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RESPIRONICS INC
Form 424B3
March 05, 2002

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[LOGO OF NOVAMETRIX]

March 6, 2002

To the Stockholders of
NOVAMETRIX MEDICAL SYSTEMS INC.

You are cordially invited to attend a special meeting of stockholders of Novamatrix Medical Systems Inc. to be held at 10:00 a.m., Eastern Daylight Time, on April 9, 2002, at The Waldorf-Astoria, 301 Park Avenue, New York, New York, unless postponed or adjourned to a later date. At the meeting, you will be asked to consider and vote upon a proposal to merge Novamatrix and Respiroics Holdings, Inc., a wholly-owned subsidiary of Respiroics, Inc. If the merger is completed, Novamatrix will become a wholly-owned subsidiary of Respiroics, Inc.

Upon successful completion of the merger, you will receive shares of Respiroics common stock in exchange for your shares of Novamatrix common stock. Respiroics common stock is listed on the Nasdaq Stock Market under the trading symbol "RESP". This tax-free, stock-for-stock transaction is valued at \$8.134 per share to Novamatrix stockholders based on Respiroics' March 4, 2002 closing price of \$30.50. The actual exchange ratio will be determined based upon the weighted average selling price of Respiroics common stock during a 20-day trading period prior to the closing and is subject to a collar as described below.

Under the terms of the collar, if Respiroics' weighted average selling price is above \$35.00 per share over a 20-day trading period ending three days prior to the closing of the merger, you will receive Respiroics common stock in an amount equal to \$8.75 per share of Novamatrix common stock. If Respiroics' weighted average selling price is from \$32.00 to \$35.00 over the relevant trading period, you will receive 0.25 shares of Respiroics common stock for each share of Novamatrix common stock, resulting in an amount between \$8.00 and \$8.75 per share. If Respiroics' weighted average selling price is from \$30.00 to \$31.99, you will receive Respiroics common stock in an amount equal to \$8.00 per share of Novamatrix common stock. If Respiroics' weighted average selling price is below \$30.00, you will receive 0.2667 shares of Respiroics common stock for each share of Novamatrix common stock unless Novamatrix exercises its right to terminate the merger as provided in the merger agreement with Respiroics Holdings. You will be entitled to receive cash for any fractional share of Respiroics common stock that you would otherwise be entitled to receive in the merger. You will not recognize gain or loss for federal income tax purposes as a result of the merger, except with respect to cash received for fractional shares.

Your board of directors has approved the merger and the merger agreement with Respiroics Holdings and has determined that the merger and the merger agreement are advisable, fair to and in the best interests of Novamatrix and its stockholders. Accordingly, the Novamatrix board of directors recommends that you vote FOR the adoption of the merger agreement at the special meeting.

Your vote is important, regardless of the number of shares you own. We cannot complete the merger unless the holders of a majority of the outstanding shares of Novamatrix common stock vote to adopt the merger agreement. Holders of outstanding shares of Novamatrix common stock at the close of business on February 8, 2002 are entitled to vote at the special meeting. Whether or not

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you are able to attend the meeting personally, please complete, sign, date and return the enclosed proxy card promptly in the accompanying envelope, which requires no postage if mailed in the United States. You are, of course, welcome to attend the meeting and vote in person, even if you have previously returned your proxy card.

If you fail to return your proxy card or to vote in person at the meeting, it will have the same effect as a vote against the merger. Regardless of the number of shares you own, your vote is important.

The accompanying proxy statement/prospectus provides you with detailed information about the merger. We encourage you to read this entire document carefully. In particular, you should carefully consider the discussion in the section entitled "Risk Factors" beginning on page 20, describing some of the risks that you should consider in evaluating the merger.

I look forward to your support.

Sincerely,

/s/ William J. Lacourciere
William J. Lacourciere
Chairman and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SHARES OF RESPIRONICS COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus is dated March 6, 2002 and is expected to be first mailed to Novamatrix stockholders on or about March 6, 2002.

[LOGO OF NOVAMATRIX]

Notice of Special Meeting of Stockholders
to be held April 9, 2002

Wallingford, Connecticut
March 6, 2002

To the Stockholders of
NOVAMATRIX MEDICAL SYSTEMS INC.:

A special meeting of the stockholders of Novamatrix Medical Systems Inc. will be held at The Waldorf-Astoria, 301 Park Avenue, New York, New York, on April 9, 2002, at 10:00 a.m., Eastern Daylight Time, unless postponed or adjourned to a later date. The purposes of the special meeting are for you to consider and vote upon:

1. A proposal to adopt the Agreement and Plan of Merger dated as of December 17, 2001, by and between Novamatrix and Respiroics Holdings, Inc., a Delaware corporation and a direct wholly-owned subsidiary of Respiroics, Inc. In the merger, Novamatrix will become a wholly-owned subsidiary of Respiroics, and all outstanding shares of Novamatrix common stock, other than any shares held by parties to the merger

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agreement, will be converted into the right to receive a number of shares of Respiroics common stock pursuant to an exchange ratio to be calculated based on the weighted average selling price of Respiroics common stock during the 20-day trading period ending three days prior to the completion of the merger.

2. Any other business properly brought before the meeting, including any adjournments or postponements of the special meeting, if necessary.

Only holders of record of shares of Novamatrix common stock at the close of business on February 8, 2002 will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. A list of Novamatrix stockholders entitled to vote at the special meeting will be available during normal business hours at the offices of Torys LLP, 237 Park Avenue, 20th Floor, New York, New York 10017, for at least ten days prior to the special meeting for examination by any stockholder for any purpose related to the special meeting.

Your vote is very important. We cannot complete the merger unless the holders of a majority of the outstanding shares of Novamatrix common stock affirmatively vote to adopt the merger agreement. For more information about the merger, please review the accompanying proxy statement/prospectus, and the merger agreement attached as Annex A. Novamatrix stockholders, including those who do not vote in favor of adoption of the merger agreement, are not entitled to appraisal rights, and do not have the right to demand payment for their shares under the General Corporation Law of the State of Delaware in connection with the merger.

All stockholders are cordially invited to attend the special meeting. Whether or not you plan to attend the special meeting, you are urged to complete and sign the enclosed proxy, and return it promptly to Novamatrix. At any time prior to being voted, proxies are revocable by delivering written notice to Novamatrix in accordance with the instructions set forth in the proxy statement or by voting at the special meeting in person.

The Novamatrix board of directors has approved the merger and the merger agreement with Respiroics Holdings, Inc. and has determined that the merger and the merger agreement are advisable, fair to and in the best interests of Novamatrix and its stockholders. Accordingly, the Novamatrix board recommends that you vote FOR adoption of the merger agreement at the special meeting, as described in detail in the accompanying proxy statement/prospectus.

By Order of the Board of Directors,

/s/ Joseph A. Vincent
Joseph A. Vincent, Secretary

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Novamatrix and Respiroics from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this proxy statement/prospectus by accessing the Securities and Exchange Commission's website maintained at "<http://www.sec.gov>" or by requesting copies in writing or by telephone from the appropriate company at the following addresses:

RESPIRONICS, INC.

NOVAMATRIX MEDICAL
SYSTEMS INC.

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1501 Ardmore Blvd. Pittsburgh, Pennsylvania 15221 Telephone (412) 731-2100 Attention: Dorita A. Pishko, Corporate Secretary	5 Technology Drive Wallingford, Connecticut 06492 Telephone: (203) 265-7701 Attention: Joseph A. Vincent, Corporate Secretary
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If you would like to request documents, please do so by April 2, 2002, five business days prior to the special meeting of Novamatrix stockholders, in order to receive them before the Novamatrix special meeting. We will mail the documents you request by first class mail, or another equally prompt means, by the next business day after we receive your request.

See "Where You Can Find More Information" on page 84.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: What will happen in the proposed merger?

A: In the proposed merger, Respironics Holdings, the newly formed subsidiary of Respironics, will be merged with Novamatrix. As a result, Novamatrix will no longer be a public company and will become a wholly-owned subsidiary of Respironics. See "The Merger" on pages 27 through 46.

Q: Why are Novamatrix and Respironics proposing the merger?

A: Novamatrix and Respironics believe that the merger will enhance their ability to deliver products and programs to their customers in the hospital environment as well as customers in the infant care marketplace. Additionally, the companies believe that the merger will offer opportunities for development and introduction of innovative technologies for both new and

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existing markets. See "The Merger--Novamatrix's Rationale for the Merger; Recommendation of the Novamatrix Board of Directors" on pages 30 through 31 and "The Merger--Respironics' Rationale for the Merger" on pages 31 through 32.

Q: Are there risks associated with the merger?

A: Yes. We may not achieve the expected benefits of the merger because of, for example, the risks and uncertainties discussed in the section entitled "Risk Factors" on pages 20 through 25 and the section entitled "Special Note Regarding Forward-Looking Statements" on page 26.

Q: Why is the Novamatrix board of directors recommending that I vote for adoption of the merger agreement?

A: In reaching its decision to approve the merger and the merger agreement and to recommend adoption of the merger agreement by Novamatrix stockholders, the Novamatrix board of directors considered the performance of Novamatrix as a stand-alone company in comparison with its performance as part of a larger entity. Also, the Novamatrix board of directors consulted with the Novamatrix management, as well as Novamatrix's financial and legal advisors, and considered the terms of the merger agreement and the transactions contemplated by the merger agreement and the expected benefits of the merger. The Novamatrix board of directors unanimously approved the merger agreement and the merger, and believes that the terms of the merger agreement and the merger are advisable, fair to, and in the best interests of, Novamatrix and its stockholders.

Q: What will I receive in the merger?

A: Upon successful completion of the merger, you will receive shares of common stock of Respironics (Nasdaq: RESP) (which we refer to in this proxy statement/prospectus as Respironics common stock) in exchange for your shares of Novamatrix common stock. This tax-free, stock-for-stock transaction is valued at \$8.134 per share to Novamatrix stockholders based on the March 4, 2002 closing price of \$30.50 per share of Respironics common stock. The actual exchange ratio will be determined based upon the weighted average selling price of Respironics common stock during the 20-day trading period ending three days prior to the closing and is subject to a collar as described below.

Under the terms of the collar, if the weighted average selling price of Respironics common stock is above \$35.00 per share over a 20-day trading period ending three days prior to the closing of the merger, you will receive Respironics common stock in an amount equal to \$8.75 per share of Novamatrix common stock. If Respironics' weighted average selling price is from \$32.00 to \$35.00 over the relevant trading period, you will receive 0.25 shares of Respironics common stock for each share of Novamatrix common stock, resulting in an amount between \$8.00 and \$8.75 per share. If Respironics' weighted average selling price is between \$30.00 and \$31.99, you will receive Respironics common stock in an amount equal to \$8.00 per share of Novamatrix common stock. If Respironics' weighted average selling price is below \$30.00, you will receive 0.2667 shares of Respironics common stock for each share of Novamatrix common stock unless Novamatrix exercises its right to terminate the merger as provided in the merger agreement.

If the closing of the merger were to have occurred on March 4, 2002, each issued and outstanding share of Novamatrix common stock would have been

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exchanged for 0.2667 of a share of Respiroics common stock. Therefore, if the closing of the merger were to have occurred on March 4, 2002, for each share of Novamatrix common stock you would have received Respiroics common stock having a value of \$8.134 per share of Novamatrix common stock, based on the March 4, 2002 closing price of \$30.50 per share of Respiroics common stock, and the total consideration paid to all holders of Novamatrix common stock, based on the 8,809,406 shares of Novamatrix common stock outstanding on the Novamatrix record date, would have been Respiroics common stock with a total value of \$71.7 million, based on such March 4, 2002 closing price.

For a more complete description of the consideration you will receive, see "The Merger Agreement--Merger Consideration" in the Summary on pages 7 through 8.

Q: When will I know the actual exchange ratio?

A: We will issue a press release prior to the closing of the merger that will disclose the exchange ratio.

Q: Will I be able to sell the shares of Respiroics common stock I receive in the merger?

A: Yes. All Novamatrix stockholders, other than those deemed to be affiliated or controlling stockholders, will be free to sell the shares of Respiroics common stock they receive in the merger. Affiliates of Novamatrix will be able to sell their shares of Respiroics common stock within the limits permitted by Rule 145 under the Securities Act.

Q: What will happen to options or warrants to purchase shares of Novamatrix common stock?

A: Each option and each warrant to acquire shares of Novamatrix common stock outstanding immediately prior to the effective time of the merger will be assumed by Respiroics and converted into an option or warrant, as applicable, to purchase shares of Respiroics common stock. Each option or warrant will be exercisable for the same number of shares of Respiroics common stock as the holder of such option or warrant would have been entitled to receive pursuant to the merger had such holder exercised such option or warrant in full immediately prior to the effective time of the merger at an exercise price per share of Respiroics common stock equal to the aggregate exercise price for the shares of Novamatrix common stock otherwise purchasable pursuant to such option or warrant divided by the number of full shares of Respiroics common stock deemed purchasable pursuant to such option or warrant.

Q: When do you expect the merger to be completed?

A: We expect to complete the merger as soon as possible after the special meeting of Novamatrix stockholders called to adopt the merger agreement and the satisfaction or waiver of other conditions to the merger, including the receipt of any necessary regulatory approvals. We anticipate the merger will be completed on or about April 9, 2002.

Q: What if the merger is not completed?

A: If the merger is not completed, Novamatrix will continue to operate as an independent company, and neither Novamatrix nor Respiroics will be under any obligation to acquire your Novamatrix common stock. Novamatrix may be required to pay a termination fee if the merger is not completed for certain reasons described under "The Merger Agreement--Termination of the Merger Agreement" on pages 60 through 61.

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Q: What are the tax consequences of the merger to Novamatrix stockholders?

A: The merger has been structured so that Novamatrix stockholders will not recognize any gain or loss for United States federal income tax purposes as a result of the merger, except with respect to any cash that Novamatrix stockholders receive in lieu of fractional shares of Respiroics common stock. The merger will not have any tax consequences for Respiroics stockholders. In addition, none of Novamatrix, Respiroics or Respiroics Holdings will recognize any gain or loss as a result of the merger.

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To review the tax consequences of the merger to the Novamatrix stockholders in greater detail, see "The Merger--Material United States Federal Income Tax Consequences of the Merger" on pages 42 through 43. The tax consequences of the merger to you will depend on the specific facts of your own situation. You should consult your tax advisor for a full understanding of the tax consequences to you of the merger.

Q: What tax basis will holders of Novamatrix common stock have in the Respiroics common stock they receive in the merger?

A: Your aggregate tax basis in your shares of Respiroics common stock will equal your current aggregate tax basis in your Novamatrix common stock reduced by the amount of basis allocable to fractional shares for which you receive a cash payment.

Q: How will the merger be treated for accounting purposes?

A: The merger will be accounted for under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the cost to acquire Novamatrix will be allocated by Respiroics to the tangible assets acquired and liabilities assumed based on their fair values, with any excess being treated as goodwill and other intangible assets.

Q: Will Respiroics stockholders receive any shares as a result of the merger?

A: No. Respiroics stockholders will continue to hold the Respiroics shares they currently own.

Q: On what am I being asked to vote?

A: You are being asked to vote on the adoption of the merger agreement.

Q: What other matters will be voted on at the Novamatrix special meeting?

A: It is not expected that other matters will be voted on at the special meeting, except possibly procedural business relating to an adjournment or postponement of the special meeting if necessary. However, the purposes of the special meeting include the conduct of any other business properly brought before the meeting.

Q: What does the Novamatrix board of directors recommend?

A: The Novamatrix board of directors has approved the merger and the merger agreement and recommends that Novamatrix stockholders vote FOR the adoption of the merger agreement.

Q: When and where is the Novamatrix special meeting?

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A: The special meeting of Novamatrix stockholders to vote on the merger agreement will be held at The Waldorf-Astoria, 301 Park Avenue, New York, New York, on April 9, 2002, at 10:00 a.m., Eastern Daylight Time, unless adjourned or postponed to a later date.

Q: Who can vote on the merger?

A: Holders of record of Novamatrix common stock at the close of business on February 8, 2002 can vote at the special meeting.

Q: What vote is required to adopt the merger agreement?

A: The merger agreement must be adopted by the holders of a majority of the total number of outstanding shares of Novamatrix common stock on February 8, 2002. If you do not vote, it will have the same effect as voting against the merger.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please vote your shares as soon as possible. You may vote your shares by signing and mailing the enclosed proxy card.

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Q: How will my proxy be voted?

A: If you complete your proxy it will be voted in accordance with your instructions. If you sign and send in your proxy but do not indicate how you want to vote, your proxy will be counted as a vote in favor of adoption of the merger agreement. If you do not vote either in person or by proxy, it will count as a vote against adoption of the merger agreement.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A: Yes, but only if you provide your broker with instructions on how to vote. You should instruct your broker to vote your shares, following the directions provided by your broker. Without instructions to your broker, your shares will not be voted which will have the same effect as a vote against adoption of the merger agreement.

Q: Can I change my vote after I mail my proxy card?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. If you are a stockholder of record, you can do this by:

- . prior to the special meeting, delivering to Novamatrix's corporate secretary at 5 Technology Drive, Wallingford, Connecticut 06492, a written notice of revocation bearing a later date or time than the proxy;
- . submitting a later-dated proxy that has been properly executed; or
- . attending the special meeting and voting in person. However, your attendance alone will not revoke your proxy--you must also vote in person.

If you instructed a broker to vote your shares, you must follow your broker's directions for changing those instructions.

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Q: Is my vote important?

A: Yes. Your vote is very important. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Novamatrix common stock. If you do not vote, it will have the same effect as a vote against adoption of the merger agreement.

Q: Should I send in my stock certificates now?

A: No. After the merger, Respiroics will send you written instructions for sending in your Novamatrix stock certificates.

Q: Do I have appraisal rights?

A: No. You will not be entitled to appraisal rights in connection with the merger. See "The Merger--No Appraisal Rights" on page 44.

Q: Who can help answer my questions?

A: If you have any questions about the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card you should contact:

Novamatrix Medical Systems Inc.
5 Technology Drive
Wallingford, Connecticut 06492
Telephone: (203) 265-7701
Attention: Joseph A. Vincent, Corporate Secretary

Q: Where can I find more information about the companies?

A: You can find more information about Novamatrix and Respiroics from various sources described under "Where You Can Find More Information" on page 84.

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SUMMARY

We are sending this proxy statement/prospectus to holders of Novamatrix common stock. This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. For a more complete understanding of the merger and for a more complete description of the terms of the merger, you should read this entire proxy statement/prospectus carefully, including the merger agreement attached as Annex A, the opinion of SunTrust Capital Markets, Inc., through its SunTrust Robinson Humphrey subsidiary (SunTrust Robinson Humphrey) attached as Annex B, and the additional documents to which we refer. You may obtain the information incorporated by reference in this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 84. References in this proxy statement/prospectus to "Respiroics" and "Novamatrix" include their respective subsidiaries unless otherwise indicated. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

The Companies

RESPIRONICS, INC.
1501 Ardmore Blvd.
Pittsburgh, Pennsylvania 15221
Telephone: (412) 731-2100

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Respironics, Inc. is a Delaware corporation whose shares are currently listed on the Nasdaq Stock Market under the symbol "RESP." Unless the context indicates otherwise, references in this proxy statement/prospectus to a "fiscal year" of Respironics refer to the twelve-month period ending on June 30 of the year indicated.

Respironics, a recognized resource in the medical device market, provides innovative products and unique programs to health care providers while helping them to grow and manage their businesses efficiently. The company's focus is on home care, hospital and international markets providing programs that manage sleep disordered breathing, chronic obstructive pulmonary disease, asthma, infant care and restrictive lung disorders.

Respironics' products are designed to reduce costs while improving the effectiveness of patient care and are used primarily in the home and in hospitals along with alternative care facilities and in emergency medical settings. Respironics' primary product lines are:

- . homecare products, including continuous positive airway pressure devices and bi-level positive airway pressure devices used in the home for the treatment of obstructive sleep apnea, a serious disorder characterized by the repeated cessation of breathing during sleep, respiratory devices including bi-level non-invasive ventilatory support units, portable invasive volume ventilator units used in the home, home oxygen devices, and diagnostic and monitoring systems;
- . hospital products, including bi-level non-invasive ventilatory support units, critical care units that can deliver both non-invasive and invasive ventilation, and portable invasive volume ventilator units, all of which are used in hospital or institutional settings; and
- . asthma and allergy products.

Globally positioned, Respironics employs over 2,000 individuals worldwide and has manufacturing facilities in several domestic and international locations.

For additional information regarding Respironics, please see Respironics' Form 10-K and other filings with the SEC, which are incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" on page 84.

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The information contained on Respironics' website is not incorporated by reference in this proxy statement/prospectus.

NOVAMETRIX MEDICAL SYSTEMS INC.
5 Technology Drive
Wallingford, Connecticut 06492
Telephone: (203) 265-7701

Novamatrix is a Delaware corporation whose shares are currently listed on the Nasdaq Stock Market under the symbol "NMTX."

Novamatrix, founded in 1978, is a leading cardiorespiratory monitoring company that develops, manufactures and markets proprietary state-of-the-art non-invasive cardiorespiratory monitors, sensors and disposable accessories. Its products include electronic medical sensors and monitors that

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non-invasively provide continuous measurements of cardiac output, carbon dioxide, oxygen saturation and respiratory mechanics parameters. Novamatrix's non-invasive technology is consistent with the trend toward cost-effective non-invasive monitoring and away from invasive monitoring that has many associated complications, including related infections. Novamatrix's products are distributed worldwide and are used in operating rooms, intensive care units and emergency departments and during patient transport. Novamatrix's non-invasive sensors and monitoring technology are also incorporated into the products of several leading manufacturers of multi-parameter monitoring systems.

In addition to cardiorespiratory monitoring, Novamatrix provides developmental care products and services that improve the quality of care for premature infants through its Children's Medical Ventures unit. These products, distributed primarily in the United States, are used in neonatal and pediatric intensive care units of hospitals and also in the home.

For additional information regarding Novamatrix's business, please see Novamatrix's Form 10-K and other filings with the SEC, which are incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 84.

The information contained on Novamatrix's website is not incorporated by reference in this proxy statement/prospectus.

RESPIRONICS HOLDINGS, INC.
1501 Ardmore Blvd.
Pittsburgh, Pennsylvania 15221
Telephone: (412) 731-2100

Respironics Holdings, Inc., a Delaware corporation, is a direct wholly-owned subsidiary of Respironics that was organized solely for purposes of completing the merger.

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The Merger Agreement (see pages 49 through 62)

The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement carefully and in its entirety. It is the principal document governing the merger.

Merger Consideration (see page 49). If we complete the merger, you will receive shares of Respironics common stock (Nasdaq: RESP) in exchange for your shares of Novamatrix common stock.

The merger agreement provides that, at the effective time of the merger, each share of Novamatrix common stock will be exchanged for a fraction of a share of Respironics common stock. This fraction is referred to as the "exchange ratio." Since the exchange ratio will fluctuate with the market price of Respironics common stock and will be subject to a mechanism commonly referred to as a "collar" that reduces your exposure to losses and gains from market price fluctuation within certain market price ranges, the exact number of shares of Respironics common stock that you will receive is not yet known. The exchange ratio is calculated based on the weighted average selling price of Respironics common stock over the 20 trading days immediately preceding (but excluding) the third trading day prior to the closing of the merger (referred to herein as the calculation period). The actual number of shares of Respironics common stock that you will receive in exchange for your shares of Novamatrix common stock will be calculated at the time of the closing of the merger.

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The exchange ratio will be determined at the time of the merger as follows:

- . if the weighted average selling price of a share of Respirationics common stock during the calculation period exceeds \$35.00, the fraction will be \$8.75 divided by the weighted average selling price;
- . if the weighted average selling price of a share of Respirationics common stock during the calculation period is equal to or exceeds \$32.00 but is equal to or below \$35.00, the fraction will be 0.25 shares;
- . if the weighted average selling price of a share of Respirationics common stock during the calculation period is equal to or exceeds \$30.00 but is equal to or below \$31.99, the fraction will be \$8.00 divided by the weighted average selling price; and
- . if the weighted average selling price of a share of Respirationics common stock during the calculation period is below \$30.00, the fraction will be fixed at 0.2667 shares. However, if the weighted average selling price of a share of Respirationics common stock is below \$30.00, Novamatrix shall have the right to terminate the merger agreement. (See "The Merger Agreement--Termination Rights" on page 60).

If the closing of the merger were to have occurred on March 4, 2002, each issued and outstanding share of Novamatrix common stock would have been exchanged for 0.2667 of a share of Respirationics common stock. Therefore, if the closing of the merger were to have occurred on March 4, 2002, for each share of Novamatrix common stock you own, you would have received Respirationics common stock having a value of \$8.134 per share of Novamatrix common stock based on the March 4, 2002 closing price of \$30.50 per share of Respirationics common stock. In that case, the total consideration paid to all holders of Novamatrix common stock, based on the 8,809,406 shares of Novamatrix common stock outstanding on the Novamatrix record date, would have been Respirationics common stock with a total value of \$71.7 million, based on such March 4, 2002 closing price.

The following table shows

- . illustrative values of the exchange ratios that will result if the 20-day weighted average selling price of a share of Respirationics common stock during the calculation period is within a range of \$25.00 to \$40.00 per share, representing the fraction of a share of Respirationics common stock that will be issued for one share of Novamatrix common stock at each of the Respirationics 20-day weighted average selling prices presented in the table; and
- . illustrative values of the approximate consideration that would be issued in connection with the merger for one share of Novamatrix common stock, which illustrative values are determined by multiplying

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each of the Respirationics 20-day weighted average selling prices presented in the table by the corresponding exchange ratio.

	Approximate Consideration
Respirationics	Approximate Value per Share

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Weighted-Average Selling Price	Exchange Ratio	of Novamatrix Common Stock*
-----	-----	-----
\$25.00	0.2667	\$6.67
26.00	0.2667	6.93
27.00	0.2667	7.20
28.00	0.2667	7.47
29.00	0.2667	7.73
30.00	0.2667	8.00
31.00	0.2581	8.00
32.00	0.2500	8.00
33.00	0.2500	8.25
34.00	0.2500	8.50
35.00	0.2500	8.75
36.00	0.2431	8.75
37.00	0.2365	8.75
38.00	0.2303	8.75
39.00	0.2244	8.75
40.00	0.2188	8.75

 * See "Fluctuations in Market Price" below.

For example, using the above table, if the weighted-average selling price of Respiroics common stock was \$32.00 during the calculation period and you owned 100 shares of Novamatrix common stock, you would be entitled to receive 25 shares of Respiroics common stock in the merger.

The values of Respiroics common stock in the above table are illustrative only and do not represent the actual amounts per share of Novamatrix common stock that might be realized by any Novamatrix stockholder on or after completion of the merger. The amount any Novamatrix stockholder might realize upon sale in the market of shares of Respiroics common stock received in the merger will depend upon the market price per share of Respiroics common stock at the time of sale, which will fluctuate depending upon any number of reasons, including those specific to Respiroics and those that influence the trading prices of equity securities generally.

Fluctuations in Market Price. Because the Respiroics weighted-average selling price is an average, it is likely to be different from the actual market value of a share of Respiroics common stock on the date Respiroics issues shares of Respiroics common stock to Novamatrix stockholders. The market value of shares of Respiroics common stock to be issued in exchange for each share of Novamatrix common stock might actually be less than \$8.00 on the date Respiroics issues those shares of Respiroics common stock even if the Respiroics weighted average selling price is \$30.00 or more.

No Solicitation (see pages 54 through 55). Novamatrix has agreed, subject to certain exceptions, that it will not solicit or knowingly encourage the initiation of any inquiries or proposals regarding any merger, sale of

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assets, sale of shares of capital stock or similar transactions involving Novamatrix or any of its subsidiaries that if consummated would constitute an "Alternative Transaction." An Alternative Transaction means:

- . any transaction pursuant to which any third party acquires more than 25% of the outstanding shares of any class of Novamatrix equity securities;
- . a merger or other business combination involving Novamatrix pursuant to which any third party acquires more than 25% of the outstanding equity securities of Novamatrix or the entity surviving such merger or business combination;
- . any transaction pursuant to which any third party acquires or would acquire control of assets of Novamatrix or any significant subsidiary; or
- . any other consolidation, business combination, recapitalization or similar transaction involving Novamatrix or any of its significant subsidiaries, other than transactions contemplated by the merger agreement.

Conditions to Completion of the Merger (see page 58). The obligations of the parties to consummate the merger are subject to the satisfaction or waiver of certain conditions before the merger will be completed. These include:

- . the effectiveness under the Securities Act of the registration statement of which this proxy statement/prospectus is a part and the SEC has not issued any stop order suspending the effectiveness of the registration statement;
- . the adoption of the merger agreement by Novamatrix stockholders;
- . the receipt of unconditional regulatory approvals and authorizations including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other required regulatory approvals and authorizations;
- . the absence of any order, stay or other legal restraint of any governmental authority enjoining, prohibiting or materially adversely affecting either Respiroics or Novamatrix or of any written threats of any litigation or proceeding by any governmental authority which seeks to enjoin or prohibit the merger or to impose material damages on either party;
- . the absence of any legal prohibition to complete the merger; and
- . the approval for listing on the Nasdaq Stock Market of the shares of Respiroics common stock issuable to Novamatrix stockholders.

The obligation of Respiroics Holdings to consummate the merger is subject to the satisfaction or waiver of certain conditions before the merger will be completed. These include:

- . the accuracy of the representations and warranties made by Novamatrix in the merger agreement;
- . the performance by Novamatrix of its obligations under the merger agreement;
- . the receipt of written agreements from all affiliates of Novamatrix agreeing to dispose of Respiroics common stock received by them in the merger in compliance with the securities laws;

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- . the receipt of executed employment agreements from William J. Lacourciere, Philip F. Nuzzo, Anthony Pierry and Catherine Bush (all of which have been received), which are not terminated, repudiated or breached; and
- . the receipt from Respirationics' counsel of an opinion that the merger will qualify as a tax-free reorganization.

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The obligation of Novamatrix to consummate the merger is subject to the satisfaction or waiver of certain conditions before the merger will be completed. These include:

- . the accuracy of the representations and warranties made by Respirationics Holdings in the merger agreement;
- . the performance by Respirationics Holdings of its obligations under the merger agreement; and
- . the receipt from Novamatrix's counsel of an opinion that the merger will qualify as a tax-free reorganization.

The merger agreement may be terminated at any time prior to the completion of the merger for various reasons. These include:

- . by mutual written consent of Respirationics Holdings and Novamatrix;
- . by either Respirationics Holdings or Novamatrix, if:
 - . the merger has not been completed by June 17, 2002. However, neither party may terminate for this reason if its failure to fulfill any obligation is the reason the merger has not been completed;
 - . at any time after a final determination denying any regulatory clearance and/or approval required for the merger; or
 - . Novamatrix stockholders have failed to adopt the merger agreement at the special meeting;
- . by Respirationics Holdings, if:
 - . Novamatrix materially breaches any of its representations, warranties, covenants or agreements and the breach cannot be cured within a specified time period; or
 - . notice of a regulatory clearance or approval from a government authority or agency is received which contains a condition which in Respirationics' reasonable business judgment is adverse to the best interests of the combined entities;
- . by Novamatrix, if:
 - . Respirationics Holdings materially breaches any of its representations, warranties, covenants or agreements and the breach cannot be cured within a specified time period;
 - . the Novamatrix board of directors has approved:
 - . an inquiry or proposal by a third party to effect any transaction

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pursuant to which the third party would acquire more than 25% of the outstanding shares of any class of Novamatrix equity securities;

- . a merger involving Novamatrix pursuant to which any third party would acquire more than 25% of the outstanding equity securities of Novamatrix or the entity surviving such merger;
- . any transaction pursuant to which any third party acquires or would control assets of Novamatrix or any significant subsidiary; or
- . any other consolidation, business combination, recapitalization or similar transaction involving Novamatrix or any of its significant subsidiaries, other than transactions contemplated by the merger agreement;

after determining, upon the basis of advice of outside counsel that such action is necessary in order for the board to act in a manner consistent with its fiduciary obligations under applicable law; or

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- . the 20-day weighted average selling price of a share of Respiroics common stock during the calculation period is less than \$30.00. However, Novamatrix must exercise this right to terminate within two business days following the termination of the calculation period.

Termination Fees and Expenses (see page 61). Novamatrix must pay Respiroics a fee of \$3,400,000 and must pay up to \$425,000 of Respiroics' expenses relating to the transactions contemplated by the merger agreement, upon the first to occur of any of the following events:

- . the Novamatrix board of directors fails to recommend adoption of the merger agreement to the Novamatrix stockholders, or withdraws, modifies or changes its recommendation of the merger agreement in a manner adverse to Respiroics or has resolved to do any of the foregoing, other than under certain circumstances permitting termination of the merger agreement by Novamatrix or termination by mutual consent;
- . Novamatrix terminates the merger agreement after the Novamatrix board of directors approves:
 - . an inquiry or proposal by a third party to effect any transaction pursuant to which the third party would acquire more than 25% of the outstanding shares of any class of Novamatrix equity securities;
 - . a merger involving Novamatrix pursuant to which any third party would acquire more than 25% of the outstanding equity securities of Novamatrix or the entity surviving such merger;
 - . any transaction pursuant to which any third party acquires or would control assets of Novamatrix or any significant subsidiary; or
 - . any other consolidation, business combination, recapitalization or similar transaction involving Novamatrix or any of its significant subsidiaries, other than transactions contemplated by the merger agreement;

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after determining, upon the basis of advice of outside counsel that such action is necessary in order for the board to act in a manner consistent with its fiduciary obligations under applicable law; or

- . Novamatrix executes and delivers an agreement for, or the Novamatrix board of directors approves, within 12 months following the termination of the merger agreement, other than termination under certain circumstances permitting termination by Novamatrix or termination by mutual consent, a transaction involving:
 - . a merger or consolidation or any similar transaction involving Novamatrix or any of its significant subsidiaries;
 - . a purchase, lease or other acquisition of all or substantially all of the assets of Novamatrix or any of its significant subsidiaries; or
 - . a purchase or other acquisition of securities representing 30% or more of the voting power of the common stock of Novamatrix or any of its significant subsidiaries.

Except as described above, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring such expenses, whether or not the merger is consummated.

Board of Directors Recommendation to Novamatrix Stockholders (see page 30)

The Novamatrix board of directors has approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has determined that the merger and the merger

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agreement are advisable, fair to and in the best interests of Novamatrix and its stockholders. The Novamatrix board of directors recommends that you vote FOR the adoption of the merger agreement at the special meeting.

Opinion of Novamatrix's Financial Advisor (see page 32)

Among other factors that the Novamatrix board of directors considered in deciding to approve the merger, the Novamatrix board of directors received and considered an opinion from its financial advisor, SunTrust Robinson Humphrey, as to the fairness, from a financial point of view, of the exchange ratio in the merger to the holders of Novamatrix common stock. We have attached to this proxy statement/prospectus as Annex B the full text of SunTrust Robinson Humphrey's written opinion, dated December 17, 2001. You should read this opinion completely to understand the assumptions made, matters considered and limitations on the review undertaken by SunTrust Robinson Humphrey in providing its opinion. SunTrust Robinson Humphrey's opinion is addressed to the Novamatrix board of directors and does not constitute a recommendation to any stockholder with respect to any matter relating to the proposed merger.

The Novamatrix Special Meeting (see page 46)

The special meeting of Novamatrix stockholders will be held at 10:00 a.m., Eastern Daylight Time, on April 9, 2002 at The Waldorf-Astoria, 301 Park Avenue, New York, New York, unless adjourned or postponed to a later date.

At the special meeting, we will ask the holders of shares of Novamatrix common stock to:

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- . adopt the merger agreement; and
- . conduct any other business properly brought before the meeting, including any adjournments or postponements of the special meeting, if necessary.

Vote Required to Adopt the Merger Agreement (see page 47)

Novamatrix stockholders will vote on a proposal to adopt the merger agreement. Adoption of this proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of Novamatrix common stock.

The Voting Agreements (see page 62)

Certain stockholders of Novamatrix, including the directors and executive officers of Novamatrix, representing approximately 9.8% of the voting power of Novamatrix shares as of the record date, have entered into voting agreements with Respironics in which they agreed to vote in favor of adoption of the merger agreement. We have attached a copy of the form of the voting agreement as Annex C to this proxy statement/prospectus.

Interests of Certain Persons in the Merger (see page 44)

In addition to their interests as stockholders, the directors and executive officers of Novamatrix may have interests in the merger that are different from, or in addition to, your interests. These interests exist because of rights they may have under individual employment agreements, compensation arrangements, or benefit and bonus plans. These interests include:

- . the payment to certain executive officers of Novamatrix of a success bonus upon completion of the merger and the acceleration of vesting of stock options held by the executive officers;
- . the payment to each director of Novamatrix of special compensation of \$25,000 in recognition of their services to Novamatrix, including in connection with the proposed merger, and additional grants of

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stock options representing 15,000 shares of Novamatrix common stock to each director and the acceleration of vesting of stock options held by the directors; and

- . the continuance of directors' and officers' liability insurance, rights of indemnification and advancement of expenses, in each case, for the benefit of current and former Novamatrix directors and executive officers.

In addition, Novamatrix and Respironics have entered into employment agreements dated as of December 14, 2001 with each of William J. Lacourciere, Chairman of the Board and Chief Executive Officer of Novamatrix, and Philip F. Nuzzo, Vice President of Product and Business Development of Novamatrix. Each of these employment agreements provides for continued employment of the employee following completion of the merger.

The members of the Novamatrix board of directors knew of these additional interests and considered them when they approved the merger.

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Stock Market Listing (see page 42)

The shares of Respiroics common stock to be issued to Novamatrix stockholders in connection with the merger will be tradeable on the Nasdaq Stock Market upon receipt by the Novamatrix stockholders.

Material United States Federal Income Tax Consequences of the Merger (see page 42)

The parties have structured the merger so that, in general, Respiroics, Respiroics Holdings, Novamatrix and their respective stockholders will not recognize gain or loss for United States federal income tax purposes as a result of the merger, except with respect to cash received by Novamatrix stockholders in lieu of fractional shares. It is a condition to the merger that Novamatrix and Respiroics receive legal opinions to this effect from their respective tax counsel.

The tax consequences of the merger to you will depend on the specific facts of your own situation. You should consult your tax advisor for a full understanding of the tax consequences to you of the merger.

Accounting Treatment (see page 43)

The merger will be accounted for under the purchase method of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the cost to acquire Novamatrix will be allocated by Respiroics to the tangible assets acquired and liabilities assumed based on their fair values, with any excess being treated as goodwill and other intangible assets.

No Appraisal Rights (see page 44)

Under Delaware law, Novamatrix stockholders will not be entitled to exercise dissenter's or appraisal rights or to demand payment for their shares in connection with the merger.

Material Differences Between Rights of Holders of Common Stock of Respiroics and Novamatrix (see page 72)

Novamatrix stockholders, whose rights are currently governed by the Novamatrix certificate of incorporation, by-laws, stockholder rights plan and Delaware law, will, upon completion of the merger, become stockholders of Respiroics, and their rights will be governed by Respiroics' certificate of incorporation, by-laws, stockholder rights plan and Delaware law.

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FINANCIAL SUMMARY

Market Price Data

Novamatrix common stock is traded on the Nasdaq Stock Market under the symbol "NMTX". Respiroics common stock is traded on the Nasdaq Stock Market under the symbol "RESP". The following table presents:

- . the 20-day weighted average selling price or last reported sale price, as applicable, of one share of Respiroics common stock, as reported on the Nasdaq Stock Market;
- . the 20-day weighted average selling price or last reported sale price, as applicable, of one share of Novamatrix common stock, as reported on

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the Nasdaq Stock Market; and

- . the value of the consideration to be paid for one share of Novamatrix common stock on an equivalent per share basis;

in each case on December 11, 2001, the last full trading day prior to Novamatrix's announcement that it was involved in negotiations with a potential acquiror, on December 18, 2001, the last full trading day prior to the public announcement of the execution of the merger agreement, and on March 4, 2002, the last full trading day prior to the printing of this proxy statement/prospectus, and assuming that the merger had been completed on these dates. The equivalent per share data for Novamatrix common stock has been determined, except as otherwise indicated, by multiplying the 20-day weighted average selling price or last reported sale price, as applicable, of one share of Respiroics common stock on each of these dates by the applicable exchange ratio.

	Respiroics Common Stock	Novamatrix Common Stock	Value of Consid To Be Pai Per Share Novametri Common Sto
20 day weighted average selling price on December 11, 2001	\$31.65	\$6.87	\$8.00
20 day weighted average selling price on December 18, 2001	32.10	7.19	8.03
20 day weighted average selling price on February 26, 2002	27.15	7.05	8.134*

 * Based on the March 4, 2002 closing price of \$30.50 per share of Respiroics common stock.

As of February 8, 2002, there were approximately 8,809,406 shares of Novamatrix common stock outstanding and entitled to vote at the special meeting. As of such date, there were approximately 765 record holders of Novamatrix common stock.

In addition, Novamatrix has Class B Warrants that trade on the Nasdaq Stock Market under the symbol "NMTXZ". The Class B Warrants are each exercisable for one share of Novamatrix common stock at an exercise price of \$5.85 and are scheduled to expire on March 8, 2002. The Class B Warrants are callable by Novamatrix under specified circumstances.

Neither Respiroics nor Novamatrix has historically paid dividends on its common stock. Following the merger, the declaration of dividends will be at the discretion of the Respiroics board of directors. However, Respiroics expects to retain its earnings for the development and expansion of its business and the repayment of indebtedness and does not anticipate paying dividends on Respiroics common stock in the foreseeable future.

SELECTED HISTORICAL FINANCIAL DATA OF RESPIRONICS

We are providing the following financial information to aid you in your analysis of the financial aspects of the merger. We derived the historical financial information from the audited financial statements of Respiroics for its fiscal years ended June 30, 1997 through 2001 and the unaudited financial

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statements of Respiroics for the six months ended December 31, 2001 and 2000. It is Respiroics' opinion that the unaudited financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the periods. All information is presented in accordance with accounting principles generally accepted in the United States. The results of Respiroics' operations for the six months ended December 31, 2001 and 2000 are not necessarily indicative of the results of operations for a full year.

The following financial information is only a summary. You should read it together with the historical financial statements and related notes contained in this proxy statement/prospectus and in the annual reports and other information that Respiroics has filed with the SEC and incorporated by reference into this proxy statement/prospectus. We have listed the documents incorporated by reference under the heading "Where You Can Find More Information" on page 84.

	Six Months Ended December 31				Year Ended Ju
	2001	2000	2001	2000	1999
For Period Ended:					
Net Sales.....	\$224,792,310	\$196,612,107	\$422,437,862	\$368,184,110	\$357,570,743
Income Before Income Taxes, Restructuring Charges and Credits, Merger Related Costs, and Other					
Non-Recurring Costs.....	29,929,355	23,834,346	54,724,453	37,771,787	40,870,564
Net Income (Loss).....	18,059,373	14,300,607	33,571,284	5,752,284 (1)	23,061,484 (1)
Net Income (Loss) Per Share:					
Basic.....	0.59	0.48	1.12	0.19 (1)	0.73 (1)
Diluted.....	0.58	0.47	1.09	0.19 (1)	0.72 (1)
Cash dividends on common stock.....	--	--	--	--	--
At Period End:					
Total Assets.....	383,796,913	372,701,016	367,948,463	352,576,515	343,585,401
Working Capital.....	193,576,485	169,380,359	171,984,630	155,094,890	155,336,082
Long Term Obligations.....	79,648,070	107,404,925	80,055,378	108,095,093	99,374,180
Stockholders' Equity.....	255,442,415	210,128,859	235,268,148	191,105,893	194,521,446
For Period Ended:	1997				
Net Sales.....	\$314,541,736				
Income Before Income Taxes, Restructuring Charges and Credits, Merger Related Costs, and Other					
Non-Recurring Costs.....	46,134,246				
Net Income (Loss).....	26,424,752 (3)				
Net Income (Loss) Per Share:					
Basic.....	0.84 (3)				
Diluted.....	0.82 (3)				

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Cash dividends on common
stock..... --

At Period End:

Total Assets..... 294,769,375
Working Capital..... 110,565,838
Long Term Obligations..... 48,984,933
Stockholders' Equity..... 191,055,716

(1) Includes the impact of restructuring charges, an addition to the allowance for doubtful accounts, and a one-time reduction in income tax expense. These costs reduced net income by \$19,611,000 (\$0.66 per share) in fiscal year 2000.

(2) Includes the impact of an addition to the allowance for doubtful accounts and restructuring charges. These costs reduced net income by \$4,449,000 (\$0.14 per share) in fiscal year 1999.

(3) Includes the impact of merger charges and costs associated with an unsolicited offer by another company to acquire Healthdyne Technologies, Inc. (which merged with Respironics in February 1998). These costs reduced net income by \$29,095,000 (\$0.88 per share) in fiscal year 1998 and \$1,289,000 (\$0.04 per share) in fiscal year 1997.

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SELECTED HISTORICAL FINANCIAL DATA OF NOVAMETRIX

The selected annual historical consolidated financial data of Novametrix presented below was derived from Novametrix's audited annual consolidated financial statements. The selected interim historical consolidated financial data was derived from Novametrix's unaudited condensed consolidated financial statements. The selected consolidated financial data is not necessarily indicative of results to be expected for any future period and should be read in conjunction with Novametrix's consolidated financial statements and Novametrix's "Management's Discussion and Analysis of Financial Condition and Results of Operations," each incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" on page 84.

For Period Ended:	Six Months Ended			Fiscal Year Ended		
	October 28, 2001	October 29, 2000	April 29, 2001 (1)	April 30, 2000 (2) (3)	May 2, 1999	May 19
Net sales.....	\$24,789,011	\$26,126,855	\$54,682,263	\$43,682,223	\$32,864,673	\$31,5
Income before income taxes, accounting changes and non- recurring expenses.....	2,670,283	2,562,196	5,208,931	3,654,155	2,870,367	3,9
Net income.....	1,722,283	1,653,196	618,677	2,241,281	2,066,667	2,9
Net income per share						
Basic.....	0.20	0.19	0.07	0.28	0.25	
Diluted.....	0.19	0.19	0.07	0.27	0.24	
Cash dividends on common stock	--	--	--	--	--	--

At period end

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Total assets.....	44,947,094	53,399,616	49,331,960	47,150,667	35,975,874	31,0
Working capital.....	18,304,779	17,828,858	16,954,750	17,520,691	15,233,539	18,6
Long-term debt, less current portion.....	2,060,000	4,580,000	3,320,000	5,850,601	2,254,071	
Redeemable preferred stock....	--	--	--	--	--	
Stockholders' equity.....	33,088,717	32,025,335	31,113,693	30,265,822	24,655,944	27,0

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- (1) Fiscal 2001 includes a reduction in income before income taxes and non-recurring expenses of \$4,249,883 from restructuring and other charges recorded during the fourth quarter. Net income for fiscal 2001 was reduced by \$2,741,117, or \$0.31, per basic and diluted share.
 - (2) Fiscal 2000 includes a reduction in first quarter earnings of \$223,544, or \$0.03 per basic and diluted share, from the cumulative effect of a change in accounting principle. Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities", was adopted by the Company on May 3, 1999 and required that start-up costs previously capitalized be written-off and future startup costs be expensed as incurred.
 - (3) Reflects the acquisition of Children's Medical Ventures, Inc. on June 30, 1999.
 - (4) Fiscal 1997 includes income tax benefits of \$4,030,000, or \$0.58 per basic share and \$0.49 per diluted share, as a result of a reduction in the Company's net deferred tax asset valuation allowance. Net income also includes non-recurring expenses of \$2,149,910, or \$0.31 per basic share and \$0.26 per diluted share, pertaining to an attempted merger and related proxy contest.

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SELECTED RESPIRONICS AND NOVAMETRIX UNAUDITED
PRO FORMA COMBINED FINANCIAL DATA

The following unaudited pro forma combined condensed financial information sets forth the combined results of operations for the fiscal year ended June 30, 2001 and the six month period ended December 31, 2001, as if the merger had occurred at the beginning of the periods stated, and the financial position as of December 31, 2001 as if the merger had occurred as of that date. Novamatrix has a fiscal year end, ending on the Sunday closest to April 30, which differs from Respiroics' June 30 fiscal year end, and accordingly the companies' fiscal quarters also end on different dates. In order to develop unaudited pro forma combined condensed financial statements using Respiroics' fiscal year and six month period end dates, Respiroics' December 31, 2001 unaudited balance sheet was combined with Novamatrix's October 28, 2001 unaudited balance sheet, Respiroics' six month period ended December 31, 2001 unaudited income statement was combined with Novamatrix's six month period ended October 28, 2001 unaudited income statement, and Respiroics' fiscal year end June 30, 2001 income statement was combined with Novamatrix's fiscal year end April 29, 2001 income statement.

The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have actually occurred if the merger had been consummated at the beginning of the periods stated, nor is it necessarily indicative of future operating results or financial position. See "Unaudited Pro Forma Combined Condensed Financial Data" on page 67 for additional information.

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	Six Month Period Ended December 31, 2001	Fiscal Year Ended June 30, 2001
	-----	-----
	(In Thousands, Except Per Share Data)	
Income Statement Data:		
Net Sales.....	\$249,581	\$477,120
Income Before Income Taxes and Restructuring Charges.....	31,649	58,180
Net Income.....	19,208	33,049
Diluted Net Income Per Share.....	0.57	0.99
Balance Sheet Data (End of Period)		
Total Assets.....	490,580	
Working Capital.....	207,132	
Long Term Obligations.....	81,708	
Stockholders' Equity.....	345,618	

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UNAUDITED COMPARATIVE PER SHARE DATA

The following table sets forth certain historical and pro forma per share data of Respiroics and certain historical and pro forma equivalent per share data of Novamatrix. The pro forma combined and pro forma equivalent data is based upon an exchange ratio of 0.2667 shares of Respiroics common stock for each share of Novamatrix common stock outstanding immediately prior to the merger. The pro forma equivalent data for Novamatrix is calculated by multiplying the Respiroics pro forma combined amounts by the exchange ratio. The following data is presented for informational purposes only and is not necessarily indicative of the results that actually would have occurred if the merger had been in effect during the periods presented nor is such data necessarily indicative of future operating results or financial position. We cannot assure you that the actual exchange ratio will be equivalent to the exchange ratio assumed for the purposes of this table. See "Summary--The Merger Agreement" on page 7 for more information regarding the exchange ratio.

The information set forth below should be read in conjunction with the selected historical financial data of Respiroics and Novamatrix included elsewhere in this proxy statement/prospectus. See "Financial Summary--Selected Historical Financial Data of Respiroics" on page 15, "Financial Summary--Selected Historical Financial Data of Novamatrix" on page 16 and "Where You Can Find More Information" on page 84.

	Six Month Period ended December 31, 2001	Fiscal year ended June 30, 2001
	-----	-----
Respiroics:		
Net income per common share		
Historical.....	\$ 0.58	\$1.09
Pro forma combined.....	0.57	0.99
Cash dividend		
Historical.....	0	0
Pro forma combined.....	0	0
Book value per share at end of period		

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Historical.....	8.37	7.75
Pro forma combined.....	10.50	9.86
Novamatrix:		
Net income per common share		
Historical.....	0.19	0.07
Pro forma equivalent.....	0.15	0.26
Cash dividend		
Historical.....	0	0
Pro forma equivalent.....	0	0
Book value per share at end of period		
Historical.....	3.77	3.57
Pro forma equivalent.....	2.80	2.64

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HISTORICAL MARKET PRICES AND DIVIDENDS

Novamatrix common stock trades on the Nasdaq Stock Market under the symbol "NMTX". Respiroics common stock trades on the Nasdaq Stock Market under the symbol "RESP". The following table sets forth, for the periods indicated, the range of high and low sales price per share for Novamatrix common stock and Respiroics common stock on the Nasdaq Stock Market, based on published financial sources. No dividends were paid by Novamatrix or Respiroics during any period indicated below. For current price information, Novamatrix stockholders are urged to consult publicly available sources.

	Novamatrix Common Stock		Respiroics Common Stock	
	High Sale	Low Sale	High Sale	Low Sale
Fiscal 2002 (1)				
July 2001-September 2001...	\$7.10	\$5.12	\$37.00	\$27.75
October 2001-December 2001.	8.25	5.98	37.05	30.54
January 2002-March 4, 2002.	8.31	6.12	37.88	23.79
Fiscal 2001 (1)				
July 2000-September 2000...	\$7.25	\$5.38	\$19.13	\$16.25
October 2000-December 2000.	6.13	3.50	34.00	15.69
January 2001-March 2001....	5.50	3.88	30.75	22.94
April 2001-June 2001.....	6.35	4.06	35.13	26.19
Fiscal 2000 (1)				
July 1999-September 1999...	\$5.19	\$3.19	\$15.13	\$ 8.13
October 1999-December 1999.	5.88	3.00	8.69	7.50
January 2000-March 2000....	8.50	4.31	15.94	7.94
April 2000-June 2000.....	6.97	4.63	18.00	11.25

(1) Data conformed to Respiroics' fiscal years. Novamatrix's fiscal year ends on the Sunday closest to April 30 of each year.

The following table sets forth for the periods indicated the range of high and low sales price per share for the Respiroics common stock and Novamatrix common stock on the Nasdaq Stock Market, based on published financial sources, respectively, on December 11, 2001, the last full trading day prior to

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Novametrix's announcement that it was involved in negotiations with a potential acquiror, on December 18, 2001, the last full trading day prior to the public announcement of the execution of the merger agreement, and on March 4, 2002, the last full trading day prior to the printing of this proxy statement/prospectus.

	Novametrix Common Stock		Respironics Common Stock	
	High Sale	Low Sale	High Sale	Low Sale
December 11, 2001	\$7.39	\$7.23	\$32.75	\$31.36
December 18, 2001	7.58	7.40	35.00	34.26
March 4, 2002....	7.70	7.40	30.74	29.50

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RISK FACTORS

By voting to adopt the merger agreement, Novametrix stockholders will be choosing to invest in Respironics common stock. An investment in Respironics common stock involves risk. In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, you should carefully consider the following risk factors before deciding whether to vote for the merger. If any of the following risks actually occurs, the business and prospects of the combined Respironics and Novametrix may be adversely affected. In such case, the trading price of Respironics common stock could decline and you could lose all or part of your investment.

Risks Related to the Merger

The dollar value of the consideration that Novametrix stockholders will receive in the merger may decrease between now and the completion of the merger due to changes in the market value of Respironics common stock.

The exchange ratio is based on the market price for Respironics common stock and will not be determined until shortly before the completion of the merger.

The market prices for the Respironics common stock cannot be predicted and you should obtain current market quotations of the Respironics common stock, which is listed on the Nasdaq Stock Market under the symbol "RESP".

The exchange ratio will be determined at the time of the merger as follows:

- . If Respironics' weighted average stock price is above \$35.00 during the 20-day trading period ending three days prior to the closing of the merger, Novametrix stockholders will receive Respironics common stock in an amount equal to \$8.75 per Novametrix share.

- . If Respironics' weighted average stock price is between \$32.00 and \$35.00 during the 20-day trading period ending three days prior to the closing of the merger, Novametrix stockholders will receive 0.25 shares of Respironics common stock for each share of Novametrix common stock, resulting in an amount between \$8.00 and \$8.75 per Novametrix share.

- . If Respironics' weighted average stock price is between \$30.00 and \$31.99 per share during the 20-day trading period ending three days

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prior to the closing of the merger, Novamatrix stockholders will receive Respiroics common stock in an amount equal to \$8.00 per Novamatrix share.

- . If Respiroics' weighted average stock price is below \$30.00 per share during the 20-day trading period ending three days prior to the closing of the merger, Novamatrix stockholders will receive 0.2667 shares of Respiroics common stock for each share of Novamatrix common stock, unless Novamatrix exercises its right to terminate the merger.

Because the exchange ratio will not be determined until the third trading day before the completion of the merger, if you wish to vote by proxy and have your vote counted at the special meeting, you will have to decide whether or not to vote for adoption of the merger agreement and the issuance of Respiroics shares in the merger before knowing the actual exchange ratio. Changes in the price of Respiroics common stock between the date of this proxy statement/prospectus and the third trading day before the closing of the merger may cause the actual exchange ratio to vary significantly. The actual market value of a share of Respiroics common stock at the time of the closing of the merger could be substantially different, including substantially less, than the Respiroics weighted average stock price during the 20-day period ending three days prior to the closing of the merger. Because the date the merger is completed may be later than the date of the special meeting, Novamatrix stockholders will not necessarily know the market value of the combined Respiroics common stock that they will receive in the merger at the time they vote on the merger. See "The Merger Agreement--Merger Consideration" on page 49.

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The risk of failing to successfully integrate Respiroics and Novamatrix may result in the combined companies not achieving the anticipated potential benefits of the merger.

The merger involves the combination of two companies that have previously operated independently. Among the factors considered by the Respiroics board of directors and the Novamatrix board of directors in connection with their approval of the merger agreement were the opportunities for operating efficiencies that they expect will ultimately result from the merger. The integration of the companies' operations following the merger will require the dedication of management resources in order to achieve the anticipated operating efficiencies of the merger. While Respiroics and Novamatrix expect to achieve savings in operating costs as a result of the merger, we cannot assure you that difficulties encountered in integrating the operations of Respiroics and Novamatrix will be overcome or that the benefits expected from such integration will be realized. The difficulties of combining the companies' operations include the necessity of coordinating geographically separated organizations, integrating personnel with diverse business backgrounds and combining different corporate cultures. The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of either or both of the combined companies' businesses. The diversion of management's attention and any difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business, revenues, level of expenses and operating results of the combined companies.

Respiroics and Novamatrix may not achieve the benefits they expect from the merger.

Respiroics and Novamatrix entered into the merger agreement with the expectation that the merger will result in significant benefits to the combined

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companies. Achieving the benefits of the merger depends on the timely, efficient and successful execution of a number of post-merger events. Key events include:

- . offering the existing products and services of each company to the other company's customers; and
- . developing new products and services for both companies' respective customers.

The execution of these post-merger events will involve risk and may not be successful.

Existing products and services. Respiroics initially intends to offer each company's products and services to the customers of the other company. We cannot assure you that either company's customers will have any interest in the other company's products and services. The failure of these cross-marketing efforts would diminish the synergies expected to be realized by the merger.

New products and services. Respiroics intends to develop new products and services. We cannot assure you that Respiroics will be able to overcome the technological, market-driven or other obstacles in developing new products and services, or that there will be a market for any new products or services developed by Respiroics after the merger.

Respiroics and Novamatrix cannot offer you any assurances that they can successfully integrate or realize the anticipated benefits of the merger. A failure to do so could adversely affect the combined companies' business, financial condition and operating results or could result in the loss of key personnel or customers. In addition, the diversion of management's attention from other important issues could adversely affect the combined companies.

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The market price of Respiroics common stock may decline as a result of the merger.

The market price of Respiroics common stock may decline as a result of the merger for a variety of reasons, including if:

- . the integration of Respiroics and Novamatrix is unsuccessful;
- . Respiroics does not achieve the perceived benefits of the merger as rapidly as, or to the extent anticipated by, financial or industry analysts; or
- . the effect of the merger on Respiroics' financial results is not consistent with the expectations of financial or industry analysts.

If the merger does not occur, Novamatrix will not benefit from the expenses it has incurred in the pursuit of the merger.

Failure to complete the merger could negatively impact Novamatrix's stock price and future business and operations.

If the merger is not completed for any reason, Novamatrix may be subject to a number of material risks, including the following:

- . Novamatrix may be required to pay Respiroics a fee of \$3,400,000, plus up to \$425,000 of Respiroics' expenses relating to the merger;

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- . the price of Novamatrix common stock may decline to the extent that the current market price of Novamatrix common stock reflects a market assumption that the merger will be completed; and
- . expenses related to the merger must be paid even if the merger is not completed and Novamatrix will not benefit from the expenses it has incurred in the pursuit of the merger.

In addition, Novamatrix customers and suppliers may, in response to the announcement of the merger, delay or defer decisions concerning Novamatrix or cease doing business with Novamatrix. Any delay in or deferral of those decisions by Novamatrix customers or suppliers or any decision by Novamatrix customers or suppliers to cease doing business with Novamatrix could have a significant adverse effect on Novamatrix, regardless of whether the merger is ultimately completed. Similarly, current and prospective Novamatrix employees may experience uncertainty about their future roles with Respiration until Respiration's strategies with regard to Novamatrix are announced or executed. This may adversely affect Novamatrix's ability to attract and retain key management, sales, marketing and technical personnel.

Further, if the merger agreement is terminated and Novamatrix's board of directors determines to seek another merger or business combination, it is not certain that Novamatrix will be able to find a partner willing to pay an equivalent or more attractive price than the price to be paid in the merger. Also, while the merger agreement is in effect, Novamatrix is generally prohibited from soliciting, initiating, encouraging or entering into extraordinary transactions, such as a merger, sale of assets or other business combination, with any other party.

The historical earnings of Respiration will be diluted by the merger.

The merger and the transactions contemplated thereby have a dilutive effect on Respiration's historical net income per share on a pro forma combined basis for the year ended June 30, 2001 and the six months ended December 31, 2001. The "Unaudited Pro Forma Combined Condensed Statements of Income" on pages 67 through 71 illustrate the effect of the merger on historical net income per share for the year ended June 30, 2001 and the six months ended December 31, 2001. On a historical basis for Respiration, net income per share was \$1.09 for the year ended June 30, 2001 and \$0.58 for the six months ended December 31, 2001, as compared to \$0.99 and \$0.57 for the year ended June 30, 2001 and the six months ended December 31, 2001, respectively, on a pro forma basis for the combined companies, assuming an exchange ratio of 0.2667.

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Substantial sales of Respiration common stock could occur after the merger and cause fluctuations in the market price of the stock.

After the merger and assuming the conversion of the 8,809,406 shares of Novamatrix common stock outstanding on the Novamatrix record date to shares of Respiration common stock, approximately 2,126,205 of the shares of Respiration common stock issued to Novamatrix stockholders will be freely tradable and an additional 223,264 shares of Respiration common stock will be tradable under Rules 144 and 145 under the Securities Act assuming, in each case, an exchange ratio of 0.2667. As a result, substantial sales of Respiration common stock could occur after the merger, including sales by those Novamatrix stockholders and current Respiration stockholders. Sales of a substantial number of such shares of Respiration common stock could adversely affect or cause substantial fluctuations in the market price of Respiration common stock and impair

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Respironics' ability to raise additional capital through the sale of its equity securities.

The market prices of Respironics common stock and Novamatrix common stock are, and are expected to continue to be, subject to significant fluctuations in response to variations in quarterly operating results, announcements of products and developments by competitors, trends in the health care industry in general and the medical device industry in particular, and certain other factors beyond the control of Respironics and Novamatrix.

The combined companies will be dependent on key personnel.

The success of the combined companies is dependent upon the retention, training and management of qualified employees, including key employees. Competition for qualified sales, technical and other personnel is intense, and we cannot assure you that the combined companies will be able to attract, assimilate or retain highly qualified employees in the future. If the combined companies are unable to retain and hire such personnel, its business, operating results and financial condition may be adversely affected. Additions of new and departures of existing personnel, particularly in key positions, can be disruptive and have a material adverse effect on the combined companies' business, operating results and financial condition. See "The Merger--Interests of Certain Persons in the Merger--Employment Agreements" on pages 44 through 46 for a description of employment agreements to be entered into in connection with the merger.

Risks Related to the Combined Businesses of Respironics and Novamatrix

Pricing pressure and health care reform may adversely affect the combined business.

The health care industry in the United States is experiencing a period of extensive change. Changes in the law or new interpretations of existing laws may affect the definition of permissible or impermissible activities, the relative costs associated with doing business, the extent of coverage and the amount of reimbursement by both government and third party payors. In addition, economic forces, regulatory influences and political initiatives are subjecting the health care industry to fundamental change. The health care industry is experiencing market-driven reforms from forces within the industry that are exerting pressure on health care companies to reduce health care costs. These market-driven changes are resulting in industry-wide consolidation that may increase the downward pressure on health care product margins, as larger buyer and supplier groups exert pricing pressure on providers of medical devices and other health care products. The ultimate timing or effect of legislative efforts and market driven reforms cannot be predicted, and may impact the business of the combined companies. We cannot assure you that any such efforts or reforms will not have an adverse effect on the business, results of operations or financial condition of the combined companies.

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The combined companies will be dependent on third parties.

The businesses of Respironics and Novamatrix depend upon relationships with durable medical equipment manufacturers and distributors, hospitals, hospital groups, purchasing organizations, physicians, physician groups, home health care organizations, long-term care facilities, and other institutional health care providers. We cannot assure you that the combined companies will be able successfully to maintain and develop these third party relationships, or that certain relationships will not be adversely affected by the merger. The loss of

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or damage to existing relationships, or the failure to continue to develop relationships of these kinds, could have a material adverse effect on the business, results of operations and financial condition of the combined companies after the merger.

The businesses of Respiroics and Novamatrix are also dependent to a large extent upon the ability of customers to obtain adequate reimbursement from third party payors, such as government and private insurance programs, for reselling and renting products and performing procedures using the products of the two companies. Governmental initiatives focused on achieving cost-effective health care delivery could adversely affect the business of the combined companies.

Managed care organizations have grown substantially in terms of the percentage of the population in the United States that receives medical benefits through such organizations. In addition, these organizations are continuing to consolidate, and such consolidation may increase the ability of such organizations to influence the practices and pricing involved in the purchase of medical devices, including those sold by the combined companies after the merger.

The cost and uncertainty of regulatory compliance may adversely affect the combined business.

The business, financial condition and results of operations of the combined business could be materially and adversely affected by any of the following events, circumstances or occurrences related to the regulatory process:

- . delays in initiating or completing clinical trials or in the receipt of regulatory approvals;
- . the failure to obtain regulatory approvals for products;
- . significant limitations in the indicated uses for which approved products may be marketed; or
- . substantial costs incurred in obtaining such approvals.

There has been a trend in recent years both in United States and outside the United States toward more stringent regulation of, and enforcement of requirements applicable to, medical device manufacturers. At the present time, there are no meaningful indications that this trend will change in the near term or the long-term, either in the United States or abroad.

The uncertainty related to patents and proprietary rights may adversely affect the combined business.

The medical device industry has been characterized by extensive litigation regarding patents and other intellectual property rights. Companies in the medical device industry have employed intellectual property litigation to gain a competitive advantage. While Novamatrix and Respiroics periodically review the scope of their patents and other relevant patents of which they are aware, the question of patent infringement involves complex legal and factual issues. Any conclusion regarding infringement may not be consistent with the resolution of any such issues by a court. We cannot assure you that the business, results of operations or the financial condition of the combined companies will not suffer an adverse impact as a result of intellectual property claims that may be commenced against the combined companies in the future.

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The combined companies will be subject to intense competition, as technology and markets are changing rapidly.

The medical device industry is characterized by rapidly evolving technology and increased competition. Competitors of Respiroics and Novamatrix include large medical companies, some of which have greater financial and technical resources and broader product lines than Respiroics and Novamatrix, even on a combined basis. There are a number of companies that currently offer, or are in the process of developing, products that compete with products offered by Respiroics and Novamatrix. Some of these competitors may have greater capital resources, research and development staffs and experience in the medical device industry. We cannot assure you that some of these competitors will not succeed in developing technologies and products that are more effective than those currently used, produced or sold by Respiroics and Novamatrix or that would render some products offered by Respiroics and Novamatrix obsolete or non-competitive.

The combined companies will be dependent upon new product development.

As existing products of Respiroics and Novamatrix become more mature and their existing markets become more crowded, the importance to the combined companies after the merger of developing or acquiring new products will increase. The development of any such products will entail considerable time and expense, including research and development costs or acquisition costs and the time and expense required to obtain necessary regulatory approvals. We cannot assure you that such development activities will yield products that can be commercialized profitably or that any product acquisitions can be consummated on commercially reasonable terms or at all. Any failure to acquire or develop new products to supplement more mature products could have an adverse effect on the business, results of operations and financial condition of the combined companies.

Product liability exposure may adversely affect the combined business.

Because many of the products of both Respiroics and Novamatrix are intended to be used in health care settings on patients who may be seriously or critically ill, both companies are exposed to potential product liability claims. Although both companies currently maintain significant levels of product liability insurance coverage and Respiroics plans to continue such coverage after the merger, we cannot assure you that such product liability insurance will continue to be available or that product liability claims will not have an adverse effect on the business, results of operations or financial condition of the combined companies.

Respiroics and Novamatrix produce and sell their products internationally which subjects the combined business to risks of transacting business in foreign countries.

Because sales of products by Respiroics and Novamatrix are often made outside the United States and Respiroics has foreign manufacturing operations in the Peoples Republic of China and the Philippines, the international revenue of the combined companies and the cost of goods sold are subject to the following risks:

- . foreign currency fluctuations;
- . economic or political instability;
- . foreign tax laws;
- . shipping delays;

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- . various tariffs and trade regulations;
- . foreign medical restrictions and regulations;
- . customs duties, export quotas or other trade restrictions; and
- . difficulty in protecting intellectual property rights.

Any of these factors could adversely affect the business, financial condition and results of operations of the combined companies.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain forward-looking statements in this document are subject to risks and uncertainties. These statements may be made directly in this document or may be "incorporated by reference" from other documents filed with the SEC. Forward-looking statements include information regarding synergies, efficiencies, cost savings, revenue enhancements, projected funds from operations, asset portfolios and the timetable for completion of the merger.

Forward-looking statements in this document or those documents incorporated by reference also include, among other things, statements regarding the intent, belief or expectations of Respiroics or Novamatrix and frequently can be identified by the use of words such as "may," "will," "should," "believes," "expects," "anticipates," "intends," "estimates" and other comparable terms. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

You should understand that the following important factors, in addition to those risk factors discussed elsewhere in this document and in the documents which are incorporated by reference, could affect the future results of Respiroics, Novamatrix, and the combined companies after completion of the merger, and could cause actual results or other outcomes to differ materially from those expressed in our forward-looking statements:

- . competitive pressures among health care products manufacturers, distributors and service providers may increase significantly;
- . general economic or business conditions, either internationally, nationally or in the states in which Respiroics or Novamatrix are doing business, may be less favorable than expected resulting in, among other things, a reduced demand for health care products and services;
- . legislative or regulatory changes may adversely affect the business of Respiroics or Novamatrix; and
- . changes may occur in the securities markets.

All subsequent written and oral forward-looking statements attributable to Respiroics, Novamatrix or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither Respiroics nor Novamatrix undertakes any obligation to release publicly any revisions to the forward-looking statements in this proxy statement/prospectus to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

THE MERGER

The discussion in this proxy statement/prospectus of the merger and the principal terms of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus.

General

Novamatrix is furnishing this proxy statement/prospectus to you in connection with the solicitation of proxies by the Novamatrix board of directors for use at the special meeting of Novamatrix stockholders to be held on April 9, 2002, and at any adjournments or postponements of the special meeting. Respironics is furnishing this proxy statement/prospectus to you in connection with its offer to issue shares of Respironics common stock in exchange for your shares of Novamatrix common stock.

At the special meeting, you will be asked to vote upon a proposal to adopt the Agreement and Plan of Merger dated as of December 17, 2001 by and between Novamatrix and Respironics Holdings, Inc., a subsidiary of Respironics.

Background of the Merger

The Novamatrix board of directors, as part of its ongoing oversight and planning functions, has from time to time considered various financial and other alternatives that might be available to increase the value of Novamatrix to its stockholders. In connection with these ongoing reviews, the Novamatrix board of directors met during the spring of 2001 to assess various possible strategic alternatives available to Novamatrix to increase stockholder value, including a sale or business combination or the continued operation of Novamatrix as a stand alone entity under its then current business plan.

At a meeting of the Novamatrix board of directors held in March 2001, SunTrust Robinson Humphrey presented its preliminary analysis of strategic alternatives available to Novamatrix. SunTrust Robinson Humphrey discussed with the Novamatrix board of directors its preliminary views on an appropriate valuation of Novamatrix and its analysis of other related matters. Following these discussions, the Novamatrix board of directors directed SunTrust Robinson Humphrey to undertake a more detailed valuation analysis and to undertake with Novamatrix management the identification of third parties who might have an interest in acquiring Novamatrix. Novamatrix's management and SunTrust Robinson Humphrey then identified a number of third parties who might have an interest in acquiring Novamatrix.

At a meeting of the Novamatrix board of directors held on April 6, 2001, the board authorized preliminary discussions with financial advisors to advise the board on its strategic alternatives. On May 24, 2001, Novamatrix engaged an investment banking firm, SunTrust Robinson Humphrey, to assist Novamatrix in its consideration of various strategic alternatives, including a possible sale of Novamatrix.

Beginning in June 2001, SunTrust Robinson Humphrey approached 14 potential buyers, including Respironics, in an effort to ascertain, on a preliminary basis, their level of interest in acquiring Novamatrix. The companies contacted were chosen based on a variety of factors, including perceived interest in the businesses in which Novamatrix operates, familiarity with the medical device industry, financial position and ability to consummate an acquisition of

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Novamatrix. Those entities expressing an interest in pursuing a possible transaction were asked to sign agreements to protect the confidential nature of the material prepared by Novamatrix management to be provided to these parties. Ten companies, including Respiroics, signed confidentiality agreements and, in July 2001, received a confidential memorandum prepared by Novamatrix management.

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In July 2001, Respiroics engaged Parker/Hunter Incorporated as its financial advisor in connection with the potential acquisition of Novamatrix.

On July 10, 2001, representatives of SunTrust Robinson Humphrey made a presentation to the Novamatrix board of directors with respect to the status of the discussions and meetings with potential bidders. At the meeting, SunTrust Robinson Humphrey discussed a proposed timetable for the sale of Novamatrix and questions, comments and indications of possible interest being received from potential bidders.

Between July 30, 2001 and August 13, 2001, Novamatrix and its financial advisors hosted introductory meetings in New York with each of the potential acquirors of Novamatrix. An introductory meeting with Respiroics was held on July 31, 2001. Senior representatives from both Novamatrix and Respiroics attended this meeting, including Craig B. Reynolds, Executive Vice President and Chief Operating Officer of Respiroics, Daniel J. Bevevino, Vice President and Chief Financial Officer of Respiroics, and Paul L. Woodring, President - Hospital Division of Respiroics, as well as William J. Lacourciere, Chairman of the Board and Chief Executive Officer of Novamatrix, Thomas M. Patton, President and Chief Operating Officer of Novamatrix, Joseph A. Vincent, Chief Financial Officer of Novamatrix, and Philip F. Nuzzo, Vice President - Business and Product Development of Novamatrix. Messrs. Lacourciere, Patton, Vincent and Nuzzo made a presentation discussing Novamatrix's business, customers, industry, and historical and projected financial performance. After this presentation, Messrs. Lacourciere, Patton, Vincent and Nuzzo answered questions and provided a broad overview as to how a potential combination may improve both Novamatrix's and Respiroics' future prospects.

Following the introductory meetings, between August 16, 2001 and August 23, 2001, Novamatrix received preliminary offers from four of the potential acquirors of Novamatrix.

At a meeting of the Novamatrix board of directors held on August 23, 2001, following a presentation by representatives of SunTrust Robinson Humphrey, the Novamatrix board authorized management to continue discussions and due diligence with the four companies who made preliminary offers.

Beginning on August 27, 2001, Novamatrix management provided the potential acquirors with access to due diligence materials related to Novamatrix's business. Between August 27, 2001 and September 28, 2001, two potential bidders withdrew their preliminary offers and withdrew from the process to purchase Novamatrix before reviewing due diligence materials based on price expectations relative to a potential transaction.

After Novamatrix made its initial presentation to Respiroics on July 31, 2001, Respiroics' commenced financial and business due diligence on Novamatrix, which continued through the execution of the merger agreement. Respiroics' due diligence efforts included conducting meetings with Novamatrix management, visiting Novamatrix's facilities and reviewing financial and legal documents provided by Novamatrix.

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Respironics and its advisors commenced legal due diligence at the offices of Torys LLP, legal counsel to Novamatrix, in mid-September 2001. Legal due diligence continued through the execution of the merger agreement.

On September 28, 2001, SunTrust Robinson Humphrey sent letters to the potential bidders that specified the procedures to be followed regarding submission of final offers. The letters stated that offers were to include information as to the price-per-share for Novamatrix common stock, the source of financing for the transaction, a timetable for completion, and regulatory approvals that would be required to complete the transaction. Potential bidders also received drafts of a proposed acquisition agreement and were instructed to advise of any material departures from the agreement's terms in their bids.

On November 12, 2001, the Respironics board of directors held a meeting and authorized management to proceed with their efforts to pursue a business combination with Novamatrix. Later that week, Respironics submitted an offer pursuant to which Novamatrix stockholders would receive consideration of \$8.00 per share of Novamatrix common stock in Respironics common stock in a tax free merger.

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On November 16, 2001, the Novamatrix board of directors authorized management to continue negotiations with Respironics and to evaluate merger agreement terms and a possible exchange ratio "collar" or similar mechanism to provide some protection to Novamatrix stockholders with respect to the value of the Respironics common stock to be received in the merger.

Between November 19, 2001 to November 28, 2001, financial representatives of Novamatrix and Respironics discussed and negotiated on numerous occasions the terms of the proposed merger, including the price per share, the terms of a collar, and matters relating to transaction structure and the timing of the merger.

On November 26, 2001, the Novamatrix board of directors received an update on the status of merger negotiations, including price and collar provisions, structure and timing.

On November 28, 2001, Novamatrix entered into an agreement with Respironics providing for an exclusive negotiating period through December 23, 2001 whereby Novamatrix agreed not to solicit, initiate or encourage any alternative proposals.

From December 4, 2001 through December 5, 2001, Novamatrix and its advisors met with management of Respironics to conduct business and financial due diligence on the business, operations and prospects for Respironics and its common stock. Also during the week of December 4, 2001 through December 7, 2001, representatives of Torys LLP conducted legal due diligence.

From December 4, 2001 through December 17, 2001, legal and financial representatives of Novamatrix and Respironics discussed and negotiated on numerous occasions various aspects of the proposed merger, the proposed terms of the merger agreement, including the nature and extent of termination fees and the conditions for consummation of the merger, and the proposed terms of certain employment agreements. At the same time, Respironics and its advisors provided expanded due diligence requests to Novamatrix and continued to conduct due diligence on Novamatrix.

On December 12, 2001, Novamatrix issued a press release stating that it was "involved in negotiations with a potential acquiror regarding a potential

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merger of Novamatrix pursuant to which all of the Novamatrix common stock would be converted into common stock of the potential acquiror having a value of in the range of \$8.00 per share of the Novamatrix common stock."

On December 17, 2001, the Novamatrix board of directors met to consider the proposed merger, including the merger agreement and related agreements. At Novamatrix's board meeting, Mr. Lacourciere, representatives of SunTrust Robinson Humphrey, and Mr. Thomas M. Haythe, the general counsel of Novamatrix, addressed the board of directors about the business, financial and legal implications, respectively, of a merger between Respiroics and Novamatrix and the terms of the proposed merger agreement and related agreements. During that meeting, representatives of SunTrust Robinson Humphrey informed the board that in the opinion of SunTrust Robinson Humphrey, as of December 17, 2001, the exchange ratio under the proposed merger agreement was fair, from a financial point of view, to Novamatrix stockholders. After discussion, the Novamatrix board of directors unanimously voted to approve the merger agreement and the merger and unanimously resolved to recommend that Novamatrix stockholders vote to adopt the merger agreement at a special meeting to be held for that purpose. At the meeting, the Novamatrix board of directors approved an amendment to its stockholder rights plan in order to exempt the merger from the provisions of the rights plan, exempted the merger from the supermajority voting provisions set forth in the Novamatrix certificate of incorporation, and exempted the merger from the anti-takeover restrictions set forth in Delaware law.

On December 17, 2001, Respiroics' board of directors held a meeting with its legal advisors, financial advisors and management, and discussed the final terms and conditions of the merger as set forth in the merger agreement and related agreements. Respiroics' board of directors unanimously approved the merger agreement and the related transactions, including the merger.

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On December 18, 2001, the parties executed the merger agreement and related documents. Immediately thereafter, Respiroics and Novamatrix issued a press release announcing the proposed merger.

Novamatrix's Rationale for the Merger; Recommendation of the Novamatrix Board of Directors

The Novamatrix board of directors has approved the merger and the merger agreement and has determined that the merger and the merger agreement are advisable, fair to and in the best interest of Novamatrix and its stockholders. In approving the merger, the merger agreement and the transactions contemplated thereby, and recommending that the holders of Novamatrix common stock vote FOR the adoption of the merger agreement at the special meeting, the Novamatrix board of directors considered a number of factors, including:

- . the financial condition, results of operations, cash flow, earnings and assets of Novamatrix and the prospects of Novamatrix if it remains an independent company;
- . the presentation of SunTrust Robinson Humphrey, and the opinion of SunTrust Robinson Humphrey to the effect that, subject to the matters set out in such opinion and subject to the assumptions, factors and limitations set forth in their written opinion, the exchange ratio established pursuant to the merger agreement is fair from a financial point of view to Novamatrix stockholders;
- . the financial and other terms of the merger and the merger agreement;

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- . the recent and historical stock price performance of Novamatrix common stock and Respiroics common stock;
- . the potential strategic alternatives available to Novamatrix and the viability and risks associated with each alternative, including the prospects for Novamatrix on a stand-alone basis and the risks associated with executing upon and achieving Novamatrix's business plan, both short-term and long-term;
- . the fact that the merger will present the opportunity for the holders of shares of Novamatrix common stock to participate in a significantly larger and more diversified company and, as stockholders of the combined companies, to have greater liquidity in their shares and to benefit from any future growth of the combined companies;
- . the expectation of the Novamatrix directors that the addition of Novamatrix's operations to those of Respiroics would likely increase the overall value and profitability of Respiroics, tending to produce greater stockholder value for Novamatrix stockholders;
- . the presentations by, and discussions of the terms of the merger agreement wi