

PHONAK HOLDING AG

INVITATION to the Annual Shareholders' Meeting

Date: Thursday, July 8, 2004, at 3 p.m. (Doors open at 2 p.m.)
Location: Kongresshaus Zurich, Claridenstrasse 5, Entry K, 8001 Zurich

Agenda

1. Approval of the Annual Report 2003/04

Annual Report (consisting of Business Report, Annual Financial Statements of Phonak Holding AG and Consolidated Financial Statements) and note to be taken of the reports of the Auditors of Phonak Holding AG and the Phonak Group.

The Board of Directors proposes that the Annual Report 2003/04, consisting of the Business Report, Annual Financial Statements of Phonak Holding AG and Consolidated Financial Statements, be approved.

2. Discharge of the Members of the Board of Directors and the Group Executive Management

The Board of Directors proposes that the members of the Board of Directors and the Group Executive Management be discharged from their liabilities for their activities in the business year 2003/04.

3. Distribution of the balance sheet profit of Phonak Holding AG

The Board of Directors proposes that the balance sheet profit at the disposal of the General Meeting, namely

		TCHF
<i>Balance carried forward from the previous year</i>	CHF	437
<i>Release from reserves for treasury shares</i>	CHF	3,298
<i>Net profit for the financial year 2003/04</i>	CHF	<u>38,572</u>
<i>Total balance sheet profit</i>	CHF	<u>42,307</u>

be distributed as follows:

<i>Allocation to other reserves</i>	CHF	25,000
<i>Payment of a dividend *)</i>	CHF	13,064
<i>Carry forward</i>	CHF	<u>4,243</u>
	CHF	<u>42,307</u>

**) If this proposal is approved, a gross dividend of CHF 0.20 (= CHF 0.13 net after deduction of 35% Swiss withholding tax) for each registered share of CHF 0.05 par value will be paid as per July 13, 2004.*

No dividends will be distributed on treasury shares held by Phonak Holding AG.

4. Election of the Auditors and the Group Auditors

The Board of Directors proposes that PriceWaterhouseCoopers, Zurich, be re-elected as Auditors and Group Auditors for a further term of one year.

Documents

The Annual Report 2003/04 (including Business Report, Annual Financial Statements of Phonak Holding AG and Consolidated Financial Statements of the Phonak Group) and the original reports of the Auditors and Group Auditors will be available for inspection by shareholders as from June 8, 2004, at the Company Headquarters at Laubisütistrasse 28, 8712 Stäfa, Switzerland. A copy of these documents will be sent to the shareholders by request or can be downloaded from the web site at www.phonak.com.

Admission Cards

Shareholders entitled to vote, who are entered in the share register by June 30, 2004, will receive the invitation to the shareholders' meeting with the proposals of the Board of Directors by mail. Beginning June 16, 2004, the Admission Card and the voting papers will be mailed to the shareholders.

No entries will be made in the share register during the period from July 1 to July 8, 2004. Registered shareholders who sell their shares prior to the Shareholders' Meeting are no longer entitled to vote.

Representation / proxies

Shareholders who do not attend the Shareholders' Meeting personally, may arrange to be represented as follows:

- by another shareholder: fill in and sign the Power of Attorney on the reverse side of the Admission Card and hand it to your proxy;
- by the independent voting rights representative, Dr. Kurt U. Blickenstorfer, attorney-at-law, Bahnhofstrasse 44, P.O. Box 6040, 8023 Zurich. The enclosed Reply Form is sufficient as power of attorney, and it should be sent, together with your instructions, directly to the independent voting rights representative. In the event that no written instructions are given, the independent voting rights representative votes according to the proposals of the Board of Directors;
- by Phonak Holding AG: complete the enclosed Reply Form accordingly and send it to Phonak Holding AG in the enclosed return envelope. Voting is in accordance with the proposals of the Board of Directors. Powers of attorney with instructions differing from the Board's proposals are handed on to the independent voting rights representative.

Proxy holders of deposited shares within the meaning of Article 689d of the Swiss Code of Obligations are requested to notify the company as early as possible, at the latest by July 7, 2004, 4 p.m., of the number of shares which they represent.

Limitation of Voting Rights and Representation

The shareholders' attention is drawn to Article 12 of the Articles of Association, according to which no shareholder may exercise the voting rights of more than 10% of the total shares entered in the Commercial Register (own and represented shares together).

Language

The Shareholders' Meeting will be held in the German language with the exception of the presentation of Paul Thompson, CFO, who will speak in English. There will be a simultaneous translation.

Stäfa, June 8, 2004

PHONAK HOLDING AG

For the Board of Directors
The Chairman:

Andy Rihs