



April 29, 2008

ClearOne Reports Fiscal 2008 Third Quarter Financial Results

ClearOne Communications, Inc. (NASDAQ:CLRO) today reported financial results for the third quarter of fiscal 2008 ended March 31, 2008.

For the fiscal 2008 third quarter, revenue decreased slightly to \$9.2 million from \$9.4 million in the same quarter of last year. Gross profit grew 11% to \$5.7 million, or 62% of revenue, from \$5.2 million, or 55% of revenue, for the prior year period. Operating income rose to \$1.2 million from \$550,000 in the same quarter last year. Income from continuing operations was \$1.1 million, or \$0.10 per diluted share, compared with \$960,000 or \$0.09 per diluted share, a year ago. Net income was \$1.1 million, or \$0.10 per diluted share, which includes approximately \$300,000 of costs accrued for a contingent liability. This compares to net income in the third quarter of fiscal 2007 of \$1.2 million, or \$0.11 per diluted share, which includes income from discontinued operations of \$263,000, or \$0.02 per diluted share.

Under a share repurchase plan announced in August 2007, the company purchased approximately 344,000 shares of its common stock for \$1.7 million during the fiscal 2008 third quarter.

"Revenue decreased slightly due to lower sales of professional and premium audio products partially offset by increased sales of our tabletop and personal conferencing products," said Zee Hakimoglu, president, chief executive officer and chairman of ClearOne. "Despite the slight revenue decline, we realized higher gross profit primarily as a result of the company reducing its reserve for inventory obsolescence due to increased sales of our tabletop conferencing products."

For the first nine months of fiscal 2008, revenue increased to \$29.4 million from \$28.9 million in the same period of fiscal 2007. Gross

profit grew to \$17.2 million from \$15.5 million for the prior year period. Operating income rose to \$2.0 million from \$1.8 million in the same period last year. Income from continuing operations was \$1.9 million, or \$0.18 per diluted share, compared with income from continuing operations for the prior year period of \$2.7 million, or \$0.23 per diluted share. Net income was \$1.9 million, or \$0.18 per diluted share, which includes the establishment of a \$2.2 million accrual for a contingent liability associated with the advancement of funds related to indemnification agreements with two former officers. The company accrued \$1.8 million in its first quarter and an additional \$400,000 in the subsequent two quarters of fiscal 2008, representing the probable amount that as of the date of the financial statements could be reasonably estimated of its liability, through trial. The company has been advised that the trial date will be moved to either September or December of 2008. This compares to net income in the prior year period of \$3.0 million, or \$0.25 per diluted share, which includes income from discontinued operations of \$304,000, or \$0.03 per diluted share.

As of March 31, 2008, ClearOne has reclassified its entire balance of auction rate securities (ARSs), \$12.25 million, from short-term to long-term securities following failed auctions occurring since February 2008. The company continues to hold these securities and the issuers are paying interest at the maximum contractual rate. Based on current credit market conditions, it is likely that future auctions related to these securities will be unsuccessful in the near term. ClearOne determined there was a decline in the fair value of its ARS investments of \$764,000, which, in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, and related guidance issued by FASB and the SEC, was deemed temporary and recognized as an unrealized loss in the other comprehensive income section of the Company's income statement. ClearOne believes that the underlying securities or collateral have not been affected and any lack of liquidity in its ARSs will not impact its ability to fund its operations.

About ClearOne

ClearOne is a communications solutions company that develops and sells audio conferencing systems and other related products for audio, video, and web conferencing applications. The reliability, flexibility, and performance of ClearOne's comprehensive solutions create a natural communications environment, which saves organizations time and money by enabling more effective and efficient communication. For more information, visit ClearOne's website at www.clearone.com.

This release contains "forward-looking" statements that are based on present circumstances and on ClearOne's predictions with respect to events that have not occurred, that may not occur, or that may occur with different consequences and timing than those now assumed or anticipated. Such forward-looking statements, including statements regarding the company's ability to successfully commercialize newer products and enter new markets, are not guarantees of future performance or results and involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Such forward-looking statements are made only as of the date of this release and ClearOne assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.

<http://www.b2i.us/irpass.asp?BzID=509&to=ea&s=0>

**CLEARONE COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of dollars, except per share amounts)**

**(unaudited) (audited)
March 31, June 30,**

2008 2007

ASSETS

Current assets:

| | | |
|--|----------|---------|
| Cash and cash equivalents | \$ 8,566 | \$2,782 |
| Marketable securities | 821 | 19,871 |
| Accounts receivable, net of allowance for doubtful accounts of \$60 and \$54, respectively | 7,005 | 8,025 |
| Deposit, Bond for Preliminary Injunction | 908 | 0 |
| Note Receivable | 85 | 163 |
| Inventories, net | 7,318 | 7,263 |
| Income tax receivable | 8 | 0 |
| Deferred income taxes | 203 | 0 |
| Prepaid expenses | 485 | 213 |
| Total current assets | 25,399 | 38,317 |
| Long-term Securities | 11,486 | 0 |
| Property and equipment, net | 2,678 | 2,694 |
| Intangible Assets, net | 49 | 0 |

| | | |
|-----------------------------|-----------|-----------|
| Note Receivable - long-term | 0 | 43 |
| Other assets | 9 | 9 |
| Total assets | \$ 39,621 | \$ 41,063 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|---------------------------|----------|----------|
| Accounts payable | \$ 1,924 | \$ 1,745 |
| Accrued taxes | 0 | 660 |
| Accrued liabilities | 2,372 | 1,874 |
| Deferred product revenue | 4,206 | 4,872 |
| Total current liabilities | 8,502 | 9,151 |

| | | |
|-----------------------------|--------|--------|
| Deferred rent | 739 | 855 |
| Deferred income taxes, net | 203 | 0 |
| Other long-term liabilities | 1,040 | 619 |
| Total liabilities | 10,484 | 10,625 |

Shareholders' equity:

| | | |
|--|-----------|-----------|
| Common stock, par value \$0.001, 50,000,000 shares authorized, 10,444,810 and 10,861,920 shares issued and outstanding, respectively | 10 | 11 |
| Additional paid-in capital | 45,422 | 47,582 |
| Accumulated other comprehensive loss | (764) | 0 |
| Accumulated deficit | (15,531) | (17,155) |
| Total shareholders' equity | 29,137 | 30,438 |
| Total liabilities and shareholders' equity | \$ 39,621 | \$ 41,063 |

CLEARONE COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands of dollars, except per share amounts)

| | Three Months Ended | | | March 31, | | | March 31, | | | March 31, | | |
|------------------|---------------------------|----------------|---------|------------------|----------------|-------|------------------|----------------|--|------------------|----------------|--|
| | March 31, | | | March 31, | | | March 31, | | | March 31, | | |
| | 2008 | | | 2007 | | | 2008 | | | 2007 | | |
| | | % of | | | % of | | | % of | | | % of | |
| | | Revenue | | | Revenue | | | Revenue | | | Revenue | |
| Product Revenue: | \$9,163 | 100 % | \$9,355 | 100 % | \$29,393 | 100 % | \$28,873 | 100 % | | | | |

| | | | | | | | | | | | | |
|---|-------|----|---|-------|----|---|--------|----|---|--------|----|---|
| Cost of goods sold | 3,439 | 38 | % | 4,190 | 45 | % | 12,153 | 41 | % | 13,366 | 46 | % |
| Gross profit | 5,724 | 62 | % | 5,165 | 55 | % | 17,240 | 59 | % | 15,507 | 54 | % |
| Operating expenses: | | | | | | | | | | | | |
| Sales & Marketing | 1,640 | 18 | % | 2,004 | 21 | % | 4,820 | 16 | % | 5,711 | 20 | % |
| General & administrative | 1,183 | 13 | % | 763 | 8 | % | 5,276 | 18 | % | 2,260 | 8 | % |
| Research and product development | 1,701 | 19 | % | 1,848 | 20 | % | 5,134 | 17 | % | 5,782 | 20 | % |
| Total operating expenses | 4,524 | 49 | % | 4,615 | 49 | % | 15,230 | 52 | % | 13,753 | 48 | % |
| Operating income | 1,200 | 13 | % | 550 | 6 | % | 2,010 | 7 | % | 1,754 | 6 | % |
| Other income, net: | 196 | 2 | % | 577 | 6 | % | 848 | 3 | % | 1,229 | 4 | % |
| Income from continuing operations before income taxes | 1,396 | 15 | % | 1,127 | 12 | % | 2,858 | 10 | % | 2,983 | 10 | % |

| | | | | | | | | | | | | |
|--------------------------------------|---------|------|---|---------|------|---|---------|------|---|---------|------|---|
| (Provision) for income taxes | (335) |) -4 | % | (167) |) -2 | % | (955) |) -3 | % | (303) |) -1 | % |
| Income from continuing operations | 1,061 | 12 | % | 960 | 10 | % | 1,903 | 6 | % | 2,680 | 9 | % |
| Income from discontinued operations: | - | 0 | % | 263 | 3 | % | 16 | 0 | % | 304 | 1 | % |
| Net income | \$1,061 | 12 | % | \$1,223 | 13 | % | \$1,919 | 7 | % | \$2,984 | 10 | % |

**Three Months Ended
March 31,
2008**

**March 31,
2007**

**Nine Months Ended
March 31,
2008**

**March 31,
2007**

Diluted earnings per common share from continuing operations

\$0.10

\$0.09

\$0.18

\$0.23

Diluted earnings per common share from discontinued operations

\$-

\$0.02

\$-

\$0.03

| | | | | |
|-----------------------------------|------------|------------|------------|------------|
| Diluted earnings per common share | \$0.10 | \$0.11 | \$0.18 | \$0.25 |
| Basic weighted average shares | 10,651,352 | 10,994,607 | 10,818,205 | 11,705,853 |
| Diluted weighted average shares | 10,747,317 | 11,101,791 | 10,921,932 | 11,770,145 |