

To all Shareholders of  
Sonova Holding AG

May 13, 2008

## **Impressive start under the new company name**

Dear Sonova Shareholder,

I am delighted to report that 2007/08 was once again a very successful financial year for Sonova – the new name of the former Phonak Holding since August 1, 2007 – both in terms of operating and financial performance.

The increase in sales by around 12% to over CHF 1.2 billion has again been double the overall growth rate for the hearing instrument industry, while earnings growth was also over proportionately high. The operating profit (EBITA) increased by 20% to CHF 340 million and at 28.2%, the EBITA margin is 180 basis points higher than in the previous year. Income after taxes has grown by 26%. Unfortunately, the takeover block by the German Federal Cartel Office prevented us from completing our planned acquisition of the GN ReSound Group. As a consequence, our annual accounts have been burdened with considerable one-off costs of CHF 35 million. Despite this, Sonova reported a profit after tax of CHF 274 million, 13% up on the previous financial year. Sonova shareholders also benefit from these impressive results. A proposal will be submitted to the General Shareholders' Meeting to increase the dividend by 33%, from CHF 0.75 to CHF 1.00.

During the course of the financial year many new products were launched. Exélia, the new first class hearing system, and Naída, for people with profound hearing loss, are opening up new dimensions in speech intelligibility, communication and interaction. These and many additional innovative product launches, along with the continuous expansion of our distribution capacities, act as the Group's engine of growth. The high innovation rate – 59% of our hearing system sales are generated with products that are less than two years old – coupled with the new distribution companies in India, Mexico and South Africa demonstrate the consistent implementation of our strategy.

We aim to continuously develop in the area of Corporate Governance. The motion to the General Shareholders' Meeting to approve a complete revision of the Articles of Association is designed to strengthen the rights of shareholders and improve their equality. An important step is the abolition of the "opting up" clause. This requires any shareholder to make a public purchase offer if their holding reaches a legal threshold of 33 1/3% of total shares issued,

### **Sonova Holding AG**

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rather than the previous threshold of 49%. We also plan to make it easier for shareholders to exercise their rights. In future any shareholder or shareholder group with a stake of 1% (previously 5%) in Sonova is entitled to request an item be included on the agenda. The rules for representation at the General Shareholders' Meeting are also being simplified. From now on voting rights can be transferred to non-shareholders. More details on this and on other changes can be found in the enclosed invitation to the Annual General Shareholders' Meeting and in the explanation of the complete revision of the Articles of Association.

The secret of our success is our highly motivated workforce. To enable the Sonova Group to further strengthen its position as innovation and technology leader, we have created 700 new jobs (80 of them in Switzerland) in the past financial year. Thanks to our people value culture, we will continue on our growth path.

For more details, please refer to the enclosed Media Release and of course, to our comprehensive Annual Report. You can download the Annual Report from our website [www.sonova.com](http://www.sonova.com) or request a copy using the reply form for the Annual General Shareholders' Meeting.

We would like to invite you to attend this year's General Shareholders' Meeting at the Hallenstadion Zürich.

**General Shareholders' Meeting of June 11, 2008, at 4:00 p.m. (doors open at 2:30 p.m.)  
Hallenstadion Zürich, Wallisellenstrasse 45, 8050 Zürich**

**Please find enclosed your official invitation with the agenda and motions by the Board of Directors.**

If you are unable to attend the General Shareholders' Meeting personally, you may arrange to be represented by another shareholder, by the independent proxy holder or by Sonova Holding AG.

We look forward to welcoming you at the General Shareholders' Meeting.



Andy Rihs  
Chairman of the Board of Directors

- Media Release dated May 13, 2008
- Invitation to the Annual General Shareholders' Meeting of June 11, 2008, with agenda and motions by the Board of Directors
- Complete Revision of the Articles of Association of Sonova Holding AG
- Reply form and envelope