

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED



Notice is hereby given that the **Annual Meeting of Shareholders** will be held at the Guineas Lounge, Ellerslie Convention Centre, Auckland, New Zealand on Thursday 7 August 2003 commencing at 3.00 pm.

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS

To receive and consider the financial statements and the auditor's report for the year ended 31 March 2003 as contained in the Company's annual report.

2. ELECTION OF DIRECTORS

In accordance with the Company's constitution, the following directors retire by rotation and, being eligible, offer themselves for re-election;

(a) Lindsay Gillanders

(b) Sir Colin Maiden

(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. FISHER & PAYKEL HEALTHCARE 2003 SHARE OPTION PLAN – ISSUE OF OPTIONS TO EXECUTIVE DIRECTOR

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

“That shareholders approve the issue of up to 70,000 options under the Fisher & Paykel Healthcare 2003 Share Option Plan to Mr Michael Daniell, an Executive Director of the Company.”

(See Explanatory Note 2)

OTHER BUSINESS

5. To consider any other matter that may properly be brought before the meeting.

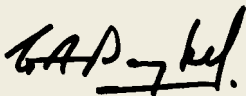
PROCEDURAL NOTES

- (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 5.00 pm on Friday 1 August 2003.
- (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 at either Private Bag 92119, Auckland 1020 or at Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Auckland, New Zealand not less than 48 hours before the time of the holding of the meeting (i.e. before 3.00 pm 5 August 2003).
- (iv) The Company will disregard any votes cast on the resolution set out in Agenda Item 4 by directors of the Company (except any director who is ineligible to participate in any employee incentive scheme of the Company) or any of their associates. The Company need not disregard a vote cast on that resolution 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 a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides, except where the person chairing the meeting is Michael Daniell or an associated person of Michael Daniell.

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
27 June 2003

EXPLANATORY NOTES

EXPLANATORY NOTE 1 – ELECTION OF DIRECTORS

In accordance with the Company's constitution, one third of the Company's directors must retire by rotation at the Annual Meeting of Shareholders. If the directors are eligible, they may offer themselves for re-election by shareholders at the meeting. In this case Lindsay Gillanders and Sir Colin Maiden retire and, being eligible, offer themselves for re-election by shareholders at this annual meeting.

EXPLANATORY NOTE 2 – FISHER & PAYKEL HEALTHCARE 2003 OPTION PLAN – ISSUE OF OPTIONS TO EXECUTIVE DIRECTOR

INTRODUCTION

The Fisher & Paykel Healthcare 2003 Share Option Plan (the Plan) was established by the Company this year, and in accordance with the Plan rules dated 7 March 2003 the Company issued 899,900 options to selected executives, managers and other employees of the Company and its subsidiaries (excluding Mr Michael Daniell, an Executive Director of the Company and Managing Director of Fisher & Paykel Healthcare Corporation Limited). The options were issued at an exercise price of \$11.00 per ordinary share. On 7 March 2003 the closing price for the Company's ordinary shares was \$9.40. The Board has also allocated 70,000 options to Mr Daniell under the Plan, to be issued subject to shareholder approval on identical terms and conditions as those options issued on 7 March 2003 to other selected employees.

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.

SHAREHOLDER APPROVAL REQUIRED

Rule 7.3.6 of the Listing Rules of the New Zealand Exchange Limited (NZX), the Australian Stock Exchange (ASX) Listing Rule 10.14 and the Company's constitution require that shareholder approval is 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 an Executive Director of the Company, Mr Daniell. If approved, the options will be issued to Mr Daniell within 2 months of the Annual Shareholders Meeting.

The only Directors of the Company who are eligible to participate in the Plan are Executive Directors. Michael Daniell is the only Executive Director of the Company.

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 relevant exercise conditions).
- * The Board may determine the exercise price of an option. The exercise price for the options issued in March 2003 was based on the market price of ordinary shares on or around the date the options were granted, plus a premium in the range of 0-15%.
- * The Board may also determine that the options will have a deemed grant date earlier or later than the date on which the grant is actually made.
- * 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.
- * 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.
- * 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.
- * Options will not be listed on either the NZSX or the ASX. The Company will use reasonable endeavours to have any share issued on the exercise of options listed on the NZSX and the ASX.
- * 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.