

Notice of Annual General Meeting 2010

Innovation driving performance

Toni Vourantonis
Bilateral cochlear
implant recipient



Hear now. And always



Notice is hereby given that the Annual General Meeting of the members of Cochlear Limited (the Company) will be held at the Menzies Sydney Hotel, Australia Ballroom, 14 Carrington Street, Sydney NSW 2000 on Tuesday, 19 October 2010 at 10.00 am (AEST).

Business of the Meeting

Ordinary Business

1. Financial and other reports

To receive and consider the Company's Financial Report, Directors' Report and Auditor's Report in respect of the financial year ended 30 June 2010.

2. Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution:

2.1 "THAT the Remuneration Report be adopted."

Note: An explanation of the proposed resolution is set out in the Explanatory Notes attached to this Notice of Annual General Meeting.

3. Re-election and election of directors

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

3.1 "THAT Mr Donal O'Dwyer, being a director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a director of the Company, be re-elected as a director of the Company."

3.2 "THAT Prof Edward Byrne, AO, being a director who is retiring by rotation in accordance with the Company's Constitution and who, being eligible, offers himself for re-election as a director of the Company, be re-elected as a director of the Company."

3.3 "THAT Mrs Yasmin Allen, being a director who is retiring in accordance with the Company's Constitution (this being the first Annual General Meeting of the Company since her appointment by the directors) and who, being eligible, offers herself for election as a director of the Company, be elected as a director of the Company."

Note: An explanation of the proposed resolutions is set out in the Explanatory Notes attached to this Notice of Annual General Meeting.

Special Business

4. Approval of issue, allocation or transfer of securities to the CEO/President under the Cochlear Executive Long Term Incentive Plan (CELTIP)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

4.1 "THAT approval be given to:

- a) The grant to Dr Christopher Roberts, the CEO/President of the Company, of options calculated in accordance with the formula and on the terms summarised in the Explanatory Notes attached to this Notice of Annual General Meeting (please refer to the Explanatory Notes for Item 4); and
- b) The issue, allocation or transfer to Dr Roberts of any shares upon the exercise of any options."

Voting Exclusion Statement: In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution: (a) by Dr Roberts; and/or (b) by any associate of Dr Roberts. In accordance with the ASX Listing Rules, the Company need not disregard any such vote if: (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy to vote as the proxy decides. The other directors of the Company will not be excluded from voting on the resolution as they are not eligible to participate in any employee incentive scheme in relation to the Company.

Note: An explanation of the proposed resolution is set out in the Explanatory Notes attached to this Notice of Annual General Meeting. The additional disclosures for this resolution required by ASX Listing Rule 10.15 are set out in the Explanatory Notes to this Notice of Annual General Meeting.

By Order of the Board



NJ Mitchell

Company Secretary

Dated: 10 September 2010

Item 1. Reports and accounts

As required by section 317 of the Corporations Act 2001, the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2010 will be laid before the Company in the annual general meeting. There is no requirement for a formal resolution on this item.

Item 2. Remuneration Report

As required by section 250R of the Corporations Act 2001, the Remuneration Report of the Company for the financial year ended 30 June 2010 will be laid before the Company in the annual general meeting and a resolution that it be adopted will be put to the vote. The Remuneration Report is set out on pages 35 to 44 (and Note 25 of the financial statements) of Cochlear Limited's 2010 Annual Report. It is also available on the Company's website (www.cochlear.com). The report explains the structure of and policy behind Cochlear's remuneration practices and the link between the remuneration of employees and Cochlear's performance. The report also sets out remuneration details for each director and for certain specified executives. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. Although there is a requirement for a formal resolution on this item, by operation of section 250R(3) of the Corporations Act 2001 the resolution is advisory only and does not bind the directors or the Company.

Resolution 2.1 – directors' recommendation

The Board recommends that shareholders vote in favour of the resolution.

Item 3. Re-election and election of directors

Pursuant to Article 16.1 of the Company's Constitution, one-third of the directors for the time being (excluding the Company's CEO/President) must retire from office and are then eligible for re-election or, if their number is not a multiple of 3, then the lowest whole number of relevant directors must retire. The directors retiring at this Annual General Meeting in accordance with Article 16.1 are Mr Donal O'Dwyer and Prof Edward Byrne, AO. Both Mr O'Dwyer and Prof Byrne are offering themselves for re-election.



Mr Donal O'Dwyer

Age 57. BE Civil, MBA – Appointed 1 August 2005

Chairman of Atcor Medical since 2004 and a director of Sunshine Heart Inc since 2004, Mesoblast Limited since 2004 and Angioblast Systems Inc since 2005. Former President of Cordis Cardiology (Johnson & Johnson medical device business unit) between 2000 and 2004.

Member of the Audit Committee, Medical Science Committee, Nominations Committee, Remuneration Committee and Technology and Innovation Committee.

Resolution 3.1 – directors' recommendation

The Board recommends that shareholders vote in favour of the resolution.



Prof Edward Byrne, AO

Age 58. DSc, MD, MBA, FRCP, FRACP – Appointed 1 July 2002

Vice Chancellor of Monash University. Board member of Neurosciences Victoria Limited. Former executive Dean of the Faculty of Biomedical Sciences, Vice Provost and Head of the Medical School at University College, London. Former Dean of Faculty of Medicine, Nursing and Health Sciences at Monash University, Melbourne (2003– 2006). Former director of BUPA, Neurosciences Australia Limited, the Baker Medical Research Institute, Burnet Medical Research Institute, Prince Henry's Medical Research Institute, Southern Health, and Mental Health Research Institute.

Chairman of the Medical Science Committee. Member of the Nominations Committee and Technology and Innovation Committee.

Resolution 3.2 – directors' recommendation

The Board recommends that shareholders vote in favour of the resolution.

Pursuant to Article 15.5(a) of the Company's Constitution, the directors have the power to appoint any person as a director, either to fill a casual vacancy or as an addition to the directors. Article 15.5(b) requires that any person appointed as a director pursuant to Article 15.5(a) will retire at the next following Annual General Meeting of the Company and will then be eligible for election as a director. Mrs Yasmin Allen was appointed by the Board as a director of the Company with effect from 2 August 2010. Accordingly, Mrs Allen is retiring at this Annual General Meeting and is offering herself for election.



Mrs Yasmin Allen

Age: 46. BE Civil, MBA – Appointed 2 August 2010

Director of Insurance Australia Group (IAG) since 2004 and Chair of IAG Audit Committee. Chairman of Macquarie Specialised Asset Management (not listed) since 2003. Former director of Film Australia (2004 – 2008) and Export, Finance & Insurance Corporation (2001 – 2007) and Australian Red Cross Blood Service (2002 – 2005). Former Vice President of Deutsche Bank AG, Director of ANZ Investment Bank and Associate Director, HSBC Group, London.

Member of the Audit Committee, Nominations Committee and Technology and Innovation Committee.

Resolution 3.3 – directors' recommendation

The Board recommends that shareholders vote in favour of the resolution.

Item 4.**(a) Approval of securities issued to the CEO/President under the CELTIP**

In accordance with ASX Listing Rule 10.14, this resolution is being put to shareholders to seek approval for:

- a) The grant to Dr Christopher Roberts, the CEO/President of the Company, of options calculated in accordance with the formula, and on the terms, summarised in these Explanatory Notes (please refer to part (b) of the Explanatory Notes for this Item 4);
- b) The issue, allocation or transfer to Dr Roberts of any shares upon the exercise of any options,

in accordance with the CELTIP and where the "Total Value of the Offer" is \$850,639 (being 70% of Dr Roberts' fixed remuneration). Each option entitles Dr Roberts to subscribe for, be allocated or receive the transfer of one ordinary share in the capital of the Company, subject to certain vesting restrictions. If the shareholders approve the grant of options to Dr Roberts in accordance with the proposed resolution, the options will be taken to be granted as at 16 August 2010, being the date on which options are granted to other Company executives under the CELTIP. The options will be granted for nil consideration with an exercise price of A\$69.69, being the weighted average price of ordinary shares in the Company traded on the ASX during the five-day period immediately after the release of the full year results on 10 August 2010, payable on exercise of the options.

Example of calculation of the number of securities relating to Dr Roberts under the CELTIP**Assumptions:**

• Based on Dr Roberts' remuneration, his role and the Company's remuneration strategy, the value of the offer is \$850,639.

- a) The value of an option is defined below and is estimated to be \$9.86.
- b) Subject to the vesting restrictions (hurdles) described in part (b) of the Explanatory Notes for Item 4. – Terms of the CELTIP.

Total Value of Offer ("TVO")	\$850,639
Component	Share Options
Option Value ("V")	\$9.86
Number of Options	$= \frac{TVO}{V}$
	$= \frac{\$850,639}{\$9.86}$ = 86,272 options

Where:

"TVO" = the "Total Value of the Offer" made to the participant under the CELTIP (expressed in dollars), which is a percentage of fixed remuneration of the participant; and

"V" = the value of an option, based on the approximate expense to Cochlear under International Financial Reporting Standards (IFRS).

Resolution 4.1 – directors' recommendation

The Board recommends that shareholders vote in favour of the resolution.

(b) Terms of the CELTIP

Purpose: The CELTIP was approved at the Company's Annual General Meeting for 2003. The CELTIP is designed to reward participants for the long-term growth of the Company.

Structure: Participants are offered a mixture of options (being options to subscribe for, be allocated or receive the transfer of ordinary shares in the Company) and performance shares. In 2008 the Board amended the Plan Rules to permit the Company to deliver shares due on exercise of options through an employee share trust. The shares in the employee share trust are held by the Plan Trustee for the benefit of the relevant participant.

The performance shares are actually units of fully paid ordinary shares in the Company, which are held by the Plan Trustee for the benefit of the participant.

Eligibility: Persons who are full-time or part-time employees of Cochlear or an associated body corporate of Cochlear are "Eligible Employees".

Allocation: The CELTIP is administered by the Board. Each year the Board may decide to offer designated Eligible Employees the opportunity to participate in the CELTIP. The number of options and performance shares to be offered to a participant depends upon the participant's salary and the Company's target remuneration package for the participant's position. The mixture of options, performance shares, or both, is determined by the Board, at its discretion.

Vesting restrictions: Both the options and performance shares are subject to vesting restrictions, which will ultimately determine the final number of options which will be exercisable and the number of performance shares received by a participant. The relevant vesting restrictions are:

- A three year vesting period – during which time the participant will be unable to exercise the options or trade the performance shares; and
- The performance of the Company over the vesting period – measured using growth in earnings per share (EPS), and total shareholder return (TSR) as measured against the S&P/ASX 100 comparator group, according to the table set out below. Half of the offer will be assessed against EPS growth and the other half using TSR as follows:

Compound Annual Growth Rate of EPS over a three year period		Ranking of TSR against S&P/ASX 100 comparator group over a three year period	
Performance	% of Units Vesting	Performance	% of Units Vesting
< 10%	0%	< 50th percentile	0%
10% to 20%	50% - 100% (pro-rata)	50th to 75th percentile	50% - 100% (pro-rata)
> 20%	100%	> 75th percentile	100%

The Board has determined that any options that do not vest will lapse automatically. Similarly, any performance shares that do not vest will be retained by the Plan Trustee (i.e. the Plan Trustee will not transfer those shares to the participant).

Rights: Option holders will not be entitled to any dividend payments until the options are exercised. Holders of performance shares are entitled to any dividend, a return of capital or other distribution made in respect of any shares held on the participant's behalf by the Plan Trustee. However, any dividends paid on performance shares that are subsequently forfeited will not be passed on to the participant.

Additional conditions: All participants will be bound by the applicable Plan rules. Separate rules apply in respect of options and in respect of performance shares.

A participant must exercise their options within two years after the date of vesting, otherwise the options will lapse.

Whilst participants are employees of the Company, they must abide by Cochlear's Dealing in Securities Policy (available at www.cochlear.com).

If the participant ceases to be an employee of the Company (or a group company), the Board may exercise certain discretions, including to restrict or permit the transfer of performance shares to a participant or prevent an unvested option from lapsing.

Plan limit: An overall limit applies on the number of options and performance shares that are offered, consistent with the ASX Listing Rules and also the requirement that the number cannot exceed 5% of the total number of issued shares at the time of the offer.

Overriding restrictions: No options or performance shares may be offered under the CELTIP if to do so would contravene the Corporations Act 2001, the ASX Listing Rules, or instruments of relief issued by ASIC from time to time relating to the CELTIP or employee incentive schemes generally.

Administration: The Board may amend, terminate or suspend the operation of the CELTIP and/or any relevant rules of the plan at any time.

Quorum, right to vote and voting exclusion statement

Quorum

The Constitution of the Company provides that two registered Company shareholders present personally or by representative, attorney or proxy shall be a quorum for a general meeting of the Company.

Right to vote

Who may vote:

Fully paid shareholders

Persons whose names are set out in the register of shareholders as at 10am (AEST) on 17 October 2010 are entitled to attend and vote at the Annual General Meeting (and at any adjournment of the meeting which takes place within 28 days).

Proxies

If you wish to appoint a proxy, you should complete the attached "Proxy Form" and comply with the details set out in that form for lodgement. A proxy need not be a shareholder of the Company.

The Proxy Form must be received not less than 48 hours before the time for holding the 2010 Annual General Meeting. Documents may be lodged using the reply paid envelope or by posting, delivery or facsimile to:

Cochlear Limited Share Registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne
Victoria 3001
Australia
Facsimile 03 9473 2555

Number of Proxies:

A shareholder of the Company who is entitled to attend and cast a vote at a meeting has a right to appoint a single proxy. A shareholder of the Company who is entitled to attend and cast two or more votes at a meeting has a right to appoint up to two proxies. If you wish to appoint two proxies, please contact the Company's Share Registry for another Proxy Form or copy the Proxy Form and follow the directions as to how to complete the two Proxy Forms.

Proportion of votes per proxy:

Where the appointment is for more than one proxy, it may specify the proportion of votes that the proxy may exercise. If the appointment does not specify the proportion of votes that each proxy may exercise, then each proxy may exercise half of the votes of the relevant member.

Voting:

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

Signing of Proxies:

The Proxy Form must be signed as follows:

Individual: Where the holding is in one name, the shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to the Proxy Form when you return it.

Companies: Where a company has a sole director who is also the sole company secretary, the Proxy Form must be signed by that person. If a company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise, the Proxy Form must be signed by a director jointly with either another director or a company secretary. Please indicate the office by signing in the appropriate place.

Voting Exclusion Statement – ASX disclosures:

ASX Listing Rule 10.15 requires the following additional disclosures for the purposes of Item 4 of these Explanatory Notes:

- (a) The name of the person referred to in ASX Listing Rule 10.14 entitled to participate in the CELTIP is Dr Christopher Roberts; and
- (b) Since the last approval under ASX Listing Rule 10.14 at the Company's 2009 Annual General Meeting Dr Roberts has received 58,599 options at an exercise price of A\$60.04 per option.



Hear now. And always

Cochlear Ltd (ABN 96 002 618 073) 14 Mars Road, Lane Cove NSW 2066, Australia Tel: 61 2 9428 6555 Fax: 61 2 9428 6352

Cochlear Bone Anchored Solutions AB Konstruktionsvägen 14, SE - 435 33 Mölnlycke, Sweden Tel: 46 31 792 44 00 Fax: 46 41 792 46 95

Cochlear Americas 13059 E Peakview Avenue, Centennial, CO 80111, USA Tel: 1 303 790 9010 Fax: 1 303 792 9025

Cochlear AG European Headquarters, Peter Merian-Weg 4, CH - 4052 Basel, Switzerland Tel: 41 61 205 0404 Fax: 41 61 205 0405

European Representative, Cochlear Deutschland GmbH & Co. KG Karl-Wiechert-Allee 76A, D-30625 Hannover

Germany Tel: 49 511 542 770 Fax: 49 511 542 7770

Cochlear Europe Ltd 9 Weybridge Business Park, Addlestone Road, Addlestone, Surrey KT15 2UF, United Kingdom Tel: 44 1932 87 1500 Fax: 44 1932 87 1526

Nihon Cochlear Co Ltd Ochanomizu-Motomachi Bldg, 2-3-7 Hongo, Bunkyo-Ku, Tokyo 113-0033, Japan Tel: 81 3 3817 0241 Fax: 81 3 3817 0245

Cochlear (HK) Limited Unit 1810, Hopewell Centre, 183 Queens Road East, Wan Chai, Hong Kong SAR Tel: 852 2530 5773 Fax: 852 2530 5183

Cochlear (HK) Ltd Beijing Representative Office Unit 2208 Gerndale Tower B, 91 Jianguo Road, Chaoyang District, Beijing 100022

P.R. China Tel: 86 10 5909 7800 Fax: 86 10 5909 7900

Cochlear Limited (Singapore Branch) 6 Sin Ming Road, #01-16 Sin Ming Plaza Tower 2, Singapore 575585 Tel: 65 6553 3814 Fax: 65 6451 4105

Cochlear Korea Ltd 1st floor, Cheongwon building, 828-5, Yuksam dong, Kangnam gu, Seoul, Korea Tel: 82 2 533 4663 Fax: 82 2 533 8408

Cochlear Benelux NV Schaliënhoedreef 20 1, B - 2800 Mechelen, Belgium Tel: 32 1579 5511 Fax: 32 1579 5500

Cochlear Italia SRL Via Augusto Murri, 45/L, 40137 Bologna, Italia Tel: 39 051 7419811 Fax: 39 051 392062

Cochlear France S.A.S. Route de l'Orme aux Merisiers, Z.I. Les Algorithmes - Bât. Homère, 91190 Saint Aubin, France Tel: 33 811 111 993 Fax: 33 160 196 499

Cochlear Nordic AB Konstruktionsvägen 14, SE - 435 33 Mölnlycke, Sweden Tel: 46 31 335 14 61 Fax: 46 31 335 14 60

Cochlear Tıbbi Cihazlar ve Sağlık Hizmetleri Ltd. Sti. Cubuklu Mah. Bogazici Cad., Bogazici Plaza No: 6/1, Kavacik

TR - 34805 Beykoz-Istanbul, Turkey Tel: 90 216 538 5900 Fax: 90 216 538 5919

Cochlear Canada Inc 2500-120 Adelaide Street West, Toronto, ON M5H 1T1 Canada Tel: 1 416 972 5082 Fax: 1 416 972 5083

www.cochlear.com