



HeartWare Limited

ACN 111 970 257

Continuous Disclosure Policy

(Consolidated as at 30 September 2008)

HeartWare Limited

Continuous Disclosure Policy

1. Continuous Disclosure Overview

1.1 Responsibilities

HeartWare Limited ("HeartWare" or "the Company") is a public company whose shares are listed for quotation on the Australian Stock Exchange ("ASX").

As a condition of listing on the ASX, HeartWare has agreed to abide by various obligations and responsibilities in relation to the timely disclosure of information concerning the business and affairs of the Company.

The above obligations and responsibilities are more commonly referred to as "continuous disclosure" obligations. These are the practices and procedures which the Company adopts so as to facilitate the fair and equitable trading of the Company's securities on the ASX. Importantly, these obligations have a wider application in that they also deal with the manner in which the Company generally communicates with stakeholders (being employees, customers, suppliers and the local and investment community).

The Company's obligations arise mainly under the ASX Listing Rules, ASX Guidance Notes and the *Corporations Act* and they are reflected in this Continuous Disclosure Policy. The Continuous Disclosure Policy has also been structured so as to ensure that the Company complies with various authoritative "voices" in the area of shareholder-company communications, including the recommendations as set out in Principle 5 ("Make timely and balanced disclosure") of "The Essential Good Corporate Governance Principles" as published by the ASX Corporate Governance Council.

The regulatory requirements and best practice recommendations in relation to shareholder communication in Australia are constantly changing. Because of this, it is anticipated that HeartWare's policies concerning shareholder communication will change over time and will fall in line with best practice as it develops.

This Policy is supported by the Company's Continuous Disclosure Committee.

1.2 Continuous Disclosure Regime

The ASX Listing Rules contain provisions requiring the continuous disclosure of information so as to keep the market informed of events and developments as they occur. ASX Listing Rule 3.1 is fundamental element of this requirement and is underpinned by the following principle:

"Timely disclosure must be made of information which may affect security values or influence investment decisions, and information in which security holders, investors and ASX have a legitimate interest."

As the name suggests, the concept of continuous disclosure incorporates the following two aspects:

- (a) Disclosure – HeartWare should disclose information which:
 - (i) is materially likely to affect the value of HeartWare's shares; or
 - (ii) may influence the decision-making of investors.
- (b) Continuous – the obligation referred to in (a) above is ongoing.

In addition to the above, the information disclosed must be timely and must occur as and when the information becomes available.

The concept of "materiality" is discussed below at Section 4.

1.3 HeartWare's Commitment

HeartWare is committed to:

- (a) promoting investor confidence;
- (b) ensuring that stakeholders are provided with timely and balanced disclosure of all material matters concerning the Company;
- (c) ensuring that HeartWare and its officers and employees fully comply with continuous disclosure obligations as set out in the ASX Listing Rules and the *Corporations Act* (each as amended from time to time);
- (d) using appropriate technology (i.e internet, the company announcements platform) so that all stakeholders have equal and timely access to all information issued by HeartWare; and
- (e) providing effective procedures for shareholders to communicate with the Board and for the Directors to respond to shareholder's concern.

HeartWare's Continuous Disclosure Policy has been fully endorsed by the Board of Directors of HeartWare. It has also been endorsed by members of HeartWare's Senior Management. All employees will have a copy of this Policy provided to them. Employees will also be asked to sign a declaration confirming that they understand and agree to adhere to the requirements of the Policy.

1.4 Continuous Disclosure Committee

A Continuous Disclosure Committee has been established by the Board of Directors of HeartWare as a committee to be responsible for ensuring full compliance with the Company's policy in this regard.

The members of HeartWare's Continuous Disclosure Committee are:

- (a) the Chairman of the Board of Directors – Mr Robert Thomas;
- (b) a Non-Executive Director – Dr Seth Harrison; and
- (c) the Chief Executive Officer – Mr Douglas Godshall.

The Continuous Disclosure Policy is managed and co-ordinated by the Chief Financial Officer. All determinations of the Continuous Disclosure Committee must be documented.

2. HeartWare's Communication Policy

2.1 General Rule – "Disclose Immediately"

In accordance with the ASX Listing Rules and the Corporations Act, HeartWare must disclose immediately all price sensitive information. This means that HeartWare must immediately notify the ASX of any information or any major development relating to HeartWare which a reasonable person would expect to have a "material" effect on, or lead to a substantial movement in, the price or value of HeartWare shares.

The notification must be made by way of an announcement to the Australian Stock Exchange.

The above reflects the statutory requirements which the Company is subject to under ASX Listing Rule 3.1 and section 674(2) of the *Corporations Act*. Failure to comply with the above can result in civil and criminal proceedings against both the Company and any person involved in the contravention. Substantial damages and penalties apply under the *Corporations Act*.

2.2 Exceptions to General Rule

The disclosure obligation is subject to an exception as set out below.

Information need not be disclosed if each of the following 3 limbs is satisfied:

- A reasonable person would not expect the information to be disclosed.
- The information is confidential.
- One or more of the conditions set out in ASX Listing Rule 3.1.3 is satisfied. In simple terms, these conditions include that it would be a breach of the law to disclose the information, the information is incomplete, the matter is just speculation, the information was generated for internal use or the matter is a trade secret.

All three of the above requirements must be met.

2.3 When is information "material"?

Information will be expected to have a material effect on the price or value of HeartWare's securities if there is a substantial likelihood that the information would influence the decision of investors as to whether they should buy, hold or sell HeartWare shares – this is known as the "materiality test". In assessing the likelihood, consideration needs to be given to HeartWare's business, its size and its place in the market.

In addition to the above, a quantitative (or financial) assessment may also be undertaken by HeartWare's Continuous Disclosure Committee as part of its decision-making process. This quantitative assessment should not be in substitution for the materiality test referred to above.

HeartWare's Continuous Disclosure Committee is responsible for making decisions about what information will be disclosed.

Guidelines are available to assist employees in understanding what information may be price or value sensitive, and therefore required to be disclosed to the market via the ASX (see Section 4 below).

2.4 Reporting Information to Disclosure Officers

HeartWare has appointed a number of "Disclosure Officers". Disclosure Officers are responsible for co-ordinating the provision of relevant information (from their respective Department) to the Chief Financial Officer as the Convenor of HeartWare's Continuous Disclosure Committee. Each Disclosure Officer must ensure that all employees within his or her Department are aware of the Company's continuous disclosure obligations and, in particular, the requirement to provide timely and balanced information to the market.

The Disclosure Officers are as follows:

Department	Title	Name
Clinical	Chief Medical Officer	David Hathaway
Sales & Marketing	Vice President – Sales & Marketing	Jim Schuermann
Finance	Chief Financial & Business Officer	David McIntyre
Operations	Chief Financial & Business Officer	David McIntyre
Regulatory Affairs	Director of Regulatory Affairs	Maritza Celaya
Quality Assurance	Vice President of Quality Assurance	Ramon Paz
Investor Relations	Director, Corporate Development	Howard Leibman
Scientific Affairs & Advanced Products	Chief Scientific Officer	Jeff LaRose

To ensure that there is no pre-judgement of the materiality test, all employees must inform their Disclosure Officers of:

- Any information which the employee believes could (not will) potentially have a price or value implication for HeartWare shares. This includes confirmed information as well as proposals.
- A matter that falls within the criteria established in the materiality guidelines and advised by HeartWare's Continuous Disclosure Committee.

The above must be passed to the relevant Disclosure Officer as soon as the employee becomes aware of it. On receipt, the relevant Disclosure Officer will refer the matter to the Chief Financial Officer.

2.5 Rumours and Market Speculation

HeartWare acknowledges that market rumours, leaks and inadvertent disclosures can have an impact on the price or value of HeartWare securities.

In particular, market speculation and rumours, whether substantiated or not, have a potential to impact HeartWare and its stakeholders. Speculation can also lead to a "please explain" inquiry from the ASX whereby, generally speaking, ASX formally requests disclosure by HeartWare on the matter.

Finally, HeartWare accepts that rumours and speculation may contain factual errors or misleading information that could materially affect the Company.

HeartWare is therefore committed to ensuring that investors have equal access to information. As such, all reasonable information which is relevant to HeartWare, whether it is considered price sensitive or not, will be made available on the Company's website (www.heartware.com.au).

Rumours, speculation, leaks and inadvertent disclosures are treated seriously by the Company and the Company is fully committed to applying the procedures set out in this Policy with a view to achieving a balanced and informed market.

If the ASX considers that there is or is likely to be a false market in the Company's shares and asks the Company to provide it with information to correct or prevent a false market, the Company will give the ASX such information as is necessary to correct or prevent the false market or will request a trading halt. The extent of the information to be provided by the Company will depend on the nature of the false market and the information requested by the ASX, which must be determined in the particular circumstances of each case.

2.6 No Comment Policy for Employees

Unless expressly stated in this Policy, employees are NOT authorised to speak on behalf of the Company. This includes "off the record" type discussions.

HeartWare's general policy on responding to market speculation and rumours is the following simple generic statement:

"The Company does not respond to market speculation or rumours. All questions and inquires should be directed to the Chief Executive Officer".

This policy must be observed by employees at all times.

If a comment is to be made on behalf of HeartWare then that is a decision for HeartWare's Continuous Disclosure Committee.

Notwithstanding HeartWare's no comment policy, HeartWare may issue a statement in relation to market speculation or rumour in the following circumstances:

- HeartWare considers that it has an obligation to make a statement to the market about a particular matter which is the subject of market speculation, rumour or inadvertent disclosure; or
- HeartWare is required to respond to a formal request from the ASX for information or otherwise receives a "please explain" type inquiry.

2.7 How is Information to be Disclosed?

Price sensitive information must be publicly released through the Australian Stock Exchange before disclosing it to analysts or others outside the Company. Further dissemination is permissible after the information is released to the ASX.

In addition, all information disclosed to the ASX in compliance with this Policy will be promptly placed on HeartWare's website following receipt of confirmation from the ASX.

HeartWare must not release information publicly that is required to be disclosed through the ASX until it has received formal confirmation of its release by the ASX. The Company Secretary will confirm that receipt.

All investor information is to be posted in a separate area of the Company's website which deals specifically with investor information.

2.8 Authorised Spokesperson

The only HeartWare employees authorised to speak to the media or externally in relation to the matters subject to this policy are those approved by HeartWare's Continuous Disclosure Committee from time to time.

Unless otherwise specified, the only persons authorised to speak on behalf of the Company are the Chief Executive Officer and the Chairman of the Board of Directors.

2.9 Trading Halts

It may be necessary to request a trading halt from the ASX to ensure that orderly trading in HeartWare's securities is maintained and to manage disclosure issues. HeartWare's Continuous Disclosure Committee will make all decisions in relation to trading halts. No HeartWare employee is authorised to seek a trading halt except with the approval of HeartWare's Continuous Disclosure Officer or Chief Financial Officer.

2.10 Embargo of information

All employees are banned from disclosing material or price sensitive information concerning the Company. All material price or value sensitive information is to be published at the appropriate time and the relevant mechanism for doing this is a media statement which is released to the market via the ASX.

2.11 Verification and Monitoring

Every material statement of fact or opinion in a media release will be cross referenced to supporting evidence or to independent material provided by management or appropriate experts to support that statement or fact. In certain instances, a responsible person will be required to sign-off on the statement of fact or opinion.

The Chief Financial Officer will be responsible for the verification process. In addition, the Chief Financial Officer must be made aware of all information disclosures in advance, including all information to be presented at private briefings. This will minimise the risk of breaching the continuous disclosure requirements.

All media releases referring to third parties must, where possible, have been consented to by the relevant party. If circumstances do not permit such consent being readily obtained then the matter must be referred to the Company's lawyers for consideration.

Any disclosures regarding litigious matters must be first reviewed by the Company's lawyers prior to publication.

2.12 Policy Breaches

Employees of the Company should appreciate that breaches of this policy can have severe negative implications for the Company and its stakeholders. In particular, the Australian Securities and Investments Commission may exercise its statutory power to, in certain circumstances, fine the Company for breaches of the continuous disclosure regime.

Accordingly, employees are placed on notice that breaches of this Policy may lead to strong disciplinary action being taken against the employee including dismissal in serious cases.

3. Financial Markets Continuous Disclosure Policy

The Financial Markets Continuous Disclosure Policy operates in conjunction with the Continuous Disclosure Policy.

During each calendar year, HeartWare endeavours to adhere to a calendar of regular disclosures to the market on its financial and operational results. Given the changing nature and scope of HeartWare's business, it is acknowledged that it may not be possible to strictly adhere to the calendar at all times. As such, it may be necessary for HeartWare to make additional disclosures in order to comply with the continuous disclosure regime.

HeartWare may interact with the market in a variety of ways. In particular, senior management and executives of the Company may be involved in results briefings, market announcements, one-on-one briefings, meetings and educational sessions.

It is also acknowledged that HeartWare will provide background and technical information to institutional investors and stockbroking analysts to support major announcements made to the ASX and minor announcements made about HeartWare's on-going business activities.

At all times when interacting with external individuals, investors, stockbroking analysts and market participants, HeartWare adheres to the guiding principle set out in this Policy.

3.1 HeartWare's Reporting Calendar

Attached as Annexure A is HeartWare's Reporting Calendar.

All employees should familiarise themselves with this calendar and, in particular, the communication-free windows referred to below.

3.2 General Rule

The Company must not communicate material price or value sensitive information to an external party unless that information has previously been disclosed to the market by way of a release to the ASX.

3.3 Authorised HeartWare Spokespersons

The only HeartWare employees authorised to speak on behalf of HeartWare to institutional investors and stockbroking analysts are:

- Chairman of the Board of Directors;
- Chief Executive Officer;
- Chief Financial Officer;
- Director, Corporate Development; and
- Delegates of the above nominated for that purpose.

Those authorised employees may clarify information that HeartWare has publicly released but must not comment on material price or value sensitive issues that have not been disclosed to the market generally.

If any other employee receives a request for comment from an external investor, analyst or the media in relation to any matter concerning HeartWare they must advise that person that they are not authorised to speak on behalf of HeartWare.

3.4 Communication-free "windows"

To protect against inadvertent disclosure of material price or value sensitive information, HeartWare imposes communication-free "windows" periods between the end of its financial reporting periods (31 December and 30 June) and announcement of results to the market.

In these "windows" HeartWare will not hold:

- one-on-one briefings with institutional investors, individual investors or stockbroking analysts to discuss financial information concerning HeartWare; or
- open briefings other than to deal with matters which are the subject of an announcement via the ASX.

3.5 Open briefings to institutional investors and stockbroking analysts

HeartWare may hold open briefings (i.e. where all members of a relevant group are invited) with institutional investors and/or stockbroking analysts to discuss information that has been released to the market.

For the purposes of this Policy all meetings that are not open meetings are treated as one-on-one briefings.

HeartWare's policy for conducting open briefings is not to disclose any material price or value sensitive information that has not been announced to the market generally.

Where a question is raised in a briefing which can only be answered by disclosing material price or value sensitive information, employees must decline to answer the question or take the question on notice and wait until HeartWare announces the information publicly through the ASX before responding.

If any HeartWare employee participating in the briefing considers that a matter has been raised that might constitute a previously undisclosed material price or value sensitive matter, they must immediately refer the matter to the Chief Financial Officer for possible consideration by HeartWare's Continuous Disclosure Committee.

For open briefings, HeartWare will follow these procedures:

- HeartWare will advise the market in advance, via the ASX and on HeartWare's website, of open briefings; and
- briefing and presentation materials will be disclosed to the market via the ASX and placed on HeartWare's website.

For the purposes of this Policy, public speeches and presentations by HeartWare's Chief Executive Officer, Chairman or Chief Financial Officer will be classed as "open briefings".

3.6 One-On-One briefings with Stockbroking analysts

It is in the interests of HeartWare's shareholders that stockbroking analysts have a thorough understanding of HeartWare's business operations and activities.

From time to time, HeartWare participates in one-on-one briefings with stockbroking analysts. At these briefings HeartWare may provide background and technical information to assist stockbroking analysts in their understanding of HeartWare's business activities.

HeartWare's policy is that no previously undisclosed material price or value sensitive information will be disclosed at these briefings.

File notes must be made of all one-on-one briefings held by HeartWare with stockbroking analysts, and maintained for a reasonable period. These file notes should include copies of all presentations and other documents provided during the briefings. Other information such as date, times, attendees etc. should be stated clearly for future reference.

If any HeartWare employee participating in the briefing considers that a matter has been raised that might constitute a previously undisclosed material price or value sensitive matter, they must immediately refer the matter to the Chief Financial Officer for possible consideration by HeartWare Continuous Disclosure Committee.

For any series of one-on-one briefings arranged by HeartWare with stockbroking analysts, HeartWare will follow these additional procedures:

- HeartWare will advise the market in advance, via the ASX and on HeartWare's website, of one-on-one briefings; and
- Any presentation materials will be disclosed to the market via the ASX and placed on HeartWare's website.

3.7 One-on-One briefings with Institutional Investors

It is in the interests of HeartWare's shareholders that institutional investors have a thorough understanding of HeartWare's business operations and activities.

From time to time, HeartWare participates in one-on-one briefings with institutional investors. At these briefings HeartWare may provide background and technical information to assist institutional investors in their understanding of HeartWare's business activities.

HeartWare policy is that no previously undisclosed material price or value sensitive information will be disclosed at these briefings.

For the purposes of this Policy a one-on-one briefing includes any communication between HeartWare and institutional investors.

For compliance purposes, file notes must be made of all one-on-one briefings held by HeartWare with institutional investors, and maintained for a reasonable period.

If any HeartWare employee participating in the briefing considers that a matter has been raised that might constitute a previously undisclosed material price or value sensitive matter, they must immediately refer the matter to the Chief Financial Officer for possible consideration by HeartWare's Continuous Disclosure Committee.

For any series of one-on-one briefings arranged by HeartWare with institutional investors, HeartWare will follow these additional procedures:

- HeartWare will advise the market in advance, via the ASX and on HeartWare's website, of any series of briefings; and

- Any presentation materials will be disclosed to the market via the ASX and placed on HeartWare's website.

3.8 Advance Provision of Briefing Materials

Any written materials to be used at open or one-on-one briefings with institutional investors or stockbroking analysts must be provided in advance to the Chief Financial Officer to determine whether all information has previously been disclosed to the market or may require disclosure.

3.4 Review of Analysts Reports

HeartWare recognises the important role performed by analysts in assisting the establishment of an efficient market with respect to HeartWare securities.

However, HeartWare is not responsible for, and does not endorse, analyst reports that contain commentary on HeartWare.

HeartWare does not incorporate analysts' reports in any HeartWare corporate information, including HeartWare's website (the policy also extends to hyperlinks to analyst's websites).

Where analysts send draft reports to HeartWare for comment, they must immediately be referred to the Chief Executive Officer.

HeartWare will not provide non-disclosed material price or value sensitive information in response to such reports.

The information may be reviewed only to correct factual inaccuracies on historical matters. Any correction of factual inaccuracies by HeartWare does not imply endorsement of the content of these reports.

HeartWare will not, under any circumstances, comment on any profit forecasts that may be contained in this type of information.

A standard disclaimer will be provided in any response made to an analyst.

3.5 Policy Breaches

Breaches of this policy may lead to disciplinary action being taken against the employee including dismissal in serious cases.

4 Materiality Guidelines

4.1 Overview

Guidance on materiality is provided by Australian Accounting Standard AASB 1031 "Materiality". While recognising that the standard is applicable to general-purpose financial reports, the methodology and principals outlined in the standard are relevant in relation to the current interpretation of what is material for current or future shareholders.

The accounting standard defines information to be material if its omission, misstatement or non-disclosure has the potential to adversely affect:

- decisions about the allocation of scarce resources made by users of the financial report; or
- the discharge of accountability by the management or governing body of the entity.

Quantitative thresholds used as guidance for determining materiality must, of necessity, be drawn at arbitrary levels. Common basis for establishing materiality are 5 to 10 percent of operating profit and one to 1.5 percent of net equity.

Qualitative measures are by themselves more difficult to assess, however such assessments are very important.

4.2 Quantitative Measures

A quantitative assessment as to what is reported to HeartWare's Continuous Disclosure Committee as part of its consideration of the materiality test should be considered in the context of the anticipated or actual impact on the financial performance of the business.

This may arise as a consequence of a specific transaction, such as the acquisition or disposal of a business or segment thereof, or the impact of external or internal factors that may impact the results or operations of the business.

The following guidelines are provided as a useful measure to assess the financial or operational impact on the business of a transaction or event that must be reported to HeartWare's Continuous Disclosure Committee. Disclosure Officers must inform the Chief Financial Officer of matters affecting operating margins according to the following criteria:

4.3 HeartWare Limited (or its Subsidiaries)

- US\$200,000
- 7.5% of annual budget (in any regard)

Any changes made to these guidelines by HeartWare's Continuous Disclosure Committee will be communicated to each Department Manager by the Chief Financial Officer.

Disclosure Officers should also have regard to material changes (compared to budget) of other drivers of value relevant to their business such as embedded value, value of new business, net cash flows.

Although other quantitative measures can be applied such as changes in gross assets or liabilities or to net equity, the above guidelines are likely to provide the most significant quantitative measure that may influence investor's decision to buy, hold or sell HeartWare Securities.

4.4 Qualitative Measures

Application of qualitative measures is, by its nature, considerably more difficult than quantitative approaches. When applying qualitative measures it is appropriate to assess both the potential positives and negatives to current or potential shareholders. Such assessments will need to be made by HeartWare's Continuous Disclosure Committee.

While not a comprehensive list, the following matters should also be considered by HeartWare's Continuous Disclosure Committee as potential material transactions events that would warrant public disclosure:

- Acquisitions of business irrespective of cost or scale.
- Disposal of a business irrespective of cost or scale.
- Movements and appointments of key executives.
- Threatened litigation.

➤ Regulator intervention.

5 Shareholder Communication

5.1 Overview

It is a fundamental objective of the Company to establish, maintain and promote effective procedures for shareholders to communicate with the Board and for Directors to respond to shareholders' concerns.

The Company is therefore committed to effective means of shareholder communication.

Despite the above, shareholders should be aware that it is equally important that, irrespective of the Company's willingness to assist shareholders with their concerns, the Company is required to, at all times, abide by the Company's continuous disclosure obligations as set out in this Policy.

5.2 Overview

Generally speaking (and to ensure balanced disclosure of information), communications with shareholders should be through the mechanisms discussed at the beginning of this Policy.

Annexure A

HeartWare's Reporting Calendar

28 February	ASX Appendix 4E – Preliminary Financial Report for the 12 months ended 31 December
30 April	ASX Appendix 4C – Quarterly Report for the 3 months ended 31 March
14 May	Form 10Q - Quarterly Report for the 3 months ended 31 March
31 July	ASX Appendix 4C – Quarterly Report for the 6 months ended 31 March
14 August	Form 10Q - Quarterly Report for the 3 and 6 months ended 30 June
31 August	ASX Appendix 4D – Half-year Results for the 6 months ended 30 June
31 October	ASX Appendix 4C – Quarterly Report for the 9 months ended 31 March
14 November	Form 10Q - Quarterly Report for the 3 and 9 months ended 30 September
31 January	ASX Appendix 4C – Quarterly Report for the 12 months ended 31 December

[Approved by the Board of Directors of HeartWare Limited on 30 September 2008.]