

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED

Notice of Annual Shareholders' Meeting 2007

Fisher & Paykel
HEALTHCARE

Notice of Annual Shareholders' Meeting

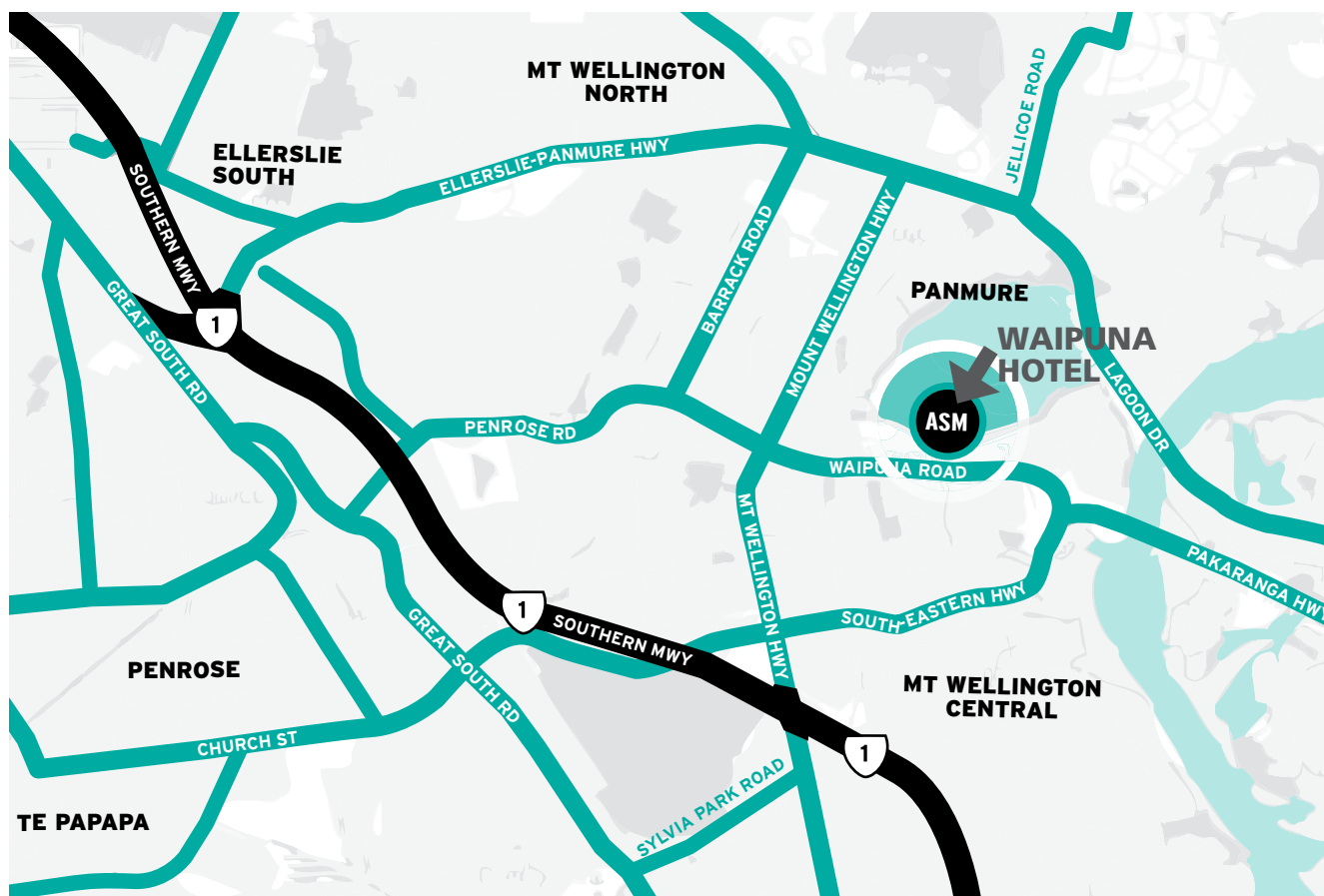
PLEASE NOTE:

ANNUAL SHAREHOLDERS' MEETING 2007 – VENUE AND TIME CHANGED FROM PREVIOUS YEARS

The Annual Shareholders' Meeting 2007 will be held at:

New Venue: Waipuna Hotel & Conference Centre
58 Waipuna Rd
Mt. Wellington
Auckland (see map below for directions)

New Time: Commencing at 2:00pm
Thursday, 23 August 2007



Notice of Annual Shareholders' Meeting

Notice is hereby given that the Annual Shareholders' Meeting will be held at the Cole Theatre, Waipuna Hotel & Conference Centre, 58 Waipuna Road, Mt. Wellington, Auckland, New Zealand, on Thursday, 23 August 2007, commencing at 2:00pm.

ORDINARY BUSINESS

1. Financial Statements

To receive and consider the financial statements and the auditor's report for the year ended 31 March 2007 as contained in the Company's annual report.

2. Election of Directors

- (a) In accordance with the Company's constitution, Adrienne E. Clarke retires by rotation and, being eligible, offers herself for re-election.

(See Explanatory Note 1)

- (b) In accordance with the Company's constitution, Nigel T. Evans retires by rotation and, being eligible, offers himself for re-election.

(See Explanatory Note 1)

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. Directors' Remuneration

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

"That the maximum monetary sum per annum payable by the Company by way of Directors' fees to all the non-executive Directors of the Company taken together be increased by \$200,000 per annum, being an increase from \$600,000 per annum to \$800,000 per annum, such sum to be divided amongst the non-executive Directors as the Directors from time to time deem appropriate."

(See Explanatory Note 2)

5. 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 160,000 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)

Notice of Annual Shareholders' Meeting

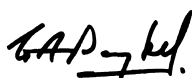
PROCEDURAL NOTES

- (i) The persons who will be entitled to vote on the resolutions at this Annual Shareholders' Meeting are those persons who will be the shareholders of the Company at 2:00pm on Tuesday, 21 August 2007.
- (ii) You can participate by proxy or by casting your vote in person at the Annual Shareholders' Meeting.
- (iii) All shareholders entitled to attend and vote at the Annual Shareholders' Meeting are entitled to appoint a proxy to attend and vote for them in their place. The proxy need not be a shareholder of the Company. A proxy form is enclosed and, if used, must be lodged at the office of the share registry, Computershare Investor Services Limited, either by mail to Private Bag 92119, Auckland 1142, or by delivery to Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Auckland, New Zealand, not less than 48 hours before the time of the meeting (i.e. before 2:00pm on Tuesday, 21 August 2007).
- (iv) The Company will disregard any votes cast on the resolution set out in Agenda Item 4 by Directors of the Company or any of their associates.
- (v) The Company will disregard any votes cast on the resolution set out in Agenda Item 5 by Mr Michael Daniell or any of his associates.
- (vi) The Company need not disregard a vote cast on Agenda Item 4 or 5 if it is cast by a person as proxy for a person who is entitled to vote, provided that the relevant proxy form(s) contain express instructions as to how to vote and are not left to the discretion of the person casting the vote.
- (vii) The matters set out in Agenda Items 2, 3, 4 and 5 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 the New Zealand Exchange Limited (NZSX) in accordance with NZSX Listing Rule 6.1.1. The Australian Stock Exchange Limited (ASX) has issued a "no-objection" letter in relation 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
22 June 2007

Notice of Annual Shareholders' Meeting

EXPLANATORY NOTES

EXPLANATORY NOTE 1 – ELECTION OF DIRECTORS

Under Listing Rule 3.3.8 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, Adrienne E. Clarke and Nigel T. Evans retire and, being eligible, offer themselves for re-election by shareholders at this Annual Shareholders' Meeting.

Professor Clarke and Dr Evans 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 Professor Clarke's and Dr Evans' qualifications, history and experience as Directors are set out below. At the Annual Shareholders' Meeting a resolution to re-elect each of Professor Clarke and Dr Evans will be put to shareholders.

Adrienne E. Clarke

Adrienne E. Clarke, 69, became a Director upon completion of the reorganisation in November 2001. Professor Clarke is a Laureate Professor at the University of Melbourne, a Foreign Member of the American Academy of Arts and Sciences and a Fellow of the Australian Academy of Science. Professor Clarke has served as a director of Woolworths Limited since July 1994, Tridan Limited from June 1988 and Hexima Limited from February 1998 and has also served as a director of WMC Resources Limited. She was Chairman of the CSIRO from December 1991 to December 1996. Professor Clarke is a Companion of the General Division of the Order of Australia, served as the Lieutenant Governor of Victoria and currently holds a variety of Australian governmental appointed positions. Professor Clarke received a Bachelor of Science degree and a doctoral degree from the University of Melbourne.

Nigel T. Evans

Nigel T. Evans, 66, became a Director upon completion of the reorganisation in November 2001. Dr Evans has served as principal of Quark Technology since June 1987. Dr Evans held a variety of management positions with New Zealand Steel Limited from August 1966 to May 1987. Dr Evans received his Bachelor of Science degree from the University of New Zealand, a Master of Science degree from the University of Auckland, New Zealand, and a doctoral degree in physics from the University of Cambridge. Dr Evans has also attended the Senior Managers Program, Graduate School of Business Administration, Harvard University.

EXPLANATORY NOTE 2 – DIRECTORS' REMUNERATION

In accordance with the Company's constitution, the NZSX Listing Rules and the ASX Listing Rules, the power of the Board of Directors to authorise payment of remuneration to each Director for services as a Director (except as Executive Director) is subject to shareholder approval.

The existing fee limit of \$600,000 was set in 2004.

The Company has sought independent advice from Egan Associates in proposing the new fee limit and the recommended increase in the new fee limit is in line with Egan Associates' recommendations. Egan Associates is an Australian based consultancy service that specialises in providing advice to listed companies, major private and

Notice of Annual Shareholders' Meeting

international corporations and government on executive and non-executive director rewards, service agreements, incentive and share plans and corporate governance issues.

The proposed increase in the level of non-executive Directors' fees is \$200,000 per annum (being an increase from the current level of non-executive Directors' fees of \$600,000 per annum to \$800,000 per annum). Although shareholder approval is sought for a maximum sum of non-executive Directors' fees of \$800,000 per annum, the Company's intention is that the increase in non-executive Directors' fees actually paid will occur on an annual incremental basis over the next two years up to that maximum amount. The proposed increase takes into account:

- (a) the Company's intention that, subject to shareholder approval, the new non-executive Directors' fee level will apply as a maximum for the next two years;
- (b) the level of fees paid to directors of comparable companies in New Zealand and Australia, based on independent advice obtained from Egan Associates; and
- (c) the increased responsibility of non-executive Directors through their involvement in subcommittees of the Board, including, but not limited to, the Audit and Risk Committee and the Remuneration Committee.

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 and is being sought for the grant of up to 160,000 options under the Fisher & Paykel Healthcare 2003 Share Option Plan (the Plan) to Mr 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 and 22 November 2006. The Company intends to also issue, pursuant to NZSX Listing Rule 7.3.6(a) and ASX Listing Rule 10.14, up to 3,840,000 options to selected executives, managers and other employees of the Company and its subsidiaries within 5 months of the Annual Shareholders' Meeting. The proposed grant of up to 160,000 options to Mr Daniell represents 4% of the total options intended to be granted at that time to selected executives, managers and other employees of the Company and its subsidiaries. The Company estimates that following this issue, the total number of securities issued to executives, managers and other employees of the Company and its subsidiaries during the period of five years preceding the date of issue will be approximately 3.7% of the total securities 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.

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 160,000 options be made to Mr 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.

Notice of Annual Shareholders' Meeting

Shareholder approval required

NZSX Listing Rule 7.3.6, 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 share incentive scheme.

Shareholder approval is therefore being sought to issue options under the Plan to the Managing Director and Chief Executive Officer of the Company, Mr Michael Daniell. If approved, the options will be issued to Mr Daniell 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 or associate has received options granted under the Plan (or any predecessor plan) except Mr Daniell. As at 31 March 2007, Mr Daniell held 1,050,000 options under the Plan. 180,000 options were granted to Mr Daniell under the Plan on 13 December 2006. Mr Daniell is the only Director eligible to participate in the Plan.

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 an employee 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 more than half 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 and do not participate in dividends or other distributions of the Company.
- 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

Notice of Annual Shareholders' Meeting

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 issue, 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 10% 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 on the exercise of options will 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 (www.companies.govt.nz).