

A close-up, high-angle photograph of a person's face, focusing on the right eye and forehead. The person has dark, curly hair and is looking slightly to the right. The lighting is soft, highlighting the texture of the skin and the intensity of the eye.

Fisher & Paykel Healthcare

**NOTICE OF
ANNUAL
SHAREHOLDERS'
MEETING**

2018

Fisher & Paykel
HEALTHCARE



The Annual Shareholders' Meeting of Fisher & Paykel Healthcare Corporation Limited (NZBN 9429040719887 and ABN 69 098 026 281) will be held at the Guineas Ballroom, Ellerslie Event Centre, Auckland, New Zealand and online at www.virtualmeeting.co.nz/fph18 on Thursday, 23 August 2018 commencing at 2.00pm (NZST).

IMPORTANT DATES

Record date for voting entitlements for the Annual Shareholders' Meeting

5.00pm,
Tuesday 21 August 2018 (NZST)

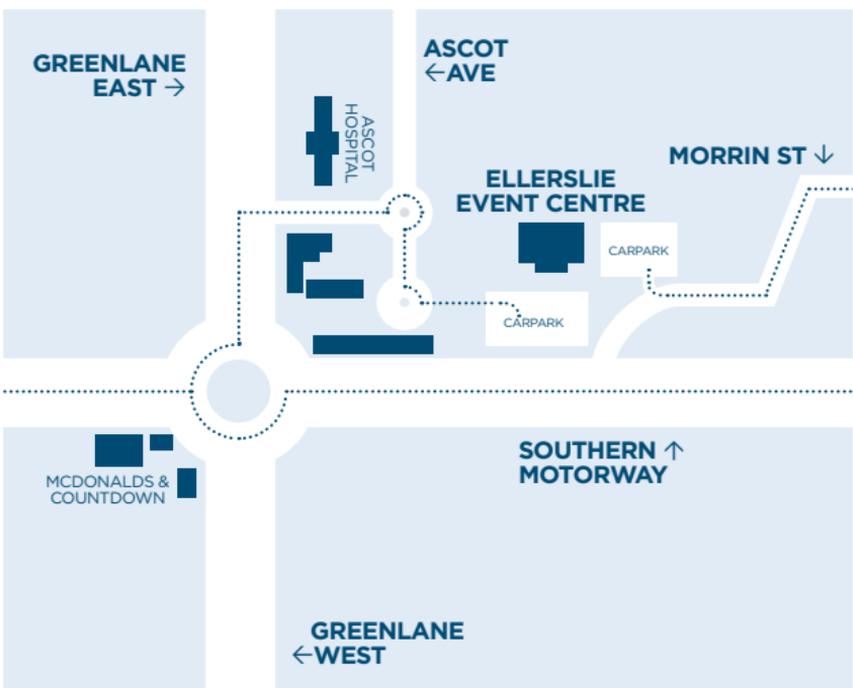
Latest time for receipt of postal votes and proxies

2.00pm,
Tuesday 21 August 2018 (NZST)

Annual Shareholders' Meeting

2.00pm,
Thursday 23 August 2018 (NZST)

HOW TO GET TO THE ELLERSLIE EVENT CENTRE



BUSINESS

A. CHAIRMAN'S ADDRESS

B. MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S REVIEW

C. FINANCIAL STATEMENTS

To receive and consider the financial statements and the auditor's report for the year ended 31 March 2018 as contained in the Company's 2018 annual report.

D. RESOLUTIONS

To consider and, if thought appropriate, pass the following ordinary resolutions:

Re-Election of Directors

- (1) That Scott St John, who retires by rotation and, being eligible, offers himself for re-election, be re-elected as a director of the Company.
- (2) That Michael Daniell, who retires by rotation and, being eligible, offers himself for re-election, be re-elected as a director of the Company.
(See Explanatory Note 1)

Auditor's Remuneration

- (3) That the Directors be authorised to fix the fees and expenses of PricewaterhouseCoopers as the Company's auditor.
(See Explanatory Note 2)

Long Term Variable Remuneration issued to the Managing Director and Chief Executive Officer

- (4) That approval be given for the issue of up to 50,000 performance share rights under the Fisher & Paykel Healthcare Performance Share Rights Plan to Lewis Gradon, Managing Director and Chief Executive Officer of the Company.
- (5) That approval be given for the issue of up to 150,000 options under the Fisher & Paykel Healthcare 2003 Share Option Plan to Lewis Gradon, Managing Director and Chief Executive Officer of the Company.
(See Explanatory Note 3)

SHAREHOLDER QUESTIONS

Consideration of any shareholder questions raised during the meeting.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Tony Carter', with a long horizontal flourish extending to the right.

TONY CARTER, BOARD CHAIR

6 JULY 2018

PROCEDURAL NOTES

Persons entitled to vote

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 5.00pm on Tuesday, 21 August 2018 (NZST).

Casting a vote

The voting form enclosed with this notice allows you, or your proxy, to vote either for or against, or abstain from, each of the resolutions. Votes may be cast in any one of the following ways:

Meeting attendance

Attending in person:

Shareholders present at the Annual Shareholders' Meeting in person may cast their votes at the meeting. Download the "LinkVote" App available at the App Store or Google Play Store to vote at the meeting using your Apple or Android phone. Alternatively, if you prefer to vote using a paper card this option will still be available.

Attending online:

To attend the meeting online please go to www.virtualmeeting.co.nz/fph18. Shareholders attending online will be able to vote and ask questions during the meeting. Shareholders will require their shareholder number, found on the proxy form, for verification purposes.

Online and postal voting prior to the meeting

Shareholders may also directly cast a vote online at vote.linkmarketservices.com/FPH or by post by completing and lodging the enclosed voting form with the share registrar, Link Market Services Limited, in accordance with the instructions set out on the form, not less than 48 hours before the time of the holding of the meeting (i.e. before 2.00pm on Tuesday 21 August 2018 (NZST)).

Proxy

Shareholders may appoint a proxy to attend the Annual Shareholders' Meeting and vote in their place. A body corporate who is a shareholder may appoint a representative to attend on its behalf in the same manner as that in which it could appoint a proxy.

A proxy need not be a shareholder of the Company. A shareholder who wishes to do so may appoint the Chair of the Meeting to act as proxy.

A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions. If the Chair is appointed as proxy and the voting is left to his discretion, the Chair intends to vote in favour of each of Resolutions (1) to (5).

To appoint a proxy, go online to vote.linkmarketservices.com/FPH or complete and lodge the enclosed voting form with the share registrar, Link Market Services Limited, in accordance with the instructions set out on the form not less than 48 hours before the time of the holding of the meeting (i.e. before 2.00pm on Tuesday 21 August 2018 (NZST)).

Voting Restrictions

The Company will disregard any votes cast on Resolution (4) or (5) by Lewis Gradon and any of his associates.

However, the Company need not disregard a vote cast on Resolution (4) or (5) if it is cast by any of the above people as proxy for a person who is entitled to vote, in accordance with an express direction on the voting form to vote for or against the applicable resolution.

Resolutions

All of the resolutions contained in this Notice of Meeting 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 in person or by proxy.

NZX

This Notice of Meeting has been approved by NZX Limited (NZX) in accordance with NZX Main Board Listing Rule 6.1.1. NZX does not take any responsibility for any statement in this Notice.

EXPLANATORY NOTES

EXPLANATORY NOTE 1 – RE-ELECTION OF DIRECTORS

Under NZX Main Board Listing Rule 3.3.11, and in accordance with the Company’s constitution, one-third of the Company’s Directors retire by rotation at the Annual Shareholders’ Meeting and are eligible for re-election at that meeting. Those retiring by rotation are the Directors who have served longest as Directors since they were elected or last re-elected.

Scott St John, Michael Daniell and Arthur Morris are the Directors retiring in 2018. Being eligible, both Scott St John and Michael Daniell offer themselves for re-election. Arthur Morris has chosen not to seek re-election and will therefore be retiring from the Board at the meeting. The Board has commenced a search for Dr Morris’ replacement.

All directors standing for re-election do so with the support of the Board. Scott St John is considered by the Board to be an independent Director. The Board does not consider Michael Daniell to be an independent Director given he was previously employed in an executive capacity by the Company. Biographical backgrounds of Scott St John and Michael Daniell are set out below.



Scott St John

Scott is Chancellor of the University of Auckland, and a director of Mercury NZ Limited, the NEXT Foundation, Fonterra Cooperative Group Limited and First NZ Capital Limited. He was Chief Executive Officer of First NZ Capital from 2002 to March 2017. Scott is a member of Chartered Accountants Australia

and New Zealand and a fellow of the Institute of Finance Professionals New Zealand. He has a Bachelor of Commerce and a Diploma in Business.



Michael (Mike) Daniell

Mike was Managing Director and Chief Executive Officer of Fisher & Paykel Healthcare from November 2001 to March 2016. He was General Manager of Fisher & Paykel's medical division from 1990 to 2001 and previously held various technical management and product design roles within the Company. Mike is a member of the Council of the University of Auckland, a director of Tait Limited and the Medical Research Commercialisation Fund, and Chair of the Medical Technologies Centre of Research Excellence. He has a Bachelor of Engineering (Hons).

EXPLANATORY NOTE 2 - AUDITOR'S REMUNERATION

Under section 207T of the Companies Act 1993, PricewaterhouseCoopers is automatically reappointed as the auditor of the Company and this resolution authorises the Board to fix the fees and expenses of the auditor in accordance with section 207S of the Companies Act 1993.

EXPLANATORY NOTE 3 – LONG TERM VARIABLE REMUNERATION ISSUED TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Introduction

The Board believes that the issue of equity-based long-term variable remuneration instruments (**LTVR Instruments**) will provide appropriate alignment of participating employees to grow the total shareholder return of the Company. LTVR Instruments also assist 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. LTVR Instruments will be issued to employees as a long-term component of remuneration provided to employees in accordance with the Company's remuneration policy.

The Company currently operates the following long-term variable remuneration arrangements (the **Existing LTVR Plans**) under which LTVR Instruments are issued to selected executives, managers and employees:

- The Fisher & Paykel Healthcare 2003 Share Option Plan (the **Option Plan**), under which options are issued. Under the Option Plan, options vest and become exercisable for ordinary shares depending on share price performance relative to a cost of capital benchmark.

SHARE RIGHTS			OPTIONS	
2017		2018	2017	
Maximum Amount	Actual Amount Issued	Maximum Amount	Maximum Amount	Actual Amount Issued
50,000	40,598	50,000	150,000	111,364

- The Fisher & Paykel Healthcare Performance Share Rights Plan (the **Performance Share Rights Plan**), under which performance share rights are issued. Under the Performance Share Rights Plan, performance share rights vest and become exercisable for ordinary shares depending on the achievement of a designated total shareholder return hurdle.

Shareholder approval is being sought to issue up to 50,000 performance share rights under the Performance Share Rights Plan, and up to 150,000 options under the Option Plan, to Lewis Gradon, the Managing Director and Chief Executive Officer of the Company. Mr Gradon's participation has been determined by criteria applying to employees generally under the Existing LTVR Plans. Mr Gradon is the only Director eligible to participate in new grants under the Existing LTVR Plans. The Company intends to issue these LTVR Instruments to Mr Gradon within six months of the date of the Annual Shareholders' Meeting.

The below table compares the number of LTVR Instruments proposed to be issued to Mr Gradon this year against the total maximum number proposed last year, as well as the total number of actual LTVR Instruments issued to Mr Gradon last year.

		LTVR INSTRUMENTS TOTAL		
2018		2017		2018
Maximum Amount		Maximum Amount	Actual Amount Issued	Maximum Amount
150,000		200,000	151,962	200,000

The Company also intends to issue, pursuant to NZX Main Board Listing Rule 7.3.6, up to 2,100,000 LTVR Instruments in aggregate to selected senior executives, managers and other employees of the Company and its subsidiaries. Together with the maximum number of LTVR Instruments proposed to be issued to Mr Gradon, the Company therefore intends to issue no more than a maximum aggregate of 2,300,000 LTVR Instruments to employees, including Mr Gradon, following the Annual Shareholders' Meeting. This is the same maximum aggregate number of LTVR Instruments that was indicated, at the Company's 2017 Shareholders' Meeting, would be issued within the six months following that meeting and equates to the issue of LTVR Instruments to acquire shares representing approximately 0.4% of the total ordinary shares on issue. If all 2,300,000 LTVR Instruments were exercised for shares then shareholders would be diluted by this percentage amount. In 2017, the actual number of LTVR Instruments issued was 1,527,868.

The Existing LTVR Plans have been operated by the Company for several years and the Board continues to review the operation of the Existing LTVR Plans and to consider whether new plans should be adopted to issue LTVR Instruments of a different nature, or with different terms and conditions, to those issued under the Existing LTVR Plans. The additional LTVR Instruments proposed to be issued to employees may be issued under the Existing LTVR Plans or any new plans that may be adopted by the Board. However, it is the intention that LTVR Instruments will continue to be issued to the Company's senior executives and senior managers under the Existing LTVR Plans.

Information about each Existing LTVR Plan (and any new plan that may be adopted by the Board), including copies of the documentation giving effect to the relevant plan, is (or will be) available for review on the Company's website www.fphcare.com/nz/our-company/investor/governance/long-term-variable-remuneration-plans. A summary of the key terms of each Existing LTVR Plan is set out below.

Key Terms of the Performance Share Rights Plan

The key terms of the Performance Share Rights Plan are:

- No amount is payable by a participant for the grant of performance share rights.
- One share right gives the participant the potential to exercise that performance share right for one ordinary share in the Company at no cost.
- Whether (and how many) performance share rights become exercisable will depend on the Company's gross total shareholder return (**TSR**) performance compared to the performance of the Dow Jones US Select Medical Equipment Total Return Index (**DJSMQDT**) in New Zealand dollars over the same period (the **Index return**).
- The Company's TSR will be calculated and compared against the Index return at the end of the following performance periods:
 - from the date of the grant of the performance share rights (the **Grant Date**) to the third anniversary of that date (the **First Performance Period**);
 - from the Grant Date to the fourth anniversary of that date (the **Second Performance Period**);
 - from the Grant Date to the fifth anniversary of that date (the **Final Performance Period**); and
 - if a person or group of persons acting in concert acquires 50% or more of the shares on issue prior to the fifth anniversary of the Grant Date (a **Change of Control**), from the Grant Date to the date on which that person or group of persons acquires at least 50% of the shares on issue (the **Takeover Performance Period**).

- Performance share rights will only become exercisable if the Company's TSR over the relevant performance period exceeds the Index return over the same period, measured in absolute terms. If at the end of the relevant performance period the Company's TSR performance over that period exceeds the Index return over the same period by less than 10%, measured in absolute terms, then between 50% and 100% of the performance share rights held by the participant, as determined on a straight-line basis by the Company, become exercisable. If the Company's TSR over that performance period exceeds the Index return over the same period by 10% or more, measured in absolute terms, then all of the performance share rights will become exercisable as at the end of the relevant performance period.
- At the end of the First Performance Period, the Company will advise each participant whether any of their performance share rights are exercisable depending on the above methodology and if they are, the number of performance share rights which are exercisable. The participant may then choose to exercise any exercisable performance share rights or not.
- Exercisable performance share rights may only be exercised during the 20 business day period from the date that the participant is notified that the performance share rights have become exercisable following the end of the relevant performance period (the **Exercise Period**). The Board has discretion to extend an Exercise Period or set a new Exercise Period if the Exercise Period would otherwise fall outside a permitted trading period under the Company's securities trading policy. If the participant chooses not to exercise any exercisable performance share rights (or no performance share rights are exercisable because the Company's TSR over the performance period has not exceeded the Index return over the same period), the process is repeated at the end of the Second Performance Period and, if necessary, at the end of the Final Performance Period. The process is also repeated

if a Change of Control occurs at the end of the Takeover Performance Period. At the end of the Exercise Period in respect of the Final Performance Period, any unexercised performance share rights and any performance share rights which are not capable of exercise will lapse.

- Unless otherwise determined by the Board, a participant's performance share rights will lapse on the first to occur of the following events:
 - the exercise of any of that participant's performance share rights within an Exercise Period;
 - 5.00pm on the last day of the Exercise Period in respect of the Final Performance Period;
 - in the case of performance share rights held by a participant who ceases to be employed because of serious illness, accident, permanent disablement, redundancy, death or after a person or group of persons acting in concert acquires 50% or more of the shares on issue, in each case after the third anniversary of the date of grant of the performance share rights, the last date of the Exercise Period in respect of the next performance period following the date on which the participant ceases to be employed; and
 - in the case of performance share rights held by a participant who ceases to be employed because of any other reason, the day on which that person ceases to be employed.
- Subject to any applicable Listing Rules, the Board is given discretion to adjust the terms of any performance share rights to achieve equivalent treatment as between the participants in the Performance Share Rights Plan and the shareholders in the event of a change in the capital structure of the Company.
- The Company may amend the terms of the Performance Share Rights Plan, subject to the consent of any adversely affected participant.

- Performance share rights are not transferable, other than to certain persons associated with an employee and approved by the Board, 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) prior to exercising the performance share rights.
- Performance share rights will not be quoted on either the NZX Main Board or the ASX markets. So long as the Company remains listed on the NZX Main Board and/or the ASX markets, it is intended that the shares issued on exercise of performance share rights will be quoted on the NZX Main Board and/or the ASX markets (as applicable).
- Ordinary shares issued or transferred on the exercise of performance share rights will be fully paid and 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.

Key Terms of the Option Plan

The key terms of the Option Plan are:

- No amount is payable for the grant of options.
- One option gives the participant the right to subscribe at the exercise price for one ordinary share in the Company subject to meeting the following exercise conditions:
 - the options granted under the Option Plan to a participant on a particular grant date may only be exercised at any time between the third anniversary of the grant date and the fifth anniversary of the grant date; and
 - the Company's share price on the NZX Main Board has, at any time on or after the third anniversary of the grant date, exceeded the "Escalated Price" (described below).
- Unless otherwise determined by the Board:
 - if the participant ceases employment with the Company due to serious illness, accident, permanent disablement, redundancy or after a person or group of persons acting in concert

acquires 50% or more of the shares on issue, 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; and
 - on termination of employment for any other reason all outstanding options held by the participant will expire.
- The exercise price of the options to be granted under the Option Plan following the Annual Shareholders' Meeting will be the volume weighted average price for a share on the NZX Main Board for the five business days prior to the grant date for the options.
 - The Escalated Price is determined as follows:
 - As at each anniversary of the grant date up to and including the third anniversary of the grant date for an option, a "base price" will be calculated by:
 - increasing the last calculated base price (which as at the first anniversary of the grant date will be the exercise price of the option) by a percentage amount determined by the Board to represent the Company's cost of capital; and
 - reducing the resulting figure by the amount of any dividend paid by the Company in the 12 month period immediately preceding that anniversary.
 - The Escalated Price will be the base price determined as at the third anniversary of the grant date in accordance with the above.
 - Subject to any applicable Listing Rules, the Board is given discretion to adjust the terms of any options (including the exercise price) to achieve equivalent treatment as between the participants in the Option Plan and the shareholders in the event of a change in the capital structure of the Company.
 - The Company may amend the terms of the Option 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) prior to exercising the options.
- Options will not be quoted on either the NZX Main Board or the ASX markets. So long as the Company remains listed on the NZX Main Board and/or the ASX markets it is intended that the shares issued on exercise of options will be quoted on the NZX Main Board and/or the ASX markets (as applicable).
- Ordinary shares issued or transferred on the exercise of options will be fully paid and 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 Option Plan.



