442 (2005 - \$153,156) due to directors and organizations controlled by directors, and \$140,178 (2005 - \$139,854) due to a law firm in which an officer of the Company is a partner, of which \$324 relates to 2006.

b)

The Company incurred consulting fees of \$60,000 (2005 - \$60,000; 2004 - \$60,000) for management services provided by directors and officers or organizations controlled by such parties.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10.

Material differences between Canadian and United States generally accepted accounting principles

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in Canada (Canadian GAAP), which differ in certain respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The significant measurement differences between Canadian and U.S. GAAP are described below, and their effect on the consolidated financial statements is summarized as follows:

	2006	2005	2004
	\$	\$	\$
Consolidated statements of loss			
Loss for the year under Canadian GAAP	687,461	482,478	427,123
Mineral property expenditures for the year (a)	510,391	1,051,683	(46,834)
Exploration costs written off during the year (a)	-	-	-
Loss for the year under U.S. GAAP	1,197,852	1,534,161	380,289
Loss per share under U.S. GAAP	0.02	0.03	0.01
Mineral properties			
Balance per Canadian GAAP	4,323,394	3,813,003	2,761,320
Cumulative mineral property expenditures (a)	(4,323,394)	(3,813,003)	(2,761,320)
Balance under U.S. GAAP	-	-	-
Stock options and warrants			
Under Canadian GAAP	917,152	427,591	472,687
Stock-based compensation (c)	(80,594)	(80,594)	(80,594)
Balance under U.S. GAAP	836,558	346,997	392,093

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

	2006	2005	2004
	\$	\$	\$
Deficit			
Under Canadian GAAP	(9,649,616)	(8,962,155)	(8,479,677)
Stock-based compensation (c)	80,594	80,594	80,594
Cumulative mineral property expenditures (a)	(4,323,394)	(3,813,003)	(2,761,320)
Deficit - under U.S. GAAP	(13,892,416)	(12,694,564)	(11,160,403)
Cash flows			
Cash flows from operating activities			
Per Canadian GAAP	(306,889)	(190,016)	(394,002)
Exploration expenditures (a)	(385,391)	(177,027)	26,987
Per U.S. GAAP	(692,280)	(367,043)	(367,015)
Cash flows from investing activities			
Per Canadian GAAP	(316,879)	(177,027)	22,987
Exploration expenditures (a)	314,957	177,027	(26,987)
Per U.S. GAAP	(1,922)	-	(4,000)

a)

Mineral property and exploration costs

For U.S. GAAP purposes, the Company expenses exploration and acquisition costs incurred relating to unproven mineral properties. When proven and probable reserves are determined for a property, subsequent exploration and development costs of the property are capitalized. The capitalized costs of such properties are assessed periodically to assess whether the carrying value can be recovered on an undiscounted cash flow basis. If the carrying value cannot be recovered on this basis, the mineral properties are written down to fair value on a discounted cash flow basis.

b)

Mine plant and equipment

The equipment referred to in note 5 is plant and equipment relating to our Kenville mine, which has been in a care and maintenance mode since 1997. The Company's stated policy is to depreciate this equipment based on its use in productive process over time. Since these assets were not used in a productive process in 2004, 2005 or 2006, no depreciation charge was recorded in those years on the Company's financial statements. It is management's view that the assets are still in suitable condition to be employed in the re-start of the Kenville mine which is in keeping with the Company's objectives. In accordance with CICA 306 and FAS 144, management performs annual impairment assessments of the mining assets and as a result of these assessments, no impairment was found to exist.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

10.

Material differences between Canadian and United States generally accepted accounting principles (continued)

c)

Accounting for stock-based compensation

Effective January 1, 2004 for Canadian GAAP, the Company adopted CICA 3870, *Stock-based Compensation and Other Stock-based Payments* which requires an expense to be recognized in the financial statements for all forms of employee stock-based compensation. Adoption of CICA 3870 was applied retroactively, without restatement, as permitted by the standard. For U.S. GAAP purposes, the Company adopted Statement of Financial Accounting Standards (SFAS) 148, *Accounting for Stock-based Compensation Transition and Disclosure*. For U.S. GAAP, effective January 1, 2004, the Company applied the modified prospective method of adoption included in SFAS 148 which recognizes stock-based employee compensation for 2004 as if the fair value based accounting method in this statement had been used to account for all employee awards granted, modified or settled in fiscal years beginning after December 14, 1994. Since all stock options granted from that date to January 1, 2004 vested immediately, application of the modified prospective method for U.S. GAAP purposes in 2004 did not have any additional impact on the stock-based compensation charge for 2004 under U.S. GAAP.

d)

Flow-through shares

As described in Note 7, the Company issued by way of private placements 850,000 units at \$0.10 per unit which resulted in gross proceeds of \$85,000. Each unit consists of one flow through common share and one flow through share purchase warrant. According to SFAS 109, *Accounting for Income Taxes*, the proceeds should be allocated between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow through share. A future income tax liability is recognized for the premium paid by the investors. The Company did not receive any premiums to market on this issue and accordingly no US GAAP difference exists for this item.

e)

Recent Accounting Pronouncements

Financial Instruments - Recognition and Measurement, Hedges, and Comprehensive Income

In January 2005, the CICA issued three new standards relating to financial instruments. These new Canadian standards are applicable for fiscal years starting on or after October 1, 2006 and can be adopted earlier but only at the beginning of a fiscal year and only if the Company has not already issued interim financial statements that cover part of the year.

Section 3855 - Financial Instruments prescribes how a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based measures are used. This section also directs how financial instrument gains and losses are to be presented.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

10.

Material differences between Canadian and United States generally accepted accounting principles (continued)

Section 3865 Hedges applies when a Company chooses to designate a hedging relationship for accounting purposes. This new Section builds on the existing Accounting Guideline AcG-13 Hedging Relationships and Section 1650 Foreign Currency Translation by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530 Comprehensive Income introduces new rules for the reporting and display of comprehensive income. Comprehensive income is currently reported under US GAAP and is the change in shareholders' equity of an entity during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments and gains and losses on certain derivatives.

Accounting Changes and Error Corrections

FASB issued SFAS 154 Accounting Changes and Error Corrections to replace APB Opinion No. 20 and FASB Statement No. 3. SFAS 154 requires retrospective application of voluntary changes in accounting principles, unless deemed impracticable. Under existing US GAAP, a new principle is not applied to prior periods but instead the cumulative effect of the change is recognized in earnings in the period of the change. SFAS 154 also carries forward without change the guidance for APB No. 20 for reporting the correction of an error in previously issued financial statement and the accounting for changes in estimates. This statement is effective for accounting changes and corrections of errors made in fiscal periods beginning after December 15, 2005.

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

11.

Outstanding matter

Anglo Swiss Resources Inc. has filed a statement of defense in response to a lawsuit commenced in the Supreme Court of British Columbia file no. S068401 dated December 28, 2006 by Tracer Enterprises Ltd., Babylon Enterprises Ltd., Foaming Holdings Ltd. and Glacial Holdings Inc., collectively the Optionees with respect to the Option Joint Venture Agreement (OJVA) on the Kenville Mine property.

Anglo Swiss Resources Inc. entered an option joint venture agreement with the Optionees on Sept. 5, 2002. Under the terms of the OJVA, the plaintiffs could earn a 70-per-cent interest in mineral rights associated with Anglo Swiss's Kenville mine property, located near Nelson, B.C., and could form a joint venture with Anglo Swiss through Sept. 5, 2006. The plaintiffs subsequently assigned 88 per cent of their potential interest in the property to Gold Standard Resources Corp.

In order to exercise their option, the Optionees were required to incur \$700,000 worth of expenditures in exploring and developing the property. The OJVA established an audit procedure to determine if the Optionees had fulfilled their obligations to Anglo Swiss. In their statement of claim the Optionees say they paid \$100,000 to Anglo Swiss, as agreed. They also allege they spent \$251,553 on the Nelson-area property in 2005, then another \$498,326 in 2006. The Optionees estimate they exceeded the \$700,000 mark on Aug. 5, 2006, and that, as a result, a 70-per-cent interest has been earned.

Pursuant to the OJVA, Anglo Swiss has appointed an auditor to confirm the exploration expenditures alleged by the Optionees.

In its statement of defense, Anglo Swiss denies the allegations contained in the Optionees' statement of claim. In particular, Anglo Swiss says that the claim is without merit as it has been brought before the audit has determined whether the Optionees are entitled to exercise their option. A claim to have a joint venture declared at this stage would be an attempt to avoid the audit procedure that Anglo Swiss and the Optionees agreed to when they entered the OJVA. Further, Anglo Swiss has denied the Optionees' allegations of breach of contract or breach of duty of good faith as being without basis.

Anglo Swiss has retained Farris, Vaughan, Wills & Murphy LLP as counsel in this matter.

Also refer to 5(a).

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Anglo Swiss Resources Inc.

(an exploration stage company)

Notes to the Financial Statements

For the years ended December 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

12.

Subsequent events

In addition to items disclosed elsewhere in these notes, the following occurred during the period subsequent to December 31, 2006:

a)

The Company has appointed a new director.

b)

The Company has granted 1,200,000 options to two directors of the Company at an exercise price of \$0.10 per share for five years. The option grant will vest as per the Company's 2005 Stock Option Plan and is subject to regulatory approvals.

c)

The Company has closed a non-brokered private placement on April 23, 2007 for \$500,000 by the issuance of 5.0 million units at a price of 10 cents per unit. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of 20 cents for a period of one year from the closing date, subject to regulatory approvals.



E1

EXHIBIT 6.1

THIS OPTION AGREEMENT dated for reference the 19th day of January, 2006.

BETWEEN:

ANGLO SWISS RESOURCES INC., a company duly incorporated in the Province of British Columbia, having an office at 1904-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N7

("ASW")

AND:

IMPALA RESOURCE SERVICES LTD., a company duly incorporated in the Province of British Columbia, having an office at 609-475 Howe Street, Vancouver, British Columbia, Canada V6C 2B3

(**Impala**)

WHEREAS Impala is the beneficial owner of a 100% interest in and to 4 mineral claims consisting of approximately 10,330 acres located in the Lac de Gras area of the Northwest Territories, known as the UL 1&2 and the AFR 6&7 mineral claims, and has agreed to grant to ASW the exclusive option to acquire an undivided 100% interest therein; on the terms and conditions hereinafter set forth,

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the payment by ASW to the Impala of the sum of \$10.00 (the receipt and sufficiency of which is hereby expressly acknowledged by Impala) and of the mutual covenants and agreements herein contained, the parties agree as follows:

1.

DEFINITIONS

1.1

In this Agreement and in the Schedules and the recitals hereto, unless the context otherwise requires, the following expressions will have the following meanings:

Agreement Date means the date at the top of this Agreement.

Exchange means the TSX Venture Exchange.

"Property" means those 4 mineral claims covering a total of approximately 10,330 acres, all as more particularly described in Schedule "A" hereto, together with all prospecting, research, exploration, exploitation, operating and mining permits, licences and leases associated therewith, mineral, surface, water and ancillary or appurtenant rights attached or accruing thereto, and any mining licence or other form of substitute or successor mineral title or interest granted, obtained or issued in connection with or in place of or in substitution for any such Property (including, without limitation, any Property issued to cover any internal gaps or fractions in respect of such ground).

2.

OPTION

2.1

Impala hereby give and grant to ASW the sole and exclusive irrevocable right and option (the "Option") to acquire up to an undivided 100% right, title and interest in and to the Property in accordance with the terms of this Agreement.

2.2

To exercise the Option, ASW must:

(a)

secure written confirmation from the Exchange, dated not later than February 15, 2006, that the Exchange has accepted this Agreement for filing (the **Acceptance Date**).

(b)

pay a total of \$12,500.00 to Impala, due 5 days after acceptance of this agreement by the TSX Venture Exchange and by issuing 1,000,000 shares of Anglo Swiss Resources Inc. to Impala within 5 business days of acceptance of this agreement by the TSX Venture Exchange.

c)

additional shares of ASW shall be issued to NSV as follows:

200,000 shares on the discovery of each successive kimberlite body on the Property to a cumulative total of 2,000,000 shares (the **Kimberlite Bonus**).

The cash payments and share issuances are herein collectively referred to as the **Option Price** to earn a 100% interest, subject to the GORR and the Kimberlite Bonus, in the Property.

2.3

The Property is subject to a 2% Gross Overriding Royalty in favour of Impala (**GORR**) as defined in Schedule B. The parties agree that up to a maximum of 1% GORR may be purchased by ASW for the price of \$1,000,000.

2.4

This Agreement is an option agreement only, and all Payments comprising the Option Price are and shall remain optional to ASW, such that ASW need not pay any of the same. Upon the failure of ASW to deliver the consideration comprising the Option Price within the time periods set forth herein, ASW will have a period of 30 days following receipt of notice of such default to rectify the same, otherwise the Option and this Agreement will automatically terminate without further notice from Impala.

2.5

Prior to the exercise of the Option, ASW shall pay all taxes, rentals and maintenance fees on the Property as may be necessary, and shall perform all other actions which may be necessary to keep the Property in good standing, including without limitation, keeping the Property free and clear of all liens, charges and encumbrances of any kind whatsoever which were the result of any actions taken or not taken by ASW.

2.6

If, prior to the exercise of the Option, ASW wishes to abandon one or more claims comprising any of the Property, Impala shall regain its beneficial interests in the abandoned claims and ASW shall not have any further right to acquire any interest in such claims pursuant to the terms of this Agreement. For clarity, the Option Price will not change if any portion of the Property is abandoned. ASW shall execute and deliver a transfer of any abandoned claims to Impala before such claims expire. Any claims returned to Impala will be in good standing for a minimum of one year when they are returned.

2.7

Title to the Property will be transferred to ASW in trust.

2.8

Once ASW has paid the Option Price in full, ASW will have exercised the Option and have acquired an undivided 100% right, title and interest in and to the Property, subject only to the GORR, and will give notice to Impala to that effect. Upon the exercise of the Option, Impala will take the necessary actions to transfer to ASW a 100% interest in and to the Property in accordance with the provisions of applicable legislation.

3.

REPRESENTATIONS AND WARRANTIES

3.1

ASW represents and warrants to Impala that:

(a)

it is a company duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction and is qualified to acquire and dispose of interests in, and to explore, develop and exploit, mining properties in Canada;

(b)

it has full power, capacity and authority to carry on its business and to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement;

(c)

all necessary corporate and shareholder approvals have been obtained and are in effect with respect to the transactions contemplated hereby, and no further action on the part of the directors or shareholders is necessary or desirable to make this Agreement valid and binding on a party;

(d)

neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or

accelerate the performance required by its constating documents or any agreement to which it is a party;

(e)

ASW is a public company whose shares are listed and posted for trading on the Exchange; and ASW is a reporting issuer in British Columbia, Alberta, Ontario, Quebec and Nova Scotia.

3.2

Impala hereby represents and warrants to ASW that:

(a)

it has the full power, capacity and authority to enter into and perform each of his obligations under this Agreement and any agreement or instrument referred to or contemplated herein;

(b)

neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;

(c)

the mineral claims comprising the Property have been duly and validly staked and submitted for recording with the applicable mining authority pursuant to all applicable laws and regulations; are accurately described in Schedule "A" hereto; and Impala's interest therein is free and clear of all liens, charges, royalties and encumbrances, subject to the rights of the Government of Canada;

(d)

Impala has the exclusive right to enter into this Agreement and has all necessary authority to dispose of an interest in and to the Property in accordance with the terms of this Agreement, subject only to Exchange approval of this Agreement and any underlying agreement; and

(e)

there are no pending or threatened actions, suits, claims or proceedings regarding the Property or any portion thereof of which Impala is aware.

3.3

The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will survive the acquisition of any interest in the Property by ASW and each of the parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it and contained in this Agreement.

4.

COVENANTS OF IMPALA

4.1

During the term of this Agreement Impala covenants and agrees with ASW to:

(a)

for so long as ASW is not in default hereunder, not do any act or thing which would in any way adversely affect the rights of ASW hereunder;

(b)

make available to ASW and its representatives all records and files in its possession relating to the Property and permit ASW and its representatives at their own risk and expense to take abstracts therefrom and make copies thereof;

(c)

co-operate as reasonably necessary with ASW in obtaining any surface and other rights on or related to the Property as ASW deems desirable; and

(d)

promptly provide ASW with any and all notices and correspondence received by them from government agencies in respect of the Property and further arrange for government agencies to copy ASW on all correspondence and notices.

5.

PRE-EXERCISE ACTIVITIES

5.1

Prior to exercise of the Option, ASW will have full right, power and authority to do everything necessary or desirable in accordance with good mining practice in connection with the exploration and development of the Property and to determine the manner of operation of the Property as a mine including, without limiting the generality of the foregoing, the right, power and authority to regulate access to the Property.

5.2

Prior to exercise of the Option, ASW will have the following duties and obligations:

(a)

to manage, direct and control all exploration, development and production operations in, on and under the Property in a prudent and workmanlike manner, and in compliance with all applicable laws, rules, orders and regulations;

(b)

subject to the terms and conditions of this Agreement, to keep the Property in good standing and free and clear of liens, charges and encumbrances of every character arising from operations hereunder (except liens for taxes not yet

due, and other claims and liens contested in good faith by ASW) and to proceed with all diligence to contest or discharge any lien that is filed;

(c)

to obtain and maintain, or cause any contractor engaged to obtain and maintain, adequate insurance coverage with respect to activities on or with respect to the Property;

(d)

to permit representatives of Impala, at its own expense and risk, access to the Property and all data derived from carrying out work hereunder, provided that in exercising such right Impala will not unreasonably interfere with the activities of ASW and that Impala and his representatives will defend, indemnify and save harmless ASW and its directors, officers, employees and agents from and against all and any losses, damages, expenses, claims, suits, actions and demands of any kind or nature whatsoever in any way referable to or arising out of the entry, presence or activities of Impala's representatives in connection with access to the Property including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom;

(e)

to perform its duties and obligations in a manner consistent with good exploration and mining practices and in compliance with all applicable laws, rules and regulations;

(f)

defend, indemnify and save Impala harmless from any and all losses, damages, expenses, claims, suits, actions or demands of any kind or nature whatsoever in any way referable to or arising out of any work done by ASW on or with respect to the Property; and

(g)

prior to commencing any operations or activities on the Property, obtain all necessary operating and environmental permits and post any required reclamation or other bonds or safekeeping agreements required by any governmental agency.

6.

TERMINATION OF OPTION

6.1

This Agreement, except for the provisions of section 7, and the Option will (unless otherwise agreed by Impala in writing) terminate:

(a)

upon the failure of ASW to pay any portion of the Option Price pursuant to subsection 2.2 within the time periods specified therein; or

(b)

if ASW gives notice in accordance with subsection 6.2.

6.2

At any time prior to the exercise of the Option, ASW will have the right to terminate this Agreement and the Option by giving not less than thirty (30) days' notice to that effect to Impala.

7.

OBLIGATIONS AFTER TERMINATION OF OPTION

7.1

If this Agreement is terminated for any reason whatsoever prior to the exercise of the Option, this Agreement, including the Option, but excluding this section 7 (which will continue in full force and effect for so long as is required to give full effect to the same) will be of no further force and effect except that ASW will:

(a)

leave the Property:

(i)

in good standing and in accordance with the applicable laws and regulations for at least one year following the effective date of termination,

(ii)

free and clear of all liens, charges and encumbrances arising from this Agreement or its operations hereunder,

(iii)

in a safe and orderly condition, and

(iv)

in a condition which is in compliance with all applicable rules and orders of governmental authorities with respect to reclamation and restoration of the surface to the Property;

(b)

deliver to Impala, within ninety (90) days of termination, a report on all work carried out by ASW on the Property together with copies of all maps, drillhole logs, assay results, reports and other information compiled or prepared by or on behalf of ASW with respect to work on or with respect to the Property, and make available to Impala (at the place of storage) all core, samples and sample pulps and rejects;

(c)

unless otherwise agreed by Impala, remove from the Property within six (6) months of the effective date of termination all materials, equipment and facilities erected, installed or brought upon the Property by or at the instance of ASW; and

(d)

deliver to Impala a duly executed quitclaim of all right, title and interest of ASW in and to the Property in favour of Impala with respect to their respective interests therein.

8.

SHARING OF AND CONFIDENTIAL NATURE OF INFORMATION

8.1

Each party agrees that all information obtained hereunder will be the exclusive property of the parties and not publicly disclosed or used other than for the activities contemplated hereunder except as required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction or with the written consent of the other party, such consent not to be unreasonably withheld.

9.

ASSIGNMENT

9.1

Either party may at any time assign or transfer any or all of its interest herein, provided such assignee agrees to abide by and be bound by the terms of this Agreement in the same manner and to the same effect as if an original signatory hereto.

10.

NOTICES

10.1

Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by facsimile, e-mail or other similar form of communication, in each case addressed to the address first listed above or the following facsimile numbers or e-mail addresses:

(a)

If to Impala at facsimile no. (604) 682.1666;

(b)

If to ASW at facsimile no. (604) 683-7497;

10.2

Any notice, direction or other instrument will:

(a)

if delivered, be deemed to have been given and received on the day it was delivered;

(b)

if mailed, be deemed to have been given and received on the fifth (5th) business day following the day of mailing, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received; and

(c)

if sent by facsimile, email or other similar form of communication, be deemed to have been received by each party by that party acknowledging in writing receipt of the same.

10.3

Any party may at any time give to the others notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

11.

FORCE MAJEURE

11.1

ASW shall not be deemed to be in default hereunder for failure or delay to perform any of its covenants pursuant to this Agreement, if prior to the requirement to perform such covenant any material dispute arises as to the ownership or title to any part of the Property or to the minerals therein (a "Title Dispute").

11.2

Should ASW seek to rely on the provisions of subsection 11.1 it will promptly give written notice to Impala of the particulars thereof and all time limits imposed by this Agreement will be extended from the date of delivery of such notice by a period equivalent to the period of delay resulting from such Title Dispute.

12.

ARBITRATION

12.1

If any question, difference or dispute shall arise between the parties or any of them in respect of any matter arising under this Agreement or in relation to the construction here the same shall be determined by the award of one arbitrator. The decision of the arbitrator shall be made within 30 days after the selection. The expense of the arbitration shall be paid accordingly as the arbitrator shall decide in his award. The arbitration shall be conducted in accordance with the provisions of the *Commercial Arbitration Act* (British Columbia), as amended, and the decision of the arbitrator shall be conclusive and binding upon the parties. The rules and procedures for the arbitration shall be procedures established by the B.C. Arbitrators Institute. The place of arbitration shall be Vancouver, British Columbia, Canada.

13.

GENERAL

13.1

The parties will execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.

13.2

All references to moneys hereunder will be in Canadian funds unless otherwise specified. All payments to be made to any party hereunder may be made by cheque or bank draft mailed or delivered to such party at its address for notice purposes as provided herein, or deposited for the account of such party at such bank or banks in Canada as such party may designate from time to time by notice to the paying party.

13.3

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

13.4

This Agreement shall constitute the entire agreement between the parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein.

13.5

This Agreement will be governed by and construed according to the laws of British Columbia and the laws of Canada applicable therein. All actions arising from this Agreement will be commenced and maintained in the Supreme Court of British Columbia.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

ANGLO SWISS RESOURCES INC.

by its authorized signatory:

IMPALA RESOURCE SERVICES LTD.

by its authorized signatory:

SCHEDULE "A"

DESCRIPTION OF PROPERTY

Mackenzie Mining District, Northwest Territories

Tag no.	Name of Claim(s)	Claim area	Claim sheet
F89586	AFR6	2582.50	76C6
F89587	AFR7	2582.50	76C6
F91978	UL1	2582.50	76D15
F91977	UL2	2582.50	76D15
Total		10330.0 acres	

SCHEDULE B

GROSS OVERRIDING ROYALTY

Pursuant to the Agreement to which this Schedule is attached, Impala is entitled to a royalty (the "GORR") on the Average Appraised Value (as hereinafter defined) of all gem and industrial diamonds recovered, sorted and graded from the Property (the "Diamonds"), free and clear of all costs of development and operations.

1.

The expression "Average Appraised Value" shall mean the average of the valuations in Canadian dollars of the Diamonds determined by two independent graders, one appointed by the Company and one appointed by Impala.

Such independent graders shall be duly qualified and accredited, and shall sort, grade and value the Diamonds in accordance with industry standards, having regard to, but without limiting the generality of the foregoing, the commercial demand for the Diamonds. Each independent valuator shall value each particular classification of the Diamonds in accordance with the industry pricebooks, standards and formulas. The parties acknowledge that the intention is that the GORR is to be paid to Impala on this basis, regardless of the price or proceeds actually received by the Company for or in connection with the Diamonds or the manner in which a sale of the Diamonds to a third party is made, and without deduction.

2.

ASW will calculate and pay the GORR to Impala within 30 days of the end of each calendar quarter, based on all Diamonds from the Property which were graded in such calendar quarter.

3.

Impala shall not be entitled to participate in the profits or be obligated to share in any losses generated by the Company's actual marketing or sales practices.

4.

Impala shall also at its election have the right to take the GORR in kind.

E10

EXHIBIT 6.2

THIS TRANSFER AGREEMENT dated for reference the 20th. day of April, 2007.

BETWEEN:

ANGLO SWISS RESOURCES INC., a company duly incorporated in the Province of British Columbia, having an office at 309-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6

("ASW")

AND:

IMPALA RESOURCE SERVICES LTD., a company duly incorporated in the Province of British Columbia, having an office at 609-475 Howe Street, Vancouver, British Columbia, Canada V6C 2B3

(**Impala**)

WHEREAS Impala is the beneficial owner of a 100% interest in and to 3 mineral claims consisting of approximately 7,746.50 acres located in the Lac de Gras area of the Northwest Territories, known as the UL 3, 4 & 5, and has agreed to transfer to ASW 100% interest therein; on the terms and conditions hereinafter set forth,

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the payment by ASW to the Impala of the sum of \$10.00 (the receipt and sufficiency of which is hereby expressly acknowledged by Impala) and of the mutual covenants and agreements herein contained, the parties agree as follows:

1.

DEFINITIONS

1.1

In this Agreement and in the Schedules and the recitals hereto, unless the context otherwise requires, the following expressions will have the following meanings:

Agreement Date means the date at the top of this Agreement.

Exchange means the TSX Venture Exchange.

"Property" means those 3 mineral claims covering a total of approximately 7,746.5 acres, all as more particularly described in Schedule "A" hereto, together with all prospecting, research, exploration, exploitation, operating and mining permits, licences and leases associated therewith, mineral, surface, water and ancillary or appurtenant rights attached or accruing thereto, and any mining licence or other form of substitute or successor mineral title or interest granted, obtained or issued in connection with or in place of or in substitution for any such Property (including, without limitation, any Property issued to cover any internal gaps or fractions in respect of such ground).

Forfeited Property means those 2 mineral claims covering a total of approximately 5,115 acres, all as more particularly described in Schedule "A" hereto, together with all prospecting, research, exploration, exploitation, operating and mining permits, licences and leases associated therewith, mineral, surface, water and ancillary or appurtenant rights attached or accruing thereto, and any mining licence or other form of substitute or successor mineral title or interest granted, obtained or issued in connection with or in place of or in substitution for any such Property

(including, without limitation, any Property issued to cover any internal gaps or fractions in respect of such ground).

2.

TRANSFER

(c)

2.1

Impala hereby transfers to ASW the sole and exclusive irrevocable right to an undivided 100% right, title and interest in and to the Property in accordance with the terms of this Agreement. ASW accepts the Property as full and irrevocable replacement of the Forfeited Property originally purchased by ASW in an agreement dated January 19, 2006 between ASW and Impala. The Forfeited Property was not transferred to ASW by Impala as per the terms and conditions of the January 19, 2006 Agreement and subsequently the two claims were dropped.

b)

Shares of ASW shall be issued to NSV as follows:

200,000 shares on the discovery of each successive kimberlite body on the Property to a cumulative total of 2,000,000 shares (the Kimberlite Bonus).

2.3

The Property is subject to a 2% Gross Overriding Royalty in favour of Impala (**GORR**) as defined in Schedule B. The parties agree that up to a maximum of 1% GORR may be purchased by ASW for the price of \$1,000,000.

3.

REPRESENTATIONS AND WARRANTIES

3.1

ASW represents and warrants to Impala that:

(a)

it is a company duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction and is qualified to acquire and dispose of interests in, and to explore, develop and exploit, mining properties in Canada;

(b)

it has full power, capacity and authority to carry on its business and to enter into and perform its obligations under this Agreement and any agreement or instrument referred to or contemplated by this Agreement;

(c)

all necessary corporate and shareholder approvals have been obtained and are in effect with respect to the transactions contemplated hereby, and no further action on the part of the directors or shareholders is necessary or desirable to make this Agreement valid and binding on a party;

(d)

neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by its constating documents or any agreement to which it is a party;

(e)

ASW is a public company whose shares are listed and posted for trading on the Exchange; and ASW is a reporting issuer in British Columbia, Alberta, Ontario, Quebec and Nova Scotia.

3.2

Impala hereby represents and warrants to ASW that:

(a)

it has the full power, capacity and authority to enter into and perform each of his obligations under this Agreement and any agreement or instrument referred to or contemplated herein;

(b)

neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by, any agreement to which it is a party;

(c)

the mineral claims comprising the Property have been duly and validly staked and submitted for recording with the applicable mining authority pursuant to all applicable laws and regulations; are accurately described in Schedule "A" hereto; and Impala's interest therein is free and clear of all liens, charges, royalties and encumbrances, subject to the rights of the Government of Canada;

(d)

Impala has the exclusive right to enter into this Agreement and has all necessary authority to dispose of an interest in and to the Property in accordance with the terms of this Agreement, subject only to Exchange approval of this Agreement and any underlying agreement; and

(e)

there are no pending or threatened actions, suits, claims or proceedings regarding the Property or any portion thereof of which Impala is aware.

3.3

The representations and warranties hereinbefore set out are conditions on which the parties have relied in entering into this Agreement and will survive the acquisition of any interest in the Property by ASW and each of the parties will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by it and contained in this Agreement.

4.

COVENANTS OF IMPALA

4.1

During the term of this Agreement Impala covenants and agrees with ASW to:

(a)

for so long as ASW is not in default hereunder, not do any act or thing which would in any way adversely affect the rights of ASW hereunder;

(b)

make available to ASW and its representatives all records and files in its possession relating to the Property and permit ASW and its representatives at their own risk and expense to take abstracts therefrom and make copies thereof;

(c)

co-operate as reasonably necessary with ASW in obtaining any surface and other rights on or related to the Property as ASW deems desirable; and

(d)

promptly provide ASW with any and all notices and correspondence received by them from government agencies in respect of the Property and further arrange for government agencies to copy ASW on all correspondence and notices.

5.

ASSIGNMENT

5.1

Either party may at any time assign or transfer any or all of its interest herein, provided such assignee agrees to abide by and be bound by the terms of this Agreement in the same manner and to the same effect as if an original signatory hereto.

6.

NOTICES

6.1

Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by the delivery of the same or by mailing the same by prepaid registered or certified mail or by sending the same by facsimile, e-mail or other similar form of communication, in each case addressed to the address first listed above or the following facsimile numbers or e-mail addresses:

(c)

If to Impala at facsimile no. (604) 682.1666;

(d)

If to ASW at facsimile no. (604) 683-7497;

6.2

Any notice, direction or other instrument will:

(a)

if delivered, be deemed to have been given and received on the day it was delivered;

(b)

if mailed, be deemed to have been given and received on the fifth (5th) business day following the day of mailing, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received; and

(c)

if sent by facsimile, email or other similar form of communication, be deemed to have been received by each party by that party acknowledging in writing receipt of the same.

6.3

Any party may at any time give to the others notice in writing of any change of address of the party giving such notice and from and after the giving of such notice the address or addresses therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder.

7.

FORCE MAJEURE

7.1

ASW shall not be deemed to be in default hereunder for failure or delay to perform any of its covenants pursuant to this Agreement, if prior to the requirement to perform such covenant any material dispute arises as to the ownership or title to any part of the Property or to the minerals therein (a "Title Dispute").

7.2

Should ASW seek to rely on the provisions of subsection 7.1 it will promptly give written notice to Impala of the particulars thereof and all time limits imposed by this Agreement will be extended from the date of delivery of such notice by a period equivalent to the period of delay resulting from such Title Dispute.

8.

ARBITRATION

8.1

If any question, difference or dispute shall arise between the parties or any of them in respect of any matter arising under this Agreement or in relation to the construction here the same shall be determined by the award of one arbitrator. The decision of the arbitrator shall be made within 30 days after the selection. The expense of the arbitration shall be paid accordingly as the arbitrator shall decide in his award. The arbitration shall be conducted in accordance with the provisions of the *Commercial Arbitration Act* (British Columbia), as amended, and the decision of the arbitrator shall be conclusive and binding upon the parties. The rules and procedures for the arbitration shall be procedures established by the B.C. Arbitrators Institute. The place of arbitration shall be Vancouver, British Columbia, Canada.

9.

GENERAL

9.1

The parties will execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.

9.2

All references to moneys hereunder will be in Canadian funds unless otherwise specified. All payments to be made to any party hereunder may be made by cheque or bank draft mailed or delivered to such party at its address for notice purposes as provided herein, or deposited for the account of such party at such bank or banks in Canada as such party may designate from time to time by notice to the paying party.

9.3

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

9.4

This Agreement shall constitute the entire agreement between the parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein.

9.5

This Agreement will be governed by and construed according to the laws of British Columbia and the laws of Canada applicable therein. All actions arising from this Agreement will be commenced and maintained in the Supreme Court of British Columbia.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

ANGLO SWISS RESOURCES INC.

by its authorized signatory:

Len Danard

IMPALA RESOURCE SERVICES LTD.

by its authorized signatory:

Ralf Hildebrandt

SCHEDULE "A"

DESCRIPTION OF PROPERTY

Mackenzie Mining District, Northwest Territories

Tag no.	Name of Claim(s)	Claim area	Claim sheet
F92318	UL3	2582.50	76D15
F92319	UL4	2582.50	76D15
F92320	UL5	2582.50	76D15
Total		7746.5 acres	

DESCRIPTION OF FORFEITED PROPERTY

Mackenzie Mining District, Northwest Territories

Tag no.	Name of Claim(s)	Claim area	Claim sheet
F89586	AFR6	2582.50	76C6
F89587	AFR7	2582.50	76C6

SCHEDULE B

GROSS OVERRIDING ROYALTY

Pursuant to the Agreement to which this Schedule is attached, Impala is entitled to a royalty (the "GORR") on the Average Appraised Value (as hereinafter defined) of all gem and industrial diamonds recovered, sorted and graded from the Property (the "Diamonds"), free and clear of all costs of development and operations.

1.

The expression "Average Appraised Value" shall mean the average of the valuations in Canadian dollars of the Diamonds determined by two independent graders, one appointed by the Company and one appointed by Impala.

Such independent graders shall be duly qualified and accredited, and shall sort, grade and value the Diamonds in accordance with industry standards, having regard to, but without limiting the generality of the foregoing, the commercial demand for the Diamonds. Each independent valuator shall value each particular classification of the Diamonds in accordance with the industry pricebooks, standards and formulas. The parties acknowledge that the intention is that the GORR is to be paid to Impala on this basis, regardless of the price or proceeds actually received by the Company for or in connection with the Diamonds or the manner in which a sale of the Diamonds to a third party is made, and without deduction.

2.

ASW will calculate and pay the GORR to Impala within 30 days of the end of each calendar quarter, based on all Diamonds from the Property which were graded in such calendar quarter.

3.

Impala shall not be entitled to participate in the profits or be obligated to share in any losses generated by the Company's actual marketing or sales practices.

4.

Impala shall also at its election have the right to take the GORR in kind.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 20-F of Anglo Swiss resources Inc. (the Company) for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof, I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2007

Len Danard

Len Danard

Chief Executive Officer

EXHIBIT 99.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 20-F of Anglo Swiss Resources Inc. (the Company) for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof, I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2007

Chris Robbins

Chris Robbins

Chief Financial Officer