



Cochlear Limited 2006 Annual General Meeting

Ballroom 1, Four Seasons Hotel
199 George Street
Sydney NSW

Tuesday 24th October 2006



Hear now. And always



Chairman



Mr Tommie Bergman

Company Secretary



Mr Neville Mitchell

Chief Executive Officer



Dr Chris Roberts

Directors



Mr Justus Veeneklaas

Directors



Mr Peter North, AM

Directors



Dr John Parker

Directors



Prof Ed Byrne, AO

Directors



Mr Rick Holliday-Smith

Directors



Mr Paul Bell

Directors



Mr Donal O'Dwyer

Regional Presidents



Mark Salmon



Richard Brook



Chris Smith



Proceedings

Chairman's Address

CEO's Address

Formal Resolutions



Hear now. And always

Cochlear™



Cochlear Limited
2006 Annual General Meeting
Chairman's Address

Record Financial Results for F06

	F06	F05	
	\$ millions	\$ millions	
Cochlear implants	379.9	307.4	↑ 24%
Bone Anchored (Baha)	51.7	14.8	↑ 249%
FX Contracts	20.7	26.8	↓ 23%
Revenue	452.3	349.0	↑ 30%
EBIT (25% of revenue)	111.5	82.5	↑ 35%
Net Profit After Tax	80.0	59.6	↑ 34%
Core Earnings*	86.4	60.8	↑ 42%
Core Earnings per share	158.4 cps	112.4 cps	↑ 41%

* Core Earnings guidance was 'at least \$80 million'

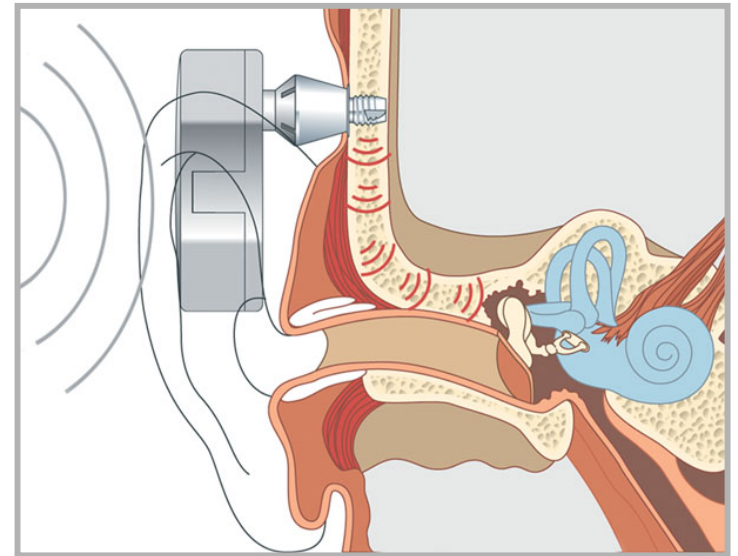
Manufacturing and Supply Chain

- Area of focus is to upgrade to meet ongoing growth objectives
- Now 12 months into 30 month programme
- Aim to simplify and ready for ongoing growth



Integration of Entific

- Purchased in March 2005
- Integration now complete
- Sales integrated into regional offices
- Manufacturing and R&D remain in Gothenburg



China

- Significant opportunity
- \$270m order
- Delivery over six years
- First delivery July 2006



Phonak Joint Development Project

- Developing a new product line of implantable acoustic hearing systems
- Good progress is continuing
- Next stage is to develop a commercial product for clinical trials



Freedom Launch

- Successful launch of Nucleus Freedom
- Clinical results show significant performance improvements



Executive and Board Remuneration

- Remuneration Report to be voted on
- Remuneration system for senior executives is aligned with shareholder interests and community views
- Total reward = base, short term, long term incentives
- Long term incentive plan approved by shareholders at 2003 AGM
- Challenging hurdles that reward ambitious growth

Corporate Governance

- Cochlear maintains an ongoing commitment to transparency and good Corporate Governance
- Cochlear fulfils the major recommendations of the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations"
- Justus Veeneklaas and Peter North to retire at this AGM
- Further appointment to the Board later in the year

Outlook

- Cochlear is well positioned based on its global market share and technology leadership
- The industry is growing and future expansion is anticipated





Cochlear Limited

2006 Annual General Meeting

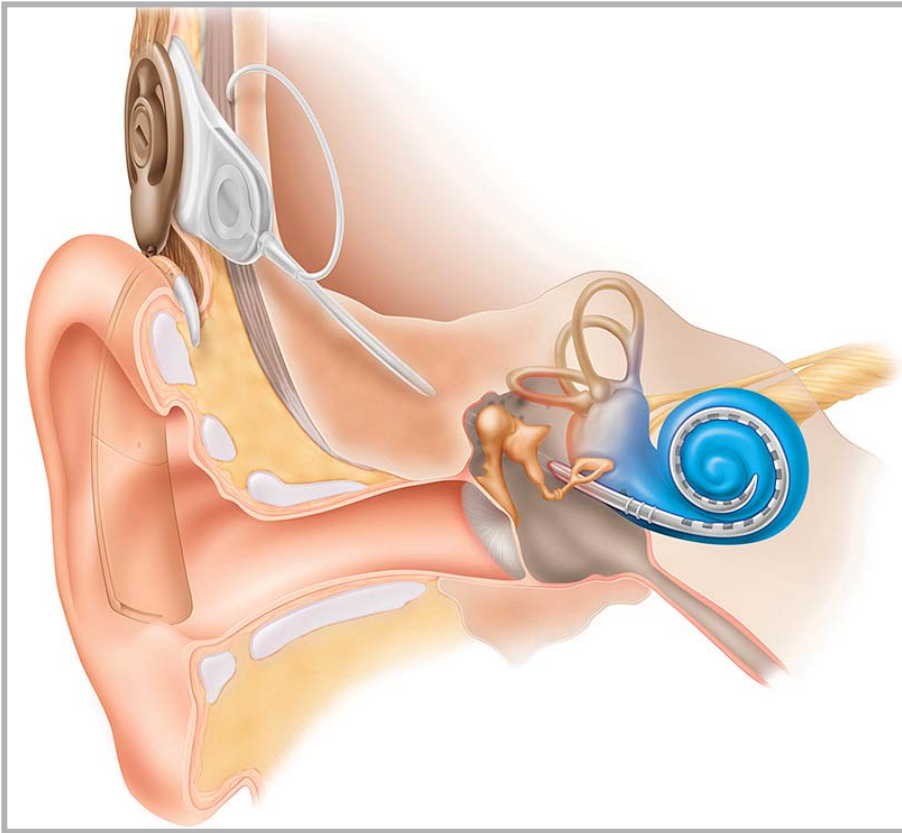
Dr Chris Roberts
CEO's Address

Cochlear Background

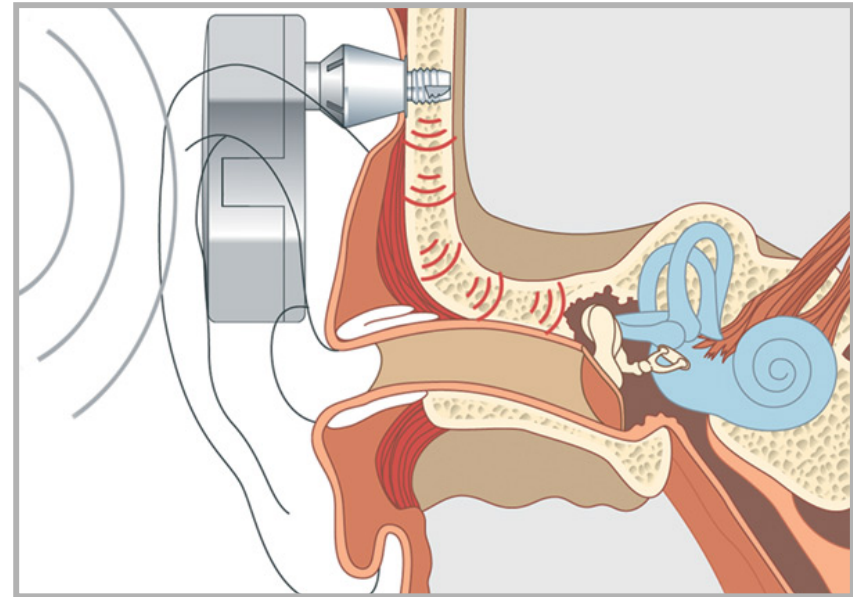
- Global leader in implantable devices for the hearing impaired:
 - ~70% share in cochlear implants for sensorineural hearing loss
 - Bone anchored hearing implants (Baha) for conductive hearing loss and single sided deafness
- Global footprint
 - 1100 people & direct operations in 20 countries
 - Products sold in 90+ countries
- Over 100,000 recipients globally (CI + Baha)
- Well placed for sustainable growth



Our Products



Nucleus Freedom:
implant + sound processor



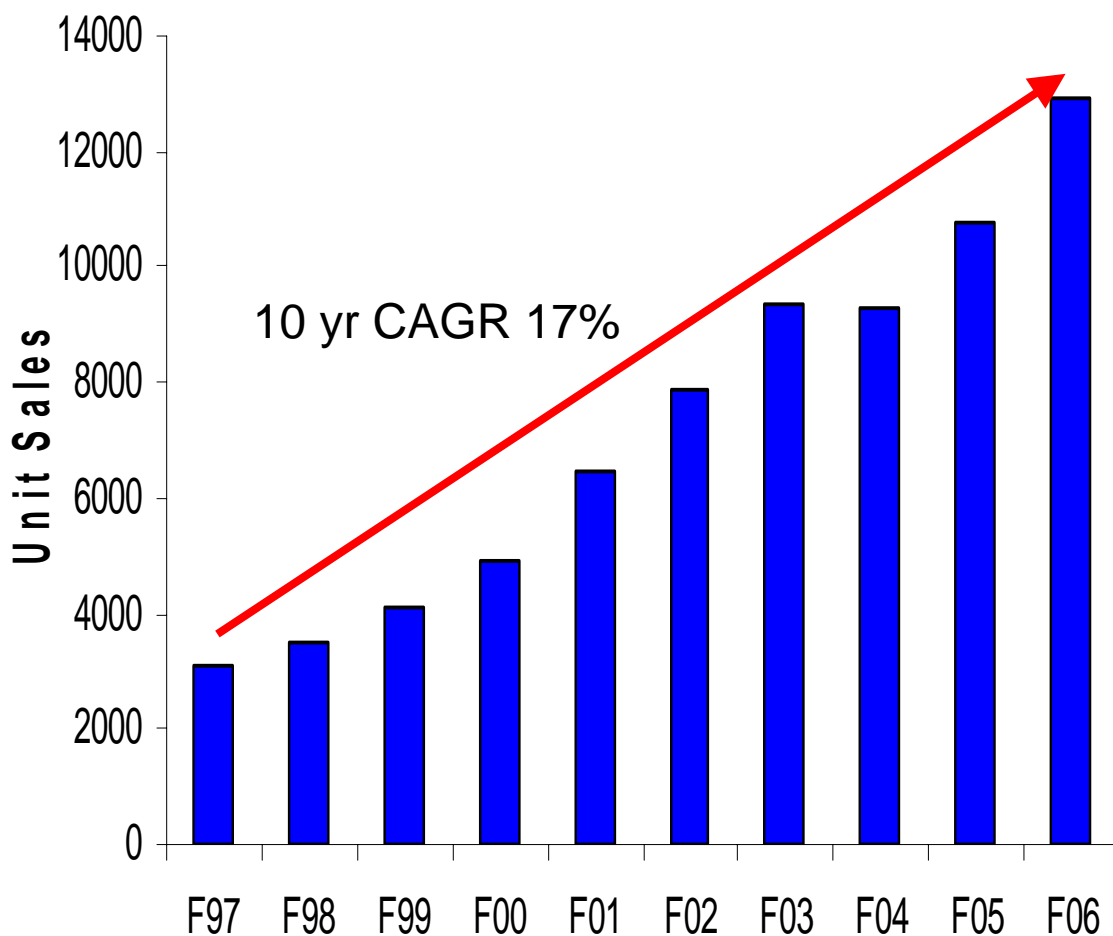
Baha System

Record Financial Results for F06

	F06	F05	
	\$ millions	\$ millions	
Cochlear implants	379.9	307.4	↑ 24%
Bone Anchored (Baha)	51.7	14.8	↑249%
FX Contracts	20.7	26.8	↓ 23%
Revenue	452.3	349.0	↑ 30%
EBIT (25% of revenue)	111.5	82.5	↑ 35%
Net Profit After Tax	80.0	59.6	↑ 34%
Core Earnings*	86.4	60.8	↑ 42%
Core Earnings per share	158.4 cps	112.4 cps	↑ 41%

* Core Earnings guidance was 'at least \$80 million'

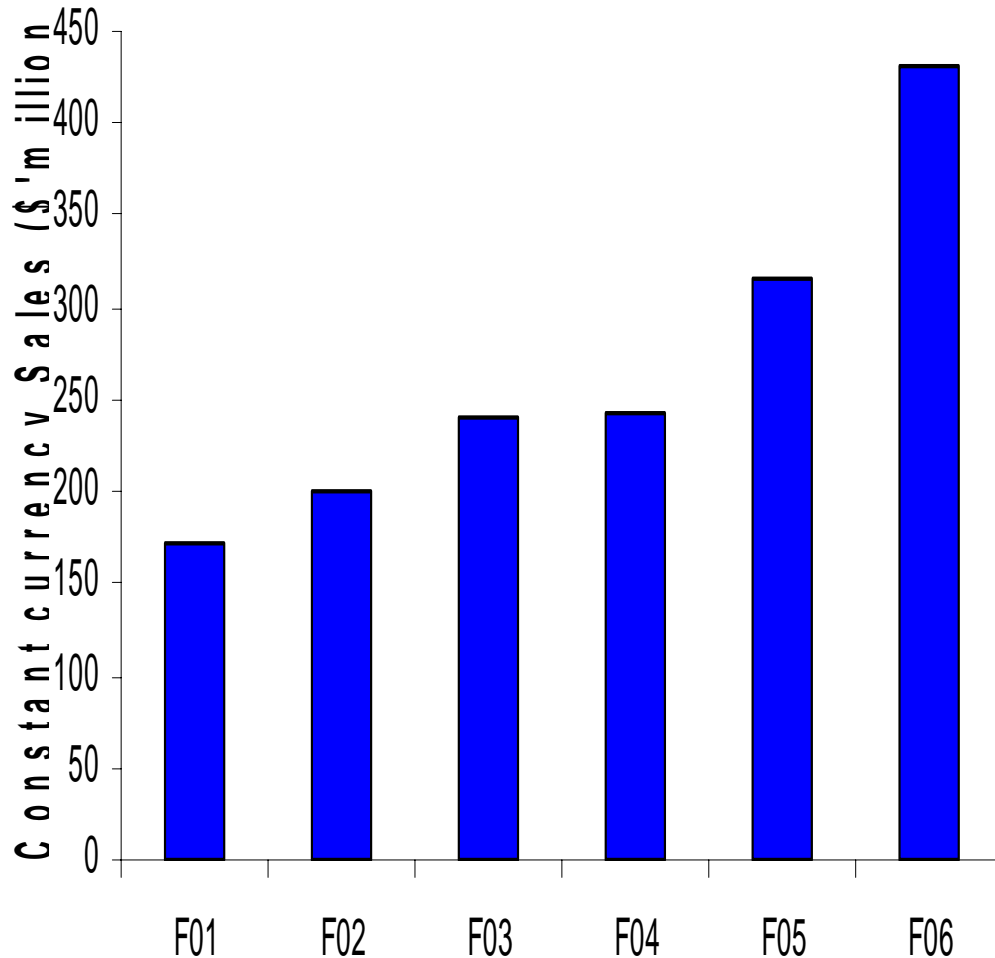
10 Year Cochlear Implant Unit Sales



- F06 cochlear implant unit sales of 12,901 up 19.4% over F05
- F06 growth above long term growth rate

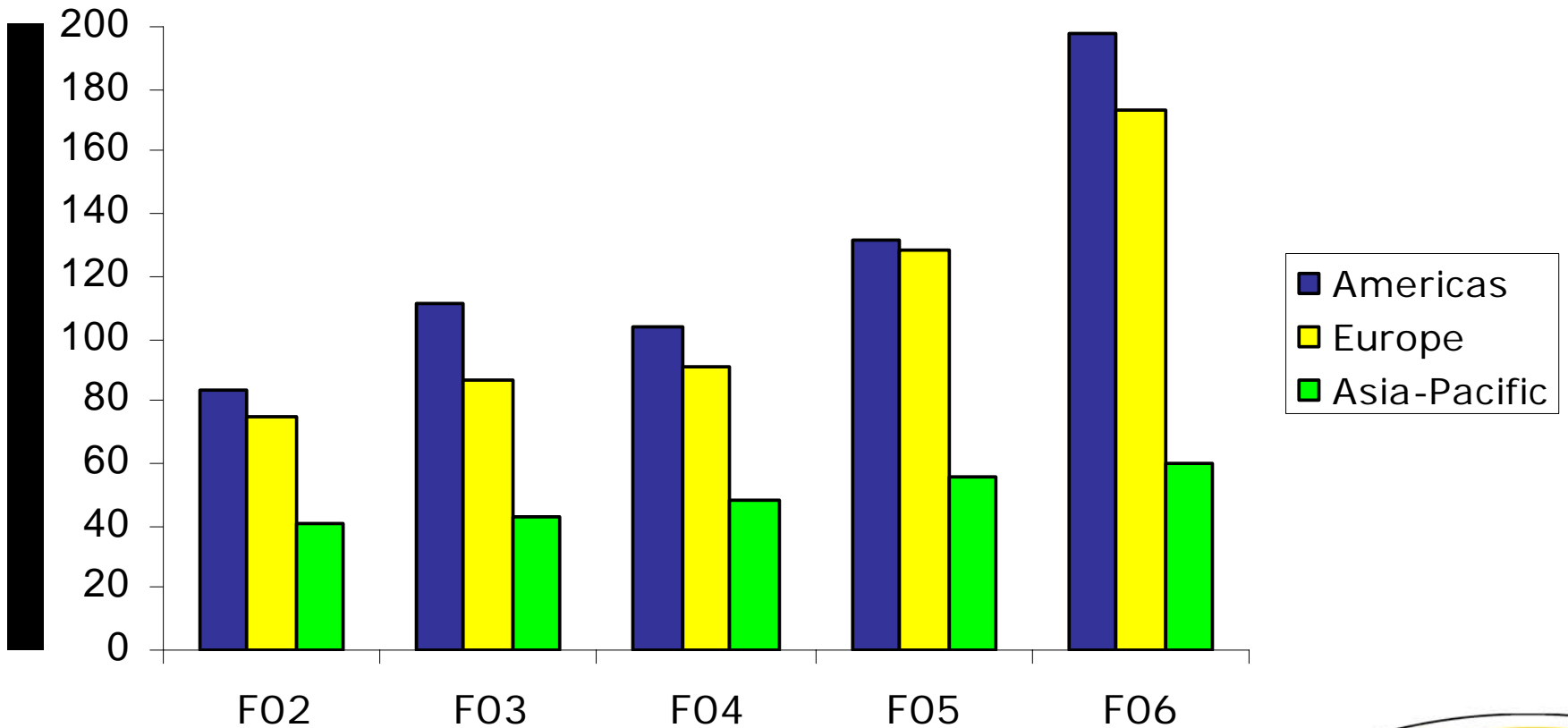
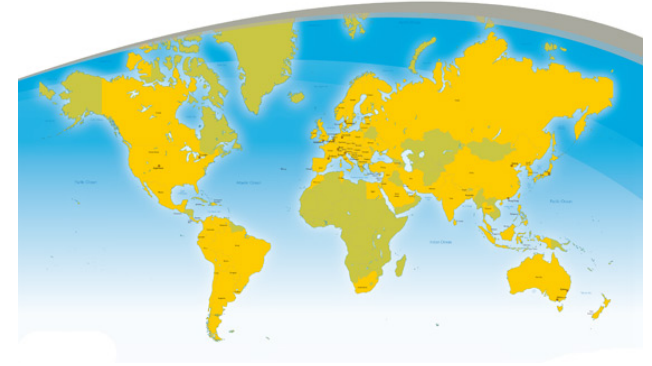


Strong Sales Growth (Constant Currency)



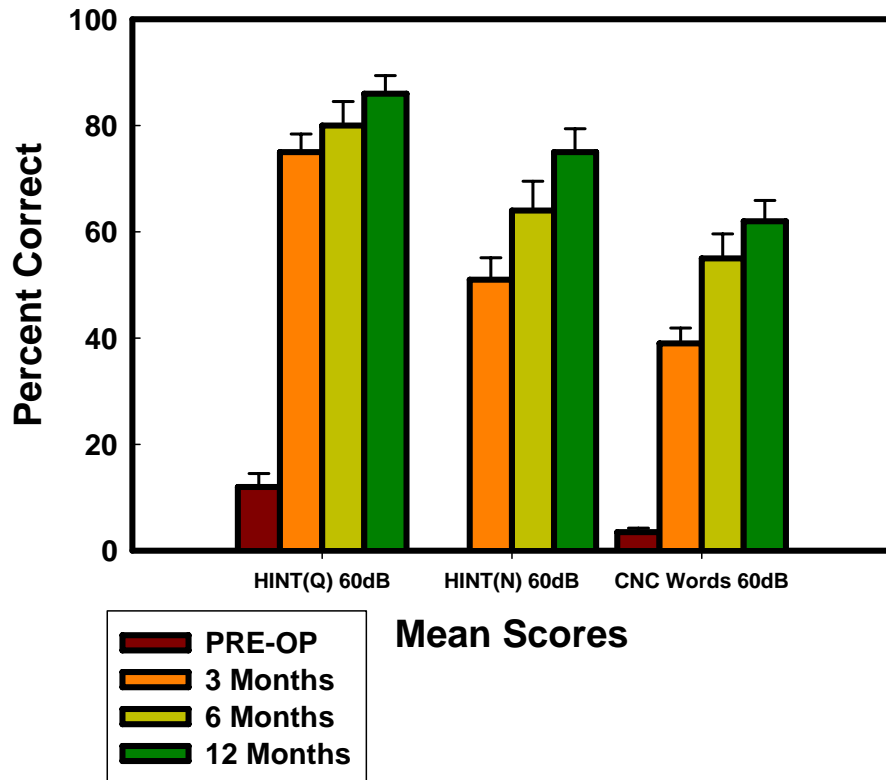
- 37% increase in sales in F06 in constant currency (ie constant FX rates)
- Bone Anchored Solutions: Baha & Vistafax contributed \$51.7 million in F06 (\$14.8)

Strong Regional Sales



Nucleus Freedom – Setting the New Benchmark in Clinical Outcomes

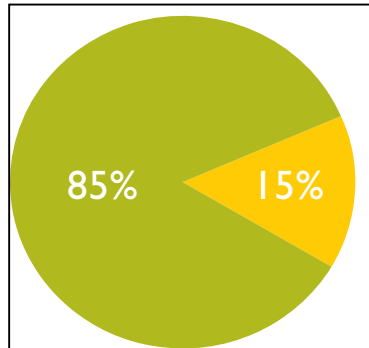
Freedom Clinical Trial N=28



- Improved clinical outcomes achieved faster than previous systems
- Clinical Outcomes continue to improve over time

Nucleus Freedom – Setting the New Benchmark in Clinical Outcomes and Implant Reliability

Input processing preferences for CUNY sentences in noise (N=54)



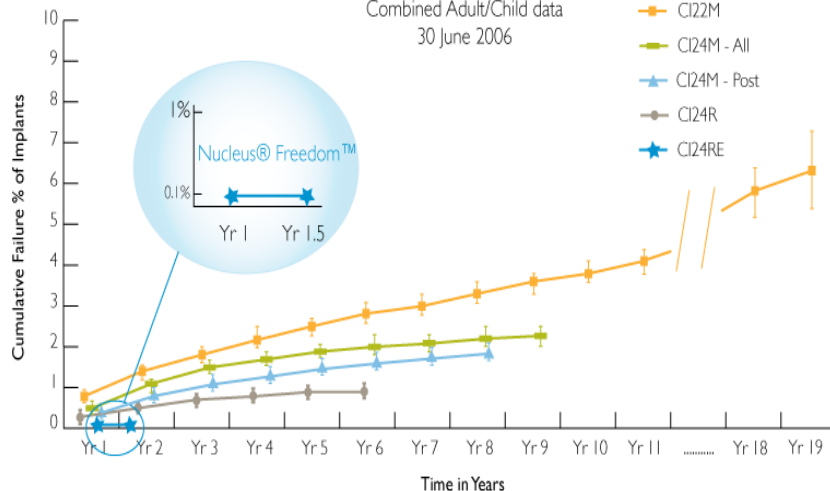
- Our unique SmartSound Input Processing preferred by 85% of recipients

Data Source :

1. North American Freedom Multi-Center Clinical Trial, 2005/06

Nucleus Implants Reliability

Combined Adult/Child data
30 June 2006



- The most reliable CI implant



Hear now. And always



Nucleus Freedom: Next Steps

- BTE Rechargeable batteries
- Freedom Mini BTE
- SmartSound Combinations
- Backwards Compatibility / Freedom for N24



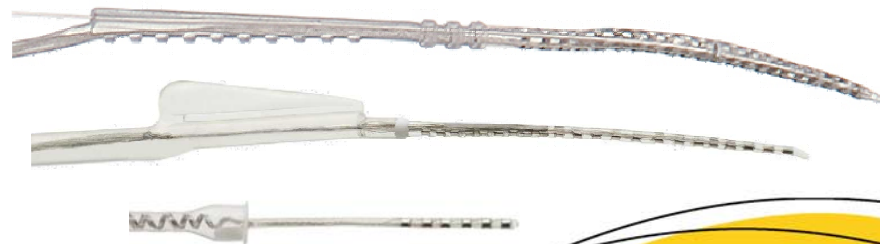
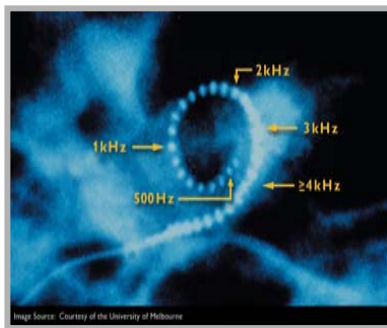
Building Internal Capability

- Important for capturing growth opportunities, 2 examples:
- Global Supply Chain, including
 - Manufacturing
 - Regional Warehouses
 - Information flow/metrics
- Distribution, sales / marketing / clinical support
 - Direct where appropriate
 - Doubling USA field force



Opportunities are Expanding

- Broadening business by expanding product offering
 - Baha - a successful acquisition
 - Other product opportunities (EAS/DACS)
- Clinical results helping market expansion
- Expanding Indications: eg bilateral implantation
- Expanding geographical depth
- Sales of upgrades to recipients (installed base)



Cochlear F06 Overview

- Record financial results for F06
 - Revenues of \$452.3 million up 30%
 - NPAT of \$80.0 million up 34%
 - Core Earnings of \$86.4 million up 42%
- Baha acquisition/integration successful (↑30%)
- Nucleus Freedom: excellent clinical results
- Investment in internal capability paying off
- Opportunities expanding
- F07 core earnings guidance: \$100 million
 - Solid sales growth in all regions for Q1 F07
 - Increases confidence in our F07 guidance





Cochlear Limited

2006 Annual General Meeting

Guest Speaker

Mr Don Kinnersley



Cochlear Limited 2006 Annual General Meeting Business of the Meeting

Resolution No. 1

Financial and other reports

To receive and consider the Company's Financial Report, Director' Report and the Auditor's Report in respect of the year ended 30 June 2006.

Resolution No. 1

Financial and other reports

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,609,611	97%
• Votes against the resolution	87,045	<1%
• Votes to be cast at the discretion of the proxy	550,570	2%
• Votes directed to abstain from voting	180,956	1%

Resolution No. 2

Remuneration Report

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

2.1 “THAT the Remuneration Report be adopted.”

Resolution No. 2

Remuneration Report

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	26,373,771	93%
• Votes against the resolution	1,435,710	5%
• Votes to be cast at the discretion of the proxy	554,448	2%
• Votes directed to abstain from voting	64,253	<1%

Resolution No. 3

Remuneration Report

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

Resolution No. 3.1

Election of Directors

- Mr Rick Holliday-Smith

"THAT Mr Rick Holliday-Smith, being a Director who is retiring by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election as a Director of the Company."



Resolution No. 3.1

Election of Directors – Mr Rick Holliday-Smith

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,807,472	98%
• Votes against the resolution	33,237	<1%
• Votes to be cast at the discretion of the proxy	560,493	2%
• Votes directed to abstain from voting	26,980	<1%

Resolution No. 3.2

Election of Directors

- Mr Paul Ronald Bell

"THAT Mr Paul Ronald Bell, being a Director who is retiring by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election as a Director of the Company."



Resolution No. 3.2

Election of Directors – Mr Paul Ronald Bell

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,816,031	98%
• Votes against the resolution	26,108	<1%
• Votes to be cast at the discretion of the proxy	560,070	2%
• Votes directed to abstain from voting	25,973	<1%

Resolution No. 4

Approval of securities issued 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 ordinary resolution:

4.1 “THAT approval be given to:

- a) The grant to Dr Christopher Graham Roberts, the CEO/President of the Company, of options calculated in accordance with the formula, and on the terms, summarised in the Explanatory Notes to the Notice of the Meeting (appearing at the end of the Explanatory Notes for Item 5.);
- b) The issue to Dr Roberts of any shares upon the exercise of any options.”

Resolution No. 4.1

Approval of securities issued to the CEO/President under the Cochlear Executive Long Term Incentive Plan ("CELTIP")

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,350,781	96%
• Votes against the resolution	428,979	2%
• Votes to be cast at the discretion of the proxy	570,288	2%
• Votes directed to abstain from voting	78,134	<1%

Resolution No. 5

Approval of securities issued to an Executive Director under the Cochlear Executive Long Term Incentive Plan (“CELTIP”)

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

5.1 “THAT approval be given to:

- a) The grant to Dr John Louis Parker, an Executive Director of the Company, of options calculated in accordance with the formula, and on the terms, summarised in the Explanatory Notes to the Notice of the Meeting (appearing at the end of the Explanatory Notes for Item 5.);
- b) The issue to Dr Parker of any shares upon the exercise of any options.”

Resolution No. 5.1

Approval of securities issued to an Executive Director under the Cochlear Executive Long Term Incentive Plan (“CELTIP”)

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,350,817	96%
• Votes against the resolution	428,780	2%
• Votes to be cast at the discretion of the proxy	569,878	2%
• Votes directed to abstain from voting	78,707	<1%

Resolution No. 6

Adoption of new Article 7.7 and Schedule 1 of the Company's Constitution

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

- 6.1 "THAT the proposed version of Article 7.7 and Schedule 1 of the Company's Constitution tabled at the meeting, regarding Proportional Takeovers, be adopted for a period of three years."

Resolution No. 6.1

Adoption of new Article 7.7 and Schedule 1 of the Company's Constitution

Proxy Summary

• Total number of proxy votes available to be cast	28,428,182	100%
• Votes in favour of the resolution	27,464,565	97%
• Votes against the resolution	328,947	1%
• Votes to be cast at the discretion of the proxy	574,392	2%
• Votes directed to abstain from voting	60,278	<1%

Close of Meeting