



HeartWare International, Inc.

INSIDER TRADING POLICY

I. Trading in Company Securities While in Possession of Material Nonpublic Information is Prohibited

Any person who purchases or sells securities in violation of a duty of trust or confidence, while in possession of material nonpublic information, violates United States federal and state securities laws. Furthermore, it is important that the *appearance*, as well as the fact, of trading on the basis of material nonpublic information be avoided. Therefore, it is the policy of HeartWare International, Inc. and its subsidiaries (collectively, the “**Company**”) that any person subject to this Company Insider Trading Policy (this “**Policy**”), who possesses material nonpublic information pertaining to the Company may not trade in the Company’s securities, advise anyone else to do so, or communicate the information to anyone else until you know that the information has been disseminated to the public.

No director, officer, employee or consultant of the Company who is aware of material nonpublic information relating to the Company may, directly or through a family member or other person or entity,

- buy or sell securities of the Company, other than pursuant to a trading plan that complies with Rule 10b5-1 promulgated by the Securities and Exchange Commission (the “**SEC**”),
- engage in any other action to take personal advantage of that information,
- pass that information on to others outside the Company, including friends and family (a practice referred to as “tipping”), or
- make recommendations or express opinions as to trading in the Company’s securities while in possession of material nonpublic information, except such person may advise others not to trade in the Company’s securities if doing so might violate the law or this Policy.

In addition, it is the policy of the Company that no officer, director, employee or consultant who, in the course of working for the Company, learns of material nonpublic information of another company with which the Company does business, such as a customer, supplier or joint venture partner, may trade in that company’s securities until that information becomes public or is no longer material.

II. All Employees, Officers, Directors, Consultants and their Family Members and Affiliates Are Subject to this Policy

This Policy applies to all directors (including outside directors), officers, employees and consultants of the Company, their family members and members of their households, as well as

to entities (such as trusts, limited partnerships, limited liability companies and corporations) over which such individuals have or share voting or investment control. This Policy also applies to any other persons whom the Company's insider trading Compliance Officer may designate because they have access to material nonpublic information concerning the Company, as well as any person who receives material nonpublic information from any Company insider. Persons subject to this Policy are responsible for ensuring compliance by family members and members of their households and by entities over which they exercise voting or investment control.

III. Officers and Directors Are Subject to Additional Restrictions

A. Section 16 Insiders. The Company's directors (including any persons who perform functions similar to those of a director) and officers are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the underlying rules and regulations promulgated by the SEC. Each of these persons is referred to herein as a "Section 16 Insider." An officer is generally defined as the Chief Executive Officer, the Chief Financial Officer, any executive vice president in charge of a principal business unit, division or function or any other officer or person who performs a similar policy making function.¹

B. Additional Restrictions. All Section 16 Insiders are subject to the additional restrictions and reporting obligations set forth in a separate memorandum provided to them.

IV. Insider Trading Compliance Officer

The Company has designated the General Counsel as its Insider Trading Compliance Officer (the "**Compliance Officer**").

The duties of the Compliance Officer will include the following:

1. Administering this Policy and monitoring and enforcing compliance with all Policy provisions and procedures;
2. Responding to all inquiries relating to this Policy and its procedures;
3. Designating and announcing special trading blackout periods during which insiders and specified employees are prohibited from trading in Company securities;
4. Providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and such other persons as the Compliance Officer determines have access to material nonpublic information concerning the Company;
5. Administering, monitoring and enforcing compliance with insider trading laws and regulations, and monitoring the preparation and filing of all required SEC reports relating to trading in Company securities, including without limitation Forms 3, 4, 5 and 144 and Schedules 13D and 13G;

¹ Beneficial owners of more than 10% of a class of the Company's equity securities are also covered by Section 16. However, this discussion is limited to insiders who are directors and officers.

6. Selecting designated brokers through which insiders are authorized to trade Company securities;
7. Revising the Policy as necessary to reflect changes in federal or state insider trading laws and regulations;
8. Maintaining as Company records originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation Forms 3, 4, 5 and 144 and Schedules 13D and 13G; and
9. Maintaining an accurate list of Section 16 Insiders.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties for administrative convenience or in the event that the Compliance Officer is unable or unavailable to perform such duties. In fulfilling his or her duties under this Policy, the Compliance Officer is authorized to consult with the Company's outside counsel.

V. Applicability of this Policy to Transactions in Company Securities

This Policy applies to all transactions in the Company's securities, including common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible notes, as well as to derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options, as well as transactions in credit default swaps in which the Company's debt instruments serve as the reference security. For purposes of this Policy, the term "trade" includes any transaction in the Company's securities, including gifts and pledges.

VI. Definition of "Material Nonpublic Information"

A. "Material". Information about the Company is "material" if it would be expected to affect the investment or voting decisions of a reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information which could reasonably be expected to affect the market price of the Company's securities. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed material, the following types of information could be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity.
- Company projections and strategic plans.
- Potential mergers or acquisitions, the sale of Company assets or subsidiaries or major partnering agreements.
- New major contracts, orders, suppliers, customers or finance sources or the loss thereof.

- Major discoveries or significant changes or developments in products or product lines, research or technologies.
- Significant changes or developments in supplies or inventory, including significant product defects or recalls.
- Significant pricing changes.
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts.
- Significant changes in senior management or membership of the Board of Directors.
- Significant labor disputes or negotiations.
- Actual or threatened major litigation, or the resolution of such litigation.
- Clinical trial results.
- Receipt or denial of FDA or other regulatory approval, or status of FDA or other regulatory approval, for products or services.

B. “Nonpublic”. Material information is “nonpublic” if it has not been widely disseminated to the general public through a report filed with the SEC or through major newswire services in the United States, U.S. national news services or U.S. financial news services. For the purpose of this Policy, information will be considered public after the close of trading on the second full trading day following the Company’s widespread public release of the information.

C. Consult the Compliance Officer When in Doubt. Any persons subject to this Policy who are unsure whether the information that they possess is material or nonpublic should consult the Compliance Officer for guidance before trading in any Company securities.

VII. No Person Subject to this Policy May Disclose Material Nonpublic Information to Others or Make Recommendations Regarding Trading in Company Securities

No person subject to this Policy may disclose material nonpublic information concerning the Company to any other person (including family members, friends and affiliated entities) especially where the information may be used by that person to his or her advantage in the trading of the securities of companies to which the information relates, a practice commonly known as “tipping.” No person subject to this Policy may make recommendations or express opinions as to trading in the Company’s securities while in possession of material nonpublic information, except such person may advise others not to trade in the Company’s securities if doing so might violate the law or this policy.

VIII. No Person Subject to this Policy May Participate in Chat Rooms and Social Media Outlets

Persons subject to this Policy are prohibited from participating in chat room discussions, social media outlets or other Internet forums regarding the Company’s material nonpublic

information. This prohibition shall include, without limitation, blogs, Facebook postings, LinkedIn postings and tweets (and the use of other social media) to the extent the discussion concerns the Company's securities or material nonpublic information unless an authorized spokesperson for the Company explicitly requests such disclosures. To the extent permitted by law, if the Compliance Officer has reason to believe that a person subject to this Policy is posting material nonpublic information to social media, and the Compliance Officer requests to "Friend," "Follow" or "Connect" with such person (or other similar term which allows the Compliance Officer to view such person's social media) for the purpose of enforcing this Policy, the person must accept such request.

IX. Only Designated Company Spokespersons Are Authorized to Disclose Material Nonpublic Information

Regulation FD requires the Company to avoid the selective disclosure of material nonpublic information. Accordingly, the Company has designated its Chief Executive Officer, Chief Financial Officer and Vice President, Investor Relations as the authorized spokespersons for the Company, and has established procedures for releasing information in a manner that is designed to achieve broad dissemination of the information immediately upon its release. No person subject to this Policy, therefore, may disclose potentially material information to anyone outside the Company, including family members and friends, other than in accordance with those established procedures. Any inquiries from outsiders, including, without limitation, analysts and media outlets, seeking information about the Company should be forwarded without further comment to the Compliance Officer or the Vice President, Investor Relations.

X. Persons Subject to this Policy are Prohibited from Serving as Consultants.

Persons subject to this Policy are prohibited from serving as consultants to money managers or expert networking firms or (unless explicitly authorized by the Chief Executive Officer, Chief Financial Officer, Vice President, Investor Relations or General Counsel) otherwise providing to investors, analysts and journalists nonpublic information regarding the Company, its competitors, suppliers or the health care industry.

XI. Certain Types of Transactions Are Prohibited

A. Short Sales. Short sales of the Company's securities that evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, Section 16(c) of the Exchange Act expressly prohibits officers and directors from engaging in short sales.

B. Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and may therefore create the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving the Company's stock, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

C. Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the employee may no longer have the same objectives as the Company's other shareholders. Therefore, such transactions involving the Company's securities are prohibited by this Policy.

D. Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, persons subject to this Policy are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. The Company may make an exception for persons who are not directors or officers of the Company and wish to pledge Company securities as collateral for a loan (not including margin debt) and demonstrate the financial capacity to repay the loan without resorting to the pledged securities. Any person wishing to enter into such an arrangement must first receive pre-approval for the proposed transaction from the Compliance Officer in accordance with the pre-approval procedures approved by the Company.

XII. Preclearance Required for All Trades in the Company's Securities

All persons subject to this Policy are required to seek preclearance from the Compliance Officer prior to placing trades in the Company's securities. Once clearance has been provided, any trades must be placed prior to the closing of the trading window. Persons subject to this policy are encouraged, but not required, to consult the Compliance Officer prior to placing any trades in the securities of any competitor of or supplier to the Company.

XIII. Trading Activities are Permitted Only During Certain "Trading Windows"

In order to avoid any questions and to protect both persons subject to this Policy and the Company from any potential liability, any trade by a person subject to this Policy will be permitted only during an open "trading window." The trading window generally opens 48 hours following the public issuance of the Company's earnings release for the most recent fiscal quarter and closes at the close of trading on the 15th day of the third month of each fiscal quarter (or, if the 15th day is not a trading day, at the close of trading on the last trading day that immediately precedes the 15th day). In addition to the times when the trading window is scheduled to be closed, the Company may impose a special blackout period at its discretion due to the existence of material nonpublic information, such as a pending acquisition or the existence of non-public clinical trial results, that is known among some or all employees. The Company's Compliance Officer may advise affected persons when any special blackout period is applicable at any time or at the time the persons seek preclearance to trade in the Company's securities. The Compliance Officer will impose a blackout period if, in his judgment, there exists nonpublic information that would make trades by persons subject to this Policy (or certain persons subject to this policy) inappropriate in light of the risk that the trades could be viewed as violating applicable securities laws. Because the investing public often associates blackout periods with material developments, the imposition of a blackout period must be kept confidential by persons subject to this Policy.

Even when a trading window is open, persons subject to this Policy are prohibited from trading in the Company's securities while in possession of material nonpublic information.

The Compliance Officer may, on a case by case basis, authorize a transaction in the Company's securities outside of the trading window (but in no event during a special blackout period) due to financial or other hardship. Any request for a hardship exemption must be in writing and must describe the amount and nature of the proposed transaction and the circumstances of the hardship. (The request may be made as part of a pre-clearance request, so long as it is in writing.) The person requesting the hardship exemption must also certify to the Compliance Officer within two business days prior to the date of the proposed trade that he or she is not in possession of material nonpublic information concerning the Company.

The existence of the foregoing procedure does not in any way obligate the Compliance Officer to approve any requested hardship exemption.

XIV. Violations of Insider Trading Laws or This Policy Can Result in Severe Consequences

A. Civil and Criminal Penalties. The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay civil penalties up to three times the profit made or loss avoided, face private action for damages, and be subject to criminal monetary penalties and incarceration for a substantial period of time. The Company and/or the supervisors of the person violating the rules may also be liable for insider trading.

B. Company Discipline. Violation of this Policy or insider trading laws may subject the violator to removal proceedings and to disciplinary action by the Company, including termination for cause.

C. Reporting Violations. Any person who violates this Policy or any insider trading laws, or knows of any such violation by any other person, must report the violation immediately to the Compliance Officer or the Audit Committee of the Company's Board of Directors. Upon learning of any such violation, the Compliance Officer or Audit Committee, in consultation with legal counsel as necessary, will determine whether the Company should reverse the transaction, publicly release any material nonpublic information or report the violation to the SEC or other appropriate governmental authority.

XV. Every Individual Is Responsible

Every person subject to this Policy has the individual responsibility to comply with this Policy against illegal insider trading. A person subject to this Policy may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the material nonpublic information and even though the employee believes that he or she may suffer an economic loss or forego anticipated profit by waiting.

XVI. This Policy Continues to Apply Following Termination of Employment

The Policy continues to apply to transactions in the Company's securities even after termination of employment, whether voluntary or involuntary. If an employee is in possession of material nonpublic information when his or her employment or relationship with the Company

terminates, he or she may not trade in the Company's securities until that information has become public or is no longer material.

XVII. The Compliance Officer Is Available to Answer Questions about this Policy

Please direct all inquiries regarding any of the provisions or procedures of this Policy to the Compliance Officer.

XVIII. This Policy Is Subject to Revision

The Company may change the terms of this Policy from time to time to respond to developments in law and practice. The Company will inform all affected persons of any material change to this Policy.

The Nominating and Corporate Governance Committee (the "**Committee**") will be responsible for monitoring and recommending any material modification to this Policy, if necessary or advisable, to the Board of Directors.

XIX. All Persons Subject to this Policy Will Be Delivered the Policy and Must Comply With Its Terms

The Policy will be delivered to all persons subject to this Policy upon its adoption by the Company, and to all new other employees, directors and consultants at the start of their employment or relationship with the Company. Unless otherwise noted by a person subject to this Policy to the Compliance Officer in writing, receipt of this policy imputes to the person knowledge of the policy and agreement that he or she will abide by its terms.

XX. Special Guidelines for 10b5-1 Trading Plans

Notwithstanding the foregoing, a person subject to this Policy will not be deemed to have violated the Policy if he or she effects a transaction that meets all of the enumerated criteria below.

A. The transaction must be made pursuant to a documented plan (the "**Plan**") entered into in good faith that complies with all provisions of Rule 10b5-1 (the "**Rule**"), including, without limitation:

1. Each Plan must:

a. specify the amount of securities to be purchased or sold and the price at which and the date on which the securities are to be purchased or sold, or

b. include a written formula or algorithm, or computer program, for determining the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold.

2. Prohibit the person subject to the Plan and any other person who possesses material nonpublic information from exercising any subsequent influence over how, when, or whether to effect purchases or sales.

B. Each Plan must be approved prior to the effective time of any transactions under such Plan by the Company's Compliance Officer. The Company reserves the right to withhold approval of any Plan that the Compliance Officers determines, in his sole discretion,

1. fails to comply with the Rule, or
2. exposes the Company or the person subject to the Plan to liability under any other applicable state or federal rule, regulation or law, or
3. creates any appearance of impropriety, or
4. fails to meet the guidelines established by the Company, or
5. otherwise fails to satisfy review by the Compliance Officer for any reason, such failure to be determined in the sole discretion of the Compliance Officer.

C. Any modifications to the Plan or deviations from the Plan without prior approval of the Compliance Officer will result in a failure to comply with the Policy. Any such modifications or deviations are subject to the approval of the Compliance Officer, who may reject requests in accordance with the guidelines established in Section B above.

D. Each Plan must be established at a time when the trading window is open.

E. Each Plan must provide appropriate mechanisms to ensure that the person subject to the Plan complies with all rules, regulations and safe harbors, including Rule 144, and Section 16(b), applicable to securities transactions under the Plan by the person subject to the Plan.

F. Each Plan must provide for the suspension of all transactions under such Plan in the event that the Company, in its sole discretion, deems such suspension necessary and advisable, including suspensions necessary to comply with trading restrictions imposed in connection with any lock-up agreement required in connection with a securities issuance transaction or other similar events.

G. None of the Company, the Compliance Officer nor any of the Company's directors, officers, employees or other representatives shall be deemed, solely by their approval of the Plan, to have represented that any Plan complies with the Rule or to have assumed any liability or responsibility to the employee or any other party if such Plan fails to comply with the Rule.

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