

RESMED INC
Form PRE 14A
October 12, 2005

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

ResMed Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of ResMed Inc, at 10:00 a.m. local time, on Friday, November 18, 2005 (Thursday, November 17 in the US), in the offices of the Australian Stock Exchange located at 20 Bridge Street, Sydney NSW 2000, Australia.

Information about the business of the meeting, the nominees for election as directors and other proposals is set forth in the Notice of Meeting and the Proxy Statement, which are attached. This year you are asked to elect three directors of the Company, to amend the Certificate of Incorporation to double the number of authorized shares of the Company's Common Stock from 100,000,000 to 200,000,000 shares and to ratify the selection of our independent auditors for fiscal year 2006.

Very truly yours,

Peter C. Farrell
Chairman and Chief Executive Officer

RESMED INC

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOVEMBER 18, 2005

The 2005 Annual Meeting of Shareholders of ResMed Inc will be held in the offices of the Australian Stock Exchange, located at 20 Bridge Street, Sydney, NSW 2000, Australia, on November 18, 2005, at 10:00 a.m. local time for the following purposes:

1. To elect three directors, each to serve for a three-year term;
2. To amend the Certificate of Incorporation to double the number of authorized shares of the company's Common Stock from 100,000,000 to 200,000,000 shares;
3. To ratify the selection of KPMG LLP as our independent auditors to examine our consolidated financial statements for the fiscal year ending June 30, 2006; and
4. To transact such other business as may properly come before the meeting.

Please refer to the accompanying proxy statement for a more complete description of the matters to be considered at the meeting. Only shareholders of record at the close of business on September 22, 2005, will be entitled to notice of, and to vote at, the 2005 Annual Meeting and any adjournment thereof.

Only persons with proof of share ownership will be admitted to the Annual Meeting. If you are a shareholder of record, you will need to bring an admission ticket or proof of share ownership with you to the Annual Meeting, together with photo identification. If you are a shareholder of record, your admission ticket is attached to your proxy card. If your shares are not registered in your name, you must bring proof of share ownership (such as a recent bank or brokerage firm account statement, together with proper identification) in order to be admitted to the Annual Meeting.

It is important that your shares be represented at the annual meeting. Even if you plan to attend the annual meeting in person, please sign, date and return your proxy form in the enclosed envelope as promptly as possible. This will not prevent you from voting your shares in person if you attend, but will make sure that your shares are represented in the event that you cannot attend.

Please sign, date and return the enclosed proxy promptly in the envelope provided, which requires no United States postage.

By Order of the Board of Directors,

David Pendarvis

Secretary

Dated: October 24, 2005

RESMED INC

PROXY STATEMENT

Annual Meeting of Shareholders to be held November 18, 2005

General

The enclosed proxy is solicited on behalf of the board of directors of ResMed Inc for use at the 2005 Annual Meeting of Shareholders. The Annual Meeting will be held at 10:00 a.m. local time on Friday, November 18, 2005, in the offices of the Australian Stock Exchange, located at 20 Bridge Street, Sydney NSW 2000, Australia. This proxy will be used at the Annual Meeting and at any and all adjournments and postponements thereof for the following purposes:

1. To elect three directors, each to serve for a three-year term;
2. To amend the Certificate of Incorporation to double the number of authorized shares of the company's Common Stock from 100,000,000 to 200,000,000 shares;
3. To ratify the selection of KPMG LLP as our independent auditors to examine our consolidated financial statements for the fiscal year ending June 30, 2006; and
4. To transact such other business as may properly come before the meeting.

If you are a shareholder of record your proxy may be revoked at any time before its exercise by giving written notice of revocation to our Secretary at our principal executive offices located at 14040 Danielson Street, Poway, CA 92064, USA. You may also revoke your proxy and change your vote by voting in person at the meeting. Please note that your attendance at the meeting will not constitute a revocation of your proxy unless you actually vote at the meeting.

Holders of our CHESSE Units of Foreign Securities (CUFS) vote by directing the CHESSE nominee how to vote the shares of our common stock underlying their CUFS holdings using the form of proxy provided to them by the CHESSE nominee. If you hold your shares in street name you must use the legal proxy sent by your broker in order to vote at the meeting. Holding shares in street name means your ResMed shares are held in an account at a brokerage firm or bank or other nominee holder and the stock certificates and record ownership are not in your name. We encourage you to provide instructions to your brokerage firm or the CHESSE nominee, as applicable, by completing the proxy that it sends to you. This will ensure that your shares are voted at the meeting. If your shares are held in the name of a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your bank, broker or other record holder. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the meeting, your vote in person at the meeting will not be effective unless you present a legal proxy, issued in your name from the record holder, your broker.

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The shares represented by proxies (in the form solicited by the board of directors) received by us before or at the meeting will be voted at the meeting. If a choice is specified on the proxy with respect to a matter to be voted upon, the shares represented by the proxy will be voted in accordance with that specification. If no choice is specified, the shares will be voted as stated below in this proxy statement.

We expect to first mail this proxy statement and the accompanying form of proxy to our shareholders on or about October 24, 2005. Our Annual Report to Shareholders for fiscal year 2005 is enclosed with this proxy statement along with a copy of our Annual Report to the Securities and Exchange Commission on Form 10-K, but those reports do not form a part of the proxy soliciting material. The cost of soliciting proxies will be borne by us. Following the original mailing of the proxy soliciting material, further solicitation of proxies may be made by mail, telephone, facsimile, electronic mail, and personal interview by our regular employees, who will not receive additional compensation for such solicitation. We will also request that brokerage firms and other nominees or fiduciaries forward copies of the proxy soliciting material, Form 10-K and the 2005 Annual Report to beneficial owners of the stock held in their names, and we will reimburse them for reasonable out-of-pocket expenses incurred in doing so.

Voting Securities and Voting Rights

Only recordholders of our common stock as of the close of business on September 22, 2005 (the record date) are entitled to receive notice of and to vote at the meeting. At the record date we had 72,974,700 outstanding shares of common stock (after giving effect to the two-for-one stock split effective as of September 15, 2005), the holders of which

are entitled to one vote per share. Accordingly, an aggregate of 72,974,700 votes may be cast on each matter to be considered at the meeting.

To constitute a quorum for the conduct of business at the meeting, a majority of the outstanding shares entitled to vote at the meeting must be represented at the meeting. Shares represented by proxies that reflect abstentions or broker non-votes (street name shares held by a broker or nominee which are represented at the meeting, but with respect to which the broker or nominee is not empowered to vote on a particular proposal) will be counted as shares represented at the meeting for purposes of determining a quorum.

Common Stock Ownership of Principal Shareholders and Management

The following table shows the number of shares of common stock that, according to information supplied to us, are beneficially owned as of the record date by: (1) each person who, to our knowledge based on Schedules 13G filed with the Securities and Exchange Commission and Substantial Shareholder Notices filed with the Australian Stock Exchange, is the beneficial owner of more than five percent of our outstanding common stock; (2) each person who is currently a director, three of whom are also nominees for election as directors; (3) each of the Named Officers as defined on page 4, and (4) all current directors and executive officers as a group. As used in this proxy statement, beneficial ownership means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (that is, the power to dispose of, or to direct the disposition of, a security). A person is deemed, as of any date, to have beneficial ownership of any security that the person has the right to acquire within 60 days after that date. All of the following numbers are based on 72,974,700 outstanding shares of common stock on the record date and give effect to the two-for-one stock split effective September 15, 2005.

Name of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership ⁽²⁾	Percent of Outstanding Common Stock
Fidelity Management & Research		
82 Devonshire Street		
Boston, MA 02109	5,539,250 ⁽³⁾	7.6
William Blair & Company LLC	4,578,882 ⁽⁴⁾	6.3
222 West Adams Street		
Chicago, IL 60606		
Peter C. Farrell	1,547,692 ⁽⁵⁾	2.1
Christopher G. Roberts	572,000 ⁽⁶⁾	0.8
Gary W. Pace	379,332 ⁽⁷⁾	0.5
Michael A. Quinn	297,000 ⁽⁸⁾	0.4
Donagh McCarthy	184,000 ⁽⁹⁾	0.2
Kieran Gallahue	145,005 ⁽¹⁰⁾	0.2
Adrian Smith	80,668 ⁽¹¹⁾	0.1
David Pendarvis	38,091 ⁽¹²⁾	0.0
Keith Serzen	37,320 ⁽¹³⁾	0.0
Paul Eisen	4,000 ⁽¹⁴⁾	0.0
Ronald Taylor	1,000	0.0
Richard Sulpizio	0	0.0
John Wareham	0	0.0
<hr/>		
All current executive officers and directors as a group (13 persons)	3,286,979 ⁽¹⁵⁾	4.4

⁽¹⁾ The address of the directors and officers listed in this table is 14040 Danielson Street, Poway, California, 92064-6857.

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- (2) Beneficial ownership is stated as of September 22, 2005, and includes shares subject to options exercisable within 60 days after September 22, 2005. Shares subject to options are deemed beneficially owned by the person holding the options for the purpose of computing the percentage of ownership of that person but are not treated as outstanding for the purpose of computing the percentage of any other person.
- (3) Based on information provided in a Schedule 13F Fidelity Management & Research filed with the Securities & Exchange Commission, Fidelity Management & Research has shared dispositive power and shared voting power and beneficial ownership over these shares.
- (4) Based on information provided in a Schedule 13F William Blair & Company filed with the Securities & Exchange Commission, William Blair & Company has shared dispositive power and shared voting power and beneficial ownership over these shares.

- (5) Includes 360,120 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (6) Includes 11,600 shares held by his wife, 414,400 shares held of record by Cabbit Pty Ltd and 68,000 shares held by Acemed Pty Ltd, two Australian corporations controlled by Dr. Roberts and his wife. Includes 78,000 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (7) Includes 95,000 shares that are indirectly held in a variable forward sales contract with Credit Suisse First Boston and 122,666 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (8) Includes 147,400 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (9) Includes 160,000 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (10) Includes 143,334 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (11) Comprised of options exercisable within 60 days after September 22, 2005.
- (12) Includes 34,000 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (13) Includes 35,456 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.
- (14) Comprised of options exercisable within 60 days after September 22, 2005.
- (15) Includes 990,910 shares of common stock that may be acquired on the exercise of options exercisable within 60 days after September 22, 2005.

Executive Officers

Our executive officers, as of September 22, 2005, were:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Peter C. Farrell	63	Chief Executive Officer and Chairman of the Board of Directors
Kieran T. Gallahue	42	President, ResMed Global
Adrian M. Smith	41	Chief Financial Officer; Sr. Vice President, Finance; and Chief Operating Officer, Europe
David Pendarvis	46	Global General Counsel; Sr. Vice President, Organizational Development; and Corporate Secretary
Paul Eisen	46	Sr. Vice President, Asia Pacific

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Keith Serzen

52 Chief Operating Officer, Americas

For a description of the business background of Dr. Farrell, see Matters to be Acted on/Election of Directors.

Kieran T. Gallahue has been President, ResMed Global, since September 7, 2004. Before that, and beginning in January 2003, Mr. Gallahue was President and Chief Operating Officer of the Americas. Before joining ResMed, Mr. Gallahue served as President of Nanogen, Inc., a San Diego-based DNA research and medical diagnostics company. Mr. Gallahue also held the roles of Chief Financial Officer and Vice President of Strategic Marketing for Nanogen. From 1995 to 1997 he served as Vice President of the Critical Care Business Unit for Instrumentation Laboratory, or IL, where he was responsible for worldwide strategic sales and marketing, and research and development efforts for this business unit. From 1992 to 1995 he held a variety of sales and marketing positions within IL. In addition, Mr. Gallahue held various marketing and financial positions within Procter & Gamble and the General Electric Company. Mr. Gallahue holds a B.A. from Rutgers University and an M.B.A. from Harvard Business School.

Adrian Smith has been Sr. Vice President, Finance and Chief Financial Officer since November 24, 2003 and Chief Operating Officer of Europe since January 1, 2005. Before that, and beginning in February 1995, Mr. Smith was Vice President and Chief Financial Officer. From January 1986 through January 1995, Mr. Smith was employed by Price Waterhouse, specializing in the auditing of listed public companies in the medical and scientific field. Mr. Smith holds a B.Ec. from Macquarie University and is a Certified Chartered Accountant.

David Pendarvis has been Sr. Vice President, Organizational Development since February 2005. Before that, and beginning in September 2002, Mr. Pendarvis was Vice President, Global General Counsel and Corporate Secretary from February 2003. From September 2000 until September 2002, Mr. Pendarvis was a partner in the law firm of Gray Cary Ware & Freidenrich LLP where he specialized in intellectual property and general business litigation. Until September 2000 he was a partner with Gibson, Dunn & Crutcher LLP, where he began working in 1986. From 1984 until 1986 he was a law clerk to the Hon. J. Lawrence Irving, U.S. District Judge, Southern District of California. Mr. Pendarvis holds a B.A. from Rice University, and a J.D., *cum laude*, from the University of Texas School of Law.

Paul Eisen has been Sr. Vice President, Asia Pacific since January 1, 2005. Before that, and beginning in 2002, Mr. Eisen was Vice President, Asia Pacific. Before joining ResMed, Mr. Eisen was a senior executive at General Electric Medical Systems responsible for the Medical Systems Division in Australia and New Zealand, with Asia-wide responsibilities. Mr. Eisen has also held senior sales and marketing positions in the healthcare industry covering segments including high value capital imaging and pathology equipment. Mr. Eisen also had extensive experience at Roche Diagnostics in the diabetes patient care and consumer market. Mr. Eisen holds a degree in Diagnostic Radiography from Sydney Technical Institute and a postgraduate diploma in Marketing from the University of Technology, Sydney.

Keith M. Serzen, has been Chief Operating Officer, Americas, since January 1, 2005. Before that, and beginning in September September 2003, Mr. Serzen was Sr. Vice President, Sales, Marketing and Clinical Education. Prior to ResMed, Mr. Serzen served as Chief Executive Officer for Theracardia, Inc., a start-up medical device company and as President/CEO of Acculight, Inc., a laser oriented research and development company. From 1995 to 1998 he was Vice-President Marketing & Sales for Heartstream, Inc., a manufacturer of automatic external defibrillators, where he was responsible for developing, implementing and directing the worldwide marketing and sales strategy. From 1983 to 1995, Mr. Serzen held several positions at Nellcor, Inc. including Division Vice-President/General Manager, Vice-President of Sales, Director of Sales/North America, and National Sales Manager. In addition, Mr. Serzen held various sales positions with the American Hospital Supply Corporation. He holds a B.S. in Marketing from the University of Illinois.

Executive Compensation

The following table sets forth certain information regarding the annual and long-term compensation paid for services rendered to us in all capacities for the fiscal years ended June 30, 2005, 2004 and 2003 of those persons who were at June 30, 2005 (1) the chief executive officer, (2) one of the four other most highly compensated executive officers whose annual salary and bonuses exceeded \$100,000 or (3) any other executive officer who would have qualified under sections (1) or (2) of this paragraph but for the fact that the individual was not serving as an executive officer at the end of the 2005 fiscal year (collectively, the Named Officers).

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation	All Other Compensation ⁽¹⁾
		Salary	Bonus	Awards	
				Securities Underlying Options ⁽³⁾	
Peter C. Farrell, Chief Executive Officer	2005	\$ 473,750	\$ 306,715	120,000	\$ 7,026
	2004	413,125	273,534	120,000	7,501
	2003	392,375	244,935	120,000	8,272
Kieran Gallahue ⁽²⁾ , President, ResMed Global	2005	345,000	139,052	112,000	876
	2004	300,000	155,726	0	1,039
	2003	137,500	29,877	300,000	454
David Pendarvis, Sr. Vice President, General Counsel and Corporate Secretary	2005	252,500	136,835	40,000	7,026
	2004	216,500	123,358	12,000	6,897
	2003	166,667	151,675	15,000	140
Adrian Smith, Chief Financial Officer, Sr. Vice President, Finance and	2005	250,312	162,151	40,000	24,105
	2004	209,884	154,864	20,000	21,147

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COO, Europe	2003	161,425	98,477	20,000	14,800
Keith Serzen, ⁽²⁾ Chief Operating Officer, Americas	2005	249,999	128,274	72,000	6,938

(1) For fiscal year 2005, includes term life insurance premiums paid on behalf of: Peter Farrell (\$876); Kieran Gallahue (\$876); David Pendarvis (876); Adrian Smith (\$1,577); Keith Serzen (\$788);. The remainder represents ResMed s contributions to defined contribution plans.

(2) Mr. Serzen first became an executive officer in 2005. Mr. Gallahue joined ResMed in January 2003. This table does not include compensation during the periods they were not executive officers.

(3) The amount of securities underlying options reflect our two-for-one stock split effective September 15, 2005.

Stock Options

The following table sets forth certain information with respect to option grants made during the fiscal year ended June 30, 2005 to the Named Officers.

Option Grants in Last Fiscal Year

Name	Number of Securities Underlying Options Granted ⁽¹⁾⁽³⁾	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh) ⁽³⁾	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Share Price Appreciation for Option Term (\$) ⁽²⁾	
					5%	10%
Peter C. Farrell	120,000	5.1%	\$ 24.935	Jan. 20, 2015	\$ 1,649,684	\$ 4,063,251
Kieran Gallahue	100,000	4.2	23.885	Sept. 1, 2014	1,316,847	3,243,458
Kieran Gallahue	12,000	0.5	24.935	Jan. 20, 2015	164,968	406,325
David Pendarvis	40,000	1.7	24.935	Jan. 20, 2015	549,895	1,354,417
Adrian Smith	40,000	1.7	24.935	Jan. 20, 2015	549,895	1,354,417
Keith Serzen	60,000	2.5	25.55	Jan. 3, 2015	845,186	2,081,734
Keith Serzen	12,000	0.5	24.935	Jan. 20, 2015	164,968	406,325

⁽¹⁾ Represents options granted under our 1997 Equity Participation Plan, which are exercisable 33% per year on the anniversary date of grant starting on the first anniversary of the grant date. Under the 1997 Plan, this exercise schedule may be accelerated in certain specific situations. In addition, we have the right to require the surrender of outstanding options on the grant of lower priced options to the same individual.

⁽²⁾ Assumed annual rates of share appreciation for illustrative purposes only. Actual share prices and realizable value will vary from time to time based on market factors and our financial performance. No assurance can be given that such rates will be achieved.

⁽³⁾ Number of securities underlying options and option exercise price reflect our two-for-one stock split effective September 15, 2005.

The following table sets forth information concerning the stock option exercises by our Named Officers during the fiscal year ended June 30, 2005 and the unexercised stock options held at June 30, 2005, by the Named Officers.

Aggregate Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY-End ⁽²⁾		Value of Unexercised In-the-Money Options at FY-End (\$) ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable

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Peter C. Farrell	134,400	\$ 2,177,203	360,120	240,000	\$ 5,591,851	\$ 2,758,600
Kieran Gallahue	20,000	229,766	126,668	265,332	2,154,589	3,615,931
David Pendarvis	0	0	44,000	68,000	718,500	755,150
Adrian Smith	56,000	974,688	74,002	59,998	1,080,143	620,937
Keith Serzen	0	0	23,336	118,664	266,481	1,076,289

- (1) Represents the amount by which the closing sales price of our common stock on the New York Stock Exchange on June 30, 2005 (\$65.99 per share), multiplied by the number of shares to which the in-the-money options apply, exceeded the exercise price of those options.
- (2) Number of shares acquired upon exercise and number of securities underlying unexercised options reflects our two-for-one stock split effective September 15, 2005.

Equity Compensation Plan Information

The following table summarizes outstanding stock option plan balances as at June 30, 2005:

Plan Category	Number of securities to be issued on exercise of outstanding options⁽¹⁾	Weighted average exercise price of outstanding options⁽¹⁾	Number of securities remaining available for future issuance under equity compensation plans⁽¹⁾
1997 Equity participation plan approved by security holders	8,301,408	\$ 19.35	2,655,518 ⁽²⁾
Employee stock purchase plan approved by security holders	NA	NA	6,366,534
Equity compensation plans not approved by security holders	0	0	0
