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Recall Notice

February 7, 2006

Dear Valued Channel Partner,

ClearOne Communications has identified a quality issue with the 910-158-001 and 910-158-070 Wireless MAX Conference Phone battery pack. This is in response to a few field reports that the battery pack that powers the MAX Conference Phone pod has overheated and in some cases melted the protective plastic covering and caused phone to not function properly. The root cause was identified as an internal short in the battery. As a corrective action, a new supplier was identified and selected that has an excellent historical track record with ClearOne Communications. As of this date, all new MAX Wireless Conference Phones are shipping with this new battery.

Units sold between April and December 2005 may be impacted by the defective battery. We would like to stress that there have not been any reports of injury or battery leakage. ClearOne Communications is implementing this recall program to prevent the possibility of injury or property damage. Industry experience indicates that consumers no longer view product recalls in a negative light. Rather, consumers believe they enjoy a safer, better product as a result of a recall.

The MAX phone enclosure is designed to be flame retardant. ClearOne Communications uses a plastic enclosure that is rated UL 94 V-0, the highest vertical burn standard. (*Reference: UL 94: Test for Flammability of Plastic Materials for Parts in Devices and Appliances.*) In addition, the product also conforms to EN60950 safety standard for Information Technology equipment which defines requirements for battery operated portable devices. The current rate of this failure mode is 200ppm, which is very low.

The same information will be distributed to our customers where identified. The company recommends that all customers that have battery packs with model: TWD 7.2v AA2200mAh NI-MH to contact ClearOne Communications who will provide a free replacement battery.

The customer is a critical part of this process. It is their responsibility to react and call our Technical Support department at (800) 283-5936 between 7 a.m. and 6 p.m. MST Monday through Friday and select Option #5 to facilitate the exchange process or for further information. Please visit our website for additional information at www.clearone.com.

Sincerely,

Werner Pekarek
Vice President of Operations