

HEARTWARE LIMITED

ABN 34 111 970 257



HeartWare
Level 46

2 Park Street
Sydney NSW 2000

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www.heartware.com.au

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

19 May 2006

BY E-LODGE MENT

Dear Sir / Madam

HeartWare Limited Shareholder Share Purchase Plan

Attached is the HeartWare Limited Shareholder Share Purchase Plan documentation which is presently being distributed to shareholders.

Yours faithfully

David McIntyre
Chief Financial Officer &
Company Secretary

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18 May 2006

Dear HeartWare Shareholder

HeartWare Limited – Share Purchase Plan

I am pleased to offer you the opportunity to participate in the HeartWare Limited Share Purchase Plan dated 19 May 2006 (**Plan**). The Plan allows you to purchase up to A\$5,000 worth of ordinary shares in HeartWare Limited (**Heartware** or the **Company**) at A\$1.10 per share, which is an issue price discounted to the market price of HeartWare shares on the Australian Stock Exchange (ASX) and free of brokerage or transaction costs.

You will no-doubt be aware that the Company has recently received commitments to raise approximately A\$32.5 million through a private placement to sophisticated and institutional investors at an issue price of A\$1.10 (the **Private Placement**), subject to the approval of shareholders at the Annual General Meeting, which will be held on 23 May 2006. By making this offer to shareholders under the Plan, HeartWare is providing shareholders with the opportunity to acquire shares at the same price which was made available under the Private Placement.

Funds raised by the issue of shares under the Plan (and the Private Placement) will be used for the commercialization and further development of the Company's HVAD technology (including completion of the EU and Australian clinical trials and commencement of the US trials), the advancement of the miniaturized VAD (MVAD) program, a manufacturing scale-up and general working capital.

Participation in the Plan is open to all shareholders registered as holders of ordinary shares in HeartWare as at 5pm (Sydney time) on 17 May 2006 and whose address in HeartWare's share register is in Australia or New Zealand. Due to the high regulatory and legal costs of preparing and lodging the required documents in overseas jurisdictions, HeartWare will not be making an offer under the Plan to any other overseas shareholders (including in the United States of America).

The issue price of shares being offered under the Plan is A\$1.10 which represents a discount of approximately 3% to the weighted average market price of HeartWare shares traded on ASX during the 5 trading days prior to announcement of the offer under the Plan on 10 May 2006.

Shareholders should note that the market price of HeartWare shares may rise or fall between the date of this offer and the date on which the shares are issued to you under the Plan. This means that the issue price you pay for shares offered under the Plan may exceed the market price of those shares at the date of allotment of the shares under this offer. The Board of HeartWare recommends that you obtain advice from your financial, legal or other advisors in relation to this offer and consider, without limitation, price movements of shares in HeartWare before accepting this offer. An investment in HeartWare should be considered to be speculative in nature.



If you would like to participate, your application for shares under the Plan must, at your choice, be for either 2,728 shares (with a total issue price of A\$3,000.80), 3,637 shares (with a total issue price of \$4,000.70) or 4,545 shares (with a total issue price of A\$4,999.50).

Participation in the Plan is entirely at the option of shareholders, however your entitlement to participate in the Plan is non-renounceable. This means that your right to participate in the Plan cannot be transferred to anyone else.

The full Terms and Conditions of the Plan are enclosed and you should carefully review them. If you wish to participate in the Plan, you should:

1. Complete the *attached* Application Form, indicating how many shares you wish to apply for under the Plan; and
2. Enclose your cheque payable to “**Heartware Limited – Share Purchase Plan**” and submit it to the Company's share registry, (in the enclosed reply paid addressed envelope if mailed within Australia) at:

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000

To be received no later than 5.30pm (Sydney time) on 5 June 2006

Shares to be issued under the Plan will be issued within 15 business days after the closing date for applications and HeartWare will, promptly after issue of shares under the Plan, apply for the shares to be listed for quotation on the official list of ASX.

If you have any questions in relation to the Plan or any of the enclosed documents, please contact the Company Secretary, David McIntyre, on (02) 8215 7600.

I welcome your participation in the Plan and thank you for your continued support of HeartWare.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rob Thomas".

Rob Thomas
Chairman

HEARTWARE LIMITED SHARE PURCHASE PLAN TERMS AND CONDITIONS

Offer

HeartWare Limited ABN 34 111 970 257 (**HeartWare**) offers eligible shareholders the opportunity to acquire either 2,728, 3,637 or 4,545 fully paid ordinary shares in HeartWare (**Shares**) at A\$1.10 per fully paid ordinary share under the HeartWare Limited Share Purchase Plan (**Plan**), (collectively, **Offer**).

Opening and closing date of the Offer

The Offer opens on 19 May 2006 and closes at 5.30pm (Sydney time) on 5 June 2006. **No late applications will be accepted.**

Shareholders eligible to participate

Shareholders of HeartWare that are registered in HeartWare's register of members with an Australian or New Zealand address as at 5pm (Sydney time) on 17 May 2006 may apply for Shares pursuant to the Offer (**Eligible Shareholders**).

Joint holders may apply for Shares in addition to any individual application either of them has made and a trustee with multiple holdings for specified beneficiaries may apply once on behalf of each specified beneficiary.

Participation in the Plan is optional and is subject to these terms and conditions. The Offer is non-renounceable (ie Eligible Shareholders may not transfer their rights to buy Shares offered under the Plan to anyone else).

Purchase Price

The Purchase Price for each Share to be issued under the Plan is A\$1.10 which represents a discount of approximately 3% to the weighted average market price of HeartWare shares traded on the Australian Stock Exchange (**ASX**) during the 5 trading days prior to announcement of the Offer on 10 May 2006.

Application

An Eligible Shareholder may purchase Shares under this Offer by choosing **one** of the following options on the Application Form:

Offer	Number of Shares	Amount payable
Offer A	2,728	A\$3,000.80
Offer B	3,637	A\$4,000.70
Offer C	4,545	A\$4,999.50

Please provide a cheque or bank draft for the exact amount. If you do not do so, HeartWare reserves the right to return your Application Form and cheque or bank draft. If that occurs, no Shares will be issued to you. By applying for Shares under the Plan, you will have agreed to be bound by these terms and conditions.

Not Conditional on Private Placement

This Offer is not conditional upon the Company's private placement to raise approximately \$32.5 million. The private placement is subject to

shareholder approval, being sought on 23 May 2006.

Participation costs

The only cost to you in relation to the Offer is the Purchase Price of the number of Shares you wish to acquire. Under the Offer, you do not have to pay for brokerage, commission or other transaction costs.

Issue of Shares

Shares to be issued under the Plan will be issued within 15 business days after the closing date of the Offer and will rank equally in all respects with all other fully paid ordinary shares in HeartWare from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Shares issued under the Plan. HeartWare will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

HeartWare may modify or terminate the Plan at any time.

HeartWare will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, HeartWare may issue to any person fewer Shares than the person applied for under the Plan if the issue of the applied for Shares would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

HeartWare may settle any dispute in relation to the Plan in any manner it thinks fit whether generally or in relation to any participant, application, or Shares and the decision of HeartWare will be conclusive and binding on all shareholders and other persons to whom that determination relates.

HeartWare reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of HeartWare under these terms and conditions may be exercised by the directors of HeartWare or any delegate of the directors of HeartWare.

Important information on price risk to consider

Before deciding whether to accept the Offer, you should refer to the current market price of HeartWare shares which can be obtained from the financial pages of daily newspapers, your stockbroker or ASX.

Questions and contact details

If you have any questions regarding the Plan or the Offer, please contact your stockbroker or professional adviser or the Company Secretary of HeartWare, David McIntyre on (02) 8215 7600.



SHARE PURCHASE PLAN - APPLICATION FORM

Record Date: 17 May 2006
 Offer Closes: 5 June 2006
 Purchase Price: \$1.10 per share

<ADDRESS1>
 <ADDRESS2>
 <ADDRESS3>
 <ADDRESS4>
 <ADDRESS5>
 <ADDRESS6>

SUB-REGISTER
 <ISSUER SPONSORED / CHESS>

HIN/SRN
 <NO.>

<BARCODE>

A Offer Choice and Payment Details

I/We wish to apply for the number of shares marked below in accordance with the terms and conditions of the HeartWare Limited Share Purchase Plan as set out in the accompanying letter dated 18 May 2006.

Indicate your choice below by marking **ONE** box only

	Offer A 2,728 shares A\$3,000.80		Offer B 3,637 shares A\$4,000.70		Offer C 4,545 shares A\$4,999.50
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I/We enclose my/our payment for the amount shown above being payment of A\$1.10 per new Share. I/We hereby authorise you to register me/us as the holder(s) of the Shares issued to me/us, and I/we agree to be bound by the Constitution of the Company.

Record cheque details below

Drawer	Cheque Number	BSB Number	Account No.	Amount A\$

PAYMENT INSTRUCTIONS:

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted. Your cheque or bank draft must be made payable to “**HeartWare Limited - Share Purchase Plan**”. Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.
- Payments must be made via cheque or bank draft accompanying the Application Form.
- Cash will not be accepted via the mail or at the HeartWare Share Registry.
- Payments cannot be made at any bank.

B Contact Details

Please provide a telephone number and contact name in case we need to contact you regarding your application.

Home telephone number	Work telephone number	Contact name

C Declarations and Acknowledgments

By lodging this form with your cheque or bank draft you acknowledge and confirm that you have read, understood and agreed to the terms and conditions of the HeartWare Limited Share Purchase Plan (SPP) and certify that the aggregate of the application price paid by you for the Shares the subject of this Application Form and any other ordinary shares applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of this Application Form does not exceed A\$5,000.

HeartWare may settle, in any manner it deems appropriate, any dispute or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application for shares. The decision of HeartWare will be conclusive and binding on all persons to whom the determination relates. HeartWare reserves the right to waive compliance with any provision of the SPP terms and conditions. The Directors reserve the right to withdraw the offer of shares under the Plan, or reduce the

amount of shares that may be subscribed for under the Plan in a pro-rata manner, at any time prior to allotment. Any excess application moneys will be refunded. No interest will be paid on any refunded application moneys.

NO SIGNATURE IS REQUIRED ON THIS FORM

THIS OFFER IS NON-RENOUNCEABLE

Application Forms and cheques must be received no later than 5.30 pm (Sydney time) on **5 June 2006** at:

MAILING ADDRESS

**Registries Limited
PO Box R67
Royal Exchange
SYDNEY NSW 1223**

DELIVERY ADDRESS

**Registries Limited
Level 2
28 Margaret Street
SYDNEY NSW 2000**

You should allow sufficient time for this to occur. The postal acceptance rule does not apply to the SPP.