

COCHLEAR LIMITED EXPANDS MANUFACTURING CAPABILITY THROUGH ACQUISITION OF KEY SUPPLIER'S OPERATIONS

Sydney, 19th December 2006: Cochlear Limited (COH.AX) today announced that it had acquired Cochlear related manufacturing operations and assets worth approximately \$19 million from Queensland based company, Crystalaid Manufacture Pty Ltd. The transaction is expected to close on 2nd January 2007.

Crystalaid is a key manufacturer and supplier of certain parts and accessories of the cochlear implant system external to the body. A cochlear implant system comprises parts both internal to the body (implant) and external to the body (speech processor/accessories).

The acquisition follows a restructure of the privately owned Brisbane company and secures Cochlear's supply of external parts for its speech processors. Cochlear has purchased only those activities relating to its own products. The acquisition includes almost \$11 million of inventory and over \$6 million of plant and equipment.

Commenting on the acquisition, CEO Dr Chris Roberts said, "This acquisition is part of our global supply chain redesign and reflects the growing strategic importance of external products as our installed base of cochlear implant recipients expands. We continue to build internal capability and capacity to capture the significant opportunity that exists to treat the severe and profound hearing impaired"

"Manufacturing will remain in its current premises in Brisbane and the approximately 200 staff will transfer to Cochlear. We are delighted to have this talented and dynamic team join us".

The acquisition will be marginally accretive for the F'07 year. The purchase will be funded from internal sources.

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