

Corporate Backgrounder

Overview

Siemens Hearing Instruments, Inc. (SHI), a division of Siemens Healthcare, is headquartered in Piscataway, New Jersey, and Erlangen, Germany. With roots going back to 1878, Siemens has been helping people with hearing loss for over 130 years. It's no wonder that Siemens is one of the largest manufacturers of hearing instruments in the world. Drawing on that wealth of experience, both in the laboratory and in the field, Siemens effectively applies its research, manufacturing, marketing, and sales resources to increase the business of hearing care providers and provide personalized medical solutions to their patients.

With innovation as its foundation, SHI embraces today's burgeoning technologies. The company is dedicated to developing the most innovative and technologically advanced products for the widest variety of needs, which is why 50% of SHI's products are younger than two years old. That is evidence of Siemens deep dedication to create custom solutions for all types and degrees of hearing loss, while fulfilling the personal design, function, and cosmetic preferences of each individual consumer. In short, Siemens provides the understanding, tools, and support that physicians can use with confidence and recommend to their patients without hesitation. From adult hearing care to pediatric solutions, audiological software, assistive listening devices, and online and

marketplace services for its professional customers, Siemens is proud to serve the hearing care industry.

Siemens Healthcare, with headquarters in Malvern, Pennsylvania, and Erlangen, Germany, is a healthcare technology innovation leader. Bringing together a unique set of medical imaging, clinical diagnostics, healthcare information technology, management consulting, and related services, Siemens helps healthcare providers achieve improved clinical workflow, gains in productivity and efficiency, and higher levels of quality, accuracy and safety. Siemens has strengthened its position as a complete healthcare solutions provider by investing in or acquiring businesses that support its solutions strategy. Siemens Healthcare Diagnostics is now the largest clinical diagnostics company in the world. As the first full-service diagnostics company, Siemens is committed to addressing the complex challenges facing the healthcare industry, today and tomorrow.

Because of the synergy between Siemens Healthcare companies, SHI is able to provide effective solutions and products that no other hearing instrument manufacturer can offer to its partners and all healthcare professionals. By sharing technologies between all Siemens companies, everyone benefits from innovations.

Siemens Hearing Instruments, Inc.

SIEMENS

Every third hearing aid purchased worldwide is a Siemens hearing instrument.



Siemens Products

Siemens knows people and fully understands that people have different needs and that hearing instruments shouldn't be one size fits all. Very often, the lifestyle of the patient plays a large role in the type and style of hearing instrument they receive. That's why Siemens offers a wide array of state-of-the-art hearing devices in a selection of price ranges for adults, teens, children and infants with different degrees of hearing loss and personal requirements. Some hearing solutions are small and discreet, some make a bold statement, some are designed to keep up with active lifestyles, and some aren't hearing instruments at all—but they all help people hear more of the world; because that's Siemens goal, to improve the quality of life through better hearing.

Research and Development

Siemens Corporation

Nearly 7% of Siemens AG's annual revenue is dedicated to R&D. In fiscal 2008, Siemens AG invested nearly \$6 billion in innovations, with \$1.6 billion of it spent on R&D in the U.S. and

employed more than 41,000 employees in R&D worldwide. Siemens AG's innovations yielded over 62,000 patents worldwide, including a European medical patent for metabolic examination in fiscal year 2007.

Siemens Healthcare

Innovation, experience, responsibility, the passion of its people—all these are hallmarks of Siemens. Research and Development builds on that foundation by looking forward and developing products and services that will serve as the basis for the future of hearing health. On average, Siemens Healthcare dedicates over 9% of its annual revenue and over 5,000 employees to R&D. In the U.S., Siemens Healthcare invested over \$400 million in R&D. 90% of sales at Siemens Healthcare are for products less than three years old.

Strategic partnerships with leading universities and hospitals help Siemens further ensure advances for technology and applications. Siemens serves as the leading Application Service Provider (ASP) in healthcare, processing nearly 170 million transactions every day for more than 1,000 customers.



Siemens Hearing Instruments Technologies

Breakthrough hearing instrument technologies developed by Siemens include DataLearning[®], SoundSmoothing[®], and e2e wireless[®] 2.0.

DataLearning[®]

DataLearning collects information about the wearer's loudness preferences and over time automatically adjusts the hearing instrument for optimal hearing

without in-office fine-tuning. As a result, preferred wearer settings are learned and set for each program to create a truly customized listening experience.

SoundSmoothing[®]

SoundSmoothing delivers more natural and comfortable sound quality by reducing impulse sounds, such as paper rustling and dishes clattering. Without

SoundSmoothing, these impulse sounds are traditionally amplified by a hearing instrument resulting in unnatural and uncomfortable sound quality.

e2e wireless[®] 2.0

e2e (ear-to-ear) wireless 2.0 is the only hearing instrument technology that automatically synchronizes the digital signal processing between two

Milestones

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1878

Werner von Siemens developed the phonophor, a telephone receiver for hearing-impaired individuals

1910

First family of hearing instruments developed

1949

Pocket-sized hearing aid

1957

World's first hearing aid spectacles

1959

World's first Behind-the-Ear device

1966

First In-the-Ear device

With innovation as its foundation, 50% of SHI's products are younger than two years old.

instruments to deliver the true benefits of binaural hearing. e2e wireless also allows both the left and right instruments to be controlled with a single touch to either the program button or volume control. In addition, custom instruments can now be made smaller and more cosmetically appealing because controls are no longer necessary on both instruments.

LasR®

In addition to hearing instrument technologies, in 2001 Siemens was the first company to introduce a rapid shell manufacturing process, LasR (Laser Accurate Scan Replication), to create a more comfortable fitting hearing instrument. LasR manufacturing starts with a silicone impression of the patient's ear canal provided by the professional. Instead of casting a mold of that impression, the LasR process creates an anatomically exact 3D virtual image. Using state-of-the-art techniques, a laser optical scanner maps the entire surface of the impression resulting in a finely detailed digital image. The image is used to form a virtual model of the shell and is then fabricated by the SLA (stereo lithography using acrylic) manufacturing process.

mySiemens

Siemens created the industry's first e-business website, mySiemens. This

website offers Hearing Care Professionals the ease of ordering custom hearing instruments online via the site's unique e-Form. The password-protected site grants registered members convenient access to the Siemens Ordering Center 24 hours a day, seven days a week. The site also simplifies managing account information including checking the status of orders and repairs, viewing financial information such as payment and invoices, and accessing warranty information.

iScan®

The company's latest e-innovation is iScan. Traditionally, shell manufacturing requires that the physical ear impression be shipped to a Siemens facility. iScan gives Hearing Care Professionals the ability to take a digital image of an ear impression right in their office and attach it to an electronic order which is then sent via mySiemens or the NOAH ETONA system. Combined with an e-order, iScan reduces turnaround time and eliminates many of the hassles related to handling ear impressions. The digital scan file also provides the ability to "size" the hearing instrument without physically modifying the impression, and allows Siemens to store the "as received" impression in a secure data system for future reference. Developed by another division of Siemens, iScan represents yet another example of the organization's synergy.

S³ Program

Siemens Hearing Instruments continues to invest in its customers by providing them with the critical support programs they need to build their businesses and reach more of those with hearing challenges.

Siemens is happy to announce the launch of its new S³ Program. This program offers customers valuable selections, solutions and savings. From savings on hearing instruments and marketing materials to customized website development, this program supports customers with additional services to improve and maintain the success of their business.

The Disney Alliance

The Siemens and Disney Alliance has produced a friendly, complimentary accessory kit for children with hearing loss. It's the Disney Pediatric Kit. This special package is contained in a soft and colorfully illustrated Disney lunchbox that includes: a plush Mickey Mouse doll, use and care instruction book, dehumidifier, an air puffer, stethoset, battery tester, and a tool set.

Also included in the Siemens offer is a Disney storybook created exclusively for Siemens entitled *Three Cheers for Bunny's Ears!* This full-color book stars Mickey, Goofy, and other Disney favorites, and

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1985

World's first hearing instrument with interference suppression

1998

First digital hearing instrument, Prisma®

2004

e2e® wireless technology that allows instruments to talk to each other

2005

iScan utilizes other Siemens technologies to develop a unique e-solution to create earmolds

2008

Siemens S³ program provides marketing and support services for premier customers

2008

New product portfolio address both the medical and lifestyle needs of the patient
• Explorer™ • Vibe®
• Pure® • Tek™

introduces Bunny, a brand-new Mickey Mouse Clubhouse character whose hearing loss sweeps all her friends up in a fun adventure, with very happy results.

Siemens will provide the Disney Pediatric Kit and storybook at no charge to pediatric patients and Hearing Care Providers each time an order for a Siemens pediatric hearing instrument is placed for a child 18 or under.

Quota International

Early 2009, Siemens Hearing Instruments renewed its partnership with Quota's Sound Beginnings program for the second consecutive year. Siemens will provide vouchers for 100 free hearing instruments to qualifying children 17 and under diagnosed with hearing loss. Targeting U.S. families who cannot afford hearing instruments, the vouchers this year will allow for the donation of 50 CIELO® 2 and 50 Siemens Explorer™ hearing instruments. As Thomas Powers, Ph.D., Vice President of Audiology and Compliance at SHI, said: "No two sets of ears are alike, and varying degrees of hearing loss may require more than one type of technology. We want a child's first experiences with hearing instruments to be pleasant and enjoyable."

Corporate Values

Siemens is unflinchingly committed to three core values:

Responsibility: We are accountable for ethical and fair actions.

Excellence: We achieve high performance and consistent results.

Innovation: We create cutting-edge solutions for customer value.

While innovation plays a key role in Siemens' worldwide success, corporate citizenship is an integral part of its business as well. The Siemens Foundation works diligently to promote math and science education, contributing more than two million dollars in scholarships and awards each year to students and teachers. From the American Cancer Society's Making Strides Against Breast Cancer walk to Rebuilding Together renovation projects, Siemens takes its role as a responsible corporate citizen seriously. In fact, the passion for improving our world is a common thread throughout the entire organization. From medical, transportation and water to telecommunications, power and lighting, Siemens is always innovating and inventing to improve the way people live and work.

The Siemens Healthcare Sector

The Siemens Healthcare Sector is one of the world's largest suppliers to the healthcare industry. The company is a renowned medical solutions provider with core competence and innovative strength in diagnostic and therapeutic technologies as well as in knowledge engineering, including information technology and system integration. With its laboratory diagnostics acquisitions, Siemens Healthcare is the first integrated healthcare company, bringing together imaging and lab diagnostics, therapy, and healthcare information technology solutions, supplemented by consulting and support services. Siemens Healthcare delivers solutions across the entire continuum of care—from prevention and early detection, to diagnosis, therapy and care. Additionally, Siemens Healthcare is the global market leader in innovative hearing instruments. The company employs around 49,000 people worldwide and operates in 130 countries. In the fiscal year 2008 (Sept. 30), Siemens Healthcare reported sales of €11.2 billion, orders of €11.8 billion, and Sector profit of €1.2 billion. For more information visit <http://www.siemens.com/healthcare>.

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2008
First In-the-Crest fit hearing instrument

2008
Disney Alliance and the Disney Pediatric Kit with exclusive cartoon storybook fosters public hearing awareness for parents and children

2008
Siemens supports Quota International's "Sound Beginnings" program for children in need

2008
First *Bluetooth*® enhancement system with virtually no delay between visual and audio

2009
"Why Miss a Decibel of Life?" business-to-consumer campaign introduced

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Hearing instruments may help people hear better, but no hearing instrument can solve every hearing problem or restore hearing back to normal.

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