

COCHLEAR NOTICE OF ANNUAL GENERAL MEETING

## 2015 Hearing Performance



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Cochlear®

## Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of the members of Cochlear Limited (the Company) will be held at the Australian Securities Exchange, Exchange Square Auditorium, 20 Bridge Street, Sydney NSW 2000 on Tuesday 20 October 2015 at 10:00 am (AEDT).

### Business of the meeting

#### Ordinary business

#### 1. Financial and other reports

To receive and consider the Company's Financial Report, Directors' Report and the Auditor's Report in respect of the financial year ended 30 June 2015 and to consider and, if thought fit, to pass the following resolution:

1.1 "THAT the Company's Financial Report, Directors' Report and the Auditor's Report in respect of the financial year ended 30 June 2015 be received."

Note: An explanation of the proposed resolution is set out at Item 1 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### 2. Remuneration Report

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

2.1 "THAT the Remuneration Report in respect of the financial year ended 30 June 2015 be adopted."

**Voting Exclusion Statement:** In accordance with the *Corporations Act 2001* (Cth), no votes can be cast by or on behalf of a member of key management personnel (KMP) whose remuneration details are included in the Remuneration Report and their closely related parties (collectively referred to as a Prohibited Voter). However, a Prohibited Voter may: (a) vote directed proxies for someone other than a Prohibited Voter; and (b) vote undirected proxies for someone other than a Prohibited Voter if the Prohibited Voter who is voting is the Chair of the meeting and the proxy/voting form: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a Prohibited Voter. If you do not want your vote exercised in favour of this resolution, you should direct the person chairing the meeting to vote against, or to abstain from voting on, this resolution.

Note: An explanation of the proposed resolution is set out at Item 2 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### 3. Re-election of directors

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

3.1 "THAT Ms Alison Deans, 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 re-election as a director of the Company, be re-elected as a director of the Company."

3.2 "THAT Mr Glen Boreham, AM, being a director who is retiring in accordance with the Company's Constitution (this being the first Annual General Meeting of the Company since his appointment by the directors) 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 Prof Edward Byrne, AC, being a director who is retiring 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."

Note: An explanation of the proposed resolutions is set out at Item 3 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### Special business

#### 4. Approval of securities to be granted to the CEO/President under the Cochlear Executive Incentive Plan (CEIP)

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 Mr Chris Smith, the CEO/President of the Company, of options and performance rights under the CEIP long term incentive plan calculated in accordance with the formula and on the terms summarised in the Explanatory Notes attached to this Notice of Annual General Meeting (refer to the Explanatory Notes for Item 4); and

(b) the transfer to Mr Smith of existing shares upon the exercise of any options and/or performance rights approved under (a) above."

**Voting Exclusion Statement:** In accordance with the *Corporations Act 2001* (Cth), a member of KMP and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chair of the meeting can vote undirected proxies, provided the proxy/voting form expressly authorises the Chair to do so.

Note: An explanation of the proposed resolution is set out at Item 4 of the Explanatory Notes attached to this Notice of Annual General Meeting.

#### 5. Renewal of proportional takeover provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

5.1 "THAT the Company renew the proportional takeover provisions contained in Article 7.7 and Schedule 1 of the Company's Constitution for a period of three (3) years from and including the date of this resolution."

Note: An explanation of the proposed resolution is set out at Item 5 of the Explanatory Notes attached to this Notice of Annual General Meeting. The statement required by Section 648C(5) of the *Corporations Act 2001* (Cth) is also set out at Item 5 of the Explanatory Notes attached to this Notice of Annual General Meeting.

## Explanatory Notes

### 6. Approval to increase the maximum aggregate remuneration of non-executive directors

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

6.1 "THAT the aggregate maximum sum available for remuneration of non-executive directors is increased by \$500,000 per year to \$2,500,000 per year."

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution: (a) by a director of the Company; and/or (b) by any associate of a director of the Company. 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/voting 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/voting form to vote as the proxy decides. Further, in accordance with the *Corporations Act 2001* (Cth), a member of KMP and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chair of the meeting can vote undirected proxies, provided the proxy/voting form expressly authorises the Chair to do so.

Note: An explanation of the proposed resolution is set out at Item 6 of the Explanatory Notes attached to this Notice of Annual General Meeting. The additional disclosures for this resolution required by ASX Listing Rule 10.17 are set out at Item 6 of the Explanatory Notes attached to this Notice of Annual General Meeting.

By order of the Board



NJ Mitchell  
Company Secretary

Dated: 11 September 2015

### Item 1. Financial and other reports

As required by Section 317 of the *Corporations Act 2001* (Cth) (Act), the Company's Financial Report, Directors' Report and the Auditor's Report for the financial year ended 30 June 2015 (F15) will be laid before the Company in the Annual General Meeting (AGM). There is no requirement for a formal resolution on this item; however, it is the Company's practice to do so.

### Item 2. Remuneration Report

As required by Section 250R(2) of the Act, the Remuneration Report of the Company for F15 will be laid before the Company in the AGM and a resolution that it be adopted will be put to a vote. The Remuneration Report is set out in the Directors' Report contained in the Company's 2015 Annual Report. The Annual Report is available on the Company's website ([www.cochlear.com](http://www.cochlear.com)).

The Remuneration Report explains the structure of and policy behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance. The Remuneration 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 Act, the resolution is advisory only and does not bind the directors or the Company.

The Board believes the Company's approach to Board and executive KMP remuneration is a balanced, fair and equitable approach. The Company's executive remuneration practices are designed to reward and motivate a successful and experienced executive team to deliver ongoing business growth which meets the expectations of all shareholders. The Board welcomes feedback from shareholders on the Company's remuneration practices.

#### **Resolution 2.1 – directors' recommendation**

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

Voting exclusions apply to this resolution as specified in the Notice of Annual General Meeting. The Chair intends to vote all available proxies in favour of the resolution.

### Item 3. Re-election of directors

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) (excluding the Company's CEO/President) will retire at the next following AGM of the Company and will then be eligible for re-election as a director. Ms Alison Deans and Mr Glen Boreham, AM were appointed by the Board as directors of the Company with effect from 1 January 2015. Accordingly, Ms Alison Deans and Mr Glen Boreham, AM are retiring at this AGM and are standing for re-election.

Pursuant to Article 16.2 of the Company's Constitution, each director (excluding the Company's CEO/President) must retire from office not later than at the third AGM following his or her last election or appointment by a general meeting, but may submit himself or herself for and will be eligible for re-election. Prof Edward Byrne, AC is retiring at this AGM in accordance with Article 16.2.



## Explanatory Notes

The retirements of Ms Alison Deans, Mr Glen Boreham, AM and Prof Edward Byrne, AC mean that the requirement of Article 16.1 of the Company's Constitution, that one-third of the directors for the time being (excluding the Company's CEO/President) retire from office at each AGM, is satisfied.

The Board considers that each of Ms Alison Deans, Mr Glen Boreham, AM and Prof Edward Byrne, AC is an independent non-executive director.

### Ms Alison Deans

Age 47. BA, MBA, GAICD

Appointed 1 January 2015.  
*Less than one year's service.*



Director of Westpac Banking Corporation since 2014, Insurance Australia Group Limited since 2013 and kikki.K Holdings Pty Limited. Former Chief Executive Officer of the technology based investment company Netus Pty Limited (2006 – 2013), Hoyts Cinemas (2003 – 2004), eCorp Limited (2000 – 2003) and eBay Australia and New Zealand (1999 – 2000).

Member of the Nomination Committee and the Technology and Innovation Committee.

#### **Resolution 3.1 – directors' recommendation**

The Board (other than Ms Alison Deans) recommends that shareholders vote in favour of the resolution.

### Mr Glen Boreham, AM

Age 50. BEc, FAICD

Appointed 1 January 2015.  
*Less than one year's service.*



Director of Southern Cross Austereo since 2014 and Data#3 Limited since 2011. Chairman of Advance since 2012 and the Industry Advisory Board for the University of Technology, Sydney since 2010. Former (and inaugural) Chairman of Screen Australia (2008 – 2014). Former Managing Director of IBM Australia and New Zealand (2006 – 2010).

Chairman of the Human Resources Committee. Member of the Nomination Committee.

#### **Resolution 3.2 – directors' recommendation**

The Board (other than Mr Glen Boreham, AM) recommends that shareholders vote in favour of the resolution.

### Prof Edward Byrne, AC

Age 63. DSc, MD, MBA, FRCP, FRACP, FTSE

Appointed 1 July 2002.  
*Thirteen years' service.*



President and Principal of King's College London since 1 September 2014. Former Deputy Chairman of Group of Eight Vice Chancellors, Australia, and Chairman of Global Foundation. Former director of Bupa Group Board, London and Bupa Australia Pty Limited. Former Vice Chancellor of Monash University (June 2009 – August 2014).

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).

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

#### **Resolution 3.3 – directors' recommendation**

The Board (other than Prof Edward Byrne, AC) recommends that shareholders vote in favour of the resolution.

### Item 4. Approval of securities to be granted to the CEO/President under the CEIP

#### **Why is shareholder approval being sought?**

The Cochlear Executive Incentive Plan (CEIP) requires that any shares to be delivered to a director upon the exercise of options or performance rights that are issued under the CEIP after 21 July 2015 must be existing shares acquired on market. Accordingly, an exception to ASX Listing Rule 10.14 applies. Notwithstanding this, the Company intends to seek approval for the grant of CEIP long term-incentive (CEIP LTI) awards to the CEO/President as it is the Company's practice to do so and for good corporate governance.

#### **Terms of the CEIP LTI**

**Purpose:** The CEIP LTI is designed to reward participants for the long-term growth of the Company.

**Structure:** For F16, participants can elect to receive options alone, or a combination of performance rights (being rights to subscribe for or be allocated or receive the transfer of ordinary shares in the Company) and options, provided as a minimum at least 30% are options.

Mr Smith has elected to receive 70% of his F16 offer as options and 30% of his F16 offer as performance rights. The CEIP rules permit the Company to satisfy its obligation to deliver shares under options or performance rights through an employee share trust.

Each option or performance right entitles Mr Smith to receive the transfer of one ordinary share in the capital of the Company, subject to certain vesting restrictions.

Approval is being sought from shareholders for the F16 grant of options and performance rights to Mr Smith under the CEIP LTI. If the shareholders approve the grant of options and performance rights to Mr Smith in accordance with the proposed resolution, the Company will issue the options and performance rights within five (5) business days of the 2015 AGM. These options and performance rights will be taken to be granted as at 20 October 2015, being the date on which CEIP LTI options and/or performance rights will be granted to other Company executives under the CEIP (based on values determined as at 18 August 2015).

The options will be granted for nil consideration with an exercise price of \$82.89, being the weighted average price of ordinary shares in the Company traded on the ASX during the five day period commencing on the release of the Company's F15 full year results on 11 August 2015, payable on exercise of the options.

Performance rights are granted for nil consideration with a nil exercise price.

**Vesting restrictions:** The options and performance rights are subject to vesting restrictions, which will ultimately determine the final number of options and performance rights which will be exercisable. The relevant vesting restrictions for the F16 offers are:

- (i) the options and performance rights will not vest before the full year results are announced in 2018. The participant will be unable to exercise the options and performance rights before they vest unless the Board decides to allow early exercise pursuant to the CEIP rules. Should the participant cease to be an employee of Cochlear, all unvested options and performance rights will lapse unless the Board determines otherwise; and
- (ii) the performance of the Company from 1 July 2015 to 30 June 2018 – measured using compound annual 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   | % vesting              | Performance  | % vesting              |
| < 10%   | 0%                     | < 50th percentile  | 0%                     |
| 10% to 20%  | 50% to 100% (pro-rata) | 50th to 75th percentile  | 40% to 100% (pro-rata) |
| > 20%   | 100%                   | > 75th percentile  | 100%                   |

#### Calculation of the number of securities relating to Mr Smith under the CEIP LTI for F16

##### Assumptions:

Based on Mr Smith's remuneration, his role and the Company's remuneration strategy, the value of the offer is \$1,450,000.

- (i) The value of an option is defined below and is \$14.70. The value of a performance right is defined below and is \$77.11.
- (ii) Options and performance rights are subject to the EPS and TSR vesting hurdles described above.

| Total value of offer (TVO)               | \$1,450,000  |
|--|--|
| Component                                | Options and performance rights   |
| Option value (OV)                        | \$14.70  |
| Performance right value (PV)             | \$77.11  |
| Number of options and performance rights | $= \frac{TVO \times 70\%}{VO} + \frac{TVO \times 30\%}{VP}$ $= \frac{\$1,015,000}{\$14.70} + \frac{\$435,000}{\$77.11}$ <p style="text-align: center;">= 69,047 options and 5,641 performance rights</p> |

where:

TVO = the total value of the offer made to the participant under the CEIP LTI (expressed in dollars), which is a percentage of fixed remuneration of the participant;

OV = the value of an option, based on the Black-Scholes-Merton value before service or EPS and TSR performance discounts; and

PV = the value of a performance right, based on the Black-Scholes-Merton value before service or EPS and TSR performance discounts.

|   |           |
|---|-----------|
| Exercise price (options)                    | \$82.89   |
| Exercise price (performance rights)         | Nil       |
| Expected volatility                         | 27.87%    |
| Expected contract life (options)            | 3.4 years |
| Expected contract life (performance rights) | 2.9 years |
| Expected dividend yield                     | 3.41%     |
| Risk free interest rate                     | 1.96%     |

##### Other terms of the CEIP

**Eligibility:** Persons who are permanent full-time or part-time employees of the Company or an associated body corporate of the Company are Eligible Employees.

**Allocation:** The CEIP is administered by the Board. Each year, the Board may decide to offer designated Eligible Employees the opportunity to participate in the CEIP. The number of options and/or performance rights 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 Board has determined that any options or performance rights that do not vest will lapse or be forfeited automatically.

**Rights:** Option and performance right holders will not be entitled to any dividend payments until the options or performance rights are exercised.

**Additional conditions:** All participants will be bound by the applicable plan rules. A participant must exercise their options within seven months after the date of vesting; otherwise, the options will lapse. Performance rights will be exercised automatically on vesting. The shares delivered on exercise of options or performance rights will be held by the employee share trust until withdrawn by participants. Whilst participants are employees of the Company, they must abide by the Company's Trading Policy (available in the Investor Centre section of [www.cochlear.com](http://www.cochlear.com) under Corporate Governance).

It is a specific condition of grant that no schemes are entered into by an individual or their associates that specifically protect the unvested value of options or performance rights allocated.

**Plan limit:** An overall limit applies on the number of options and performance rights that are offered under the CEIP, being that the aggregate of the number of options and performance rights offered together with outstanding offers under the CEIP and the total number of shares issued to employees under employee incentive schemes in the last five years cannot exceed 5%, excluding unregulated offers, of the total number of issued shares of the Company at the time of the offer.

**Overriding restrictions:** No options or performance rights may be offered under the CEIP if to do so would contravene the Act, the ASX Listing Rules, or instruments of relief issued by the Australian Securities & Investments Commission from time to time relating to the CEIP or employee incentive schemes generally.

## Explanatory Notes

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

### **Resolution 4.1 – directors' recommendation**

The Board (other than Mr Smith) recommends that shareholders vote in favour of the resolution.

### **Item 5. Renewal of proportional takeover provisions**

A proportional takeover bid is an off-market bid under which an offer is made for only a proportion of each holder's holding of securities. At the 2006 AGM, the Company amended its Constitution so as to insert proportional takeover provisions at Article 7.7 and Schedule 1 of the Constitution (Provisions) which prohibit the registration of a transfer of shares under a proportional takeover bid unless and until a resolution to approve the bid is passed by the holders of the securities of the class to which the securities being bid for belong (Bid Class Securities). Unless renewed, the Provisions will cease to apply on 16 October 2015.

### **Effect of the Provisions**

The Provisions require the directors to seek approval of a proportional takeover bid proceeding through a meeting of the persons entitled to vote on the resolution. The resolution will be taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution, is greater than one-half. The bidder and any associate of the bidder will be excluded from voting. The directors must ensure that a resolution to approve the bid is voted on before the day which is 14 days before the last day of the bid period (Approving Resolution Deadline). If no resolution to approve the bid has been voted on as at the end of the day before the Approving Resolution Deadline, a resolution to approve the bid to proceed is taken to have been passed. If a resolution to approve the bid is voted on and rejected, all offers under the bid are taken to be withdrawn and each binding takeover contract for the bid is rescinded.

If the Provisions are renewed, they will remain in the Constitution for a further period of three years (unless sooner omitted).

### **Reasons for the Provisions**

The Board considers that holders of Bid Class Securities should have the opportunity to vote on any proportional takeover bid for the Company. A proportional takeover bid may enable control of the Company to pass without shareholders having an opportunity to sell all of their securities to the bidder. Shareholders, therefore, may be exposed to the risk of being left as a minority in the Company and of the bidder being able to acquire control of the Company without payment of an adequate premium for all of their securities. The Provisions lessen these risks as they allow holders of Bid Class Securities to decide whether a proportional takeover bid is acceptable and should be allowed to proceed.

### **No awareness of any proposal to, acquire or to increase the extent of, a substantial interest in the Company**

As at the date of this Notice of Annual General Meeting, no director is aware of any proposal by any person to acquire, or increase the extent of, a substantial interest in the Company.

### **Review of advantages and disadvantages of the Provisions**

The directors consider that the Provisions have no potential advantages or potential disadvantages for the directors as the Board remains free to make whatever recommendations it considers appropriate on any proportional takeover bid that may be made.

The potential advantages of the Provisions for shareholders include:

- (i) shareholders have the right to decide by majority whether to accept a proportional takeover bid;
- (ii) it may help shareholders avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without payment of an adequate premium for control; and
- (iii) it increases shareholders' bargaining power and may assist in ensuring any proportional takeover is adequately priced and is attractive to the majority of shareholders.

Some potential disadvantages of the Provisions for shareholders include:

- (i) the Provisions may reduce the likelihood of a proportional takeover bid being successful and may therefore discourage the making of a proportional takeover bid; and
- (ii) the Provisions may reduce the opportunities which shareholders have to sell securities.

Since 2006 when the provisions first came into effect, there have been no takeover bids for the Company. The Board is not aware of any potential bid that was discouraged by the Provisions.

The Board considers that it is in the interests of shareholders to have the right to vote on a proportional takeover bid.

### **Resolution 5.1 – directors' recommendation**

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

### **Item 6. Approval to increase the maximum aggregate remuneration of non-executive directors**

In accordance with ASX Listing Rule 10.17 and Article 19.1 of the Company's Constitution, this resolution is being put to shareholders to increase the maximum aggregate amount available for the remuneration of non-executive directors.

The present increase is being sought because the current fees maximum aggregate level has not been generally increased since 2011. The temporary increase approved at the 2014 AGM was solely to the permit payment to Prof Edward Byrne, AC of his retirement allowance in the year in which he retires. Base directors' fees have not been increased in any of the past three financial years. The Board has also recently increased in size by one director. A market review in F15 found that both base and committee fees for the Company's directors were below market levels. Following this review, committee fees have now been increased and base directors' fees will be increased next year. Whilst the current fee pool would not be exceeded in F16, the Board wishes to provide future flexibility to increase the size of the Board, if and when considered appropriate, including for succession planning purposes. The Board also wishes to allow for future increases in fees to maintain market competitiveness and to reflect increasing demands on non-executive directors.

**Additional disclosures required by ASX Listing Rule 10.17**

ASX Listing Rule 10.17 requires the following additional disclosures for the purposes of Item 6 of these Explanatory Notes:

- (i) if this resolution is passed, the maximum aggregate amount of directors' fees that may be paid to all of the Company's non-executive directors in a year is \$2,500,000, except that in the year in which Prof Edward Byrne, AC retires as a director of the Company, the maximum aggregate amount of directors' fees that may be paid to all of the Company's non-executive directors will be \$3,000,000; and
- (ii) no securities have been issued to a non-executive director under ASX Listing Rule 10.11 or 10.14 within the preceding three years.

**Resolution 6.1 – directors' recommendation**

As each non-executive director has an interest in this matter, the Board does not believe it is appropriate to make a recommendation to shareholders in relation to voting on this resolution.

**Quorum, right to vote and proxies****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.

**Who may vote**

Persons whose names are set out in the register of shareholders as at 10:00am (AEDT) on Sunday 18 October 2015 are entitled to attend and vote at the 2015 AGM (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 enclosed proxy/voting 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/voting form must be received not less than 48 hours before the time for holding the 2015 AGM. Documents may be lodged using the reply paid envelope or by posting or facsimile to:

Cochlear Limited Share Registry  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne  
VIC 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/voting form or copy the proxy/voting form and follow the directions as to how to complete the two proxy/voting 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 (except as specified in the Voting Exclusion Statements in the Notice of Annual General Meeting) or abstain from voting.

**Signing of proxy/voting form**

The proxy/voting form must be signed as follows:

*Individual shareholding:* Where the shareholding is in one name, the shareholder must sign;

*Joint shareholding:* Where the shareholding 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 Company's Share Registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to the proxy/voting form when you return the proxy/voting form; or

*Companies:* Where a company has a sole director who is also the sole company secretary, the proxy/voting form must be signed by that person. If a company (pursuant to Section 204A of the Act) does not have a company secretary, a sole director can also sign alone. Otherwise, the proxy/voting 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.

**Shareholder questions**

If you would like a question to be put to the Chair of the meeting or the auditor and you are not able to attend the meeting, please complete the Questions from Shareholders form enclosed and send it to the Company Secretary at Cochlear Limited, 1 University Avenue, Macquarie University NSW 2109, Australia or alternatively email it to the Company Secretary at [nmitchell@cochlear.com](mailto:nmitchell@cochlear.com). Questions must be received by the Company Secretary by 5:00pm (AEDT) on Wednesday 14 October 2015.

# Hear now. And always

As the global leader in implantable hearing solutions, Cochlear is dedicated to bringing the gift of sound to people with moderate to profound hearing loss. We have helped over 400,000 people of all ages live full and active lives by reconnecting them with family, friends and community.

We give our recipients the best lifelong hearing experience and access to innovative future technologies. For our professional partners, we offer the industry's largest clinical, research and support networks.

That's why more people choose Cochlear than any other hearing implant company.