

Notice of Annual Shareholders' Meeting 2011

Fisher & Paykel Healthcare
Corporation Limited

Notice is hereby given that the Annual Shareholders' Meeting will be held at the Guineas Ballroom, Ellerslie Convention Centre, Auckland, New Zealand on Friday, 19 August 2011 commencing at 3:00pm.

ORDINARY BUSINESS

1. Financial Statements

To receive and consider the financial statements and the auditors' report for the year ended 31 March 2011 as contained in the Company's annual report 2011.

2. Election of Directors

(a) In accordance with the Company's constitution, Gary Paykel retires by rotation and, being eligible, offers himself for re-election.

(See Explanatory Note 1)

(b) In accordance with the Company's constitution, Lindsay Gillanders retires by rotation and, being eligible, offers himself for re-election.

(See Explanatory Note 1)

(c) In accordance with the Company's constitution, Tony Carter retires and, being eligible, offers himself for election.

(See Explanatory Note 2)

3. Authorise the Directors to fix fees and expenses of auditor

To authorise the Directors to fix the fees and expenses of PricewaterhouseCoopers as the Company's auditor.

SPECIAL BUSINESS

4. Fisher & Paykel Healthcare 2003 Share Option Plan – Issue of Options to the Managing Director and Chief Executive Officer

To consider and, if thought fit, to pass the following ordinary resolution:

“That shareholders approve the issue of up to 200,000 options under the Fisher & Paykel Healthcare 2003 Share Option Plan to Mr Michael Daniell, Managing Director and Chief Executive Officer of the Company.”

(See Explanatory Note 3)

PROCEDURAL NOTES

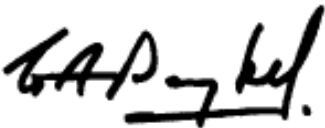
- (i) The persons who will be entitled to vote on the resolutions at the Annual Shareholders' Meeting are those persons who will be the shareholders of the Company at 3:00pm on Wednesday, 17 August 2011.
- (ii) A shareholder may exercise the right to vote at the Annual Shareholders' Meeting either by being present in person or by proxy. A body corporate which is a shareholder may appoint a representative to attend the Annual Shareholders' Meeting on its behalf in the same manner as that in which it could appoint a proxy.
- (iii) A proxy need not be a shareholder of the Company. A shareholder who wishes to do so may appoint the Chairman of the Meeting to act as proxy.
- (iv) A proxy form is enclosed and, if used, must be lodged at the office of the share registrar, Computershare Investor Services Limited, either by mail to Private Bag 92119, Auckland 1142, New Zealand or by delivery to Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand not less than 48 hours before the time of the holding of the meeting (i.e. before 3:00pm on Wednesday, 17 August 2011).

- (v) The Company will disregard any votes cast on the resolution set out in Agenda Item 4 by Michael Daniell and any of his associates (as defined in the Australian Corporations Act 2001).
- (vi) The Company need not disregard a vote cast on Agenda Item 4 if:
 - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (vii) The matters set out in Agenda Items 2, 3 and 4 must be passed by an ordinary resolution of shareholders, i.e., by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.
- (viii) This Notice of Meeting has been approved by NZX Limited (NZX) in accordance with NZSX Listing Rule 6.1.1. ASX Limited (ASX) has notified the Company that it has “no-objection” to this Notice of Meeting in accordance with ASX Listing Rules 15.1.4 and 15.1.7.

EXPLANATORY NOTES

Explanatory notes in respect of the resolutions are set out on the following pages.

By Order of the Board of Directors



Gary Paykel
Chairman
28 June 2011

EXPLANATORY NOTES

Explanatory Note 1 – Re-election of Directors

Under Listing Rule 3.3.11 of the NZSX Listing Rules, and in accordance with the Company's constitution, one third of the Company's Directors must retire by rotation at the Annual Shareholders' Meeting. If the Directors are eligible, they may offer themselves for re-election by shareholders at the meeting. In this case, Gary Paykel and Lindsay Gillanders retire and, being eligible, offer themselves for re-election by shareholders at the Annual Shareholders' Meeting.

Gary Paykel and Lindsay Gillanders are non-executive Directors and are considered by the Board to be Independent Directors, as that capacity is described in the NZSX Listing Rules. Brief biographies outlining the qualifications, history and experience of Gary Paykel and Lindsay Gillanders as Directors are set out below. At the Annual Shareholders' Meeting a resolution to re-elect each of Gary Paykel and Lindsay Gillanders will be put to shareholders.

The Board recommends that shareholders vote in favour of the re-election of each of Gary Paykel and Lindsay Gillanders. Each of Gary Paykel and Lindsay Gillanders abstained from any consideration by the Board on their re-election.

Gary Paykel

Gary Paykel, 69, became Chairman upon completion of the reorganisation in November 2001. Mr Paykel has served as a Director of Fisher & Paykel Healthcare Corporation Limited (previously known as Fisher & Paykel Industries Limited) since August 1979. Mr Paykel served as Chief Executive Officer from December 1989 and Managing Director of Fisher & Paykel Industries Limited from April 1987 until the completion of the reorganisation of the Company. Mr Paykel joined Fisher & Paykel Industries in 1960 and, prior to his appointment



to the position of sales director in 1985, held a variety of positions in the manufacturing, engineering, purchasing and sales departments. Mr Paykel has also served as a director of Team New Zealand Limited since March 2004 and is a Companion of the New Zealand Order of Merit.

Lindsay Gillanders

Lindsay Gillanders, 61, has served as a Director of Fisher & Paykel Healthcare Corporation Limited (previously known as Fisher & Paykel Industries Limited) since May 1992.



Mr Gillanders has also served as a director of Rangatira Limited since October 2002, Auckland Packaging Company Limited since October 2002, Dunlop Living Limited since November 2004 and as Chairman of Auckland Packaging Company Limited since September 2003. Until completion of the reorganisation in November 2001, Mr Gillanders was responsible for Fisher & Paykel Industries' legal, regulatory, compliance and intellectual property rights, and worked on major commercial agreements including acquisitions and divestments by both the appliances and healthcare businesses. Mr Gillanders received his Bachelor of Law degree with honours from the University of Auckland.

Explanatory Note 2 – Election Of Director

Tony Carter was appointed by the Board on 1 December 2010. Under NZSX Listing Rule 3.3.6 and ASX Listing Rule 14.4, and in accordance with the Company's constitution, any Director appointed by the Board must retire from office at the next Annual Shareholders' Meeting of the Company but is eligible for election at that meeting. Accordingly, Mr Carter retires and, being eligible, offers himself for election by shareholders at the Annual Shareholders' Meeting.

Tony Carter is a non-executive Director and is considered by the Board to be an Independent Director, as that capacity is described in the NZSX Listing Rules. A brief biography outlining Mr Carter's qualifications, history and experience

is set out below. At the Annual Shareholders' Meeting a resolution to elect Mr Carter will be put to shareholders. The Board recommends that shareholders vote in favour of the election of Tony Carter. Tony Carter abstained from any consideration by the Board on his election.

Tony Carter

Tony Carter, 53, became a Director in December 2010. Mr Carter is a director of Vector Limited, Fletcher Building Limited, Air New Zealand Limited, is Chairman of the New Zealand Institute and is a trustee of the Maurice Carter Charitable Trust. He served as Managing Director of Foodstuffs New Zealand Limited for ten years from 2001 to 2010. Mr Carter received his Master of Engineering degree from the University of Canterbury, New Zealand, and a Master of Philosophy degree from Loughborough University of Technology, United Kingdom.



Explanatory Note 3 – Fisher & Paykel Healthcare 2003 Share Option Plan – Issue of Options to the Managing Director and Chief Executive Officer

Introduction

Shareholder approval is required by the ASX Listing Rules and the Company's constitution, and is being sought for, the grant of up to 200,000 options under the Fisher & Paykel Healthcare 2003 Share Option Plan (the Plan) to Michael Daniell, the Managing Director and Chief Executive Officer of the Company. The Plan was established by the Company in 2003 in accordance with the Plan rules dated 7 March 2003 and amended on 12 August 2004, 22 November 2006, 22 April 2010 and 25 May 2010. The Company intends to also issue, pursuant to NZSX Listing Rule 7.3.6, up to 4,800,000 options to selected executives, managers and other employees of the Company and its subsidiaries (or a person associated with them) which will be issued within 5 months of the Annual

Shareholders' Meeting. The proposed grant of up to 200,000 options to Mr Daniell represents approximately 4% of the total options intended to be granted at that time to participants in the Plan. The Company estimates that following this issue, the total number of options and ordinary shares issued to participants in the Plan both under the issue and during the five year period preceding the date of the issue, excluding any shares issued under the Company's dividend reinvestment plan, will be approximately 5.3% of the total ordinary shares on issue.

The Board believes that the Plan fulfils an important role in creating an identity of interest between the Company's senior employees and its shareholders, through incentivising such employees to grow the share price of the Company. The Plan also assists the Company to attract, motivate and retain key employees in an environment where such employees are in high demand both within New Zealand and internationally. Options are issued to employees under the Plan as a long-term component of remuneration provided to employees in accordance with our remuneration policy.

As with previous option plans, the Board will regularly review the operation of the Plan and consider whether it is in the Company's interest to make further grants of options. It is proposed, subject to obtaining shareholder approval to do so, that a grant of up to 200,000 options be made to Michael Daniell under the Plan using criteria applying generally to all employees and on identical terms and conditions as those options to be issued to other selected employees.

Over the past five years the fair value of options granted to employees under the Plan, determined using the Binomial Options Pricing Model, have been in the range of \$0.17 to \$0.28 per option. The Board does not expect that the fair value of options to be issued to employees under the Plan in 2011 will be materially different.

The Company's cost of capital is used as the key performance benchmark in determining the exercise price of the options. The Board believes that the cost of capital

is an appropriate performance benchmark as it rewards employees when the Company has outperformed its cost of equity and shareholders have experienced positive returns, and it achieves close alignment of employee's incentive remuneration to shareholder returns.

Shareholder approval required

ASX Listing Rule 10.14 and the Company's constitution require that shareholder approval be obtained where options and other equity securities are to be issued to a Director under an employee incentive scheme. Shareholder approval is not required for the purposes of the NZSX Listing Rules. The NZSX Listing Rules allow executive directors to participate in employee share issues where the participation is determined by criteria applying to employees generally. Mr Daniell's participation has been determined by criteria applying to employees generally. Shareholder approval is therefore being sought to issue options under the Plan to the Managing Director and Chief Executive Officer of the Company, Michael Daniell. If approved, the options will be issued to Mr Daniell by 19 January 2012 which is within 5 months of the Annual Shareholders' Meeting. The Company intends to issue options to selected executives, managers and other employees of the Company and its subsidiaries on or about the same date.

No Director nor any associate of a Director has received options granted under the Plan (or any predecessor plan) except Mr Daniell. As at 31 March 2011, Mr Daniell held 860,000 options under the Plan. 200,000 options were granted to Mr Daniell under the Plan on 3 September 2010, following the approval of the issue of those options at the 2010 Annual Shareholders' Meeting. Mr Daniell is the only Director eligible to participate in the Plan. There is no loan proposed in relation to the proposed issue of options under the Plan to Michael Daniell.

For the voting exclusions applicable to this resolution, please refer to page 4 of this Notice of Meeting.

Key Terms of the Plan

The key terms of the Plan are:

- No amount is payable for the grant of options.
- One option gives the participant the right to subscribe for one ordinary share in the Company subject to meeting the following vesting conditions:
 - (a) One third of the options granted under the Plan to a participant on a particular grant date become exercisable on each of the second, third and fourth anniversaries of the grant date and all unexercised options expire on the fifth anniversary of the grant date.
 - (b) Options also become exercisable if a person (or group of persons acting in concert) acquires 50% or more of the ordinary shares of the Company.
 - (c) On leaving employment due to serious illness, accident, permanent disablement, redundancy or other circumstances as determined by the Board, the participant will have one month to exercise all outstanding options. In the event of the participant's death, the participant's executor will have three months to exercise all outstanding options. Unless otherwise determined by the Board, on termination of employment for any other reason all outstanding options held by the participant will expire.
- Subject to any applicable Listing Rules, the Board is given a discretion to adjust options to achieve equivalent treatment as between the participants in the Plan and the shareholders in the event of a reconstruction in the share capital of the Company.
- The Company may amend the terms of the Plan, subject to the consent of any adversely affected participant.
- Options are not transferable, other than to certain persons associated with an employee, and do not participate in dividends or other distributions of the Company. Participants are not entitled to

participate in new issues of the underlying securities (such as a rights issue or bonus issue) without exercising the option.

- The Board may determine the exercise price of an option on or around the date the options are granted.
- The Board has agreed that the exercise price for the options granted under the Plan following the Annual Shareholders' Meeting will be calculated as follows:

On or around the grant date a "base price" will be determined by the Board. This will be the volume weighted average price for a share on the NZSX for the 5 business days prior to the grant date.

The base price will be adjusted to take into account any consolidation or subdivision of shares, bonus issues, capital reconstruction or any other adjustments to the shares or share structure of the Company.

As at each anniversary of the grant date a new base price will be calculated by:

- (a) increasing the last calculated base price by a percentage amount determined by the Board to represent the Company's cost of capital, after taking into account independent advice (subject always to independent advice at the relevant time, it is currently anticipated that the Company's cost of capital will be between 9% and 11% per annum); and
- (b) reducing the resulting figure by the amount of any net cash dividends paid by the Company in respect of a share in the 12 month period immediately preceding that anniversary.

However, to ensure that the base price does not decrease, if there were circumstances where the base price was less than the last calculated base price, the new base price shall be the last calculated base price.

The exercise price for the one-third of options that become exercisable on the second anniversary of the grant date shall be the base price calculated as at the second anniversary of the grant date.

The exercise price for the one-third of options that become exercisable on the third anniversary of the grant date shall be the base price calculated as at the third anniversary of the grant date.

The exercise price for the one-third of options that become exercisable on the fourth anniversary of the grant date shall be the base price calculated as at the fourth anniversary of the grant date.

In circumstances where, in accordance with the Plan, exercise occurs prior to the date the options normally become exercisable, the exercise price for such options shall be the last base price calculated prior to the date of exercise.

- Options will not be listed on either the NZSX or the ASX markets. So long as the Company remains listed on the NZSX and/or the ASX markets it is intended that the shares issued under the Plan will be listed on the NZSX and/or the ASX markets (as applicable).
- Ordinary shares issued or transferred on the exercise of options shall be fully paid and shall rank equally with all other ordinary shares in the Company except for dividends declared or payable in respect of any period prior to the issue of the relevant shares.
- The Cancellation Offer facility approved by shareholders at the 2004 Annual Shareholders' Meeting (which allows optionholders to cancel vested options in consideration for shares of a value equal to the gain that the optionholders would receive if they exercised their options) applies to the options granted under the Plan.
- A Prospectus relating to the Plan is available for review at the New Zealand Companies Office (<http://www.companies.govt.nz>).