

ASX / MEDIA RELEASE

26 MAY 2015

COCHLEAR LIMITED: CHRIS SMITH ANNOUNCED AS INCOMING CHIEF EXECUTIVE OFFICER OF COCHLEAR

Cochlear Limited, Sydney, 26 May 2015 (ASX:COH): Cochlear Limited Chairman, Rick Holliday-Smith today announced that Mr Chris Smith is appointed Chief Executive Officer/President effective 1 September 2015. Dr Chris Roberts, who has been Chief Executive Officer/President since 1 February 2004, will step down at the end of August, 2015. Chris Smith will become Deputy CEO from 1 July 2015, allowing Chris Smith and Chris Roberts to effect a smooth transition.

Mr Holliday-Smith said the Cochlear Board had been discussing succession planning for some time and believed Mr Smith would bring a deep understanding of the company, its customers and hearing healthcare professionals.

Mr Smith is the current President of Cochlear North America, Senior Vice President of Cochlear Bone Anchored Solutions and Senior Vice President of Global Support Operations. He has more than 10 years of executive experience at Cochlear. He will relocate to Sydney to take up the CEO position.

Mr Smith said it was a great honour for him to be appointed Cochlear CEO and President. "Cochlear is an extraordinary company with a proud history. Through the development and distribution of our innovative technology and passion and commitment of our employees, we are able to have a positive impact on many people's lives every day."

Mr Holliday-Smith said: "Dr Roberts leaves Cochlear with the Board's best wishes and thanks. He has done a remarkable job in the more than 11 years as CEO; trebling cochlear implant unit sales and revenues and quadrupling net profit and the share price."

"His commitment to innovation has helped maintain Cochlear as global market leader. Over the last two years, Cochlear has released a comprehensive range of new products and services across its portfolio."

Dr Roberts said: "It is time to hand over the leadership baton. I have worked closely with Mr Smith for more than a decade. I know that he has a deep commitment to the company, our people and our recipients and healthcare professional partners."

"It has been a privilege to lead this great global company for over a decade, and to work with so many talented people. In that time, Cochlear has been able to help hundreds of thousands of people hear. The company is ideally placed to grow and continue bringing the gift of hearing to many more people around the world."

The material terms of Mr Smith's employment are attached.

Contacts

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Ends

Mr Chris Smith: Key Terms of Employment Agreement

Key Terms	Details
Appointment and Commencement Date	1 September 2015
Term	No fixed term. Termination provisions are set out below.
Remuneration	<p>The arrangements are:</p> <ul style="list-style-type: none"> • Fixed remuneration of \$1,450,000 which includes any benefits; • Mr Smith will be eligible for a short term incentive of \$1,450,000 comprising \$1,115,385 in cash and \$334,615 in deferred performance rights under the Cochlear Incentive Plan; and • Long term incentive – a target grant will be provided calculated as 100% of Base Salary. The award will be subject to meeting agreed performance hurdles. The grant is subject to shareholder approval at the 2015 AGM.
Impact on existing employment agreement	<ul style="list-style-type: none"> • Existing arrangements will remain in place for financial year 2015. The new financial arrangements will commence 1st September 2015.
Termination Provisions	<ul style="list-style-type: none"> • The Company can terminate on 6 months notice without cause and may make a payment in lieu of notice. • The Company can terminate immediately for serious breach without notice or payment in lieu. • Mr Smith can terminate on 6 months notice. • Treatment of unvested incentive awards on termination will be at the discretion of the Board, subject to the Plan Rules and, to the extent required, subject to shareholder approval.
Restraint provisions	<ul style="list-style-type: none"> • If the employment is terminated then Mr Smith will be subject to a non-compete provision with the Company for a period of 12 months following notice of termination.