

INVITATION

to the Annual General Shareholders' Meeting
of Phonak Holding AG

Tuesday, June 12, 2007, at 4:00 p.m. (doors open at 3:00 p.m.)
Diners Club Arena, Oberseestrasse 38, 8640 Rapperswil SG

Agenda

1. Approval of the Annual Report, of the Consolidated Financial Statements, and of the Financial Statements of Phonak Holding AG for 2006/07; Acknowledgment of the Reports of the Group Auditors and of the Statutory Auditors
2. Resolution on Appropriation of Available Earnings
3. Discharge of the Members of the Board of Directors and of the Management Board
4. Election of the Group Auditors and of the Statutory Auditors
5. Changing of the Corporate Name (Amendment of Articles 1, 2, 3a, 3c and 3d of the Articles of Association)
6. Creation of Authorized Capital of CHF 167,813 (Amendment of Article 3b of the Articles of Association)

Requests for Items to be Placed on the Agenda

The invitation to shareholders to submit requests for agenda items was published in various Swiss newspapers as well as on the internet website at www.phonak.com on March 28, 2007, with April 12, 2007, set as the deadline for such requests. No requests for agenda items were received.

Organizational Matters

Documents

The Annual Report 2006/07, as well as the original reports of the Group Auditors and of the Statutory Auditors will be available for inspection by the shareholders from May 15, 2007, at the company's registered office in CH-8712 Stäfa, Laubisrütistrasse 28. These documents may also be ordered from the share register by returning the enclosed reply form or may be viewed on the website at www.phonak.com.

Admission Cards

Shareholders with voting rights who have been recorded in the share register by June 8, 2007, will directly receive this invitation to the Annual General Shareholders' Meeting, including the agenda and the motions of the Board of Directors. Upon returning the enclosed reply form, shareholders will receive the admission cards and voting documents.

From June 9, 2007, to June 12, 2007, no entries will be made in the share register. Registered shareholders who sell their shares before the Annual General Shareholders' Meeting will no longer be entitled to vote.

Representation / Proxy

Shareholders who cannot attend the Annual General Shareholders' Meeting in person can be represented as follows:

- *by another shareholder with voting rights or a person acting as proxy for deposited shares:* If you wish to be so represented, you must order an admission card. The proxy on the back of the admission card must be completed and signed and given to the authorized shareholder or to the person acting as proxy for deposited shares.
- *by the independent proxy holder, Dr. Kurt U. Blickenstorfer, attorney-at-law, Bahnhofstrasse 44/46, CH-8023 Zurich:* Proxy is granted by completing the reply form accordingly (an admission card does not have to be ordered). In the absence of written instructions regarding certain or all agenda items, the independent proxy holder will cast his votes in accordance with the motions of the Board of Directors.
- *by Phonak Holding AG:* Proxy is granted by completing the reply form accordingly (an admission card does not have to be ordered). The votes will be cast in accordance with the motions of the Board of Directors. Proxies with instructions contrary to the motions of the Board of Directors will be forwarded to the independent proxy holder and treated as if they were direct proxies to the independent proxy holder.

Persons acting as proxies for deposited shares within the meaning of article 689d Swiss Code of Obligations are requested to inform ShareCommService AG in due course of the number of shares they represent, in no event later than by 4:00 p.m. (CET) on June 12, 2007.

Voting Rights and Representation Restrictions

Shareholders' attention is drawn to article 12 of the Articles of Association. According to this article, no shareholder may by the exercise of voting rights combine for own and represented shares more than 10% of the total number of shares as shown in the Commercial Register.

Language

The Annual General Shareholders' Meeting will be held in German. A translation service into English is available. There will be an FM installation available for hearing-impaired persons. FM receivers can be rented free of charge at the entrance.

Agenda

1. **Approval of the Annual Report, of the Consolidated Financial Statements, and of the Financial Statements of Phonak Holding AG for 2006/07; Acknowledgment of the Reports of the Group Auditors and of the Statutory Auditors**

Motion of the Board of Directors

The Board of Directors proposes approving the Annual Report, the Consolidated Financial Statements, and the Financial Statements of Phonak Holding AG for 2006/07.

2. **Resolution on Appropriation of Available Earnings**

- a. **Motion of the Board of Directors**

The Board of Directors proposes distributing out of the available earnings of CHF 102.223 million a dividend of CHF 0.75 gross (after deduction of 35% federal withholding tax CHF 0.4875 net) per share. The remaining available earnings of CHF 51.879 million shall be carried forward.

- b. **Explanation by the Board of Directors**

The following available earnings are at the disposal of the Annual General Shareholders' Meeting:

	in CHF 1,000
Carried forward from previous year	37,963
Allocation to reserve for treasury shares	-855
Net profit for the year	<u>65,115</u>
Available earnings	<u>102,223</u>

If the Annual General Shareholders' Meeting approves this motion, the dividend will be paid out free of charge for value date June 15, 2007.

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

3. **Discharge of the Members of the Board of Directors and of the Management Board**

Motion of the Board of Directors

The Board of Directors proposes discharging the members of the Board of Directors and of the Management Board from liability for their activities in 2006/07.

4. **Election of the Group Auditors and of the Statutory Auditors**

- a. **Motion of the Board of Directors**

The Board of Directors proposes re-electing PricewaterhouseCoopers AG, Zurich, as Group Auditors and Statutory Auditors for a further period of one year.

- b. **Explanation by the Board of Directors**

At the request of the Audit Committee of the Board of Directors, the Board proposes re-electing PricewaterhouseCoopers AG, Zurich, as Group Auditors and Statutory Auditors for a further period of one year. PricewaterhouseCoopers has confirmed to the Audit Committee of the Board of Directors that it possesses the independence required to carry out the assignment and that this independence has not been compromised as a result of the services provided to Phonak in addition to the audit assignment.

5. **Changing of the Corporate Name (Amendment of Articles 1, 2, 3a, 3c and 3d of the Articles of Association)**

a. **Motion of the Board of Directors**

The Board of Directors proposes changing the corporate name from Phonak Holding AG to Sonova Holding AG. The Articles of Association will be adjusted accordingly:

New Wording		Old Wording	
Article 1	Corporate Name, Registered Office	Article 1	Corporate Name, Registered Office
	Under the corporate name of		Under the corporate name of
	– Sonova Holding AG		– Phonak Holding AG
	– Sonova Holding SA		– Phonak Holding SA
	– Sonova Holding Ltd.		– Phonak Holding Ltd.
	a Corporation exists, having its registered office in Stäfa.		a Corporation exists, having its registered office in Stäfa.

According to the change of the corporate name in article 1 the name Phonak will be replaced by Sonova in articles 2, 3a, 3c and 3d of the Articles of Association. Otherwise, no amendments will be made in the mentioned provisions.

The Board of Directors will notify the change of the corporate name, as well as the amendments of the Articles of Association resulting from this, to the Commercial Register of the Canton of Zurich not immediately following the Annual General Shareholders' Meeting, but only as of August 1, 2007. As of August 1, 2007 the name of the share will also change from Phonak to Sonova on the SWX Swiss Exchange. The new ticker symbol will be SOON.

b. **Explanation by the Board of Directors**

Given the rapid expansion of our activities and business interests, the time has come to create a clear distinction between our very successful hearing instrument brand Phonak and those Group companies which offer also other brands and activities within the hearing healthcare industry. To support and facilitate the development of these activities as well, it is necessary to change the name of our holding company. There will be no change for our customers: the brand Phonak will still stand for the most competitive top-class hearing instruments.

➔ The enclosed Sonova leaflet provides the rationale and details of our new holding name.

6. **Creation of Authorized Capital of CHF 167,813 (Amendment of Article 3b of the Articles of Association)**

a. **Motion of the Board of Directors**

The Board of Directors proposes creating authorized capital in the amount of CHF 167,813 through the following amendment of article 3b of the Articles of Association:

New Wording		Old Wording	
Article 3b	Authorized Capital	Article 3b	Authorized Capital
The Board of Directors is authorized at any time until June 12, 2009 to increase the share capital of the company by no more than CHF 167,813 by issuing no more than 3,356,260 registered shares with a par value of CHF 0.05 each, to be fully paid up. The Board of Directors is authorized to fully pay up these shares out of equity capital. Increases by firm underwriting, as well as partial increases, are permissible.		The Board of Directors is authorized at any time until July 6, 2007 to increase the share capital of the company by no more than CHF 165,056 by issuing no more than 3,301,120 registered shares with a par value of CHF 0.05 each, to be fully paid up. The Board of Directors is authorized to fully pay up these shares out of equity capital. Increases by firm underwriting, as well as partial increases, are permissible.	
The Board of Directors shall determine the issue price, the type of contribution, the conditions for exercising subscription rights and the beginning of the entitlement to dividends. Subscription rights that have not been exercised are at the disposal of the Board of Directors who will use them in the interest of the company.		The issue price, the type of contribution, the conditions for exercising subscription rights and the date for entitlement to dividends will be determined by the Board of Directors. Subscription rights that have not been exercised are at the disposal of the Board of Directors who will use them in the interest of the company.	
The Board of Directors is authorized to exclude subscription rights of shareholders and to allocate them to third parties if the new shares are to be used for the acquisition of companies, parts of companies, equity stakes or the financing of such transactions.		The Board of Directors is authorized to exclude subscription rights of shareholders and to allocate them to third parties if the new shares are to be used for the acquisition of companies, parts of companies, equity stakes or the financing of such transactions.	
Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in article 6 of the Articles of Association.		Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in article 6 of the Articles of Association.	

b. **Explanation by the Board of Directors**

At the Annual General Shareholders' Meeting of 2005, the Board of Directors was authorized, pursuant to article 651 CO, to increase the share capital within a period of no more than two years. This authorization will expire on July 6, 2007. The company would again like to be granted the additional financial flexibility offered by authorized capital.

The new authorized capital pursuant to article 3b of the Articles of Association corresponds to 5% of the share capital which is currently issued and outstanding, as was the case in 2005. The newly issued shares may be used for offerings with preemptive subscription rights of existing shareholders; in addition, the Board of Directors may exclude the subscription rights if the new shares are used, among other things, for an acquisition of enterprises or for the financing of the same.

Stäfa, May 15, 2007

For the Board of Directors
Chairman of the Board:

A handwritten signature in black ink, appearing to read 'Andy Rihs', written in a cursive style.

Andy Rihs