

MINUTES

22nd Annual General Shareholders' Meeting of Phonak Holding AG

Tuesday, June 12, 2007, at 4:00 p.m.

Diners Club Arena, Oberseestrasse 38, 8640 Rapperswil SG

The Chairman of the Board of Directors, Mr. Andreas Rihs, welcomed the shareholders, introduced the presiding officers and welcomed those members of the Board of Directors, who were present.

The Chairman took the chair and opened the meeting. The minutes were taken by Mr. Pascal Brandenberger, Secretary to the Board of Directors.

The Chairman formally established the following:

1. Convening of the Annual General Shareholders' Meeting

Invitations to today's Annual General Shareholders' Meeting were issued correctly in accordance with the law and the Articles of Association by publication in the Schweizerisches Handelsamtsblatt No. 94, p. 54 dated May 16, 2007.

Invitations also appeared in "L'AGEFI" and in "Finanz und Wirtschaft" on May 16, 2007.

All registered shareholders recorded in the share register by June 8, 2007 were sent a personal invitation including the agenda and motions of the Board of Directors. The invitation is to be found in Appendix 1.

2. Publication of the Annual Report

The Annual Report, Consolidated Financial Statements and the Financial Statements of Phonak Holding AG, as well as the reports by the independent Group Auditors and the Statutory Auditors had been available at the company's registered office since May 15, 2007 in accordance with article 696 of the Swiss Code of Obligations.

If requested, the Annual Report had been sent to shareholders with the report by the Group Auditors and the Audit Report. The Annual Report had also been available for inspection on the company's website: www.phonak.com.

The Annual Report was also available in the entrance area of the venue for the meeting.

The Annual Report and the Audit Report were also subsequently presented as the first item on the Agenda.

3. Establishing that the Annual General Shareholders' Meeting has been correctly convened

He established that today's 22nd Annual General Shareholders' Meeting of Phonak Holding AG had therefore been convened correctly in accordance with the law and the Articles of Association.

4. Announcement of the Agenda and Motions to the Board of Directors

The Agenda had been announced together with motions of the Board of Directors in the invitation.

The invitation to shareholders to submit requests for agenda items had been published in various Swiss newspapers as well as on the internet website on March 28, 2007, with April 12, 2007

having been set as the deadline for such requests. No requests for agenda items had been received from shareholders.

5. Secretary and vote counter

In accordance with article 17 paragraph 1 of our Articles of Association, the secretary and vote counter were appointed by the Chairman.

The **minutes** were taken by Mr. Pascal Brandenberger, Secretary to the Board of Directors.

The Annual General Shareholders' Meeting was recorded on audio tape to facilitate taking the minutes.

Employees of Phonak AG acted as vote counters under the guidance of Ms. Christine Schaller, who runs the vote counting office.

6. Representatives of the Statutory Auditors and the Group Auditors

Messrs Patrick Balkanyi, lead auditor, and Stephen Williams were present as representatives of the Statutory Auditors and the Group Auditors.

7. Independent proxy holder and proxy holder for the executive bodies

Dr. Kurt Blickenstorfer, attorney-at-law at Wiederkehr Forster in Zurich acted as independent proxy holder within the meaning of article 689c of the Swiss Code of Obligations.

Mr. Olaf Trittel from the Phonak Group's Legal Department acted as proxy for Phonak Holding AG.

8. Public registration

Mr. Walter Wagner from Schwager Metzler Schneider in St. Gallen would publicly register the resolutions of the Annual General Shareholders' Meeting for the amendments to the Articles of Association under items 5 and 6.

9. Votes and elections

In accordance with article 15 of the Articles of Association, votes and elections take place openly.

Votes and elections take place in writing if the Chairman commands this or the majority of the shareholders present demand it.

Should it not be possible to establish the result of individual votes and elections clearly, the Chairman reserves the right to command that voting take place in writing.

10. Organizational matters

Shareholders, who left the room during the meeting, were asked to take their voting documents with them, since their presence would be continuously tracked during the Annual General Shareholders' Meeting.

11. Registration of those present

The number of shareholders present and the votes represented as well as the capital represented had been established when people's admission cards were checked as they came in. All votes represented by the executive bodies' proxies, the independent proxy holder and persons acting as proxy for deposited shares had also been established separately. The Chairman announced the following numbers were present:

According to the list of those present, 29,274,400 shares with voting rights with a total value of CHF 1,463,720.00 were represented directly or indirectly at the Annual General Shareholders' Meeting. This corresponds to 43.57% of the total share capital totaling CHF 3,359,769.70.

The absolute majority corresponds to 14,637,201 votes and for item 6 on the Agenda, the 2/3 majority amounts to 19,516,267 votes and the absolute majority of the par values represented CHF 731,860.05.

The detailed representation was as follows.

901 shareholders were present and represented with 939 cards:
22,151,901 registered shares at CHF 0.05

The representative of Phonak Holding AG represented:
2,915,801 registered shares at CHF 0.05

The independent proxy holder represented:
4,206,698 registered shares at CHF 0.05

The persons acting as proxy for deposited shares represented:
0 registered shares at CHF 0.05

12. Establishment of a quorum

The Chairman established that today's Annual General Shareholders' Meeting was properly constituted and was quorate.

No objections were raised against the various matters established.

The individual items on the Agenda were dealt with as follows:

Agenda Item 1: Approval of the Annual Report, of the Consolidated Financial Statements, and of the Financial Statements of Phonak Holding AG for 2006/07; Acknowledgement of the Reports of the Group Auditors and of the Statutory Auditors

The Chairman submitted the Annual Report for 2006/07 of Phonak Holding AG. (Appendix 2)

Dr. Valentin Chapero, Chief Executive Officer of the Phonak Group presented the Annual Report. (Slides – see Appendix 3)

Subsequently Mr. Oliver Walker, Chief Financial Officer of the Phonak Group explained the Financial Statements. (Slides – see Appendix 4)

The outlook for the current fiscal year was then reported by Mr. Valentin Chapero. (Slides – see Appendix 3)

This was followed by acknowledgement of the Reports of the independent Group Auditors and the Statutory Auditors of Phonak Holding AG.

The written **Report of the Group Auditor** and the motion of the Group Auditor are printed on page 112 of the Annual Report. The Chairman summarized it:

According to the assessment of the Group Auditor, the Consolidated Financial Statements comply with Swiss law and the requirements of the listing rules for the Swiss stock exchange and give a true and fair picture of the net assets, financial position and results of operations of the Group in accordance with International Financial Reporting Standards (IFRS).

On the basis of the findings of their audit, they recommend that the present Consolidated Financial Statements be approved.

The Chairman then came to the **Report by the Statutory Auditors**, which is printed on page 123 of the Annual Report. He also summarized this:

The Statutory Auditors audited the accounting and the Financial Statements of Phonak Holding AG. According to their assessment, the accounting and the Financial Statements comply with the law and the Articles of Association.

On the basis of the findings of their audit, they recommend that the present Financial Statements of Phonak Holding AG be approved.

Mr. Patrick Balkanyi of PricewaterhouseCoopers AG, the Statutory Auditor of Phonak Holding AG and Group Auditor of the Phonak Group, had informed the Chairman that he had nothing to add to the Report of the Statutory Auditors and the Report of the Group Auditors before the meeting.

There were no requests to speak.

In the open vote the Annual General Shareholders' Meeting approved the Annual Report, the Consolidated Financial Statements and the Financial Statements of Phonak Holding AG for 2006/07 with the vast majority of the votes, very few dissenting votes and very few abstentions.

Agenda Item 2: Resolution on Appropriation of Available Earnings

The motion of the Board of Directors on the appropriation of available earnings is contained on page 122 of the Annual Report and reads as follows:

The Board of Directors proposes to the Annual General Shareholders' Meeting that available earnings be appropriated as follows:

Dividend distribution	millions	CHF	50,344
Carried forward to new account	millions	CHF	<u>51,879</u>
TOTAL AVAILABLE EARNINGS	millions	CHF	<u>102,223</u>

The Board of Directors therefore proposed distributing a gross dividend of CHF 0.75 per registered share.

The Statutory Auditors confirm that the motion of the Board of Directors for appropriation of available earnings complies with the law and the Articles of Association.

There were no requests to speak.

In the open vote the Annual General Shareholders' Meeting approved the motion of the Board of Directors for the appropriation of available earnings with a very large majority of the votes, very few dissenting votes and very few abstentions.

Accordingly, the dividend amounts to CHF 0.75 per registered share with a par value of CHF 0.05.

The federal withholding tax of 35% will be deducted from this gross dividend so that the net payment will amount to CHF 0.4875 per share.

The dividend will be paid value 15 June 2007 in accordance with the shareholders' instructions.

Agenda Item 3: Discharge of the Members of the Board of Directors and of the Management Board

The Chairman explained that under article 698 of the Swiss Code of Obligations and article 14 of the Articles of Association of Phonak Holding AG the Annual General Shareholders' Meeting has to discharge the Board of Directors and the responsible executive bodies from liability for their activities in 2006/07.

By virtue of article 695 of the Swiss Code of Obligations, people who had participated in the management in any way were not allowed to vote on this resolution.

The Chairman therefore drew attention to the fact that members of the Board of Directors of Phonak Holding AG and the Management Board of the Phonak Group could **not** vote on this item with their own shares.

There were no requests to speak.

In the subsequent open vote the Annual General Shareholders' Meeting discharged the Board of Directors and persons involved in management from liability for their activities in 2006/07 with a very large majority, very few dissenting votes and very few abstentions.

The Chairman expressed his thanks for the confidence placed in the management.

Agenda Item 4: Election of the Group Auditors and of the Statutory Auditors

The Board of Directors proposed re-electing PricewaterhouseCoopers AG, Zürich, as Statutory Auditors and Group Auditors for a further period of one year. PricewaterhouseCoopers AG is at the company's disposal for this role.

No other proposals were made and there were no requests to speak.

The Annual General Shareholders' Meeting elected PricewaterhouseCoopers AG, Zurich as Statutory Auditors and Group Auditors of Phonak Holding AG for a further period of one year in an open show of hands with very many affirmative votes, very few dissenting votes and very few abstentions.

The Chairman congratulated PricewaterhouseCoopers AG on their election and said he was looking forward to further constructive collaboration with them.

Agenda Item 5: Changing of the Corporate Name (Amendment of Articles 1, 2, 3a, 3c and 3d of the Articles of Association)

The Chairman explained why the name should be changed from Phonak Holding AG to Sonova Holding AG. In so doing, he emphasized the fact that the purpose of the company, described in article 2 of the Articles of Association would not be changed.

The Board of Directors proposed changing the name of Phonak Holding AG to Sonova Holding AG and adjusting the Articles of Association as follows:

Article 1 Corporate Name, Registered Office

Under the corporate name of

- Sonova Holding AG
- Sonova Holding SA
- Sonova Holding Ltd.

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 Chairman opened the discussion on the present reports and the supplementary verbal comments.

There were two requests to speak:

Rolf Schweizer

Mr. Rolf Schweizer commented that the rationale for changing the name was anything but self-evident. It was often stressed that the name Phonak was very well established worldwide and even the negative publicity of Phonak Cycling had led to greater awareness. Further there were scores of corporate examples where the holding company's name was reflected in the names of Group companies. In his opinion, a change of name would take up a great deal of management time and cost a lot without creating much value. It was also clear from the press that the name Sonova was already used by other companies. He was therefore asking himself whether the management had paid enough attention to this issue. If a new name was required, then certainly an unallocated name would have been a better solution. Mr. Schweizer takes the view that the name change is unnecessary. He would reject the motion and asked those present to join him.

Response by the Chairman

The Chairman noted Mr. Rolf Schweizer's vote.

Christian Altdorfer

Mr. Altdorfer wanted to know whether in cases such as the CAS Brazil logo where Phonak is currently mentioned in a sub line the name Phonak would also be changed.

Response of the Chairman

The Chairman explained the reason for the name change again. The company had already had several names, starting with "AG für Elektroakustik", which was subsequently changed to Phonak AG and then Phonak Holding AG was incorporated. The time was now right to equip the company for the future. There were scores of companies that deliberately had a largely unknown name for their

holding companies with the aim of focusing attention on the Group's individual brand names. He stressed that the management had examined the name change very thoroughly and had sought in-depth clarification of the name. The costs would be reasonable as the name was only to be used for the holding company and not for products and services. Today, the Group's brands competed with one another, so Unitron should not only be a Phonak brand but should be able to feature independently and operate on the market. Re the new name Sonova, the Chairman again emphasized the fact that the new name is owned by the company. The Board of Directors had no misgivings about it but understands the concerns of shareholders. The Board of Directors and Management had asked the same questions when preparing the name change and the shareholders could therefore have full confidence in the Board of Directors and the management.

Dorothee Stucki

Ms Stucki asked the Board of Directors and those shareholders present to reject the name change. The name Phonak Holding is a global advertisement for a sound Swiss company with a good track record. The name Sonova would mean nothing on the global market and in Switzerland and would possibly affect the company's performance. In this connection, she mentioned Swiss companies where a change of name had not worked and which had changed back to the old tried and tested name after a certain time.

Response by the Chairman

The Chairman explained that the company's well-being did not depend on its name. Good performance is determined by the company being well positioned, having a good strategy and knowing how to implement it. The companies mentioned by Ms Stucki were not the best examples in this respect.

Since there were no other requests to speak, the Chairman moved to vote on item 5.

In the open vote the Annual General Shareholders' Meeting approved the motion of the Board of Directors on changing the corporate name (amendment of articles 1, 2, 3a, 3c and 3d of the Articles of Association) with a very large majority of the votes, very few dissenting votes and very few abstentions.

The Chairman expressed his thanks for the confidence placed in the management.

Agenda Item 6: Creation of Authorized Capital of CHF 167,813 (Amendment of Article 3b of the Articles of Association)

At the Annual General Shareholders' Meeting in 2005, the Board of Directors had been authorized on the basis of article 651 of the Swiss Code of Obligations to increase the share capital by 5% within a period of a maximum of two years. This authorization would expire on July 6, 2007. The capital had not been used.

The company would again like to acquire the additional financial flexibility offered by authorized capital. For this reason, the Board of Directors proposed creating new authorized capital in the amount of 5% of the current share capital up to June 12, 2009 through an amendment of article 3b of the Articles of Association:

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 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 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.

No other proposals were made and there were no requests to speak.

In the open vote the Annual General Shareholders' Meeting approved the motion of the Board of Directors to create authorized capital in the amount of CHF 167,813 (amendment of article 3b of the Articles of Association) with a very large majority of the votes, very few dissenting votes and very few abstentions.

Closing words

The Chairman thanked the shareholders for the confidence placed in the Board of Directors. He promised that the Board of Directors would also try to bear this out in the current fiscal year.

The Chairman took leave of the shareholders and informed them **that the date for the next Annual General Shareholders' Meeting is June 11, 2008.**

The Chairman thus closed the 22nd Annual General Shareholders' Meeting of Phonak Holding AG at 5:30 p.m.

Stäfa, June 13, June 2007

Chairman of the Board of Directors:



Andreas Rihs

Secretary:



Pascal Brandenberger

List of Appendices

Appendices (an integral component of the Minutes):

1. Invitation to the Annual General Shareholders' Meeting
2. Annual Report 2006/07
3. Slides of the Annual Report and the outlook by Valentin Chapero
4. Slides of the Financial Statements by Oliver Walker