

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-15317

ResMed Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

98-0152841

(I.R.S. Employer Identification No.)

9001 Spectrum Center Blvd.

San Diego, CA 92123

United States of America

(Address of principal executive offices)

(858) 836-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At October 25, 2011, there were 166,298,681 shares of Common Stock (\$0.004 par value) outstanding. This number excludes 19,206,473 shares held by the registrant as treasury shares.

[Table of Contents](#)

RESMED INC. AND SUBSIDIARIES

INDEX

Part I	Financial Information	3
Item 1	Financial Statements	3
	Condensed Consolidated Balance Sheets (Unaudited) as of September 30, 2011 and June 30, 2011	3
	Condensed Consolidated Statements of Income (Unaudited) for the Three Months Ended September 30, 2011 and 2010	4
	Condensed Consolidated Statements of Cash Flows (Unaudited) for the Three Months Ended September 30, 2011 and 2010	5
	Notes to the Condensed Consolidated Financial Statements (Unaudited)	6
Item 2	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4	Controls and Procedures	37
Part II	Other Information	38
Item 1	Legal Proceedings	38
Item 1A	Risk Factors	38
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3	Defaults Upon Senior Securities	38
Item 4	Removed and Reserved	38
Item 5	Other Information	38
Item 6	Exhibits	39
	Signatures	40

Item 1. Financial Statements

RESMED INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)
(In US\$ thousands, except share and per share data)

	September 30, 2011	June 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 610,063	\$ 735,267
Accounts receivable, net of allowance for doubtful accounts of \$10,425 and \$11,476 at September 30, 2011 and June 30 2011, respectively	251,103	274,352
Inventories (note 3)	187,950	200,777
Deferred income taxes	13,357	13,875
Income taxes receivable	2,442	9,294
Prepaid expenses and other current assets	77,884	58,887
Total current assets	1,142,799	1,292,452
Non-current assets:		
Property, plant and equipment, net (note 5)	432,687	462,107
Goodwill (note 6)	267,688	235,487
Other intangibles, net (note 7)	63,940	47,911
Deferred income taxes	19,804	18,922
Other assets	8,374	12,043
Total non-current assets	792,493	776,470
Total assets	<u>\$ 1,935,292</u>	<u>\$2,068,922</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	46,688	\$ 55,194
Accrued expenses	103,274	103,787
Deferred revenue	41,918	45,125
Income taxes payable	29,146	3,931
Deferred income taxes	593	640
Current portion of long-term debt (note 8)	4,095	163
Total current liabilities	225,714	208,840
Non-current liabilities:		
Deferred income taxes	9,465	8,051
Deferred revenue	16,979	17,237
Long-term debt (note 8)	130,000	100,000
Income taxes payable	4,116	4,057
Total non-current liabilities	160,560	129,345
Total liabilities	386,274	338,185
Commitments and contingencies (notes 11)		
Stockholders' equity: (note 9)		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	0	0
Common stock, \$0.004 par value, 350,000,000 shares authorized; 166,238,109 issued and 147,771,904 outstanding at September 30, 2011 and 165,783,516 issued and 151,668,786 outstanding at June 30, 2011	591	607
Additional paid-in capital	815,174	798,461
Retained earnings	1,162,380	1,111,862
Treasury stock, at cost, 18,466,205 shares at September 30, 2011, and 14,114,730 shares at June 30, 2011	(629,338)	(504,625)
Accumulated other comprehensive income (note 4)	200,211	324,432
Total stockholders' equity	1,549,018	1,730,737
Total liabilities and stockholders' equity	<u>\$ 1,935,292</u>	<u>\$2,068,922</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income (Unaudited)
(In US\$ thousands, except share and per share data)

	Three Months Ended September 30,	
	2011	2010
Net revenue	\$314,774	\$282,012
Cost of sales	<u>129,720</u>	<u>108,058</u>
Gross profit	<u>185,054</u>	<u>173,954</u>
Operating expenses:		
Selling, general and administrative	94,203	84,791
Research and development	26,206	19,739
Amortization of acquired intangible assets	3,771	2,030
Donation to Foundation	<u>0</u>	<u>1,000</u>
Total operating expenses	<u>124,180</u>	<u>107,560</u>
Income from operations	<u>60,874</u>	<u>66,394</u>
Other income, net:		
Interest income, net	6,924	5,097
Other, net	<u>(1,301)</u>	<u>5,063</u>
Total other income, net	<u>5,623</u>	<u>10,160</u>
Income before income taxes	66,497	76,554
Income taxes	<u>15,979</u>	<u>19,846</u>
Net income	<u>\$ 50,518</u>	<u>\$ 56,708</u>
Basic earnings per share	\$ 0.34	\$ 0.37
Diluted earnings per share (note 2j)	\$ 0.33	\$ 0.36
Basic shares outstanding (000's)	150,366	151,474
Diluted shares outstanding (000's)	154,051	156,752

See the accompanying notes to the unaudited condensed consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In US\$ thousands)

	Three Months Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 50,518	\$ 56,708
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,410	15,642
Impairment of long-lived assets	0	2,257
Stock-based compensation costs	7,205	8,350
Foreign currency revaluation	2,770	(7,519)
Gain on previously held equity interest resulting from business combination	(2,070)	0
Tax benefit from stock option exercises	(856)	(2,397)
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	14,290	11,715
Inventories, net	4,243	(12,555)
Prepaid expenses, net deferred income taxes and other current assets	(31,036)	5,421
Accounts payable, accrued expenses and other liabilities	24,049	(18,479)
Net cash provided by operating activities	<u>89,523</u>	<u>59,143</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(12,878)	(15,333)
Patent registration costs	(1,686)	(1,464)
Proceeds from sale of maturing investment securities	0	3,950
Purchases of other intangible assets	(7,000)	0
Business acquisitions, net of cash acquired	(51,923)	(21,150)
Purchases of cost-method investments	(1,165)	(1,166)
Purchases of foreign currency options	0	(113)
Proceeds from exercise of foreign currency options	2,967	4,368
Net cash used in investing activities	<u>(71,685)</u>	<u>(30,908)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	9,354	13,756
Tax benefit from stock option exercises	856	2,397
Purchases of treasury stock	(121,697)	(22,637)
Proceeds from borrowings	80,000	0
Repayment of borrowings	(52,456)	(30,000)
Net cash (used in) financing activities	<u>(83,943)</u>	<u>(36,484)</u>
Effect of exchange rate changes on cash	<u>(59,099)</u>	<u>59,477</u>
Net increase in cash and cash equivalents	(125,204)	51,228
Cash and cash equivalents at beginning of period	735,267	488,776
Cash and cash equivalents at end of period	<u>\$ 610,063</u>	<u>\$540,004</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 4,294	\$ 22,293
Interest paid	<u>\$ 706</u>	<u>\$ 419</u>
Fair value of assets acquired, excluding cash	\$ 24,421	\$ 17,142
Liabilities assumed	(11,413)	(450)
Goodwill on acquisition	<u>51,532</u>	<u>4,958</u>
Total purchase price	64,540	21,650
Less: Consideration not paid in the current period	<u>(12,617)</u>	<u>(500)</u>
Cash paid for acquisition	<u>\$ 51,923</u>	<u>\$ 21,150</u>

See the accompanying notes to the unaudited condensed consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

(1) Organization and Basis of Presentation

ResMed Inc. (referred to herein as “we”, “us”, “our” or the “Company”) is a Delaware corporation formed in March 1994 as a holding company for the ResMed Group. Through our subsidiaries, we design, manufacture and market equipment for the diagnosis and treatment of sleep-disordered breathing and other respiratory disorders, including obstructive sleep apnea. Our manufacturing operations are located in Australia, Singapore, France, Germany and the United States. Major distribution and sales sites are located in the United States, Germany, France, the United Kingdom, Switzerland, Australia, Norway and Sweden.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending June 30, 2012.

The condensed consolidated financial statements for the three months ended September 30, 2011 and 2010 are unaudited and should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K for the year ended June 30, 2011.

(2) Summary of Significant Accounting Policies

(a) Basis of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from management’s estimates.

(b) Revenue Recognition

We generally record revenue on product sales at the time of shipment, when title transfers to the customer. We do not record revenue on product sales which require customer acceptance until we receive acceptance. We record royalty revenue from license agreements when earned. We initially defer service revenue received in advance from service contracts and recognize that deferred revenue ratably over the life of the service contract. We initially defer revenue we receive in advance from rental unit contracts and recognize that deferred revenue ratably over the life of the rental contract. Otherwise, we recognize revenue from rental unit contracts ratably over the life of the rental contract. We initially defer revenue from sale of marketing and distribution rights and recognize that deferred revenue ratably over the life of the contract.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(b) Revenue Recognition, Continued

We include in revenue freight charges we bill to customers. We charge all freight-related expenses to cost of sales. Taxes assessed by government authorities that are imposed on and concurrent with revenue-producing transactions, such as sales and value added taxes, are excluded from revenue.

We do not recognize revenues to the extent that we offer a right of return or other recourse with respect to the sale of our products, other than returns for product defects or other warranty claims, nor do we recognize revenues if we offer variable sale prices for subsequent events or activities. However, as part of our sales processes we may provide upfront discounts for large orders, one time special pricing to support new product introductions, sales rebates for centralized purchasing entities or price-breaks for regular order volumes. We record the costs of all such programs as an adjustment to revenue. Our products are predominantly therapy-based equipment and require no installation. Therefore, we have no significant installation obligations.

(c) Cash and Cash Equivalents

Cash equivalents include certificates of deposit and other highly liquid investments and we state them at cost, which approximates market. We consider investments with original maturities of 90 days or less to be cash equivalents for purposes of the condensed consolidated financial statements.

(d) Inventories

We state inventories at the lower of cost (determined principally by the first-in, first-out method) or net realizable value. We include material, labor and manufacturing overhead costs in finished goods and work-in-process inventories. We review and provide for any product obsolescence in our manufacturing and distribution operations by assessing throughout the year individual products and components (based on estimated future usage and sales).

(e) Property, Plant and Equipment

We record property, plant and equipment, including rental equipment at cost. We compute depreciation expense using the straight-line method over the estimated useful lives of the assets. Useful lives are generally two to ten years except for buildings which are depreciated over an estimated useful life of forty years and leasehold improvements, which we amortize over the lease term. We charge maintenance and repairs to expense as we incur them.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(f) Intangible Assets

We capitalize the registration costs for new patents and amortize the costs over the estimated useful life of the patent, which is generally five years. If a patent is superseded or product that is retired, any unamortized costs are written off immediately.

We amortize other intangible assets on a straight-line basis over their estimated useful lives, which range from two to nine years. We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. We amortize all of our intangible assets. We have not identified any impairment of intangible assets during any of the periods presented.

(g) Goodwill

We conducted our annual review for goodwill impairment during the final quarter of fiscal 2011. In conducting our review of goodwill impairment, we identified 10 reporting units, being components of our operating segment. The fair value for each reporting unit was determined based on estimated discounted cash flows. Our goodwill impairment review involved the following process:

Step 1 - Compare the fair value for each reporting unit to its carrying value, including goodwill. For each reporting unit where the carrying value, including goodwill, exceeds the reporting unit's fair value, move on to step 2. If a reporting unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

Step 2 - Allocate the fair value of the reporting unit to its identifiable tangible and non-goodwill intangible assets and liabilities. This will derive an implied fair value for the goodwill. Then, compare the implied fair value of the reporting unit's goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment loss must be recognized for the excess.

The results of Step 1 of our annual review indicated that no impaired goodwill exists as the fair value for each reporting unit significantly exceeded its carrying value.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(h) Foreign Currency

The consolidated financial statements of our non-U.S. subsidiaries, whose functional currencies are other than U.S. dollars, are translated into U.S. dollars for financial reporting purposes. We translate assets and liabilities of non-U.S. subsidiaries whose functional currencies are other than the U.S. dollar at period end exchange rates, but translate revenue and expense transactions at average exchange rates for the period. We recognize cumulative translation adjustments as part of comprehensive income, as detailed in Note 4, and included those adjustments in accumulated other comprehensive income in the condensed consolidated balance sheets until the relevant subsidiary is sold or substantially or completely liquidated. We reflect gains and losses on transactions denominated in other than the functional currency of an entity in our results of operations.

(i) Research and Development

All research and development costs are expensed in the period incurred.

(j) Earnings Per Share

We compute basic earnings per share by dividing the net income available to common stockholders by the weighted average number of shares of common stock outstanding. For purposes of calculating diluted earnings per share, the denominator includes both the weighted average number of shares of common stock outstanding and the number of dilutive common stock equivalents such as stock options and restricted stock units.

The weighted average number of outstanding stock options and restricted stock units not included in the computation of diluted earnings per share were 930,468 and 182,459 for the three months ended September 30, 2011 and 2010, respectively, as the effect would have been anti-dilutive. Basic and diluted earnings per share for the three months ended September 30, 2011 and 2010 are calculated as follows (in thousands except per share data):

	Three Months Ended September 30,	
	2011	2010
Numerator:		
Net Income, used in calculating diluted earnings per share	\$ 50,518	\$ 56,708
Denominator:		
Basic weighted-average common shares outstanding	150,366	151,474
Effect of dilutive securities:		
Stock options and restricted stock units	3,685	5,278
Diluted weighted average shares	154,051	156,752
Basic earnings per share	\$ 0.34	\$ 0.37
Diluted earnings per share	\$ 0.33	\$ 0.36

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(k) Financial Instruments

The carrying value of financial instruments, such as cash and cash equivalents, accounts receivable and accounts payable, approximate their fair value because of their short-term nature. The carrying value of long-term debt approximates its fair value as the principal amounts outstanding are subject to variable interest rates that are based on market rates which are regularly reset. Foreign currency option contracts are marked to market and therefore reflect their fair value. We do not hold or issue financial instruments for trading purposes.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(l) Foreign Exchange Risk Management

We enter into various types of foreign exchange contracts in managing our foreign exchange risk, including derivative financial instruments encompassing forward exchange contracts and foreign currency options.

The purpose of our foreign currency hedging activities is to protect us from adverse exchange rate fluctuations with respect to net cash movements resulting from the sales of products to foreign customers and our Australian manufacturing activities. We enter into foreign currency option contracts to hedge anticipated sales and manufacturing costs, principally denominated in Australian dollars and Euros. The terms of such foreign currency option contracts generally do not exceed three years.

We have determined our hedge program to be a non-effective hedge as defined under the FASB issued authoritative guidance. We record the foreign currency derivatives portfolio at fair value and include it in other assets in our condensed consolidated balance sheets. We do not offset the fair value amounts recognized for foreign currency derivatives. We classify purchases of foreign currency derivatives and proceeds received from the exercise of foreign currency derivatives as an investing activity within our consolidated statements of cash flows. We record all movements in the fair value of the foreign currency derivatives within other income, net in our condensed consolidated statements of income.

(m) Income Taxes

We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We measure deferred tax assets and liabilities using the enacted tax rates we expect to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(n) Investment Securities

Management determines the appropriate classification of our investments in debt and equity securities at the time of purchase and re-evaluates such determination at each balance sheet date. We classify as available-for-sale debt securities for which we do not intend, or are not able to hold to maturity. We carry securities available-for-sale at fair value, with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive income.

(o) Warranty

Estimated future warranty costs related to certain products are charged to operations in the period in which the related revenue is recognized. We include the liability for warranty costs in accrued expenses in our condensed consolidated balance sheets. Changes in the liability for warranty costs for the three months ended September 30, 2011 and 2010 are as follows (in thousands):

	Three months ended September 30,	
	2011	2010
Balance at the beginning of the period	\$ 19,032	\$ 11,507
Warranty accruals for the period	4,506	2,944
Warranty costs incurred for the period	(3,533)	(2,262)
Foreign currency translation adjustments	(1,940)	1,651
Balance at the end of the period	\$ 18,065	\$ 13,840

(p) Impairment of Long-Lived Assets

We periodically evaluate the carrying value of long-lived assets to be held and used, including certain identifiable intangible assets, when events and circumstances indicate that the carrying amount of an asset may not be recovered. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If assets are considered to be impaired, we recognize as the impairment the amount by which the carrying amount of the assets exceeds the fair value of the assets. We report assets to be disposed of at the lower of the carrying amount or fair value less costs to sell. During the three months ended September 30, 2011 and 2010, we recognized an impairment charge of \$Nil and \$2.3 million, respectively, relating to impaired long-lived assets that were no longer in use.

(q) Cost-Method Investments

The aggregate carrying amount of our cost-method investments at September 30, 2011 and June 30, 2011, was \$3.1 million and \$4.3 million, respectively. During the three months ended September 30, 2011 we remeasured a previously held equity interest to its acquisition-date fair value as a result of acquiring the remaining interest as part of a business combination and recognized a resulting gain of \$2.1 million in Other Income in the condensed consolidated statement of income. See Note 13 for additional information. We periodically evaluate the carrying value of our cost-method investments, when events and circumstances indicate that the carrying amount of an asset may not be recovered. We have determined that the carrying value of our cost method investments do not exceed their estimated fair values.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

(r) Stock-Based Employee Compensation

We have granted stock options and restricted stock units to personnel, including officers and directors, under the ResMed Inc. 2009 Incentive Award Plan (the “2009 Plan”), the 2006 Incentive Award Plan, as amended and the Amended and Restated ResMed Inc. 2006 Incentive Award Plan. These options and restricted stock units expire seven years after the grant date and vest over one or four years. We granted the options with the exercise prices equal to the market value as determined at the date of grant. We have also offered to our personnel, including officers, the right to purchase shares of our common stock at a discount under the ResMed Inc. 2009 Employee Stock Purchase Plan (the “ESPP”).

We measure the compensation expense of all stock-based awards at fair value on the grant date. We estimate the fair value of stock options and purchase rights granted under the ESPP using Black-Scholes valuation model. The fair value of restricted stock units is equal to the market value of the underlying shares as determined at the grant date. We recognize the fair value as compensation expense using the straight-line method over the service period for awards expected to vest.

We estimate the fair value of stock options granted under our stock option plans and purchase rights granted under the ESPP assuming no dividends and using the following assumptions:

	Three months ended September 30,	
	2011	2010
Stock options:		
Weighted average grant date fair value	\$ 9.22	\$ 9.29
Weighted average risk-free interest rate	1.4%	1.8%
Expected option life in years	5.29	5.0
Expected volatility	31%	32%
ESPP purchase rights:		
Weighted average risk-free interest rate	0.1%	0.3%
Expected option life in years	6 months	6 months
Expected volatility	24%	29%

The risk-free interest rate assumption we use is based upon U.S. Treasury yield curve at the time of grant appropriate for the expected life of the awards. Expected volatilities are based on a combination of historical volatilities of our stock and the implied volatilities from tradeable options of our stock corresponding to the expected term of the options. We use a combination of the historic and implied volatilities as the addition of the implied volatility is more representative of our future stock price trends. While there is a tradeable market of options on our common stock less emphasis is placed on the implied volatility of these options due to the relative low volumes of these traded options and the difference in the terms compared to our employee options. In order to determine the estimated period of time that we expect employees to hold their stock options, we use historical rates by employee groups.

(s) Recently Issued Accounting Pronouncement

In September 2011, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. Under the amendments in this standard, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We will be required to adopt this standard for interim and annual reporting periods beginning after December 15, 2011. We do not expect the adoption of this standard in fiscal year 2012 to have a material impact on our condensed consolidated financial statements.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(2) Summary of Significant Accounting Policies, Continued

In June 2011, the FASB issued authoritative guidance with respect to the presentation of other comprehensive income in financial statements. The main provisions of the standard provide that an entity that reports other comprehensive income has the option to present comprehensive income in either a single statement or in a two-statement approach. A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income. In the two-statement approach, an entity must present the components of net income and total net income in the first statement, followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. We will be required to adopt this standard for interim and annual reporting periods beginning after December 15, 2011. We do not expect the adoption of this standard in fiscal year 2012 to have a material impact on our condensed consolidated financial statements.

(3) Inventories

Inventories were comprised of the following at September 30, 2011 and June 30, 2011 (in thousands):

	September 30, 2011	June 30, 2011
Raw materials	\$ 62,887	\$ 73,836
Work in progress	1,756	4,147
Finished goods	123,307	122,794
Inventories, net	\$ 187,950	\$ 200,777

(4) Comprehensive Income

Accumulated other comprehensive income was comprised of foreign currency translation gains of \$200.2 million at September 30, 2011 and \$324.4 million at June 30, 2011.

We do not provide for U.S. income taxes on foreign currency translation adjustments since we do not provide for such taxes on undistributed earnings of foreign subsidiaries.

(5) Property, Plant and Equipment

Property, plant and equipment were comprised of the following as of September 30, 2011 and June 30, 2011 (in thousands):

	September 30, 2011	June 30, 2011
Machinery and equipment	\$ 140,444	\$ 149,730
Computer equipment	85,346	89,263
Furniture and fixtures	47,213	48,545
Vehicles	2,896	3,073
Clinical, demonstration and rental equipment	93,567	96,808
Leasehold improvements	24,206	25,528
Land	63,476	67,584
Buildings	266,148	282,159
Accumulated depreciation and amortization	723,296 (290,609)	762,690 (300,583)
Property, plant and equipment, net	\$ 432,687	\$ 462,107

(6) Goodwill

Changes in the carrying amount of goodwill for the three months ended September 30, 2011, were as follows (in thousands):

Balance at July 1, 2011	\$235,487
Goodwill on business acquisition	51,532
Foreign currency translation adjustments	(19,331)
Balance at September 30, 2011	\$267,688

Refer to Note 13 of the condensed consolidated financial statements for further details of acquisitions made during the period.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(7) Other Intangible Assets

Other intangible assets are comprised of the following as of September 30, 2011, and June 30, 2011 (in thousands):

	September 30, 2011	June 30, 2011
Developed/core product technology	\$ 69,215	\$ 59,293
Accumulated amortization	(34,130)	(34,480)
Developed/core product technology, net	35,085	24,813
Trade names	2,803	2,577
Accumulated amortization	(2,081)	(2,090)
Trade names, net	722	487
Non compete agreements	2,237	1,928
Accumulated amortization	(396)	(333)
Non compete agreements, net	1,841	1,595
Customer relationships	23,248	16,688
Accumulated amortization	(12,018)	(11,990)
Customer relationships, net	11,230	4,698
Patents	50,832	54,300
Accumulated amortization	(35,770)	(37,982)
Patents, net	15,062	16,318
Other intangibles, net	\$ 63,940	\$ 47,911

Intangible assets consist of patents, customer relationships, trade names, non-compete agreements and developed/core product technology. We amortize intangible assets over the estimated useful life of the assets, generally between two and nine years. There are no expected residual values related to these intangible assets.

Refer to Note 13 of the condensed consolidated financial statements for further details of acquisitions made during the period.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(8) Long-Term Debt

Long-term debt at September 30, 2011, and June 30, 2011 consists of the following (in thousands):

	September 30, 2011	June 30, 2011
Current portion of long-term debt	\$ 4,095	\$ 163
Non-current portion of long-term debt	130,000	100,000
Total long-term debt	\$ 134,095	\$ 100,163

Credit Facility

On February 10, 2011, we entered into a credit agreement with lenders, including Union Bank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, HSBC Bank USA, National Association, as Syndication Agent and Union Bank, N.A., HSBC Bank USA, National Association, Commonwealth Bank of Australia and Wells Fargo Bank, N.A. The credit agreement provides a \$300 million three-year revolving credit facility, with an uncommitted option to increase the credit facility by an additional \$100 million. The credit facility also includes a \$10 million sublimit for letters of credit. The credit facility terminates on February 10, 2014, at which time all unpaid principal and interest under the loans must be repaid. The outstanding principal amount due under the credit facility will bear interest at a rate equal to, at our option, either (i) LIBOR plus 1.5% to 2.0% (depending on the applicable leverage ratio) or (ii) a base rate, as defined in the Credit Agreement, plus 0.5% to 1.0% (depending on the applicable leverage ratio). Commitment fees of 0.25% to 0.375% (depending on the applicable leverage ratio) apply on the unused portion of the credit facility. When we executed the credit agreement, we used a portion of the credit facility to repay the outstanding balance under our previously existing revolving credit facility with Union Bank, N.A., which was then terminated.

Our obligations under the credit agreement are secured by (a) the corporate stock we hold in our subsidiaries ResMed Corp., ResMed Motor Technologies Inc. (“ResMed Motor”) and ResMed Assembly US Inc., (“ResMed US”), and (b) up to 65% of the ownership interests we hold in our subsidiary ResMed EAP Holdings LLC (“ResMed EAP”). Our obligations under the credit agreement are also guaranteed by our subsidiaries ResMed Corp, ResMed US and ResMed Motor. The credit agreement contains customary covenants, including certain financial covenants and an obligation that we maintain certain financial ratios, including a maximum ratio of Funded Debt to EBITDA (each as defined in the credit agreement), an interest coverage ratio and a maximum amount of annual capital expenditures. The entire principal amount of the credit facility and any accrued but unpaid interest may be declared immediately due and payable if an event of default occurs. Events of default include failure to make payments when due, a default in the performance of any covenants in the credit agreement or related documents or certain changes of control of us or our subsidiaries ResMed Corp., ResMed US, ResMed Motor, ResMed Limited, ResMed Holdings Ltd/LLC or ResMed EAP.

At September 30, 2011 we were in compliance with our debt covenants and there was \$130.0 million outstanding under the credit agreement.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(8) Long-Term Debt, Continued

Prepayment Facility

During the year ended June 30, 2010, ResMed EPN Limited, our wholly-owned UK subsidiary, obtained access to a Prepayment Facility with HSBC Invoice Finance (UK) Limited that provides for a cash advance facility up to a total commitment of 5 million British Pounds Sterling. These advances are limited to 75% of secured outstanding sales invoices. At September 30, 2011, there were no amounts outstanding under this facility.

Assumed External Debt

As part of our acquisition of 100% of the shares of Gruendler GmbH on August 1, 2011, detailed in Note 13, we assumed debt of 4.7 million Euros. The debt comprises a number of loan agreements of varying terms with financial institutions and venture capital financiers. We repaid 1.8 million Euros during the three months ended September 30, 2011 and expect to settle the remaining outstanding loans within the next twelve months. Accordingly, all these loans have been treated as current liabilities in our condensed consolidated balance sheets. At September 30, 2011, there was 2.9 million Euros outstanding in respect of these loans.

(9) Stockholders' Equity

Common Stock. On August 24, 2011, our board of directors approved a new share repurchase program, authorizing us to acquire up to an aggregate of 20.0 million shares of ResMed Inc. common stock. The program allows us to repurchase shares of our common stock from time to time for cash in the open market, or in negotiated or block transactions, as market and business conditions warrant. This program canceled and replaced our previous share repurchase program authorized on May 27, 2009 pursuant to which we had repurchased 9,952,274 shares. These were in addition to the 6,622,907 shares repurchased under an earlier program authorized on June 6, 2002. The new program authorizes us to purchase in addition to the shares we repurchased under our previous programs. There is no expiration date for this program. All share repurchases since August 24, 2011 have been executed in accordance with this program.

During the three months ended September 30, 2011, we repurchased 4.4 million shares at a cost of \$124.7 million. At September 30, 2011, we have repurchased a total of 18.5 million shares at a cost of \$629.3 million. Shares that are repurchased are classified as treasury stock pending future use and reduce the number of shares outstanding used in calculating earnings per share. At September 30, 2011, 18.1 million additional shares can be repurchased under the approved share repurchase program.

Preferred Stock. In April 1997, the Board of Directors authorized 2,000,000 shares of \$0.01 par value preferred stock. No such shares were issued or outstanding at September 30, 2011 and June 30, 2011.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(9) Stockholders' Equity, Continued

Stock Options and Restricted Stock Units. We have granted stock options and restricted stock units to personnel, including officers and directors, in accordance with the 2009 Plan. These options and restricted stock units have expiration dates of seven years from the date of grant and vest over one or four years. We have granted the options with an exercise price equal to the market value as determined at the date of grant.

The maximum number of shares of our common stock authorized for issuance under the 2009 Plan is 22,921,650. The number of securities remaining available for future issuance under the 2009 Plan at September 30, 2011 is 5,351,788. The number of shares of our common stock available for issuance under the 2009 Plan will be reduced by (i) two (2.0) shares for each one share of common stock delivered in settlement of any "full-value award," which is any award other than a stock option, stock appreciation right or other award for which the holder pays the intrinsic value and (ii) one share for each share of common stock delivered in settlement of all other awards. The maximum number of shares, which may be subject to awards granted under the 2009 Plan to any individual during any calendar year, may not exceed 3,000,000 shares of our common stock (except in a participant's initial year of hiring up to 4,500,000 shares of our common stock may be granted).

At September 30, 2011, there was \$53.9 million in unrecognized compensation costs related to unvested stock-based compensation arrangements. This is expected to be recognized over a weighted average period of 2.7 years. The aggregate intrinsic value of the stock-based compensation arrangements outstanding and exercisable at September 30, 2011 was \$163.3 million and \$78.6 million, respectively. The aggregate intrinsic value of the options exercised during the three months ended September 30, 2011 and 2010, was \$5.6 million and \$11.6 million, respectively.

The following table summarizes option activity during the three months ended September 30, 2011:

	2011	Weighted Average Exercise Price	Weighted Average Remaining Term to Vest in Years
Outstanding at beginning of period	12,230,684	\$ 19.24	3.80 years
Granted	27,000	30.18	
Exercised	(448,082)	19.63	
Forfeited	(185,250)	24.34	
Outstanding at end of period	11,624,352	\$ 19.17	3.55 years
Exercise price range of granted options	\$ 29.80		
Options exercisable at end of period	7,180,012	\$ 17.85	

The following table summarizes the activity of restricted stock units during the three months ended September 30, 2011:

	2011	Weighted Average Grant-Date Fair Value	Weighted Average Remaining Term to Vest in Years
Outstanding at beginning of period	1,635,686	\$ 30.16	1.73 years
Granted	111,839	30.64	
Vested	(12,331)	30.59	
Forfeited	(65,279)	28.71	
Outstanding at end of period	1,669,915	\$ 30.25	1.54 years

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(9) Stockholders' Equity, Continued

Employee Stock Purchase Plan (the "ESPP"). The ESPP was approved at the annual meeting of our stockholders on November 18, 2009, as an amendment to the previously approved employee stock purchase plan. Under the ESPP, we offer participants the right to purchase shares of our common stock at a discount during successive offering periods. Each offering period under the ESPP will be for a period of time determined by the board of directors' compensation committee of no less than 3 months and no more than 27 months. The purchase price for our common stock under the ESPP will be the lower of 85% of the fair market value of our common stock on the date of grant or 85% of the fair market value of our common stock on the date of purchase. An individual participant cannot subscribe for more than \$25,000 in common stock during any calendar year. At September 30, 2011, the number of shares remaining available for future issuance under the ESPP is 775,000.

During the three months ended September 30, 2011, we recognized \$0.5 million of stock-based compensation expense associated with the ESPP.

(10) Fair Value Measurements

In determining the fair value measurements of our financial assets and liabilities, we consider the principal and most advantageous market in which we transact and consider assumptions that market participants would use when pricing the financial asset or liability. We maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The hierarchies of inputs are as follows:

- Level 1: Input prices quoted in an active market for identical financial assets or liabilities;
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Input prices quoted that are significant to the fair value of the financial assets or liabilities which are not observable nor supported by an active market.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(10) Fair Value Measurements, Continued

The following table summarizes our financial assets and liabilities, as at September 30, 2011, using the valuation input hierarchy (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$610,063	\$ 0	\$ 0	\$610,063
Cost-method investments	0	0	3,118	3,118
Foreign currency options	0	4,767	0	4,767
	\$610,063	\$4,767	\$3,118	\$617,948

We determine the fair value of our financial assets as follows:

Cash and cash equivalents – The valuation used for our cash and other money market funds are derived from quoted market prices due to their short term nature and there is an active market for these financial instruments.

Cost-method investments – These investments include our holdings in privately held service companies and research companies that are not exchange traded and therefore not supported with observable market prices. However, these investments are valued by reference to their net asset values which can be market supported and unobservable inputs including future cash flows.

Foreign currency options – These financial instruments are valued using third party valuation models based on market observable inputs, including interest rate curves, on market spot currency prices, volatilities and credit risk.

The following table shows a reconciliation of the changes in the three months ended September 30, 2011 for fair value measurements using significant unobservable inputs (thousands):

	Cost-Method Investments
Balance at July 1, 2011	\$ 4,264
Purchases	1,165
Elimination due to acquisition of entity (refer to Note 13)	(2,261)
Foreign currency translation	(50)
Balance at September 30, 2011	\$ 3,118

We did not have any significant non-financial assets or liabilities measured at fair value on September 30, 2011 or June 30, 2011.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(11) Legal Actions and Contingencies

Litigation

In the normal course of business, we are subject to routine litigation incidental to our business. While the results of this litigation cannot be predicted with certainty, we believe that their final outcome will not, individually or in aggregate, have a material adverse effect on our condensed consolidated financial statements taken as a whole.

During September and October 2004, we began receiving tax assessment notices for the audit of one of our German subsidiaries by the German tax authorities for the years 1996 through 1998. Certain aspects of these assessment notices are being contested in German tax court. As the outcome of these proceedings cannot be predicted with certainty, any tax issues resolved in a manner not consistent with our expectations may require us to adjust our provision for income tax in the period of resolution. However, the estimate of the range of loss or possible loss in relation to the tax assessment notices for the years which are being contested is immaterial to our condensed consolidated financial statements when taken as a whole.

In February 2007, the University of Sydney commenced legal action in the Federal Court of Australia against us, claiming breach of a license agreement and infringement of certain intellectual property. The claim has been amended to include an allegation of breach of confidentiality. The university is seeking various types of relief, including an injunction against manufacturing, supplying, offering for sale, selling or exporting certain mask devices, payment of license fees, damages or an account of profits, interest, costs and declaration of a constructive trust over and assignment of certain intellectual property. In October 2007, we filed a defense denying the university's claim, as well as a cross-claim against the university seeking an order for rectification of the contract and alleging the university violated the Australian Trade Practices Act. The matter is ongoing. Given the inherent uncertainty and unpredictability of litigation and due to the status of this legal action, no range of loss or possible loss can be reasonably estimated at this time. However, we do not expect the outcome of this matter to have a material adverse effect on our condensed consolidated financial statements when taken as a whole.

In March 2011, SMRT LLC filed suit against us in California Superior Court. SMRT is a former customer of ours, and the complaint alleges various claims arising out of our decision to stop selling product to SMRT. The complaint alleges claims for violation of state anti-trust and unfair competition laws, as well as various tortious interference claims. We filed a demurrer to the complaint, which the court granted in part and denied in part. SMRT later filed an amended complaint, alleging substantially the same claims. On October 17 we filed our answer, as well as a cross-complaint to collect outstanding accounts receivable. The matter is ongoing. Given the inherent uncertainty and unpredictability of litigation and due to the status of this legal action, no range of loss or possible loss can be reasonably estimated at this time. However, we do not expect the outcome of this matter to have a material adverse effect on our condensed consolidated financial statements when taken as a whole.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(11) Legal Actions and Contingencies, Continued

Litigation, Continued

In June 2011, Geltight Enterprises, LLC filed a complaint for patent infringement against us in the United States District Court Western District of Washington at Seattle. This Complaint alleges that we infringe Geltight's United States patent related to gel mask technology. On October 14, 2011, the court dismissed Geltight's claims against ResMed, with prejudice, with each side to bear its own costs. We do not expect the resolution of this matter to have a material adverse effect on our condensed consolidated financial statements when taken as a whole.

Contingent Obligations Under Recourse Provisions

We use independent leasing companies for the purpose of providing finance to certain customers for the purchase of our products. In some cases, we are contingently liable to the leasing companies in the event of a customer default, within certain limits, for unpaid installment receivables transferred to the leasing companies. The gross amount of receivables sold under these arrangements for the three months ended September 30, 2011 amounted to \$3.2 million. The maximum potential amount of contingent liability under these arrangements at September 30, 2011 was \$5.0 million. The recourse liability we recognized at September 30, 2011, in relation to these arrangements was \$0.6 million.

(12) Derivative Instruments and Hedging Activities

We transact business in various foreign currencies, including a number of major European currencies as well as the Australian and Singapore dollars. We have significant foreign currency exposure through both our Australian and Singaporean manufacturing activities, and international sales operations. We have established a foreign currency hedging program using purchased currency options and forward contracts to hedge foreign-currency-denominated financial assets, liabilities and manufacturing cash flows. The terms of such foreign currency hedging contracts generally do not exceed three years. The goal of this hedging program is to economically manage the financial impact of foreign currency exposures denominated in Euros, Australian and Singapore dollars. Under this program, increases or decreases in our foreign-currency-denominated financial assets, liabilities, and firm commitments are partially offset by gains and losses on the hedging instruments.

We do not designate these foreign currency contracts as hedges. We have determined our hedge program to be a non-effective hedge as defined under the FASB issued authoritative guidance. All movements in the fair value of the foreign currency instruments are recorded within other income, net in our consolidated statements of income. We do not enter into financial instruments for trading or speculative purposes.

We held foreign currency instruments with notional amounts totaling \$433.0 million and \$309.9 million at September 30, 2011 and June 30, 2011, respectively, to hedge foreign currency fluctuations. These contracts mature at various dates prior to September 30, 2014.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(12) Derivative Instruments and Hedging Activities, Continued

The fair value and effect of derivative instruments on our consolidated financial statements were as follows:

	Asset Derivatives	September 30, 2011		Gain/(Loss) recognized in Income on Derivative
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Location of gain recognized in Income on Derivative	Three Months Ended September 30, 2011
Foreign Exchange Contracts	Other Assets	\$4,767	Other Income	(\$5,764)

We are exposed to credit-related losses in the event of non-performance by counter parties to financial instruments. The credit exposure of foreign currency derivatives at September 30, 2011 and June 30, 2011 was \$4.8 million and \$14.8 million, respectively, which represents the positive fair value of our foreign currency derivatives. These values are included in the current and non-current balances of other assets on the condensed consolidated balance sheets. We minimize counterparty credit risk by entering into derivative transactions with major financial institutions and, as such, we do not expect material losses as a result of default by our counterparties.

(13) Acquisitions of Businesses and Business Assets

On July 5, 2011 we acquired the remaining 87% of the outstanding shares of BiancaMed Ltd. (“BiancaMed”), an Irish medical technology company, that has developed and is marketing a convenient, non-contact device to monitor sleep and breathing in the home and hospital. We previously held 13% of the outstanding shares of BiancaMed which was recorded within cost-method investments. In conjunction with the acquisition of BiancaMed we re-measured the previously held equity interest to its acquisition-date fair value of \$4.3 million based on the difference between the fair value of 100% of BiancaMed’s shares less the fair value of the consideration transferred, excluding any control premium. As a result we recognized a gain of \$2.1 million in Other Income during the three months ended September 30, 2011. The acquisition has been accounted for as a business combination using purchase accounting and is included in our consolidated financial statements from July 5, 2011. The acquisition is not considered a material business combination and was funded through cash on-hand. We have not incurred any material acquisition related costs.

On August 1, 2011 we acquired 100% of the outstanding shares of Gruendler GmbH, a developer and manufacturer of medical humidification products. These humidifiers can be used with a wide range of ventilators, from neonatal and pediatric, to non-invasive pressure support, to those used in the intensive care unit. Under the purchase agreement, we may also be required to make additional future payments of up to 5.5 million Euros based on the achievement of certain performance milestones following the acquisition. The acquisition has been accounted for as a business combination using purchase accounting and is included in our consolidated financial statements from August 1, 2011. The acquisition is not considered a material business combination and was funded through cash on-hand. We have not incurred any material acquisition related costs.

RESMED INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(13) Business Acquisitions, Continued

The cost of the acquisitions have been allocated to the assets acquired and liabilities assumed based on estimates of their respective fair values at the date of acquisition. We have not yet completed the purchase price allocation, as certain income tax related matters and the appraisals associated with the valuation of certain intangible assets are not yet complete. We do not believe that the completion of this work will materially modify the preliminary purchase price allocation. We expect to complete our purchase price allocation in the quarter ending December 31, 2011. The goodwill recognized as part of these acquisitions mainly represents the synergies that are unique to our combined businesses and the potential for new products and services to be developed in the future.

The following table summarizes the aggregated preliminary purchase price allocation of the assets acquired and liabilities assumed at the date of acquisitions based on an independent appraisal and internal studies (in thousands):

	Purchase Price Allocation
Cash	\$ 4,136
Accounts receivable	352
Inventory	1,249
Other assets	488
Property, plant & equipment	3,627
Developed technology (useful life of 8 years)	16,039
Customer relationships (useful life of 3-5 years)	2,205
Trade name (useful life of 2-3 years)	461
Goodwill (non-amortizing, non-tax deductible)	51,532
Total assets acquired	\$ 80,089
Current liabilities, primarily consisting of accounts payable, accrued expenses, debt and deferred tax liabilities	(8,009)
Non-current liabilities, primarily consisting of deferred tax liabilities	(3,404)
Net assets acquired	\$ 68,676

RESMED INC. AND SUBSIDIARIES

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Statements

This report contains or may contain certain forward-looking statements and information that are based on the beliefs of our management as well as estimates and assumptions made by, and information currently available to, our management. All statements other than statements regarding historical facts are forward-looking statements. The words “believe,” “expect,” “anticipate,” “will continue,” “will,” “estimate,” “plan,” “future” and other similar expressions, and negative statements of such expressions, generally identify forward-looking statements, including, in particular, statements regarding the development and approval of new products and product applications, market expansion, pending litigation and the development of new markets for our products, such as cardiovascular and stroke markets. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these forward-looking statements. Such forward-looking statements reflect the views of our management at the time such statements are made and are subject to a number of risks, uncertainties, estimates and assumptions, including, without limitation, and in addition to those identified in the text surrounding such statements, those identified in our annual report on Form 10-K for the fiscal year ended June 30, 2011 and elsewhere in this report.

In addition, important factors to consider in evaluating such forward-looking statements include changes or developments in healthcare reform, social, economic, market, legal or regulatory circumstances, changes in our business or growth strategy or an inability to execute our strategy due to changes in our industry or the economy generally, the emergence of new or growing competitors, the actions or omissions of third parties, including suppliers, customers, competitors and governmental authorities and various other factors. Should any one or more of these risks or uncertainties materialize, or underlying estimates or assumptions prove incorrect, actual results may vary significantly from those expressed in such forward-looking statements, and there can be no assurance that the forward-looking statements contained in this report will in fact occur.

Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described in our annual report on Form 10-K, in addition to the other cautionary statements and risks described elsewhere in this report and in our other filings with the SEC, including our subsequent reports on Forms 10-Q and 8-K. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition and results of operations could be seriously harmed. In that event, the market price for our common stock will likely decline and you may lose all or part of your investment.

RESMED INC. AND SUBSIDIARIES

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following is an overview of our results of operations for the three months ended September 30, 2011. Management’s discussion and analysis (“MD&A”) of financial condition and results of operations is intended to help the reader understand the results of operations and financial condition of ResMed Inc. MD&A is provided as a supplement to, and should be read in conjunction with condensed consolidated financial statements and notes, included in this report.

We are a leading developer, manufacturer and distributor of medical equipment for treating, diagnosing, and managing sleep-disordered breathing (“SDB”) and other respiratory disorders. During the three months ended September 30, 2011, we continued our efforts to build awareness of the consequences of untreated SDB, and to grow our business in this market. In our efforts, we have attempted to raise awareness through market and clinical initiatives highlighting the relationship between sleep-disordered breathing/obstructive sleep apnea and co-morbidities, such as cardiac disease, diabetes, hypertension and obesity, as well as the dangers of sleep apnea in regard to occupational health and safety, especially in the transportation industry.

We are committed to ongoing investment in research and development and product enhancements. During the three months ended September 30, 2011, we invested \$26.2 million on research and development activities. Since the development of continuous positive airway pressure (“CPAP”) therapy, we have developed a number of innovative products for SDB and other respiratory disorders including airflow generators, diagnostic products, mask systems, headgear and other accessories. Our new product release schedule remains active across both our mask and flow generator categories. We have recently introduced the Stellar™ ventilation device, the S9 VPAP™ series of bilevel devices, the Mirage™ FX mask and the Quattro™ FX mask. We are taking steps to increase awareness of the health dangers of sleep-disordered breathing by sponsoring educational programs targeted at the primary care physician community. We believe these efforts should further increase awareness of both doctors and patients about the relationship between sleep-disordered breathing, obstructive sleep apnea and co-morbidities such as cardiac disease, diabetes, hypertension and obesity. We believe these efforts should also support our efforts to inform the community of the dangers of sleep apnea in occupational health and safety, especially in the transport industry.

During the three months ended September 30, 2011, our net revenue increased by 12% when compared to the three months ended September 30, 2010. Gross margin was 58.8% for the three months ended September 30, 2011 compared to 61.7% for the three months ended September 30, 2010. Diluted earnings per share for the three months ended September 30, 2011 was \$0.33 per share, compared to \$0.36 per share for the three months ended September 30, 2010.

At September 30, 2011 our cash and cash equivalents totaled \$610.1 million, our total assets were \$1.9 billion and our stockholders’ equity was \$1.5 billion.

In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, we provide certain financial information on a “constant currency basis”, which is in addition to the actual financial information presented. In order to calculate our constant currency information, we translate the current period financial information using the foreign currency exchange rates that were in effect during the previous comparable period. However, constant currency measures should not be considered in isolation or as an alternative to U.S. dollars measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with U.S. GAAP.

RESMED INC. AND SUBSIDIARIES

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Net Revenue

Net revenue increased for the three months ended September 30, 2011 to \$314.8 million compared to \$282.0 million for the three months ended September 30, 2010, an increase of \$32.8 million or 12%. The increase in net revenue is primarily attributable to the strong growth in our masks and accessories sales. Movements in international currencies against the U.S. dollar positively impacted revenues by approximately \$10.6 million during the three months ended September 30, 2011. Excluding the impact of favorable foreign currency movements, net revenue for the three months ended September 30, 2011 increased by 8% compared to the three months ended September 30, 2010.

Net revenue in North and Latin America increased for the three months ended September 30, 2011 to \$169.3 million from \$155.6 million for the three months ended September 30, 2010, an increase of 9%. We believe this increase predominantly reflects growth in the overall sleep-disordered breathing market and growth generated from our recent product releases including the S9 bilevel flow generators and the Quattro FX and Mirage FX masks. Net international revenue, which includes all markets outside North and Latin America, for the three months ended September 30, 2011, increased to \$145.5 million from \$126.4 million for the three months ended September 30, 2010, an increase of 15%. Excluding the impact of movements in international currencies, international sales grew by 7% compared to the three months ended September 30, 2010. We believe this increase in sales outside North and Latin America predominantly reflects growth in the overall sleep-disordered breathing market and growth generated from our recent product releases including the S9 bilevel flow generators and the Quattro FX and Mirage FX masks.

Net revenue from the sales of flow generators, including humidifiers, for the three months ended September 30, 2011 totaled \$171.0 million, an increase of 6% compared to the three months ended September 30, 2010 of \$161.8 million, including decreases of 2% in North and Latin America and increases of 12% internationally. Net revenue from the sales of masks and other accessories for the three months ended September 30, 2011 totaled \$143.8 million, an increase of 20% compared to the three months ended September 30, 2010 of \$120.2 million, including increases of 19% in North and Latin America and 21% internationally. Excluding the impact of favorable currency movements, international revenue increased by 5% and 12% for flow generators and masks and other accessories, respectively, for the three months ended September 30, 2011 compared to the three months ended September 30, 2010. Except for the decrease in sales of flow generators in North and Latin America, which were mainly due to the decline in our CPAP flow generator sales, we believe the increases primarily reflect growth in the overall sleep-disordered breathing market and contributions from new products.

The following table summarizes the percentage movements in our net revenue for the three months ended September 30, 2011 compared to the three months ended September 30, 2010:

	North and Latin America	International	Total	International (Constant Currency) *	Total (Constant Currency)
Flow generators	-2%	12%	6%	5%	1%
Masks and other accessories	19%	21%	20%	12%	17%
Total	9%	15%	12%	7%	8%

* Constant currency numbers exclude the impact of movements in international currencies.

RESMED INC. AND SUBSIDIARIES**Management's Discussion and Analysis of Financial Condition and Results of Operations****Gross Profit**

Gross profit increased for the three months ended September 30, 2011 to \$185.1 million from \$174.0 million for the three months ended September 30, 2010, an increase of \$11.1 million or 6%. Gross profit as a percentage of net revenue for the three months ended September 30, 2011 decreased to 58.8% from 61.7% for the three months ended September 30, 2010. The decline in gross margins for the three months ended September 30, 2011 is primarily due to unfavorable movements in foreign currencies, predominantly the appreciation of the Australian dollar against the U.S. dollar as the majority of our manufacturing labor and overhead is denominated in Australian dollars, and declines in our average selling prices. These negative impacts were partially offset by positive impacts associated with a favorable change in product mix, as sales of our higher margin products represented a higher proportion of our sales and cost savings attributable to manufacturing and supply chain improvements.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased for the three months ended September 30, 2011 to \$94.2 million from \$84.8 million for the three months ended September 30, 2010, an increase of \$9.4 million or 11%. Selling, general and administrative expenses, as a percentage of net revenue, were 29.9% for the three months ended September 30, 2011 compared to 30.1% for the three months ended September 30, 2010.

The increase in selling, general and administrative expenses was primarily due to the net appreciation of international currencies against the U.S. dollar, which increased our expenses by approximately \$5.4 million for the three months ended September 30, 2011, as reported in U.S. dollars. The increase in selling, general and administrative expenses was also due to an increase in the number of sales and administrative personnel to support our growth and other expenses related to the increase in our sales. As a percentage of net revenue, we expect our future selling, general and administrative expense to be approximately 30%.

Research and Development Expenses

Research and development expenses increased for the three months ended September 30, 2011 to \$26.2 million from \$19.7 million for the three months ended September 30, 2010, an increase of \$6.5 million or 33%. Research and development expenses, as a percentage of net revenue, were 8.3% for the three months ended September 30, 2011, compared to 7.0% for the three months ended September 30, 2010.

The increase in research and development expenses was primarily due to an increase in the number of research and development personnel, consulting and contractor expenses and an increase in materials and tooling costs incurred to facilitate development of new products. The increase in research and development expenses was also due to the net appreciation of the Australian dollar against the U.S. dollar, which increased our expenses by approximately \$2.9 million for the three ended September 30, 2011, as reported in U.S. dollars. As a percentage of net revenue, we expect our future research and development expenses to be approximately 8%.

RESMED INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets for the three months ended September 30, 2011 totaled \$3.8 million, as compared to \$2.0 million for the three months ended September 30, 2010. The increase in amortization expense is mainly attributable to our recent acquisitions.

Donations to Foundation

For the three months ended September 30, 2011 we donated \$Nil to the ResMed Foundation (the "Foundation"), as compared to \$1.0 million for the three months ended September 30, 2010. The Foundation was established primarily to promote research into the deleterious medical consequences of untreated sleep-disordered breathing and to increase public and physician awareness of the importance of sleep and respiratory health throughout the world.

Other Income, Net

Other income, net for the three months ended September 30, 2011 was \$5.6 million, compared to \$10.2 million for the three months ended September 30, 2010. The decrease in other income, net, during the three months ended September 30, 2011, was predominantly due to losses on foreign currency and hedging transactions. This impact was partly offset by an increase in interest income, net, due to additional cash balances and an increase in interest rates on Australian dollar denominated deposits. Other income, net was also favorably impacted by a gain of \$2.1 million on re-measurement of a previously held equity interest to its acquisition-date fair value as a result of the acquisition of BiancaMed.

Income Taxes

Our effective income tax rate of approximately 24.0% for the three months ended September 30, 2011 was lower than our effective income tax rate of approximately 25.9% for the three months ended September 30, 2010. The lower effective income tax rate was primarily due to a change in the geographic mix of our taxable income.

We continue to benefit from the lower Australian and Singapore corporate tax rates and certain Australian research and development tax benefits because we generate the majority of our taxable income in Australia.

Net Income

As a result of the factors above, our net income for the three months ended September 30, 2011 was \$50.5 million or \$0.33 per diluted share compared to net income of \$56.7 million or \$0.36 per diluted share for the three months ended September 30, 2010, a decrease of 11% and 8%, respectively, over the three months ended September 30, 2010.

Liquidity and Capital Resources

As of September 30, 2011 and June 30, 2011, we had cash and cash equivalents of \$610.1 million and \$735.3 million, respectively. Working capital was \$917.1 million and \$1,083.6 million at September 30, 2011 and June 30, 2011, respectively.

RESMED INC. AND SUBSIDIARIES

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources, Continued

As of September 30, 2011 and June 30, 2011, our cash and cash equivalent balances held within the United States amounted to \$16.8 million and \$111.2 million, respectively. Our remaining cash and cash equivalent balances at September 30, 2011 and June 30, 2011, of \$593.3 million and \$624.1 million, respectively, were held by our non-U.S. subsidiaries, indefinitely invested outside the United States. Our cash and cash equivalent balances are held at highly rated financial institutions. Should we repatriate our cash and cash equivalent balances held outside the U.S., we would have to adjust the income tax provision in the period any such repatriation were to occur.

Inventories at September 30, 2011 were \$188.0 million, a decrease of \$26.3 million or 12% over the September 30, 2010 balance of \$214.2 million. The decrease in inventories mainly reflects a general improvement in inventory management compared to September 30, 2010.

Accounts receivable at September 30, 2011 were \$251.1 million, an increase of \$25.3 million or 11% over the September 30, 2010 accounts receivable balance of \$225.8 million. Accounts receivable days outstanding of 71 days at September 30, 2011 increased by 1 day compared to the 70 days at September 30, 2010. Our allowance for doubtful accounts as a percentage of total accounts receivable at September 30, 2011 and June 30, 2011 was 4.0%. To date we have not experienced any significant decline in the credit quality of our customers and it remains broadly consistent with our past experience.

At September 30, 2011, no capital lease obligations exist. Details of contractual obligations at September 30, 2011 are as follows:

In \$000's	Total	Payments Due in the Year Ending September 30,					
		2012	2013	2014	2015	2016	Thereafter
Long-Term Debt	\$134,095	\$ 4,095	\$ 0	\$ 130,000	\$ 0	\$ 0	\$ 0
Operating Leases	35,489	12,431	9,087	6,754	3,900	2,321	996
Purchase Obligations	98,964	97,206	1,758	0	0	0	0
Total ^(A)	\$268,548	\$ 113,732	\$ 10,845	\$ 136,754	\$ 3,900	\$ 2,321	\$ 996

(A) The liabilities related to unrecognized tax benefits are not included in the above contractual obligations because the timing cannot be reliably estimated.

In addition to the contractual obligations set forth above, we may be required to make payments to the German tax authorities related to ongoing appeals of prior tax years under audit. During September and October 2004, we began receiving tax assessment notices for the audit of one of our German subsidiaries by the German tax authorities for the years 1996 through 1998. Certain aspects of these assessment notices are being contested in German tax court. We believe that we have provided adequate reserves for the matters under appeal with the German tax authorities. However, as the outcome of these proceedings cannot be predicted with certainty, any tax issues resolved in a manner not consistent with our expectations may require us to adjust our provision for income tax in the period of resolution. However, we believe the estimate of the range of loss or possible loss in relation to the tax assessment notices for the years which are being contested is not material to our condensed consolidated financial statements.

Details of other commercial commitments as at September 30, 2011 are as follows:

In \$000's	Amount of Commitment Expiration Per Year Ending September 30,						
	Total	2012	2013	2014	2015	2016	Thereafter
Standby Letters of Credit	\$ 91	\$ 56	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35
Guarantees	8,362	3,626	956	626	477	0	2,677
Other	1,380	608	386	386	0	0	0
Total	\$9,833	\$4,290	\$1,342	\$1,012	\$477	\$ 0	\$ 2,712

RESMED INC. AND SUBSIDIARIES**Management's Discussion and Analysis of Financial Condition and Results of Operations****Liquidity and Capital Resources, Continued**

We use independent leasing companies for the purpose of providing finance to certain customers for the purchase of our products. In some cases, we are contingently liable to the leasing companies in the event of a customer default, within certain limits, for unpaid installment receivables transferred to the leasing companies. The gross amount of receivables sold under these arrangements for the three months ended September 30, 2011 amounted to \$3.2 million. The maximum potential amount of contingent liability under these arrangements at September 30, 2011 was \$5.0 million. The recourse liability we recognized at September 30, 2011, in relation to these leasing arrangements was \$0.6 million.

Credit Facility

On February 10, 2011, we entered into a credit agreement with lenders, including Union Bank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, HSBC Bank USA, National Association, as Syndication Agent and Union Bank, N.A., HSBC Bank USA, National Association, Commonwealth Bank of Australia and Wells Fargo Bank, N.A. The credit agreement provides a \$300 million three-year revolving credit facility, with an uncommitted option to increase the credit facility by an additional \$100 million. The credit facility also includes a \$10 million sublimit for letters of credit. The credit facility terminates on February 10, 2014, at which time all unpaid principal and interest under the loans must be repaid. The outstanding principal amount due under the credit facility will bear interest at a rate equal to, at our option, either (i) LIBOR plus 1.5% to 2.0% (depending on the applicable leverage ratio) or (ii) a base rate, as defined in the credit agreement, plus 0.5% to 1.0% (depending on the applicable leverage ratio). Commitment fees of 0.25% to 0.375% (depending on the applicable leverage ratio) apply on the unused portion of the credit facility.

Our obligations under the credit agreement are secured by (a) the corporate stock we hold in our subsidiaries ResMed Corp., ResMed Motor Technologies Inc. ("ResMed Motor") and ResMed Assembly US Inc., ("ResMed US"), and (b) up to 65% of the ownership interests we hold in our subsidiary ResMed EAP Holdings LLC ("ResMed EAP"). Our obligations under the credit agreement are also guaranteed by our subsidiaries ResMed Corp, ResMed US and ResMed Motor. The credit agreement contains customary covenants, including certain financial covenants and an obligation that we maintain certain financial ratios, including a maximum ratio of Funded Debt to EBITDA (each as defined in the Credit Agreement), an interest coverage ratio and a maximum amount of annual capital expenditures. The entire principal amount of the credit facility and any accrued but unpaid interest may be declared immediately due and payable if an event of default occurs. Events of default include failure to make payments when due, a default in the performance of any covenants in the credit agreement or related documents or certain changes of control of us or our subsidiaries ResMed Corp., ResMed US, ResMed Motor, ResMed Limited, ResMed Holdings Ltd/LLC or ResMed EAP. At September 30, 2011 there was \$130.0 million outstanding under the credit agreement and we were in compliance with our debt covenants.

Prepayment Facility

During the year ended June 30, 2010, ResMed EPN Limited, our wholly-owned UK subsidiary, obtained access to a Prepayment Facility with HSBC Invoice Finance (UK) Limited that provides for a cash advance facility up to a total commitment of 5 million British Pounds Sterling. These advances are limited to 75% of secured outstanding sales invoices. At September 30, 2011, there were no amounts outstanding under this facility.

RESMED INC. AND SUBSIDIARIES**Management's Discussion and Analysis of Financial Condition and Results of Operations****Acquired External Debt**

As part of our acquisition of Gruendler GmbH on August 1, 2011, we assumed debt of 4.7 million Euros. The debt comprises a number of loan agreements of varying terms with financial institutions and venture capital financiers. We repaid 1.8 million Euros during the three months ended September 30, 2011 and expect to pay off the remaining outstanding loans within the next twelve months. Accordingly, all these loans have been treated as current liabilities in our condensed consolidated balance sheets. At September 30, 2011, there was 2.9 million Euros outstanding in respect of these loans.

We expect to satisfy all of our short-term liquidity requirements through a combination of cash on hand and cash generated from operations, and the unused portion of our credit facility.

Acquisitions of Businesses and Business Assets

During the quarter ended September 30, 2011 we acquired BiancaMed Limited and Gruendler GmbH for a total consideration of \$64.5 million. All acquisitions were funded out of our cash on-hand. BiancaMed Ltd. is an Irish medical technology company that has developed and is marketing a convenient, non-contact device to monitor sleep and breathing in the home and hospital. Gruendler GmbH is a developer and manufacturer of medical humidification products that can be used with a wide range of ventilators, from neonatal and pediatric, to non-invasive pressure support, to those used in the intensive care unit. The acquisitions have been accounted for as business combinations using purchase accounting and are included in our consolidated financial statements from the date of the acquisitions. The acquisitions are not considered material business combinations and we have not incurred any material acquisition related costs. Refer to Note 13 of the condensed consolidated financial statements for further details of acquisitions made during the period.

Common Stock

On August 24, 2011, our board of directors approved a new share repurchase program, authorizing us to acquire up to an aggregate of 20.0 million shares of ResMed Inc. common stock. The program allows us to repurchase shares of our common stock from time to time for cash in the open market, or in negotiated or block transactions, as market and business conditions warrant. This program canceled and replaced our previous share repurchase program authorized on May 27, 2009 pursuant to which we had repurchased 9,952,274 shares. These were in addition to the 6,622,907 shares repurchased under an earlier program authorized on June 6, 2002. The new program authorizes us to purchase in addition to the shares we repurchased under our previous programs. There is no expiration date for this program. All share repurchases since August 24, 2011 have been executed in accordance with this program.

During the three months ended September 30, 2011, we repurchased 4.4 million shares at a cost of \$124.7 million. At September 30, 2011, we have repurchased a total of 18.5 million shares at a cost of \$629.3 million. Shares that are repurchased are classified as treasury stock pending future use and reduce the number of shares outstanding used in calculating earnings per share. At September 30, 2011, 18.1 million additional shares can be repurchased under the approved share repurchase program.

RESMED INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Principles and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, including those related to allowance for doubtful accounts, inventory adjustments, warranty obligations, goodwill, impaired assets, intangible assets, income taxes, deferred tax valuation allowances and stock-based compensation costs.

We state these accounting policies in the notes to the consolidated financial statements and at relevant sections in this discussion and analysis. The estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions.

We believe that the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

- (1) Allowance for Doubtful Accounts. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments, which results in bad debt expense. We determine the adequacy of this allowance by continually evaluating individual customer receivables, considering a customer's financial condition, credit history and current economic conditions. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.
- (2) Inventory Adjustments. Inventories are stated at lower of cost or market and are determined by the first-in, first-out method. We review the components of inventory on a regular basis for excess, obsolete and impaired inventory based on estimated future usage and sales. The likelihood of any material inventory write-downs depends on changes in competitive conditions, new product introductions by us or our competitors, or rapid changes in customer demand.
- (3) Valuation of Goodwill, Intangible and Other Long-Lived Assets. We make assumptions in establishing the carrying value, fair value and estimated lives of our goodwill, intangibles and other long-lived assets. The criteria used for these evaluations include management's estimate of the asset's continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in our business objectives. If assets are considered to be impaired, we recognize as impairment the amount by which the carrying value of the assets exceeds their fair value. We base useful lives and related amortization or depreciation expense on our estimate of the period that the assets will generate revenues or otherwise be used by us. Factors that would influence the likelihood of a material change in our reported results include significant changes in the asset's ability to generate positive cash flow, loss of legal ownership or title to the asset, a significant decline in the economic and competitive environment on which the asset depends, significant changes in our strategic business objectives, utilization of the asset, and a significant change in the economic and/or political conditions in certain countries.

RESMED INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Principles and Estimates, Continued

(4) Valuation of Deferred Income Taxes. We establish valuation allowances, when necessary, to reduce deferred tax assets to the amount expected to be realized. The likelihood of a material change in our expected realization of these assets depends on future taxable income, our ability to deduct tax loss carry forwards against future taxable income, the effectiveness of our tax planning and strategies among the various tax jurisdictions that we operate in, and any significant changes in the tax treatment received on our business combinations.

(5) Provision for Warranty. We provide for the estimated cost of product warranties at the time the related revenue is recognized. We determine the amount of this provision by using a financial model, which takes into consideration actual historical expenses and potential risks associated with our different products. We use this financial model to calculate the future probable expenses related to warranty and the required level of the warranty provision. Although we engage in product improvement programs and processes, our warranty obligation is affected by product failure rates and costs incurred to correct those product failures. Should actual product failure rates or estimated costs to repair those product failures differ from our estimates, we would be required to revise our estimated warranty provision.

(6) Revenue Recognition. We generally record revenue on product sales at the time of shipment, when title transfers to the customer. We do not record revenue on product sales which require customer acceptance until we receive acceptance. We record royalty revenue from license agreements when earned. We initially defer service revenue received in advance from service contracts and recognize that deferred revenue ratably over the life of the service contract. We initially defer revenue we receive in advance from rental unit contracts and recognize that deferred revenue ratably over the life of the rental contract. Otherwise, we recognize revenue from rental unit contracts ratably over the life of the rental contract. We initially defer revenue from sale of marketing and distribution rights and recognize that deferred revenue ratably over the life of the contract. We include in revenue freight charges we bill to customers. We charge all freight-related expenses to cost of sales. Taxes assessed by government authorities that are imposed on and concurrent with revenue-producing transactions, such as sales and value added taxes, are excluded from revenue.

We do not recognize revenues to the extent that we offer a right of return or other recourse with respect to the sale of our products, other than returns for product defects or other warranty claims, nor do we recognize revenues if we offer variable sale prices for subsequent events or activities. However, as part of our sales processes we may provide upfront discounts for large orders, one time special pricing to support new product introductions, sales rebates for centralized purchasing entities or price-breaks for regular order volumes. We record the costs of all such programs as an adjustment to revenue. Our products are predominantly therapy-based equipment and require no installation. Therefore, we have no significant installation obligations.

RESMED INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Principles and Estimates, Continued

(7) Stock-Based Compensation. We measure the compensation cost of all stock-based awards at fair value on the date of grant. We recognize that value as compensation expense over the service period, net of estimated forfeitures. We estimate the fair value of employee stock options using a Black-Scholes valuation model. The fair value of an award is affected by our stock price on the date of grant as well as other assumptions including the estimated volatility of our stock price over the term of the awards and the estimated period of time that we expect employees to hold their stock options. The risk-free interest rate assumption we use is based upon U.S. Treasury yield curve at the time of grant appropriate for the expected life of the awards. Expected volatilities are based on a combination of historical volatilities of our stock and the implied volatilities from tradeable options of our stock corresponding to the expected term of the options. We use a combination of the historic and implied volatilities as the addition of the implied volatility is more representative of our future stock price trends. While there is a tradeable market of options on our common stock less emphasis is placed on the implied volatility of these options due to the relative low volumes of these traded options and the difference in the terms compared to our employee options. In order to determine the estimated period of time that we expect employees to hold their stock options, we use historical rates by employee groups. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results differ from our estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. The aforementioned inputs entered into the option valuation model we use to fair value our stock awards are subjective estimates and changes to these estimates will cause the fair value of our stock awards and related stock-based compensation expense we record to vary.

(8) Income Tax. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the consolidated financial statements.

Recently Issued Accounting Pronouncements

See note 2(s) to the condensed consolidated financial statements for a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects on our results of operations, financial positions and cash flows.

Off-Balance Sheet Arrangements

Except for operating leases and receivables transferred to leasing companies with certain recourse limits, as of September 30, 2011, we are not involved in any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC.

RESMED INC. AND SUBSIDIARIES

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Market Risk

Our reporting currency is the U.S. dollar, although the financial statements of our non-U.S. subsidiaries are maintained in their respective local currencies. We transact business in various foreign currencies, including a number of major European currencies as well as the Australian and Singapore dollars. We have significant foreign currency exposure through both our Australian and Singapore manufacturing activities and international sales operations. We have established a foreign currency hedging program using purchased currency options and forward contracts to hedge foreign-currency-denominated financial assets, liabilities and manufacturing cash flows. The goal of this hedging program is to economically manage the financial impact of foreign currency exposures denominated in Euros and Australian dollars and Singapore dollars. Under this program, increases or decreases in our foreign-currency-denominated financial assets, liabilities, and firm commitments are partially offset by gains and losses on the hedging instruments. We do not enter into financial instruments for trading or speculative purposes. The foreign currency derivatives portfolio is recorded in the consolidated balance sheets at fair value and included in other assets or other liabilities. All movements in the fair value of the foreign currency derivatives are recorded within other income, net, on our consolidated statements of income.

The table below provides information (in U.S. dollars) on our foreign-currency-denominated financial assets by legal entity functional currency as of September 30, 2011 (in thousands):

	Australian Dollar (AUD)	U.S. Dollar (USD)	Euro (EUR)	British Pound (GBP)	Swedish Kroner (SEK)	Swiss Franc (CHF)	Canadian Dollar (CAD)
AUD Functional Currency Entities:							
Assets	\$ 0	\$100,572	\$ 114,470	\$ 0	\$ 185	\$ 11	\$ 0
Liability	0	(94,497)	(117,127)	(820)	(9)	(3,139)	0
Net Total	0	6,075	(2,657)	(820)	176	(3,128)	0
USD Functional Currency Entities:							
Assets	0	0	0	0	0	0	8,020
Liability	0	0	0	0	0	0	0
Net Total	0	0	0	0	0	0	8,020
EURO Functional Currency Entities:							
Assets	0	0	0	1,765	2,761	1,195	0
Liability	(73)	(96)	0	(920)	(142)	(104)	0
Net Total	(73)	(96)	0	845	2,619	1,091	0
MYR Functional Currency Entities:							
Assets	19	116	0	143	0	0	0
Liability	(3)	(2,442)	0	0	0	0	0
Net Total	16	(2,326)	0	143	0	0	0
SGD Functional Currency Entities:							
Assets	3,293	24,258	39,564	0	244	0	0
Liability	(2,961)	(26,377)	(32,961)	(121)	0	0	0
Net Total	332	(2,119)	6,603	(121)	244	0	0
INR Functional Currency Entities:							
Assets	0	0	0	0	0	0	0
Liability	0	(2,047)	(594)	0	0	0	0
Net Total	0	(2,047)	(594)	0	0	0	0

RESMED INC. AND SUBSIDIARIES

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Market Risk, Continued

The table below provides information about our foreign currency derivative financial instruments and presents the information in U.S. dollar equivalents. The table summarizes information on instruments and transactions that are sensitive to foreign currency exchange rates, including foreign currency hedges and forward contracts held at September 30, 2011. The table presents the notional amounts and weighted average exchange rates by contractual maturity dates for our foreign currency derivative financial instruments. These notional amounts generally are used to calculate payments to be exchanged under our foreign currency contracts.

(In thousands except exchange rates) Foreign Exchange Contracts	FY 2012	FY 2013	FY 2014	Total	Fair Value Assets/(Liabilities)	
					Sep 30, 2011	Jun 30, 2011
Receive AUD/Pay USD						
Contract amount	\$52,500	\$60,000	\$20,000	\$132,500	\$3,492	\$9,551
Ave. contractual exchange rate	AUD 1 = USD 0.9300	AUD 1 = USD 0.9962	AUD 1 = USD 1.0596	AUD 1 = USD 0.9775		
Receive AUD/Pay Euro						
Contract amount	\$122,500	\$109,782	\$40,164	\$272,446	\$1,281	\$5,323
Ave. contractual exchange rate	AUD 1 = Euro 0.7204	AUD 1 = Euro 0.7467	AUD 1 = Euro 0.7500	AUD 1 = Euro 0.7351		
Receive SGD/Pay USD						
Contract amount	\$8,000	0	0	\$8,000	(\$51)	0
Ave. contractual exchange rate	SGD 1 = USD 0.7704			SGD 1 = USD 0.7704		
Receive SGD/Pay Euro						
Contract amount	\$20,082	0	0	\$20,082	\$45	0
Ave. contractual exchange rate	SGD 1 = USD 0.5705			SGD 1 = USD 0.7704		

Interest Rate Risk

We are exposed to risk associated with changes in interest rates affecting the return on our cash and cash equivalents, investment securities and debt. At September 30, 2011, we maintained cash and cash equivalents of \$610.1 million containing financial instruments that have original maturities of less than 90 days. These financial instruments are principally comprised of bank term deposits and at call accounts and are invested at both short term fixed interest rates and variable interest rates. At September 30, 2011, we had total long-term debt, including the current portion of those obligations, of \$134.1 million. All of this debt is subject to variable interest rates. A hypothetical 10% change in interest rates during the three months ended September 30, 2011, would not have had a material impact on our pretax income. We have no interest rate hedging agreements.

RESMED INC. AND SUBSIDIARIES

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2011.

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

RESMED INC. AND SUBSIDIARIES

Item 1 Legal Proceedings

The information required by this Item is incorporated herein by reference to Note 11, “Legal Actions and Contingencies,” to the unaudited condensed consolidated financial statements under Part I, Item 1 of this report.

Item 1A Risk Factors

The discussion of our business and operations should be read together with the risk factors contained in our annual report on Form 10-K for the fiscal year ended June 30, 2011, which was filed with the SEC and describes the various risks and uncertainties to which we are or may become subject. At September 30, 2011, there have been no material changes to the risk factors set forth in our annual report on Form 10-K for the year ended June 30, 2011.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of equity securities. The following table summarizes purchases by us of our common stock during the three months ended September, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
July 1 – July 31, 2011	98,543	\$ 30.84	14,213,273	9,566,278
August 1 – August 23, 2011	2,361,908	28.34	16,575,181	7,204,370
New Program Authorization ⁽¹⁾				20,000,000
August 24 – August 31, 2011	275,000	29.27	16,850,181	19,725,000
September 1 – September 30, 2011	1,616,024	28.88	18,466,205	18,108,976
Total	4,351,475	\$ 28.66	18,466,205	18,108,976

(1) On August 24, 2011, our board of directors approved a new share repurchase program, authorizing us to acquire up to an aggregate of 20.0 million shares of ResMed Inc. common stock. The program allows us to repurchase shares of our common stock from time to time for cash in the open market, or in negotiated or block transactions, as market and business conditions warrant. This program canceled and replaced our previous share repurchase program authorized on May 27, 2009 pursuant to which we had repurchased 9,952,274 shares. These were in addition to the 6,622,907 shares repurchased under an earlier program authorized on June 6, 2002. The new program authorizes us to purchase in addition to the shares we repurchased under our previous programs. There is no expiration date for this program. All share repurchases since August 24, 2011 have been executed in accordance with this program. Since the inception of the share buyback programs, we have repurchased 18,466,205 shares at a total cost of \$629.3 million.

Item 3 Defaults Upon Senior Securities

None

Item 4 Removed and Reserved

Item 5 Other Information

None

RESMED INC. AND SUBSIDIARIES

Item 6 Exhibits

Exhibits (numbered in accordance with Item 601 of Regulation S-K)

- 3.1 First Restated Certificate of Incorporation of ResMed Inc. ⁽¹⁾
- 3.2 Fourth Amended and Restated Bylaws of ResMed Inc. ⁽²⁾
- 10.1 Form of Restricted Stock Unit Award Agreement for Executive Officers ⁽³⁾
- 10.2 Form of Restricted Stock Unit Award Agreement for Directors ⁽³⁾
- 10.3 Form of Stock Option Grant for Executive Officers ⁽³⁾
- 10.4 Form of Stock Option Grant for Directors ⁽³⁾
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽³⁾
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽³⁾
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101 The following financial statements from ResMed Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed on November 1, 2011, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Cash Flows, (iv) the Notes to the Condensed Consolidated Financial Statements.

(1) Incorporated by reference to Exhibit 3.1 to the Registrants' Annual Report on Form 10-K for the Fiscal Year ended June 30, 2007.

(2) Incorporated by reference to Exhibit 3.1 to the Registrants' Current Report on Form 8-K filed on December 14, 2007.

(3) Filed herewith.

RESMED INC. AND SUBSIDIARIES

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

November 1, 2011

ResMed Inc.

/s/ **PETER C. FARRELL**

Peter C. Farrell
Chairman, chief executive officer and president
(Principal Executive Officer)

/s/ **BRETT A. SANDERCOCK**

Brett A. Sandercock
Chief financial officer
(Principal Financial Officer)

ResMed Inc.

**Summary for Restricted Stock Unit
Award Agreement
(Executive Officers)**

1. Holder. [PARTICIPANT NAME]
2. Grant Date. [GRANT DATE]
3. Number of RSUs. [TOTAL NUMBER OF RSUs GRANTED]
4. Vesting Schedule. Subject to the terms of the Agreement, including the terms requiring the RSUs to be earned based on the satisfaction of a specified Performance Condition, 25% of the outstanding RSUs shall vest and become nonforfeitable on each November 11 following the Grant Date.

RESMED INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (the “*Agreement*”) sets forth the terms and conditions of the restricted stock units (“*Restricted Stock Units*” or “*RSUs*”) granted by ResMed Inc., a Delaware corporation (the “*Company*”), under the ResMed Inc. 2009 Incentive Award Plan, as amended from time to time (the “*Plan*”), and pursuant to the Summary of Restricted Stock Unit Award Grant (the “*Summary*”) displayed at the Web site of the Company’s option plan administrator. The Summary specifies the person to whom the RSUs are granted (“*Holder*”), the grant date of the RSUs (the “*Grant Date*”), the vesting schedule of the RSUs (the “*Vesting Schedule*”), the aggregate number of RSUs granted to Holder, and other specific details of the grant. The Summary also indicates whether the Holder has accepted the grant of RSUs. The Summary is deemed part of this Agreement.

ARTICLE 1.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Summary. As used herein, the term “Restricted Stock Unit” and “RSU” shall mean a non-voting unit of measurement which represents the right to receive one share of Common Stock for each unit that vests (subject to adjustment as provided in Section 11.3 of the Plan) solely for purposes of the Plan and this Agreement. The RSUs shall be used solely as a device for the determination of the issuance of shares of Common Stock to eventually be made to Holder if and to the extent such RSUs vest pursuant to Section 2.2 hereof. The RSUs shall not be treated as property or as a trust fund of any kind.

1.2 Incorporation of Terms of Plan, Summary and Appendices I and II. The RSUs are subject to the terms and conditions of the Plan, the Summary, and, to the extent applicable, Appendix I hereto (which sets forth additional legal requirements, terms and conditions as may be required by Holder’s country), and Appendix II (which sets forth certain performance conditions applicable to the RSUs), each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent applicable, in the event of any inconsistency between this Agreement and Appendices I and II, the terms of Appendices I and II shall control.

ARTICLE 2.

GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs. In consideration of Holder’s continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date, the Company grants to Holder an award of RSUs as set forth in the Summary, upon the terms and conditions set forth in the Summary, the Plan and this Agreement, and to the extent applicable, Appendix I hereto, and Appendix II hereto.

2.2 RSUs subject to a Performance Condition: Vesting Schedule.

(a) Appendix II attached hereto sets forth a Performance Condition that must be satisfied in order for the RSUs to be earned. The Performance Condition is based on the

Company's financial performance compared to certain pre-established criteria over certain specified periods, as set forth on Appendix II. The Compensation Committee shall certify the extent to which the Performance Condition has been satisfied and the RSUs have been earned, with such certification occurring no later than the first November 10 following the Grant Date. Any unvested RSUs for which the Performance Condition has not been satisfied shall be automatically forfeited, terminated and cancelled effective as of the date of such written certification of the Compensation Committee, without the payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights with respect to such RSUs under the Agreement.

(b) Subject to Sections 2.2(c) and 2.4 hereof, the RSUs awarded pursuant to the Summary and earned in accordance with Appendix II will vest and become nonforfeitable with respect to the applicable portion thereof according to the Vesting Schedule set forth in the Summary, subject to Holder's continued employment or services through the applicable vesting dates, as a condition to the vesting of the applicable installment of the RSUs and the rights and benefits under this Agreement. Unless otherwise determined by the Administrator, partial employment or service, even if substantial, during any vesting period will not entitle Holder to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a Termination of Service as provided in Section 2.2 hereof or under the Plan.

(c) Notwithstanding Section 2.2(b) hereof, Appendix II and the Summary, and subject to Section 2.4 hereof, the RSUs, to the extent then outstanding and not previously forfeited, shall become fully vested and nonforfeitable in the event of a Change in Control as of the date of such Change in Control.

2 . 3 Consideration to the Company. In consideration of the grant of RSUs by the Company, Holder agrees to render faithful and efficient services to the Company and its Subsidiaries. Nothing in the Plan or this Agreement, nor Holder's participation in the Plan, shall confer upon Holder any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Holder. In the event that Holder is not an Employee, Director or Consultant of the Company, the grant will not be interpreted to form an employment or service contract with the Company or any of its Subsidiaries.

2 . 4 Forfeiture, Termination and Cancellation upon Termination of Service. Notwithstanding any contrary provision of this Agreement, upon Holder's Termination of Service for any or no reason, all then unvested RSUs subject to this Agreement (including, without limitation, RSUs that have been earned in accordance with Appendix II) will thereupon be automatically forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. For purposes of this Agreement, the employment relationship of Holder will be treated as continuing intact while he or she is on military or sick leave or other bona fide leave of absence if such leave does not exceed ninety days, so long as his or her right to re-employment is guaranteed either by statute or by contract, or in any other circumstance as may be required by law. Notwithstanding the foregoing, if the Holder dies while employed by, or serving as a director or consultant of, the Company or a

Subsidiary, as applicable, the unvested RSUs shall become fully vested and nonforfeitable as of the date of such Holder's death.

2.5 Issuance of Shares upon Vesting.

(a) Subject to Appendix II, as soon as administratively practicable following the vesting of any earned RSUs pursuant to Section 2.2 hereof, but in no event later than sixty (60) days after such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Code), the Company shall deliver to Holder (or any transferee permitted under Section 3.2 hereof) a number of shares of Common Stock equal to the number of such RSUs that vested on the applicable vesting date, less to the extent applicable, the number of shares of Common Stock withheld in accordance with Section 2.5(b). The shares of Common Stock delivered hereby shall be represented either by one or more stock certificates or by book entry, as determined by the Company in its sole discretion. Notwithstanding the foregoing, in the event shares of Common Stock cannot be issued in the time frame specified above due to the effects of Section 2.6(a), (b) or (c) hereof, then the shares of Common Stock shall be issued as soon as administratively practicable after the Administrator determines that shares of Common Stock can again be issued in accordance with Sections 2.6(a), (b) and (c) hereof (but in no event later than the deadline required to comply with the "short-term deferral" exemption under Section 409A of the Code).

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall be entitled to require payment of any sums required by applicable law to be withheld or paid with respect to the grant or vesting of RSUs or the issuance of shares of Common Stock. For Holders subject to U.S. taxation (and all other Holders not subject to U.S. taxation, to the extent so required by the Company), the Company shall in satisfaction of the amount required to be withheld or paid withhold from the number of shares of Common Stock issuable upon vesting of the RSUs such number of shares of Common Stock having a Fair Market Value on the date of delivery equal to the minimum amount required to be so withheld or paid by applicable law. For all other Holders, such payment shall be made by deduction from other compensation payable to Holder or in such other form of consideration acceptable to the Company, in such manner to be determined in the sole discretion of the Company, including, to the extent so permitted by the Company:

(i) Check;

(ii) Surrender or withholding of vested shares of Common Stock (including, without limitation, shares of Common Stock otherwise issuable under the RSUs) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the minimum amount required to be withheld by applicable law; or

(iii) Other property acceptable to the Administrator (including, without limitation, through the delivery of a notice that Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable under the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of its withholding obligations; *provided* that payment of such proceeds is then made to the Company at such time as may be required by the Company, but in any event not later than the settlement of such sale); or

(iv) Any combination of the foregoing.

The Company shall not be obligated to deliver any new certificate representing shares of Common Stock to Holder or Holder's legal representative or enter such shares of Common Stock in book entry form unless and until Holder or Holder's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of Holder and all required social insurance contributions resulting from the grant or vesting of the RSUs or the issuance of shares of Common Stock. The Company makes no representations or undertakings regarding the tax treatment of the RSUs. The liability for all applicable amounts to be withheld is the Holder's responsibility.

(c) The Company, in its discretion, may in the future approve terms, policies and procedures permitting the deferral of receipt of shares of Common Stock issuable pursuant to vested RSUs. To the extent the Company approves such terms, policies and procedures as applicable to the RSUs granted hereby, such terms, policies and procedures shall become a part of this Agreement upon acceptance by the Holder.

2.6 Conditions to Delivery of Common Stock; Legal Requirements The shares of Common Stock deliverable hereunder, or any portion thereof, may be either previously authorized but unissued shares of Common Stock or issued shares of Common Stock which have then been reacquired by the Company. Such shares of Common Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Common Stock deliverable hereunder or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares of Common Stock to listing on all stock exchanges on which such Common Stock is then listed;

(b) The completion and maintenance of any registration or other qualification of such shares of Common Stock under any state, federal or foreign law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state, federal or foreign governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The receipt by the Company of full payment for such shares of Common Stock, including payment of any applicable withholding tax or social insurance contributions, which may be in one or more of the forms of consideration permitted under Section 2.5 hereof; and

(e) The lapse of such reasonable period of time following the vesting of any RSUs as the Administrator may from time to time establish for reasons of administrative convenience.

2.7 Rights as Stockholder. The Holder shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any shares of Common Stock underlying the RSUs and deliverable hereunder unless and until such shares of Common Stock shall have been issued by the Company and held of record by such Holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Common

Stock are issued, except as provided in Section 11.3 of the Plan. No Dividend Equivalent awards shall be awarded in respect of any unvested RSUs.

ARTICLE 3.

OTHER PROVISIONS

3 . 1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Holder, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 Grant is Not Transferable.

(a) Except as set forth in Section 3.2(b), during the lifetime of Holder, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Common Stock underlying the vested RSUs have been issued. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of Holder or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) Notwithstanding the foregoing provisions of subsection 3.2(a), the Administrator, in its sole discretion, may permit the transfer of RSUs held by the Holder (i) pursuant to a DRO, or (ii) by gift or contribution to a Permitted Transferee. Any RSU that has been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Holder, and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including, without limitation, to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

3 . 3 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.4 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the RSUs and the issuance of shares of Common Stock with respect to vested RSUs in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Common Stock contemplated by Section 11.3 of the Plan, the Administrator shall make any appropriate adjustments in the number of RSUs then outstanding and the number and kind of securities that may be issued in respect of the RSUs. Holder acknowledges that the RSUs are subject to amendment, modification and termination in certain events as provided in this Agreement and Section 11.3 of the Plan.

3.5 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be properly given when personally delivered to the party entitled to receive the notice (which may include electronic delivery by email) or when sent by certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notice at the address stated below:

If to Company: ResMed Inc.
 9001 Spectrum Center Blvd.
 San Diego, CA 92123
 USA
 Attn: David Pendarvis, Corporate Secretary

If to Holder: Address of Holder on file with ResMed Inc. or its Subsidiary

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.8 Conformity to Securities Laws. Holder acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state and foreign securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Holder.

3.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Holder and his or her heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Holder is subject to Section 16 of the Exchange Act, the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan, the Summary and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

3.13 Section 409A. The RSUs are not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “**Section 409A**”). However, notwithstanding any other provision of the Plan, the Summary or this Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Holder or any other person for failure to do so) to adopt such amendments to the Plan, the Summary or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Limitation on Holder’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Unless and until the RSUs will have vested in the manner set forth in Article 2 hereof, Holder will have no right to the issuance of shares of Common Stock with respect to the RSUs. Holder shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.15 Language. In the event Holder has received this Agreement, including Appendix I hereto (if any), or any other document related to the Plan translated into a language other than English, the English version will control to the extent the translated version differs from the English version,.

3.16 Electronic Delivery. The Company may, in its sole discretion, decide (a) to deliver by electronic means any documents related to the RSUs granted under the Plan, Holder’s participation in the Plan, or future awards that may be granted under the Plan or (b) to request by electronic means Holder’s consent to participate in the Plan. Holder hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

3.17 Nature of Grant. In accepting the RSUs, Holder acknowledges that:

(a) the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

(b) all decisions with respect to future awards of RSUs, if any, will be at the sole discretion of the Company;

(c) Holder's participation in the Plan is at the discretion of the Company;

(d) RSUs are extraordinary items that do not constitute regular compensation for services rendered to the Company or any Subsidiary, and that are outside the scope of Holder's employment contract, if any;

(e) RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) the future value of the underlying Common Stock is unknown and cannot be predicted with certainty;

(g) in consideration of the award or forfeiture of RSUs, no claim or entitlement to compensation or damages shall arise from termination of the RSUs or any diminution in value of the RSUs or Common Stock received when the RSUs vest resulting from Termination of Service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws), and Holder irrevocably releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then by accepting this Agreement, Holder shall be deemed irrevocably to have waived his or her entitlement to pursue such claim;

(h) in the event of Holder's involuntary Termination of Service (whether or not in breach of local labor laws), Holder's right to receive RSUs and the vesting of the RSUs, if any, will terminate effective as of the date that Holder is no longer actively employed (subject to and in accordance with Section 2.4 hereof), and the Administrator shall have the exclusive discretion to determine when Holder is no longer actively employed and when there is a Termination of Service for purposes of the RSUs;

(i) the Company is not providing any tax, legal or financial advice with respect to the RSUs, nor is the Company making any recommendations regarding Holder's participation in the Plan, or Holder's acquisition or sale of the underlying Common Stock; and

(j) Holder is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Holder's participation in the Plan before taking any action related to the Plan and the RSUs.

3.18 Data Privacy Waiver.

(a) Holder hereby agrees that the Company and its Subsidiaries and affiliates are permitted to collect, store, hold, process, and transfer personal (and sensitive) information and data relating to the Holder as part of its personnel and other business records and may use such information in the course of its business. Such information and data may include, but is not limited to, personal data, employment information, and financial information. The Company and its Subsidiaries and affiliates may use such data for compensation and benefit planning, to administer the Plan and other benefits plans, and otherwise in the course of its business.

(b) Holder hereby agrees that the Company and its affiliates may disclose or transfer such personal data or information to third parties, including parties situated outside the country in which Holder works or reside even if the recipient country has different data privacy laws than those in the country where Holder works or resides.

(c) This Section 3.18 applies to information and data held, used or disclosed in any medium. Holder hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic form, of Holder's personal data as described in this Agreement by and among, as applicable, Holder's employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing Holder's participation in the Plan.

(d) Holder understands that the Company and the employing Subsidiary may hold certain personal information about Holder, including but not limited to, Holder's name, home address and telephone number, date of birth, date of hire, salary, nationality, job title, country of taxation, shares of Common Stock or directorships held in the Company, details of all RSUs or other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Holder's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Holder understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that the Personal Data recipients may be located in Holder's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Holder's country. Holder understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Holder's local human resources representative. Holder authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Holder's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Holder may elect to deposit any common stock received upon vesting of the RSUs. Holder understands that Personal Data will be held only as long as is necessary to implement, administer and manage Holder's participation in the Plan. Holder understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Holder's local human resources representative. Holder understands that refusal or withdrawal of consent may affect Holder's ability to realize benefits from the RSUs. For more information on the consequences of Holder's refusal to consent or withdrawal of consent, Holder understands that he or she may contact his or her local human resources representative.

3.19 Participants Outside of the United States If Holder is a resident of a foreign jurisdiction and subject to the laws of such jurisdiction, then Holder hereby agrees to be subject to the additional requirements and disclosures set forth in Appendix I hereto with respect to Holder's country, which are hereby incorporated into this Agreement, regardless of the law that might be applied under principles of conflicts of laws.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereunto agree to the terms and conditions set forth in this Agreement and the Summary.

RESMED INC.

HOLDER

/s/ Peter C. Farrell
President and Chief Executive Officer

[ELECTRONIC SIGNATURE]

Acceptance designated electronically at the
option plan administrator's Web site)

APPENDIX I

If Holder is a resident of a foreign jurisdiction and subject to the laws of such jurisdiction, then Holder shall be subject to any additional requirements and disclosures set forth in this Appendix I with respect to Holder's country. The vesting period for RSUs may differ for Holders residing in different foreign jurisdictions due to the requirements of the laws of such foreign jurisdictions. To the extent applicable, in the event of any inconsistency between this Appendix I and the Agreement, the terms of this Appendix I shall control.

Canada

Shares Underlying RSUs. RSUs will be settled in shares of Common Stock from newly issued shares of the Company and not treasury shares.

Consent to Receive Information in English for Employees in Quebec. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures juridictionnelles intentées, directement ou indirectement, relativement à ou suite à la présente convention.

France

Nature of the Award. The RSUs granted under this Agreement should qualify for favorable tax and social security treatment applicable to shares granted under Sections L. 225-197-1 to L.225-197-5 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax and social security laws and the terms and conditions set forth herein ("French-Qualified RSUs"), but no undertaking is made to maintain such status. Holder shall not be entitled to any damages if the RSUs no longer qualify as French-Qualified RSUs.

Restrictions on Vesting and Sale of Shares of Common Stock. In order to comply with the minimum mandatory holding period applicable to shares of Common Stock underlying French-Qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, the French-Qualified RSUs will not vest before the fourth anniversary of the Grant Date, except as provided below (such four-year period is referred to as the "Holding Period"). At the expiration of the Holding Period, the shares of Common Stock cannot be transferred (i) during the ten trading sessions preceding and following the date on which the consolidated accounts or annual accounts of the granting company are first released to the public, and (ii) during a period (x) starting from the date on which the Board of Directors of the Company or any committee thereof becomes aware of any information which, if published, could significantly affect the Company's market price and (y) ending at the close of the tenth trading session following the publication of the information. In addition, the shares of Common Stock will not be sold or transferred during certain closed periods as provided for and defined by Section L. 225-197-1 of the French Commercial Code, as amended, so long as those closed periods are applicable to shares underlying French-Qualified RSUs, and during such other holding periods as may be required under French law in order to maintain the tax-qualified status of the French-Qualified RSUs.

Transfer upon Death. The Company shall issue the shares of Common Stock underlying the vested French-Qualified RSUs, if any, to Holder's heirs, at their request, if such request occurs within six (6) months following the death of Holder and pursuant to the conditions provided for in the Agreement. If Holder's heirs do not request the issuance of the shares of Common Stock underlying the vested French-Qualified RSUs within six (6) months following Holder's death, the vested French-Qualified RSUs will be forfeited. Subject to Section 2.4 of the Agreement, any unvested French-Qualified RSUs will be forfeited upon Holder's death. Holder's heirs shall not be subject to the restriction on the sale of the shares of Common Stock.

Sub-Plan. The French-Qualified RSUs shall be subject to the terms and conditions of any French sub-plan that the Company may adopt from time to time in order to maintain the tax-qualified status of such RSUs, the terms and conditions of which shall be incorporated by reference into the Agreement and this Appendix 1 and made a part hereof.

United Kingdom

The Holder agrees to indemnify and keep indemnified the Company and the Employer from and against any liability for or obligation to pay, and Holder shall be solely responsible for, any income tax, employee's National Insurance Contributions and Employer's National Insurance Contributions (or any other similar tax liabilities arising in any other jurisdiction) (collectively "**Tax Liability**") that is attributable to:-

1. the grant of the RSUs, or any other benefit derived by the Holder from the RSUs;
2. the acquisition by the Holder of the shares of Common Stock on vesting of the RSUs or thereafter; or
3. the disposal of any shares of Common Stock that were the subject of the RSUs.

At the discretion of the Company, the RSUs will not vest until the Holder has made such arrangements as the Company may require for the satisfaction of any Tax Liability that may arise. The Company shall not be required to issue, allot or transfer shares of Common Stock upon vesting of the RSUs until the Holder has satisfied this obligation to pay the Tax Liability. Where any Tax Liability is likely to arise, the Company may, in its discretion, recover from the Holder an amount sufficient to meet the Tax Liability by any of the following arrangements:

1. deduction from salary or other payments due to the Holder; or
2. withholding the issue, allotment or transfer to the Holder of that number of shares of Common Stock (otherwise to be acquired by the Holder on vesting of the RSUs) whose aggregate Fair Market Value on the date of vesting equals the minimum amount required to be so withheld or paid as a Tax Liability by applicable law; or
3. such other forms of compensation that are acceptable to the Company.

Norway

Additional Tax Withholding Requirement. In addition to Section 2.5(b) of the Agreement, as a condition to the Company issuing the shares of Common Stock upon vesting of the RSUs, Holder must pay or provide for all applicable income tax and social insurance withholding and payment

obligations of the Company or its affiliate, including tax and social insurance, obligations of both employer and Holder, if any.

Sweden

Additional Tax Withholding Requirement. In addition to Section 2.5(b) of the Agreement, as a condition to the Company issuing the shares of Common Stock upon vesting of the RSUs, Holder must pay or provide for all applicable income tax and social insurance withholding and payment obligations of the Company or its affiliate, including tax and social insurance obligations of both employer and Holder, at the Company's discretion.

Finland

Additional Tax Withholding Requirement. In addition to Section 2.5(b) of the Agreement, as a condition to the Company issuing the shares of Common Stock upon vesting of the RSUs, Holder must pay or provide for all applicable income tax and social insurance withholding and payment obligations of the Company or its affiliate, including tax and social insurance obligations of both employer and Holder, if any.

APPENDIX II

This Appendix II sets forth the performance goals (the “Performance Goals”) for the RSUs and shall determine the extent to which the Performance Goals are achieved and the extent to which the RSUs will be earned. The RSUs shall be subject to the Performance Condition and shall be earned to the extent the Performance Condition is satisfied, and shall be forfeited to the extent the Performance Condition is not satisfied, as determined below.

Performance Goals

The Performance Goals shall be based on: (i) the Company’s net profit after tax as a percentage of revenue (proforma) for the third fiscal quarter (“3rd Quarter”) of the Company’s fiscal year ending June 30, 2012, (ii) the Company’s net profit after tax as a percentage of revenue (proforma) for the Company’s fourth fiscal quarter (4th Quarter”) of the Company’s fiscal year ending June 30, 2012, and (iii) the cumulative net profit after tax as a percentage of cumulative revenue (proforma) for the 3^d Quarter and the 4th Quarter.

3^d Quarter Performance Goal. The 3^d Quarter Performance Goal is 50% of the budgeted profit target for the 3rd quarter of the fiscal year ending June 30, 2012, determined based on net profit after tax, calculated proforma in accordance with the Company’s executive bonus plan, and specifically without giving effect to non-recurring events.

4th Quarter Performance Goal. The 4th Quarter Performance Goal is 50% of the budgeted profit target for the 4th quarter of the fiscal year ending June 30, 2012, determined based on net profit after tax, calculated proforma in accordance with the Company’s executive bonus plan, and specifically without giving effect to non-recurring events.

Cumulative Performance Goal. The Cumulative Performance is 50% of the budgeted profit target for the combined period of the 3^d and 4th quarter for the fiscal year ending June 30, 2012, determined based on net profit after tax, calculated proforma in accordance with the Company’s executive bonus plan, and specifically without giving effect to non-recurring events.

Performance Condition

The performance condition (the “Performance Condition”) shall be satisfied with respect to all or a portion of the RSUs, as determined below.

3^d Quarter Performance Goal. If the 3^d Quarter Performance Goal is achieved, the Performance Condition shall be satisfied with respect to 50% of the RSUs.

4th Quarter Performance Goal. If the 4th Quarter Performance Goal is achieved, the Performance Condition shall be satisfied with respect to 50% of the RSUs (which shall be in addition to any RSUs for which the Performance Condition has been satisfied upon the achievement of the 3^d Quarter Performance Goal).

Cumulative Performance Goal. If the Cumulative Performance Goal is achieved, the Performance Condition shall be satisfied with respect to 100% of the RSUs.

In no event shall the Performance Condition be treated as satisfied for more than 100% of the RSUs.

Compensation Certification

The Compensation Committee shall certify in writing whether the Performance Goals have been achieved, and the RSUs for which the Performance Condition has been satisfied, not later than November 10 following the Grant Date. Except in the event of the vesting of the RSUs upon a Change in Control as provided in Section 2.2(c) of the Agreement, no shares of Common Stock shall be delivered in respect of the RSUs prior to such written certification by the Compensation Committee.

Forfeiture of RSUs

Any unvested RSUs for which the Performance Condition has not been satisfied shall be automatically forfeited, terminated and cancelled effective as of the date of the written certification of the Compensation Committee without the payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights with respect to such RSUs under the Agreement.

RESMED INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT

Participant Name: [Participant Name]

Grant Date: [Grant Date]

Total Number of RSUs Granted: [Total Number of RSUs Granted]

This Restricted Stock Unit Award Agreement (the "**Agreement**") sets forth the terms and conditions of the restricted stock units ("**Restricted Stock Units**" or "**RSUs**") granted by ResMed Inc., a Delaware corporation (the "**Company**"), under the ResMed Inc. 2009 Incentive Award Plan, as amended from time to time (the "**Plan**"). This Agreement specifies the person to whom the RSUs are granted ("**Holder**"), the grant date of the RSUs (the "**Grant Date**"), the vesting schedule of the RSUs (the "**Vesting Schedule**"), the aggregate number of RSUs granted to Holder, and other specific details of the grant.

ARTICLE 1.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan. As used herein, the term "Restricted Stock Unit" and "RSU" shall mean a non-voting unit of measurement which represents the right to receive one share of Common Stock for each unit that vests (subject to adjustment as provided in Section 11.3 of the Plan) solely for purposes of the Plan and this Agreement. The RSUs shall be used solely as a device for the determination of the issuance of shares of Common Stock to eventually be made to Holder if and to the extent such RSUs vest pursuant to Section 2.2 hereof. The RSUs shall not be treated as property or as a trust fund of any kind.

1.2 Incorporation of Terms of Plan and Appendix I. The RSUs are subject to the terms and conditions of the Plan, and, to the extent applicable, Appendix I hereto (which sets forth additional legal requirements, terms and conditions as may be required by Holder's country), each of which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent applicable, in the event of any inconsistency between this Agreement and Appendix I, the terms of Appendix I shall control.

ARTICLE 2.

GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs. In consideration of Holder's continued service to the Company and for other good and valuable consideration, effective as of the Grant Date, the Company grants to Holder an award of RSUs as set forth in this Agreement, upon the terms and conditions set forth in the Plan and this Agreement, and to the extent applicable, Appendix I hereto.

2.2 Vesting Schedule.

(a) Subject to Sections 2.2(b), 2.2(c) and 2.4 hereof, the RSUs awarded pursuant to this Agreement will vest and become nonforfeitable with respect to all of the RSUs on the earlier of: (i) the first November 11 following the Grant Date, or (ii) the date of the first

(1st) annual meeting of the stockholders of the Company following the Grant Date, subject to Holder's continued service through the applicable vesting date, as a condition to the vesting of the RSUs and the rights and benefits under this Agreement.

(b) Notwithstanding Section 2.2(a) hereof, and subject to Section 2.4 hereof, in the event of a Change in Control and the Holder does not continue as a director of the successor entity to such Change in Control, the RSUs shall become fully vested and nonforfeitable as of the date of such Change in Control.

(c) Notwithstanding Section 2.2(a) hereof and the Summary, if the Holder dies while serving as a director of the Company or a Subsidiary, as applicable, the unvested RSUs shall become fully vested and nonforfeitable as of the date of such Holder's death.

2.3 Consideration to the Company. In consideration of the grant of RSUs by the Company, Holder agrees to render faithful and efficient services to the Company and its Subsidiaries. Nothing in the Plan or this Agreement, nor Holder's participation in the Plan, shall confer upon Holder any right to continue in the service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to terminate the services of Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Holder. In the event that Holder is not an Employee, Director or Consultant of the Company, the grant will not be interpreted to form an employment or service contract with the Company or any of its Subsidiaries.

2.4 Forfeiture, Termination and Cancellation upon Termination of Directorship. Except as otherwise provided by the Administrator, upon Holder's Termination of Directorship for any reason or no reason (other than Holder's death), all then unvested RSUs subject to this Agreement will thereupon be automatically forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and Holder, or Holder's beneficiary or personal representative, as the case may be, shall have no further rights hereunder.

2.5 Issuance of Shares upon Vesting.

(a) As soon as administratively practicable following the vesting of any RSUs pursuant to Section 2.2 hereof, but in no event later than sixty (60) days after such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Code), the Company shall deliver to Holder (or any transferee permitted under Section 3.2 hereof) a number of shares of Common Stock equal to the number of such RSUs that vested on the applicable vesting date, less to the extent applicable, the number of shares of Common Stock withheld in accordance with Section 2.5(b). The shares of Common Stock delivered hereby shall be represented either by one or more stock certificates or by book entry, as determined by the Company in its sole discretion. Notwithstanding the foregoing, in the event shares of Common Stock cannot be issued in the time frame specified above due to the effects of Section 2.6(a), (b) or (c) hereof, then the shares of Common Stock shall be issued as soon as administratively practicable after the Administrator determines that shares of Common Stock can again be issued in accordance with Sections 2.6(a), (b) and (c) hereof (but in no event later than the deadline required to comply with the "short-term deferral" exemption under Section 409A of the Code).

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall be entitled to require payment of any sums required by applicable law to be withheld or

paid with respect to the grant or vesting of RSUs or the issuance of shares of Common Stock. Such payment shall be made by deduction from other compensation payable to Holder or in such other form of consideration acceptable to the Company, in such manner to be determined in the sole discretion of the Company, including, to the extent so permitted by the Company:

(i) Check;

(ii) Surrender or withholding of vested shares of Common Stock (including, without limitation, shares of Common Stock otherwise issuable under the RSUs) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the minimum amount required to be withheld by applicable law; or

(iii) Other property acceptable to the Administrator (including, without limitation, through the delivery of a notice that Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable under the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of its withholding obligations; *provided* that payment of such proceeds is then made to the Company at such time as may be required by the Company, but in any event not later than the settlement of such sale); or

(iv) Any combination of the foregoing.

The Company shall not be obligated to deliver any new certificate representing shares of Common Stock to Holder or Holder's legal representative or enter such shares of Common Stock in book entry form unless and until Holder or Holder's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of Holder and all required social insurance contributions resulting from the grant or vesting of the RSUs or the issuance of shares of Common Stock. The Company makes no representations or undertakings regarding the tax treatment of the RSUs. The liability for all applicable amounts to be withheld is the Holder's responsibility.

(c) The Company, in its discretion, may in the future approve terms, policies and procedures permitting the deferral of receipt of shares of Common Stock issuable pursuant to vested RSUs. To the extent the Company approves such terms, policies and procedures as applicable to the RSUs granted hereby, such terms, policies and procedures shall become a part of this Agreement upon acceptance by the Holder.

2.6 Conditions to Delivery of Common Stock; Legal Requirements. The shares of Common Stock deliverable hereunder, or any portion thereof, may be either previously authorized but unissued shares of Common Stock or issued shares of Common Stock which have then been reacquired by the Company. Such shares of Common Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Common Stock deliverable hereunder or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such shares of Common Stock to listing on all stock exchanges on which such Common Stock is then listed;

(b) The completion and maintenance of any registration or other qualification of such shares of Common Stock under any state, federal or foreign law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental

regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state, federal or foreign governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The receipt by the Company of full payment for such shares of Common Stock, including payment of any applicable withholding tax or social insurance contributions, which may be in one or more of the forms of consideration permitted under Section 2.5 hereof; and

(e) The lapse of such reasonable period of time following the vesting of any RSUs as the Administrator may from time to time establish for reasons of administrative convenience.

2.7 Rights as Stockholder. The Holder shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any shares of Common Stock underlying the RSUs and deliverable hereunder unless and until such shares of Common Stock shall have been issued by the Company and held of record by such Holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares of Common Stock are issued, except as provided in Section 11.3 of the Plan. No Dividend Equivalent awards shall be awarded in respect of any unvested RSUs.

2.8 Restrictions on Transfer of Shares of Common Stock.

(a) Except as set forth in Section 2.8(b), prior to the earlier of: (i) November 11th of the third year following the Grant Date, or (ii) six months following the Holder's Termination of Directorship, the Holder shall not sell, pledge, assign or transfer in any manner, other than by will or the law of descent and distribution, any of the Restricted Shares. The "**Restricted Shares**" shall mean fifty percent (50%) of the shares of Common Stock delivered to the Holder upon vesting of the RSUs pursuant to Section 2.5.

(b) Notwithstanding the foregoing provisions of subsection 2.8, the Administrator, in its sole discretion, may permit the transfer of the Restricted Shares held by the Holder (i) pursuant to a DRO, or (ii) by gift or contribution to a Permitted Transferee. Any Restricted Shares that have been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Holder, including the restrictions on transfer set forth in Section 2.8(a) and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including, without limitation, to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

ARTICLE 3.

OTHER PROVISIONS

3 . 1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All

actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Holder, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 Grant is Not Transferable.

(a) Except as set forth in Section 3.2(b), during the lifetime of Holder, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Common Stock underlying the vested RSUs have been issued. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of Holder or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

(b) Notwithstanding the foregoing provisions of subsection 3.2(a), the Administrator, in its sole discretion, may permit the transfer of RSUs held by the Holder (i) pursuant to a DRO, or (ii) by gift or contribution to a Permitted Transferee. Any RSU that has been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Holder, and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including, without limitation, to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

3.3 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.4 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the RSUs and the issuance of shares of Common Stock with respect to vested RSUs in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Common Stock contemplated by Section 11.3 of the Plan, the Administrator shall make any appropriate adjustments in the number of RSUs then outstanding and the number and kind of securities that may be issued in respect of the RSUs. Holder acknowledges that the RSUs are subject to amendment, modification and termination in certain events as provided in this Agreement and Section 11.3 of the Plan.

3.5 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be properly given when personally delivered to the party entitled to receive the notice (which may include electronic delivery by email) or when sent by certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notice at the address stated below:

If to Company: ResMed Inc.
 9001 Spectrum Center Blvd.
 San Diego, CA 92123
 USA
 Attn: David Pendarvis, Corporate Secretary

If to Holder: Address of Holder on file with ResMed Inc. or its Subsidiary

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.8 Conformity to Securities Laws. Holder acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state and foreign securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Holder.

3.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon Holder and his or her heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Holder is subject to Section 16 of the Exchange Act, the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

3.13 Section 409A. The RSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "**Section 409A**"). However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Holder or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including

amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Limitation on Holder's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Unless and until the RSUs will have vested in the manner set forth in Article 2 hereof, Holder will have no right to the issuance of shares of Common Stock with respect to the RSUs. Holder shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.15 Language. In the event Holder has received this Agreement, including Appendix I hereto (if any), or any other document related to the Plan translated into a language other than English, the English version will control to the extent the translated version differs from the English version,.

3.16 Electronic Delivery. The Company may, in its sole discretion, decide (a) to deliver by electronic means any documents related to the RSUs granted under the Plan, Holder's participation in the Plan, or future awards that may be granted under the Plan or (b) to request by electronic means Holder's consent to participate in the Plan. Holder hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or any third party designated by the Company.

3.17 Nature of Grant. In accepting the RSUs, Holder acknowledges that:

(a) the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

(b) all decisions with respect to future awards of RSUs, if any, will be at the sole discretion of the Company;

(c) Holder's participation in the Plan is at the discretion of the Company;

(d) RSUs are extraordinary items that do not constitute regular compensation for services rendered to the Company or any Subsidiary;

(e) RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) the future value of the underlying Common Stock is unknown and cannot be predicted with certainty;

(g) in consideration of the award or forfeiture of RSUs, no claim or entitlement to compensation or damages shall arise from termination of the RSUs or any diminution in value of the RSUs or Common Stock received when the RSUs vest resulting from Termination of Directorship by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws), and Holder irrevocably releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then by accepting this Agreement, Holder shall be deemed irrevocably to have waived his or her entitlement to pursue such claim;

(h) in the event of Holder's Termination of Directorship (whether or not in breach of local labor laws), Holder's right to receive RSUs and the vesting of the RSUs, if any, will terminate effective as of such date that Holder is no longer a Director (subject to and in accordance with Section 2.2(c) hereof), and the Administrator shall have the exclusive discretion to determine when there is a Termination of Directorship for purposes of the RSUs;

(i) the Company is not providing any tax, legal or financial advice with respect to the RSUs, nor is the Company making any recommendations regarding Holder's participation in the Plan, or Holder's acquisition or sale of the underlying Common Stock; and

(j) Holder is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Holder's participation in the Plan before taking any action related to the Plan and the RSUs.

3.18 Data Privacy Waiver.

(a) Holder hereby agrees that the Company and its Subsidiaries and affiliates are permitted to collect, store, hold, process, and transfer personal (and sensitive) information and data relating to the Holder as part of its personnel and other business records and may use such information in the course of its business. Such information and data may include, but is not limited to, personal data, employment information, and financial information. The Company and its Subsidiaries and affiliates may use such data for compensation and benefit planning, to administer the Plan and other benefits plans, and otherwise in the course of its business.

(b) Holder hereby agrees that the Company and its affiliates may disclose or transfer such personal data or information to third parties, including parties situated outside the country in which Holder works or reside even if the recipient country has different data privacy laws than those in the country where Holder works or resides.

(c) This Section 3.18 applies to information and data held, used or disclosed in any medium. Holder hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic form, of Holder's personal data as described in this Agreement by and among, as applicable, Holder's employer, the Company and any Subsidiary for the exclusive purpose of implementing, administering and managing Holder's participation in the Plan.

(d) Holder understands that the Company and the employing Subsidiary may hold certain personal information about Holder, including but not limited to, Holder's name, home address and telephone number, date of birth, date of hire, salary, nationality, job title, country of taxation, shares of Common Stock or directorships held in the Company, details of all RSUs or other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Holder's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Holder understands that Personal

Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that the Personal Data recipients may be located in Holder's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Holder's country. Holder understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Holder's local human resources representative. Holder authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Holder's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Holder may elect to deposit any common stock received upon vesting of the RSUs. Holder understands that Personal Data will be held only as long as is necessary to implement, administer and manage Holder's participation in the Plan. Holder understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Holder's local human resources representative. Holder understands that refusal or withdrawal of consent may affect Holder's ability to realize benefits from the RSUs. For more information on the consequences of Holder's refusal to consent or withdrawal of consent, Holder understands that he or she may contact his or her local human resources representative.

3.19 Participants Outside of the United States. If Holder is a resident of a foreign jurisdiction and subject to the laws of such jurisdiction, then Holder hereby agrees to be subject to the additional requirements and disclosures set forth in Appendix I hereto with respect to Holder's country, which are hereby incorporated into this Agreement, regardless of the law that might be applied under principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereunto agree to the terms and conditions set forth in this Agreement.

RESMED INC.

HOLDER

[ELECTRONIC SIGNATURE]

/s/ Peter C. Farrell
Peter C. Farrell
President and Chief Executive Officer

APPENDIX I

If Holder is a resident of a foreign jurisdiction and subject to the laws of such jurisdiction, then Holder shall be subject to any additional requirements and disclosures set forth in this Appendix I with respect to Holder's country. The vesting period for RSUs may differ for Holders residing in different foreign jurisdictions due to the requirements of the laws of such foreign jurisdictions. To the extent applicable, in the event of any inconsistency between this Appendix I and the Agreement, the terms of this Appendix I shall control.

Canada

Shares Underlying RSUs. RSUs will be settled in shares of Common Stock from newly issued shares of the Company and not treasury shares.

Consent to Receive Information in English for Employees in Quebec. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceeds entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

France

Nature of the Award. The RSUs granted under this Agreement should qualify for favorable tax and social security treatment applicable to shares granted under Sections L. 225-197-1 to L.225-197-5 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax and social security laws and the terms and conditions set forth herein ("French-Qualified RSUs"), but no undertaking is made to maintain such status. Holder shall not be entitled to any damages if the RSUs no longer qualify as French-Qualified RSUs.

Restrictions on Vesting and Sale of Shares of Common Stock. In order to comply with the minimum mandatory holding period applicable to shares of Common Stock underlying French-Qualified RSUs under Section L. 225-197-1 of the French Commercial Code, as amended, the French-Qualified RSUs will not vest before the fourth anniversary of the Grant Date, except as provided below (such four-year period is referred to as the "Holding Period"). At the expiration of the Holding Period, the shares of Common Stock cannot be transferred (i) during the ten trading sessions preceding and following the date on which the consolidated accounts or annual accounts of the granting company are first released to the public, and (ii) during a period (x) starting from the date on which the Board of Directors of the Company or any committee thereof becomes aware of any information which, if published, could significantly affect the Company's market price and (y) ending at the close of the tenth trading session following the publication of the information. In addition, the shares of Common Stock will not be sold or transferred during certain closed periods as provided for and defined by Section L. 225-197-1 of the French Commercial Code, as amended, so long as those closed periods are applicable to shares underlying French-Qualified RSUs, and during such other holding periods as may be required under French law in order to maintain the tax-qualified status of the French-Qualified RSUs.

Transfer upon Death. The Company shall issue the shares of Common Stock underlying the vested French-Qualified RSUs, if any, to Holder's heirs, at their request, if such request occurs within six (6) months following the death of Holder and pursuant to the conditions provided for in the Agreement. If Holder's heirs do not request the issuance of the shares of Common Stock underlying the vested French-Qualified RSUs within six (6) months following Holder's death, the vested French-Qualified RSUs will be forfeited. Subject to Section 2.2(c) of the Agreement, any unvested French-Qualified RSUs will be forfeited upon Holder's death. Holder's heirs shall not be subject to the restriction on the sale of the shares of Common Stock.

Sub-Plan. The French-Qualified RSUs shall be subject to the terms and conditions of any French sub-plan that the Company may adopt from time to time in order to maintain the tax-qualified status of such RSUs, the terms and conditions of which shall be incorporated by reference into the Agreement and this Appendix I and made a part hereof.

RESMED INC.

TERMS OF STOCK OPTION

Participant Name: [Participant Name]

Grant Date: [Grant Date]

Grant Price: [Grant Price]

Number of Shares Granted: [Shares Granted]

Acceptance Date: [Acceptance Date]

This document sets forth the terms of a Stock Option (the "Option") granted by ResMed Inc., a Delaware corporation (the "Company"), pursuant to a Summary of Stock Option Grant ("Summary") displayed at the Web site of the Company's option plan administrator. The Summary, which specifies the person to whom the Option is granted ("Grantee") and other specific details of the grant, and the electronic acceptance of the Summary at the Web site of the Company's option plan administrator are incorporated herein by reference.

A. Grantee is an employee of the Company or a Subsidiary of the Company.

B. In consideration of services to be performed, Company desires to afford Grantee an opportunity to purchase shares of its Common Stock in accordance with the ResMed Inc. 2009 Incentive Award Plan, as the same may be amended or restated from time to time (the "Plan"), as hereinafter provided.

C. Any capitalized terms not otherwise defined herein shall have the meaning accorded them under the Plan or in the Summary, as applicable.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Option. Company hereby irrevocably grants to Grantee the right and option (the "Option") to purchase all or any part of the aggregate number of shares of the Common Stock of Company specified in the Summary (the "Option Shares") at the Option Price specified in the Summary (the "Option Price"), during the period and subject to the conditions set forth in this agreement and in the Summary.

2. Option Period. The Option Period begins on the Grant Date specified in the Summary and ends on the Expiration Date specified in the Summary, subject to earlier termination of the Option Period in accordance with Section 6 hereof. Any vested portion of the Option shall be exercised in accordance with the provisions of Sections 3, 4, 5 and 6 hereof during the Option Period. All rights to exercise the Option, and the Option Period, shall terminate on the Expiration Date or such earlier date specified in Section 6 hereof.

3. Option Vesting and Acceleration. The Option shall vest and become exercisable in accordance with the Vesting Schedule specified in the Summary. Vesting of the Option, however, shall terminate upon the Grantee's Termination of Employment. Notwithstanding the Vesting Schedule specified in the Summary, in the event of a Change of Control, the Option shall be and become fully vested and exercisable as of the date of such Change of Control. For these purposes, Change of Control shall have the definition set forth in Section 23 hereof. Notwithstanding the foregoing, if the Grantee dies while employed by the Company or a Subsidiary, as applicable, the unvested RSUs shall become fully vested and nonforfeitable as of the date of such Grantee's death.

4. Exercise of Option. Except as provided in Section 9, this Option shall be exercisable during the Option Period in accordance with the Vesting Schedule (as the same may be modified by Section 3 hereof) and at the Option Price per share specified on the Summary. The installments provided

for in the Summary are cumulative, such that each installment that vests but is not exercised, may be carried forward and exercised in any future year during the Option Period.

4A. Automatic Exercise of Option. Notwithstanding anything in this Agreement to the contrary, in the event the Option has not been exercised on or before the Expiration Date of the Option, and the Fair Market Value of the Company's Common Stock on the Expiration Date of the Option exceeds its Option Price per share by 1% or more, as determined by the Company (or its agent), the vested portion of the Option shall be exercised automatically on the Expiration Date. The Option Price and tax withholding obligations for any federal, state, local and foreign taxes due upon such exercise ("Tax Withholding Obligations") shall be paid through shares of Common Stock issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate Option Price and Tax Withholding Obligations. The Company will thus issue Grantee shares of Common Stock upon such automatic exercise in an amount equal to the number of vested options exercised, less the deemed number of shares used to pay the aggregate Option Price and Tax Withholding Obligation (based on the Fair Market Value of the Common Stock at the close of the market on the date of exercise). Grantee shall pay the remaining portion, if any, of the Tax Withholding Obligations to the Company in cash or by check (or, to the extent permitted by applicable law, by the Company withholding such amounts from Grantee's wages through payroll reduction). This Section 4A shall apply regardless of whether the Option is a Non-Qualified Stock Option or Incentive Stock Option.

5. Manner of Exercise. Exercise of the Option shall be by written notice as directed by the Company, details of which will be provided to you. The notice shall be accompanied by payment in full in cash, check, or a combination thereof, in the aggregate amount of the Option Price specified in the Summary multiplied by the number of shares to be purchased by Grantee through such exercise, plus payment of all applicable withholding taxes. In addition, the Option Price and associated tax withholding obligations may be paid through the delivery of a notice that the Grantee has placed a market sell order with a broker with respect to the shares of Common Stock then issuable upon exercise of the Option, and the broker timely pays a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price and tax withholding obligations.

6. Rights in Event of Death or Termination of Employment.

(a) If Grantee dies while employed by the Company or a Subsidiary, or within the first year after Termination of Employment, without having fully exercised the Option, the executors, administrators, legatees or distributees of Grantee's estate shall have the right, for a period of one year after the date of Grantee's death, to exercise the vested, unexercised and unexpired portion, if any, of the Option as of the date of Grantee's death, in whole or in part, to the same extent that Grantee could have exercised the Option immediately before Grantee's death, except that the Option may not be exercised under this subsection 6(a) after the Expiration Date.

(b) In the event of Grantee's Termination of Employment for any reason, and after giving effect to Section 3 regarding Option acceleration, if applicable, the then vested, unexercised and unexpired portion, if any, of Grantee's Option as of the date of Termination of Employment may be exercised until the earlier of (i) the first anniversary of such Termination of Employment, or (ii) the Expiration Date specified in the Summary. After this date, the Option shall be automatically cancelled and the Option Period shall terminate.

(c) For purposes of this Section 6, the employment relationship of an employee of the Company will be treated as continuing intact while he is on military or sick leave or other bona fide leave of absence if such leave does not exceed ninety days, so long as his right to re-employment is guaranteed either by statute or by contract, or in any other circumstance as may be required by law.

7. Transferability of Option.

(a) Subject to subsection 7(b), the Option is not transferable by Grantee other than by will or by the laws of descent and distribution in the event of the Grantee's death, in which

event the Option may be exercised by the heirs or legal representatives of the Grantee as provided in Section 6 hereof. The Option may be exercised during the lifetime of the Grantee only by the Grantee. Any attempt at assignment, transfer, pledge or disposition of the Option contrary to the provisions hereof or the levy of any execution, attachment or similar process upon the Option shall be null and void and without effect. Any exercise of the Option by a person other than the Grantee shall be accompanied by appropriate proofs of the right of such person to exercise the Option.

(b) Notwithstanding the foregoing provisions of subsection 7(a), the Administrator, in its sole discretion, may permit the transfer of a non-qualified option held by the Grantee (i) pursuant to a DRO, or (ii) by gift or contribution to a Permitted Transferee. Any Option that has been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Grantee, and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including without limitation to evidence the transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

8 . Changes in Capital Structure. The number of Option Shares covered by this Option and the Option Price shall be equitably adjusted in the event (the "Event") of (i) the payment of any dividend or the making of any distribution of Common Stock to holders of record of Common Stock, (ii) any stock split, combination of shares, recapitalization or other similar change; (iii) the merger or consolidation of the Company into or with any other corporation; or (iv) the reorganization, dissolution, liquidation or winding up of the Company, and the Grantee shall be entitled to receive such new, additional or other shares of stock of any class, or other property (including cash), as Grantee would have been entitled to receive as a matter of law in connection with such Event had Grantee held the Option Shares on the record date set for such Event. In addition, upon such change, the Option Price of the Option Shares or other securities subject to any unexercised portions of this Option shall be adjusted proportionately so that Grantee shall have the right to purchase the number of Option Shares (as adjusted) under this Option at an Option Price (as adjusted) which Grantee could purchase for the total purchase price applicable to the unexercised portion of this Option immediately prior to such Event had Grantee held the Option Shares on the record date set for such Event. Any fractional shares resulting from such calculation shall be eliminated. The Administrator shall have the authority to determine the adjustments to be made under this Section 8 and any such determination shall be final, binding and conclusive.

9. Legal Requirements.

(a) If the listing, registration or qualification of the Option Shares upon any securities exchange or under any federal or state law, or the consent or approval of any governmental regulatory body is necessary or advisable as a condition of or in connection with the purchase of the Option Shares, the Company shall not be obligated to issue or deliver the certificates representing the Option Shares as to which the Option has been exercised unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained and is in effect. This Option does not hereby impose on the Company a duty to so list, register, qualify, maintain or effect or obtain consent or approval.

(b) The shares of stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares or issued shares, which have then been reacquired by the Company. Such shares shall be fully paid and nonassessable.

(c) The Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Option Shares purchasable upon the exercise of any part of the Option unless and until such shares of Common Stock shall have been issued by the Company to the Grantee, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or by the issuance of a stock certificate in Grantee's name.

10. No Obligation to Exercise Option. The Grantee shall be under no obligation to exercise the Option.

11. Tax Withholding. As a condition to the Company issuing the Option Shares on exercise of this Option, Grantee must pay or provide for all applicable income tax and social insurance withholding and payment on account obligations of the Company or its affiliate ("Employer"). The Company makes no representations or undertakings regarding the tax treatment of the Option. The liability for all applicable taxes is Grantee's responsibility. Where Grantee's Employer is liable to account for any sum in respect of income tax or social insurance or other tax withholding, the Option may not be exercised, assigned, or released unless Grantee has, at the Company's election: (a) delivered a check to the Employer sufficient to discharge the applicable taxes due; (b) authorized the Company to withhold from Option Shares to be issued, or (c) arranged to sell a sufficient number of the Option Shares through a broker and instructed the broker to immediately remit sufficient funds from the sale of such Common Stock to enable the Employer to satisfy the taxes due.

12. Fractional Option Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the exercise of this Option, but the Company shall issue one additional share of its Common Stock in lieu of each fraction of a share otherwise called for upon any exercise of this Option.

13. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be properly given when personally delivered to the party entitled to receive the notice (which may include electronic delivery by email) or when sent by certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notice at the address stated below:

If to Company: ResMed Inc.
 9001 Spectrum Center Blvd.
 San Diego, CA 92123
 USA
 Attn: David Pendarvis, Corporate Secretary

If to Grantee: Address of Grantee on file with ResMed Inc. or its subsidiary

14. Administration. This Option has been granted pursuant to the Plan adopted by the Board of Directors of the Company and approved by the stockholders of the Company, and is subject to the terms and provisions thereof. By acceptance hereof the Grantee acknowledges receipt of a copy of the Plan. All questions of interpretation and application of the Plan and this Option shall be determined by the Company, and such determination shall be final, binding and conclusive.

15. No Rights to Employment or Future Awards. The grant of this Option does not entitle Grantee to any other benefit or to future awards or rights under the Plan. The grant does not form an employment contract or relationship with the Company or any of its affiliates. The Option does not create a right to further employment nor interfere with the Company and its affiliate's right to terminate the employment relationship at any time for any reason whatsoever, with or without cause, which rights to terminate are hereby expressly reserved (except to the extent that right is otherwise limited by law).

16. Data Privacy Waiver.

(a) Grantee hereby agrees that the Company and its affiliates are permitted to collect, store, hold, process, and transfer personal (and sensitive) information and data relating to the Grantee as part of its personnel and other business records and may use such information in the course of its business. Such information and data may include, but is not limited to, personal data, employment information, and financial information. The Company and its affiliates may use such data for compensation and benefit planning, to administer the Plan and other benefits plans, and otherwise in the course of its business.

(b) Grantee hereby agrees that the Company and its affiliates may disclose or transfer such personal data or information to third parties, including parties situated outside the

country in which Grantee works or reside, even if the recipient country has different data privacy laws than those in the country where Grantee works or resides.

(c) This Section 16 applies to information and data held, used or disclosed in any medium.

17. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

18. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflicts of laws or principles.

19. Counterparts and Additional Terms. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures to this Agreement may be provided in electronic format in accordance with the Company's programs and policies permitting electronic delivery of signatures. The Option shall be subject to such additional terms and rights of Grantee regarding the Option as set forth in any executive agreement, severance agreement or change in control agreement between Grantee and the Company.

20. Amendment. This Agreement may not be amended in a material adverse way to Grantee except by an instrument in writing signed by the Grantee and the Company.

21. Notification of Disposition. If this Option is designated as an Incentive Stock Option, the Grantee shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired under this Agreement if such disposition or transfer is made (a) within two years from the Grant Date or (b) within one year after the transfer of such shares to the Grantee. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Grantee in such disposition or other transfer.

22. Conformity to Securities Laws. Grantee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and all applicable state and foreign securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

23. Certain Definitions. The following term will have the following definition for this Agreement.

(a) Change of Control shall mean the occurrence of any of the following:

(i) a transaction or series of transactions whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition, other than:

(a) an acquisition by an employee benefit plan or any trustee holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company; or

(b) an acquisition by the Company or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company; or

(c) an acquisition pursuant to the offering of shares of Common Stock by the Company to the general public through a registration statement filed with the Securities and Exchange Commission; or

(d) an acquisition of voting securities pursuant to a transaction described in clause (iii) below that would not be a Change of Control under clause (iii).

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be members of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office was a result of an actual or threatened election contest with respect to the election or removal of directors; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(a) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Successor Entity) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction; or

(b) after which more than 50% of the members of the board of directors of the Successor Entity were members of the Incumbent Board at the time of the Board's approval of the transaction or the agreement providing for the transaction.

(iv) The Company's stockholders approve a liquidation or dissolution of the Company.

For purposes of subsection (i) above, the calculation of voting power shall be made as if the date of the acquisition were a record date for a vote of the Company's stockholders, and for purposes of subsection (iii) above, the calculation of voting power shall be made as if the date of the consummation of the transaction or at the consummation of the last of a series of related transactions were a record date for a vote of the Company's stockholders. For purposes of subsection (iii) Successor Entity means the Company or the "person" that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company.

IN WITNESS WHEREOF, the parties hereunto agree to the terms and conditions set forth above and in the Summary.

RESMED INC.

GRANTEE

/s/ Peter C. Farrell

Peter C. Farrell
Chief Executive Officer

[ELECTRONIC SIGNATURE]

(Acceptance designated electronically at the
option plan administrator's Web site)

RESMED INC.

TERMS OF STOCK OPTION

Name of Participant: [Participant Name]
Date of Grant: [Grant Date]
Grant Price: [Grant Price]
Options Granted: [Number of Shares Granted]

This document sets forth the terms of a Stock Option (the "Option") granted by ResMed Inc., a Delaware corporation (the "Company"), pursuant to a Summary of Stock Option Grant ("Summary") displayed at the Web site of the Company's option plan administrator. The Summary, which specifies the person to whom the Option is granted ("Grantee") and other specific details of the grant, and the electronic acceptance of the Summary at the Web site of the Company's option plan administrator are incorporated herein by reference.

A. Grantee is a non-employee director of the Company or a Subsidiary of the Company.

B. In consideration of services to be performed, Company desires to afford Grantee an opportunity to purchase shares of its Common Stock in accordance with the ResMed Inc. 2009 Incentive Award Plan, as the same may be amended or restated from time to time (the "Plan"), as hereinafter provided.

C. Any capitalized terms not otherwise defined herein shall have the meaning accorded them under the Plan or in the Summary, as applicable.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. Grant of Option. Company hereby irrevocably grants to Grantee the right and option (the "Option") to purchase all or any part of the aggregate number of shares of the Common Stock of Company specified in the Summary (the "Option Shares") at the Option Price specified in the Summary (the "Option Price"), during the period and subject to the conditions set forth in this agreement and in the Summary.

2. Option Period. The Option Period begins on the Grant Date specified in the Summary and ends on the Expiration Date specified in the Summary, subject to earlier termination of the Option Period in accordance with Section 6 hereof. Any vested portion of the Option shall be exercised in accordance with the provisions of Sections 3, 4, 5 and 6 hereof during the Option Period. All rights to exercise the Option, and the Option Period, shall terminate on the Expiration Date or such earlier date specified in Section 6 hereof.

3. Option Vesting. The Option shall become vested in full on the earlier of (i) the first November 11 following the Grant Date, or (ii) the date of the first (1st) annual meeting of stockholders of the Company following the Grant Date. Option vesting shall cease and the Option shall be forfeited as of the Grantee's Termination of Directorship. Notwithstanding the foregoing, in the event of a Change in Control and the Grantee does not continue as a director of the successor entity to such Change in Control, the Option shall be and become fully vested and exercisable as of the effective date of such Change in Control. Notwithstanding the foregoing, if the Grantee dies while a non-employee director of the Company the unvested stock options shall become fully vested and nonforfeitable as of the date of such Grantee's death.

4. Option Holding/No Exercise Period. No portion of the vested Option may be exercised until after the earlier of (i) November 11th of the third year following the Grant Date, or (ii) six months following the Grantee's Termination of Directorship.

4A. Automatic Exercise of Option. Notwithstanding anything in this Agreement to the contrary, in the event the Option has not been exercised on or before the Expiration Date of the Option, and the Fair Market Value of the Company's Common Stock on the Expiration Date of the Option exceeds its Option Price per share by 1% or more, as determined by the Company (or its agent), the vested portion of the Option shall be exercised automatically on the Expiration Date. The Option Price shall be paid through shares of Common Stock issuable upon exercise of the Option having a Fair Market Value at the close of the stock market on the date of exercise. The Company will thus issue Grantee shares of Common Stock upon such automatic exercise in an amount equal to the number of vested options exercised, less the deemed number of shares used to pay the aggregate Option Price (based on the Fair Market Value of the Common Stock at the close of the market on the date of exercise). This Section 4A shall apply regardless of whether the Option is a Non-Qualified Stock Option or Incentive Stock Option.

5. Manner of Exercise. Exercise of the Option shall be by written notice as directed by the Company, details of which will be provided to you. The notice shall be accompanied by payment in full in cash, check, or a combination thereof, in the aggregate amount of the Option Price specified in the Summary multiplied by the number of shares to be purchased by Grantee through such exercise, plus payment of all applicable withholding taxes. In addition, the Option Price and associated tax withholding obligations may be paid through the delivery of a notice that the Grantee has placed a market sell order with a broker with respect to the shares of Common Stock then issuable upon exercise of the Option, and the broker timely pays a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price and tax withholding obligations.

6. Rights in Event of Termination of Directorship .

(a) In the event of Grantee's Termination of Directorship for any reason, and after giving effect, to the extent applicable, to Section 3 regarding Option acceleration and Section 4 regarding the Option Holding/No Exercise Period, the then vested, unexercised and unexpired portion, if any, of Grantee's Option as of the date of Termination of Directorship may be exercised at any time until the earlier of (i) the third anniversary of such Termination of Directorship, or (ii) the Expiration Date specified in the Summary. After this date, the Option shall be automatically cancelled and the Option Period shall terminate.

(b) Termination of Directorship shall mean the time when the Grantee who is a Non-Employee Director ceases to be a member of the Board of Directors of the Company or a Subsidiary for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement. The Administrator, in its discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Non-Employee Directors.

7. Transferability of Option.

(a) Subject to subsection 7(b), the Option is not transferable by Grantee other than by will or by the laws of descent and distribution in the event of the Grantee's death, in which event the Option may be exercised by the heirs or legal representatives of the Grantee as provided in Section 6 hereof. The Option may be exercised during the lifetime of the Grantee only by the Grantee. Any attempt at assignment, transfer, pledge or disposition of the Option contrary to the provisions hereof or the levy of any execution, attachment or similar process upon the Option shall be null and void and without effect. Any exercise of the Option by a person other than the Grantee shall be accompanied by appropriate proofs of the right of such person to exercise the Option.

(b) Notwithstanding the foregoing provisions of subsection 7(a), the Administrator, in its sole discretion, may permit the transfer of a non-qualified option held by the Grantee (i) pursuant to a DRO, or (ii) by gift or contribution to a Permitted Transferee. Any Option that has been so transferred shall continue to be subject to all of the terms and conditions as applicable to the original Grantee, and the transferee shall execute any and all such documents requested by the Administrator in connection with the transfer, including without limitation to evidence the

transfer and to satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws.

8. Changes in Capital Structure.

(a) The number of Option Shares covered by this Option and the Option Price shall be equitably adjusted in the event (the "Event") of (i) the payment of any dividend or the making of any distribution of Common Stock to holders of record of Common Stock, (ii) any stock split, combination of shares, recapitalization or other similar change; (iii) the merger or consolidation of the Company into or with any other corporation; or (iv) the reorganization, dissolution, liquidation or winding up of the Company, and the Grantee shall be entitled to receive such new, additional or other shares of stock of any class, or other property (including cash), as Grantee would have been entitled to receive as a matter of law in connection with such Event had Grantee held the Option Shares on the record date set for such Event. In addition, upon such change, the Option Price of the Option Shares or other securities subject to any unexercised portions of this Option shall be adjusted proportionately so that Grantee shall have the right to purchase the number of Option Shares (as adjusted) under this Option at an Option Price (as adjusted) which Grantee could purchase for the total purchase price applicable to the unexercised portion of this Option immediately prior to such Event had Grantee held the Option Shares on the record date set for such Event. Any fractional shares resulting from such calculation shall be eliminated. The Administrator shall have the authority to determine the adjustments to be made under this Section 9 and any such determination shall be final, binding and conclusive.

(b) Notwithstanding the provision of this Agreement, in the event of a Change in Control, the Option shall be assumed or an equivalent option substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Administrator may cause any or all of such Option to become fully exercisable prior to the consummation of such transaction and the Administrator shall notify the Optionee of such acceleration and the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period.

9. Legal Requirements.

(a) If the listing, registration or qualification of the Option Shares upon any securities exchange or under any federal or state law, or the consent or approval of any governmental regulatory body is necessary or advisable as a condition of or in connection with the purchase of the Option Shares, the Company shall not be obligated to issue or deliver the certificates representing the Option Shares as to which the Option has been exercised unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained and is in effect. This Option does not hereby impose on the Company a duty to so list, register, qualify, maintain or effect or obtain consent or approval.

(b) The shares of stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares or issued shares, which have then been reacquired by the Company. Such shares shall be fully paid and nonassessable.

(c) The Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Option Shares purchasable upon the exercise of any part of the Option unless and until such shares of Common Stock shall have been issued by the Company to the Grantee, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, or by the issuance of a stock certificate in Grantee's name.

10. No Obligation to Exercise Option. The Grantee shall be under no obligation to exercise the Option.

11. Fractional Option Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon the exercise of this Option, but the Company shall issue one additional share of its Common Stock in lieu of each fraction of a share otherwise called for upon any exercise of this Option.

12. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed to be properly given when personally delivered to the party entitled to receive the notice or when sent by certified or registered mail, postage prepaid, properly addressed to the party entitled to receive such notice at the address stated below:

If to Company: ResMed Inc.
9001 Spectrum Center Blvd.
San Diego, CA 92123
USA
Attn: David Pendarvis, Corporate Secretary

If to Grantee: Address of Grantee on file with ResMed Inc. or its subsidiary

13. Administration. This Option has been granted pursuant to the Plan adopted by the Board of Directors of the Company and approved by the stockholders of the Company, and is subject to the terms and provisions thereof. By acceptance hereof the Grantee acknowledges receipt of a copy of the Plan. All questions of interpretation and application of the Plan and this Option shall be determined by the Company, and such determination shall be final, binding and conclusive.

14. Data Privacy Waiver.

(a) Grantee hereby agrees to that the Company and its affiliates are permitted to collect, store, hold, process, and transfer personal (and sensitive) information and data relating to the Grantee as part of its personnel and other business records and may use such information in the course of its business. Such information and data may include, but is not limited to, personal data, service information, and financial information. The Company and its affiliates may use such data for compensation and benefit planning, to administer the Plan and other benefits plans, and otherwise in the course of its business.

(b) Grantee hereby agrees that the Company and its affiliates may disclose or transfer such personal data or information to third parties, including parties situated outside the country in which Grantee works or reside, even if the recipient country has different data privacy laws than those in the country where Grantee works or resides.

(c) This Section 14 applies to information and data held, used or disclosed in any medium.

15. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

16. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware without regard to conflicts of laws or principles.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures to this Agreement may be provided in electronic format in accordance with the Company's programs and policies permitting electronic delivery of signatures.

18. Amendment. This Agreement may not be amended in a material adverse way to Grantee except by an instrument in writing signed by the Grantee and the Company.

19. Conformity to Securities Laws. Grantee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and all applicable state and foreign securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

RESMED INC. AND SUBSIDIARIES
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter C. Farrell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ResMed Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 1, 2011

/s/ PETER C. FARRELL

Peter C. Farrell

Chairman, chief executive officer and president
(Principal Executive Officer)

RESMED INC. AND SUBSIDIARIES
CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brett A. Sandercock, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ResMed Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 1, 2011

/s/ BRETT A. SANDERCOCK

Brett A. Sandercock
Chief financial officer
(Principal Financial Officer)

RESMED INC. AND SUBSIDIARIES
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ResMed Inc., a Delaware corporation (the "Company"), hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 1, 2011

/s/ PETER C. FARRELL

Peter C. Farrell
Chairman, chief executive officer and president
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to ResMed Inc. and will be retained by ResMed Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor will this certification be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

RESMED INC. AND SUBSIDIARIES
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ResMed Inc., a Delaware corporation (the "Company"), hereby certifies, to his knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 1, 2011

/s/ BRETT A. SANDERCOCK

Brett A. Sandercock
Chief financial officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to ResMed Inc. and will be retained by ResMed Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor will this certification be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.