

## Media Release

Place, Date Stäfa (Switzerland), January 6, 2010  
Editors Dr. Valentin Chapero (CEO) and Oliver Walker (CFO)  
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### **Sonova acquires InSound Medical Inc. and adds a revolutionary new hearing system to its portfolio**

**Sonova Holding AG, the world's leading provider of hearing systems, announced today that it has successfully completed its acquisition of InSound Medical Inc., Newark, USA. InSound Medical developed the first extended wear hearing system which is placed deep in the ear canal and totally invisible from the outside, and markets it under the Lyric® brand. The total transaction price is made up of two components: an up-front cash consideration of USD 75 million and earn-out payments which depend on the company's financial success going forward. The regulatory approvals needed for the transaction have been obtained.**

#### **Significant growth potential**

With Lyric in its portfolio, Sonova wants to reach people with mild to moderate hearing loss who have decided not to use a conventional hearing system to date, mainly for esthetic reasons. "The growth potential in this segment is immense," said Valentin Chapero, CEO of the Sonova Group. "In the US alone, there are around 36 million people with mild to moderate hearing loss who do not yet wear a hearing system – many are potential new customers to whom we can now offer a solution, thanks to Lyric." Lyric is the first product developed in the history of hearing technology which addresses the traditional barriers to widespread acceptance of hearing systems. It is not visible outside the ear canal and the wearer can simply forget that he or she is wearing a hearing system at all for months at a time.

#### **Lyric – the totally "invisible" hearing system**

Unlike conventional hearing systems, hearing professionals place Lyric deep inside the ear canal, near the eardrum, which means it is totally invisible from the outside and provides a natural hearing experience. The system can be used for a period of up to 120 days, after which it is removed and replaced by the hearing professional with a new system. The psychological burden of being reminded daily of one's own hearing problems, when inserting and removing a hearing system, is dispelled; likewise the often tiresome need to change the batteries.

InSound Medical has commercially marketed Lyric in the US since 2008 and the product is now used by more than 3,000 customers. The privately owned American company based in Newark, California, was founded as a start-up in 1998 and posted sales of around USD 5 million in 2009.

#### **Sonova Holding AG**

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### Sustainable value creation

Sonova's distribution network and marketing and sales expertise, combined with Lyric's unique selling points, will allow for rapid expansion into international markets.

The attractiveness of the product will draw many of those who would not otherwise have addressed their hearing loss. That said, not everyone interested in Lyric will be a suitable candidate, due to the anatomy of their ear canal, for example. However, such people are potential customers for Sonova's conventional hearing systems, which means Lyric will provide an additional boost for this business too.

Apart from the significant sales potential, Sonova also sees considerable opportunities to further develop the Lyric product concept and improve the operational cost structure.

### Sonova – the world's leading provider of hearing healthcare solutions

This transaction strengthens Sonova's position as the world's leading provider of cutting-edge hearing healthcare solutions. "Lyric enables us to address a highly underdeveloped market segment and to add a unique new hearing system to our product offering," said Valentin Chapero.

– End –

### Analyst & media presentation

January 6, 2010 at 10:00 CET by Valentin Chapero, CEO, and Oliver Walker, CFO

Audio web cast of the presentation on [www.sonova.com](http://www.sonova.com)

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This Media Release may contain forward-looking statements which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

### About Sonova

Sonova is the leading provider of innovative hearing healthcare solutions. The globally active group is the world's top manufacturer of hearing systems, the market leader in wireless communication systems for audiology applications and a provider of professional solutions for hearing protection. Sonova is pursuing a clear growth strategy and is intent on building its market share. To this end it is constantly expanding its existing business segments and branching out into other areas of the hearing healthcare industry.

Present in over 90 countries, and with a workforce of over 5,600 employees, Sonova generated sales of CHF 1.249 billion in the financial year 2008/09 and a net profit of CHF 284 million. This financially strong group of companies bases its success on innovation, customer focus and proactive cost management.

The company has been successfully promoting understanding and communication for over 60 years, and is ideally positioned to benefit from the trends in this growth industry.

For more information please visit [www.sonova.com](http://www.sonova.com).

Sonova shares (ticker symbol: SOON) have been listed on the SIX Swiss Exchange since 1994.

### About InSound Medical

In Sound Medical, Inc., a medical device company based in Newark, California, develops and manufactures next-generation hearing solutions.

The company's introductory product, Lyric®, is the first and only 100% invisible extended wear hearing solution that is placed deep in the ear canal to provide outstanding and continuous hearing for months at a time. Lyric became available through select US audiologists in 2008.

For more information please visit [www.insoundmedical.com](http://www.insoundmedical.com) and [www.lyrichearing.com](http://www.lyrichearing.com).