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June 30, 2011

**Re: Urgent Alert re Compliance with New UK Bribery Act, Welch Allyn Codes of Ethics and Policies, and All Applicable Laws**

Attention: All Welch Allyn Employees, Affiliates and Representatives

**Statement of Policy**

As part of Welch Allyn's continuing global compliance activities, I wanted to take a moment to alert you to a new anti-bribery law that applies to Welch Allyn: the UK Bribery Act. This new legislation is arguably the most comprehensive and aggressive anti-bribery law ever enacted. Under the Act, it is unlawful to give, promise or offer a bribe to any person or entity, or to request, agree to receive or accept a bribe from any person or entity. A bribe is any undue award, consideration or remuneration, whether financial or non-financial, offered, promised, given or received for the purpose of influencing the behavior of someone in government or business to obtain a commercial advantage. Normal and customary hospitality (e.g., meals) and gifts (e.g., tickets to sporting events) are not necessarily prohibited under the Act, provided they are reasonable and appropriate in all respects (including compliance with all other laws, regulations, Codes of Ethics and Company policies).

The Act applies broadly not only to UK citizens, residents and companies, but to non-UK citizens, residents and companies if the bribe occurs in the UK, and to any company that carries on any business activities within the UK. Therefore, even though Welch Allyn is a U.S.-based company, the Act will apply to Welch Allyn due to its global presence (including, without limitation, its operations and activities within the UK). Penalties for violating the Act are severe, and include imprisonment of individuals for up to 10 years and potentially unlimited fines for both individuals and companies. Any covered company will be held strictly and vicariously liable for any violation carried out by an "associated person" of that company, such as an employee or agent.

All Welch Allyn employees, representatives and affiliates have read, agreed to and signed the Welch Allyn Code of Ethics, which provides, among other things, that:

"It is the policy of Welch Allyn that employees should conduct the Company's business to the highest ethical standards and in compliance with all applicable laws and regulations. Employees should always deal fairly and honestly.... Employees should be aware that their conduct reflects on the Company and has the ability to expose the employee and the Company to negative

publicity and customer disapproval, as well as civil and criminal liability. Maintaining the good reputation of our Company, the trust of our customers, and the excellence of our products and services are essential to the continued successful operation of our business.”

The Code explicitly states many specific requirements, including but not limited to the following, that apply to every Welch Allyn employee, affiliate or representative: (1) “Adhere to all applicable standards of professional practice and professional codes of ethics in carrying out Welch Allyn’s business”; (2) “Use good judgment and display ethical behavior in decision-making”; and (3) “Follow the rules, including Welch Allyn’s policies and procedures, federal, state and local regulatory requirements, and applicable professional standards.”

In addition, the Company has long-standing specific policies against bribery, kickbacks and other improper payments or transfers of value. These policies are designed to ensure compliance with applicable laws, regulations, codes and policies, such as the U.S. Foreign Corrupt Practices Act (“FCPA”) and the AdvaMed Code of Ethics. For example, under the Welch Allyn Code of Ethics and FCPA Policy, it is impermissible (and a violation of the FCPA) to offer or give anything of value to a foreign official, political party or candidate to influence an official act in order to obtain or retain business. In addition, by adopting the AdvaMed Code, Welch Allyn has voluntarily agreed to, among other things, adhere to certain restrictions regarding payments and gifts to healthcare professionals. However, the new UK Bribery Act goes farther than analogous anti-bribery laws (such as the FCPA) in a number of ways. Most notably, the UK Bribery Act covers illicit payments (or other transfers of value) to any individual or entity to obtain business, whereas the FCPA only covers illicit payments or transfers to public officials. Any form of bribery, whether to a public or private individual or entity, will constitute an offense under the new Act. In addition, unlike the FCPA, the Act makes the person or entity who requests or accepts the bribe equally as liable under the Act as the person or entity who offers or makes the bribe.

Welch Allyn’s Code of Ethics contains a general provision that prohibits payments for any purpose that is not described in the documentation of the transaction and permitted by Management policy; and all payments must be documented as to amount, purpose and other relevant facts. In addition, various Company policies require that any action or conduct that might have the potential appearance of impropriety, illegality or an unethical nature must be reported both to the Legal Department and to the President, or a member of the President’s Executive Staff, in order to seek from them a written ruling and authorization, which must be obtained prior to the initiation of the potential action or conduct in question.

It is the Company’s policy to comply not only with the letter, but also with the spirit of, the new UK Bribery Act, and all other applicable laws, regulations, codes and policies, and to avoid even the potential appearance of any violation thereof. All employees of Welch Allyn and its subsidiaries must refrain from any acts which might be prohibited by this law or any other law. In addition, all managers are responsible to ensure that their reports comply at all times with the Act and all other applicable laws, regulations, codes and policies while engaged in their capacity as Welch Allyn employees. Compliance with the provisions and requirements of the UK Bribery Act and all other applicable laws, regulations, codes and policies is reviewed regularly by the Legal Department and other relevant functions. Although Welch Allyn’s policies already

prohibit conduct that would violate the UK Bribery Act, Welch Allyn's Code of Ethics and Anti-bribery policies are hereby updated to specifically reference the UK Bribery Act by name and to explicitly forbid any conduct or action in violation of the Act by its express name. Furthermore, any conduct or action that might raise the potential appearance of any violation of the Act, or any similar law, regulation, code or policy, is also prohibited in the absence of a written ruling and authorization by the Legal Department and either the President or a member of the President's Executive Staff, as referenced above. Additional education and training will be provided on this topic as appropriate. This Statement of Policy, in combination with the Company's current Code of Ethics, Anti-bribery policies, AdvaMed Code of Ethics and all other relevant policies, codes and requirements, will serve to define our business practices and policies with respect to those matters addressed by this new law. All references to Welch Allyn herein shall be deemed to include, but not be limited to, all companies, corporations, entities, subsidiaries and affiliates or related businesses who do business under or in connection with the Welch Allyn name.

If you should have any questions regarding this Act or any of its requirements, please feel free to contact me or any member of the Legal Department. In addition, should you observe or suspect any violation of this Act or any other legal requirement, regulation, code or policy, please report it through Welch Allyn's "open-door policy" or anonymous hotline (1-800-455-9024), or by contacting any member of the Legal, Finance or Human Resource Departments.

Thank you in advance for your cooperation and compliance in this regard.

Very truly yours,

Gregory D. Porter  
Executive Vice President  
Chief Legal, Quality, Regulatory and Corporate Development Officer