

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE TO

Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the
Securities Exchange Act of 1934

CLEARONE COMMUNICATIONS, INC.
(Name of Subject Company (Issuer))

CLEARONE COMMUNICATIONS, INC.
(Name of Filing Persons (Issuer))

Common Stock, \$0.001 Par Value Per Share
(Title of Class of Securities)

185060100
(Cusip Number of Class of Securities)

Greg A. LeClaire
Chief Financial Officer
ClearOne Communications, Inc.
1825 Research Way
Salt Lake City, Utah 84116
(801) 975-7200

(Name, address and telephone numbers of person authorized to receive notices and communications on behalf of filing persons)

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$10,000,000	\$1,070

- * Calculated solely for the purpose of determining the amount of the filing fee, based on the purchase of 2,353,000 shares of Common Stock, par value \$.001 per share, at the tender offer price of \$4.25 per share.
- ** Calculated at \$107.00 per \$1,000,000 of the Transaction Valuation.
- ☐ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: ☐ N/A] Filing Party: ☐ N/A]
Form or Registration No.: ☐ N/A] Date Filed: ☐ N/A]

- ☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transaction to which the statement relates:

- ☐ third-party tender offer subject to Rule 14d-1.
☐ issuer tender offer subject to Rule 13e-4.
☐ going-private transaction subject to Rule 13e-3
☐ amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

INTRODUCTION

This Tender Offer Statement on Schedule TO relates to the offer by ClearOne Communications, Inc., a Utah corporation (the “Company”), to purchase up to 2,353,000 shares of its common stock, par value \$0.001 per share, at a price of \$4.25, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 6, 2006 (the “Offer to Purchase”), a copy of which is attached hereto as Exhibit (a)(1)(A), and in the Letter of Transmittal (the “Letter of Transmittal”), a copy of which is attached hereto as Exhibit (a)(1)(B). This Tender Offer Statement on Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) under the Securities Exchange Act of 1934, as amended. The information contained in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference in response to all of the items of this Schedule TO, as more particularly described below.

Item 1. *Summary Term Sheet.*

The information set forth under “Summary Term Sheet” in the Offer to Purchase is herein incorporated by reference.

Item 2. *Subject Company Information.*

(a) The name of the issuer is ClearOne Communications, Inc., a Utah corporation, and the address of its principal executive offices is 5225 Wiley Post Way, Suite 500, Salt Lake City, Utah 84116. The telephone number of its principal executive offices is (801) 975-7200.

(b) As of the offer date, the Company had 12,145,068 shares outstanding of Common Stock, \$0.001 par value per share.

(c) The information set forth in the Offer to Purchase under Section 7 (“Price Range of the Shares”) is incorporated herein by reference.

Item 3. *Identity and Background of Filing Person.*

(a) The Company is the filing person. The Company’s address and telephone number are set forth in Item 2 above. The information set forth in the Offer to Purchase under Section 10 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

Item 4. *Terms of the Transaction.*

(a) The following sections of the Offer to Purchase contain a description of the material terms of the transaction and are incorporated herein by reference:

- “Summary Term Sheet”;
 - “Introduction”;
 - Section 1 (“Number of Shares; Price; Proration”);
 - Section 2 (“Purpose of the Offer; Certain Effects of the Offer”);
 - Section 3 (“Procedures for Tendering Shares”);
 - Section 4 (“Withdrawal Rights”);
 - Section 5 (“Purchase of Shares and Payment of Purchase Price”);
 - Section 6 (“Conditions of the Tender Offer”);
 - Section 7 (“Price Range of The Shares”);
 - Section 8 (“Source and Amount of Funds”);
 - Section 9 (“Information About ClearOne Communications”);
 - Section 10 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”);
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- Section 11 (“Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act”);
- Section 12 (“Legal Matters; Regulatory Approvals”);
- Section 13 (“United States Federal Income Tax Consequences”);
- Section 14 (“Extension of the Tender Offer; Termination; Amendment”);
- Section 15 (“Fees and Expenses”); and
- Section 16 (“Miscellaneous”).

(b) The information set forth under “Introduction” in the Offer to Purchase is incorporated herein by reference.

Item 5. *Past Contacts, Transactions, Negotiations and Agreements.*

(e) The information set forth in the Offer to Purchase under Section 10 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

Item 6. *Purposes of the Transaction and Plans or Proposals.*

(a), (b) and (c) The information set forth in the Offer to Purchase under Section 2 (“Purpose of the Tender Offer; Certain Effects of the Tender Offer”) is incorporated herein by reference.

Item 7. *Source and Amount of Funds or Other Consideration.*

(a) The information set forth in the Offer to Purchase under Section 8 (“Source and Amount of Funds”) is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase under Section 6 (“Conditions of the Tender Offer”) is incorporated herein by reference.

(d) Not applicable.

Item 8. *Interest in Securities of the Subject Company.*

(a) and (b) The information set forth in the Offer to Purchase under Section 10 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

Item 9. *Persons/Assets, Retained, Employed, Compensated or Used.*

(a) The information set forth in the Offer to Purchase under Section 15 (“Fees and Expenses”) is incorporated herein by reference.

Item 10. *Financial Statements.*

Not applicable.

Item 11. *Additional Information.*

(a) The information set forth in the Offer to Purchase under Section 10 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares”), Section 19 (“Information about ClearOne Communications”), Section 11 (“Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act”), and Section 12 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference. To the knowledge of the Company, no material legal proceedings relating to the tender offer are pending.

(b) The information set forth in the Offer to Purchase and the Letter of Transmittal, copies of which are filed as Exhibits (a)(1)(A) and (a)(1)(B) hereto, respectively, as each may be amended or supplemented from time to time, is incorporated herein by reference.

Item 12. Exhibits.

Exhibit Number	Description
<u>(a)(1)(A)*</u>	Offer to Purchase, dated November 6, 2006
<u>(a)(1)(B)*</u>	Letter of Transmittal
<u>(a)(1)(C)*</u>	Notice of Guaranteed Delivery
<u>(a)(1)(D)*</u>	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
<u>(a)(1)(E)*</u>	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
<u>(a)(1)(F)*</u>	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9
<u>(a)(1)(G)*</u>	Letter to Shareholders
(a)(2)	Not applicable
(a)(3)	Not applicable
(a)(4)	Not applicable
<u>(a)(5)(A)*</u>	Advertisement/Press Release, dated October 30, 2006,
(b)	Not applicable
(d)(1)	Clearone Communications, Inc. 1998 Stock Option Plan
(d)(2)	Clearone Communications, Inc. 1997 Employee Stock Purchase Plan
(g)	Not applicable
(h)	Not applicable

* Filed herewith.

(1) Incorporated by reference to Exhibit 4.8 of the Company's Registration Statement on Form S-8 filed October 6, 2006 (File No.333-137859).

(2) Incorporated by reference to Exhibit 4.9 of the Company's Registration Statement on Form S-8 filed October 6, 2006 (File No.333-137859).

Item 13. Information Required by Schedule 13E-3.

Not Applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CLEARONE COMMUNICATIONS, INC.

By /s/ Zeynep Hakimoglu

President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.



5225 Wiley Post Way, Suite 500
Salt Lake City, Utah 84116

OFFER TO PURCHASE FOR CASH UP TO 2,353,000 SHARES OF ITS COMMON STOCK AT A PURCHASE PRICE OF \$4.25

THE TENDER OFFER, PRORATION PERIOD, AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, EASTERN TIME, ON DECEMBER 6, 2006 UNLESS THE TENDER OFFER IS EXTENDED.

ClearOne Communications, Inc., a Utah corporation ("CLRO" or the "Company"), hereby invites its stockholders to tender up to 2,353,000 shares of its Common Stock, par value \$.001 per share, to the Company at a price of \$4.25 per Share in cash, as specified by tendering shareholders, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (which together constitute the "Offer").

The Company will, upon the terms and subject to the conditions of the Offer, pay the Purchase Price for all Shares validly tendered and not withdrawn, upon the terms and subject to the conditions of the Offer, the procedure pursuant to which Shares will be accepted for payment and the proration provisions. Certificates representing Shares not purchased because of proration will be returned at the Company's expense. CLRO reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer. See Section 14.

The Tender Offer is not conditioned upon any minimum number of shares being tendered. The Tender Offer is, however, subject to certain other conditions. See Section 6.

The shares are listed and traded on the Over-the-Counter Bulletin Board ("OTC") under the symbol "CLRO.OB". On October 27, 2006, the last full trading day before the announcement of the Tender Offer, the reported closing price of the shares on OTC was \$3.45 per share. **Shareholders are urged to obtain current market quotations for the shares. See Section 7.**

The Board of Directors has approved the Tender Offer. However, neither management nor the Board of Directors, nor the Depositary makes any recommendation to any shareholder as to whether to tender or refrain from tendering any shares. Further, the Company has not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares. You should carefully evaluate all information in the Tender Offer and consult your own investment and tax advisors. You must decide whether to tender your shares and, if so, how many shares to tender. In doing so, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal. The Company has been advised that none of its directors or executive officers intends to tender any Shares pursuant to the Offer. See Section 10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Offer to Purchase. Any representation to the contrary is a criminal offense.

IMPORTANT

Any stockholder wishing to tender all or any part of his or her Shares should either (a) complete and sign a Letter of Transmittal in accordance with the instructions in the Letter of Transmittal and either mail or deliver it with any required signature guarantee or an Agent's Message (as defined below) and any other required documents to American Stock Transfer & Trust Company (the "Depository"), and either mail or deliver the stock certificates for such tendered Shares to the Depository (with all such other documents) or tender such Shares pursuant to the procedure for book-entry delivery set forth in Section 3, or (b) request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. Stockholders having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that broker, dealer, commercial bank, trust company or other nominee if they desire to tender their Shares. Any stockholder who desires to tender Shares and whose certificates for such Shares cannot be delivered to the Depository or who cannot comply with the procedure for book-entry transfer or whose other required documents cannot be delivered to the Depository, in any case, by the expiration of the Offer must tender such Shares pursuant to the guaranteed delivery procedure set forth in Section 3.

Stockholders must complete the Letter of Transmittal to effect a valid tender of Shares.

Additional copies of this Offer to Purchase, the Letter of Transmittal and other tender offer materials may be obtained from the Company and will be furnished at the Company's expense. Questions and requests for assistance may be directed to the Company at its address and telephone number set forth on the back cover of this Offer to Purchase. Stockholders may also contact their local broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

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SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. The Company is at times referred to as “we,” “our” or “us.” We refer to the shares of our Common Stock as the “shares.” This summary term sheet highlights the material information in this Offer to Purchase, but you should realize that it does not describe all of the details of the Tender Offer to the same extent described in this Offer to Purchase. We urge you to read the entire Offer to Purchase and the Letter of Transmittal because they contain the full details of the Tender Offer. We have included references to the sections of this Offer to Purchase where you will find a more complete discussion where helpful.

Who is offering to purchase my shares?

ClearOne Communications, Inc. is offering to purchase your shares of CLRO common stock.

If I tender my shares what will be the purchase price for the shares and what will be the form of payment?

\$4.25 per share, net to you, without any brokerage commissions or stock transfer taxes deducted from your payment. We will pay you the purchase price in cash, less any applicable withholding taxes and without interest, promptly after the Tender Offer expires. See Sections 1 and 5. Under no circumstances will we pay interest on the purchase price, even if there is a delay in making payment.

How many shares is the Company offering to purchase in the Tender Offer?

We are offering to purchase up to 2,353,000 shares of our Common Stock, \$0.001 par value per share, but may purchase less than that amount if less than 2,353,000 shares are tendered. We may purchase up to 2,595,901 shares, and could purchase even more, subject to meeting legal requirements. See Sections 1 and 14.

How will the Company pay for the shares?

We will pay for the shares tendered in the Tender Offer, as well as paying related fees and expenses, from our cash and short-term investments. See Section 7.

How long do I have to tender my shares; can the Tender Offer be extended, amended or terminated?

You may tender your shares until the Tender Offer expires. The Tender Offer will expire at 12:00 midnight, Eastern Time, on December 6, 2006, unless extended (such date and time, as they may be extended, the “Expiration Date” and “Expiration Time,” respectively). See Section 1. If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely the nominee has established an earlier deadline for you to act to instruct the nominee to accept the Tender Offer on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to find out the nominee’s deadline.

We may choose to extend the Tender Offer at any time and for any reason, subject to applicable laws. See Section 14. We cannot assure you that we will extend the Tender Offer or indicate the length of any extension that we may provide. If we extend the Tender Offer, we will delay the acceptance of any shares that have been tendered. We can also amend the Tender Offer in our sole discretion or terminate the Tender Offer under certain circumstances. See Section 14.

How will I be notified if the Company extends the Tender Offer or amends the terms of the Tender Offer?

If we extend the Tender Offer, we will issue a press release announcing the extension and the new Expiration Time by 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time. We will announce any amendment to the Tender Offer by making a public announcement of the amendment. See Section 14.

Once I have tendered my shares, can I withdraw my tender?

After you have tendered your shares you may change your mind and not sell your shares if you properly notify the depository before the expiration date. To properly withdraw shares, you must deliver a written notice of withdrawal with the required information to the Depository while you still have the right to withdraw the shares. See Section 4.

How do I tender my shares?

- 1) You must properly complete and duly execute the Letter of Transmittal and deliver it with your share certificate(s) to the depositary at the address appearing on the back cover page of this document; or
- 2) The depositary must receive a confirmation of receipt of your shares by book-entry transfer and a properly completed and duly executed Letter of Transmittal; or
- 3) You must comply with the guaranteed delivery procedure.

See Section 3 and the instructions for the Letter of Transmittal.

What is the purpose of the Tender Offer?

In determining to proceed with the Tender Offer, management and our Board of Directors have reviewed our use of cash and investment balances, cash flows from operations and investments for, among other things, investments in research and development and capital expenditures, acquisitions, strategic investments, dividends and share repurchases, and a variety of alternatives for using our available financial resources. The Board of Directors considered, with the assistance of management, our free cash flow, financial position and dividend policy, and the market price of our Common Stock, as well as our operations, strategy and expectations for the future. See Section 2.

The Board of Directors believes that the relatively low trading volume of CLRO may adversely affect the Company's ability to properly negotiate its fair market value in the event of another entity desiring to obtain a controlling interest in the Company. Additionally, the Board believes that the share repurchase would demonstrate to the Company's stockholders the Company's confidence in its business. Further, a significant tender offer provides a mechanism for all of our shareholders to tender all or a portion of their shares and, thereby, receive a return of some or all of their investment if they so elect. Finally, shareholders who do not participate in the Tender Offer will automatically increase their relative percentage ownership interest in CLRO and its future operations.

The Tender Offer also provides our shareholders with an efficient way to sell their shares without incurring broker's fees or commissions associated with open market sales. Furthermore, odd lot holders who hold shares registered in their names and tender their shares directly to the Depositary and whose shares are purchased pursuant to the Tender Offer will avoid any applicable odd lot discounts that might be payable on sales of their shares.

What is proration and how would it apply?

Proration will not occur unless the total number of shares tendered is more than 2,353,000. Proration is calculating your proportion of the total shares tendered when the total is greater than the number of shares we actually purchase. First, we subtract the number of odd lot shares from the total shares tendered. Then we divide the number of shares you tendered by the adjusted total to get your pro rata proportion. We then multiply your pro rata proportion by the total number of shares we actually purchase to calculate your proration, which is the adjusted number of shares that we buy from you. See Sections 1 and 5.

What is an Odd Lot?

An odd lot is an amount of shares less than 100.

Has the Company or its Board of Directors adopted a position on the Tender Offer?

Our Board of Directors has approved the Tender Offer. However, neither we nor our Board of Directors, nor the Depositary are making any recommendation to you as to whether you should tender or refrain from tendering your shares or as to the purchase price or purchase prices at which you may choose to tender your shares. You must make your own decision whether to tender your shares and, if so, how many shares to tender and the purchase price or purchase prices at which your shares should be tendered. In so doing, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal. See Section 2.

Does the Company intend to repurchase any shares other than pursuant to the Tender Offer during or after the Tender Offer?

In August 2006, our Board of Directors authorized an ongoing share repurchase program for the purchase of up to an additional \$2 Million of shares which expires in August 2007. However, Rule 13e-4(f) under the Exchange Act prohibits us from purchasing any shares, other than in the Tender Offer, until at least 10 business days after the Expiration Time. Accordingly, any additional purchases outside the Tender Offer may not be consummated until at least 10 business days after the Expiration Time. See Section 16.

Do the directors and executive officers of the Company intend to tender their shares in the Tender Offer?

Our Board and executive officers have advised us that they do not intend to tender any of their shares in the Tender Offer. Accordingly, if we complete the Tender Offer, the proportional holdings of our directors and executive officers will increase. However, our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our shareholders in the Tender Offer. See Section 10.

If I decide not to tender, how will the Tender Offer affect my shares?

Shareholders who choose not to tender their shares will own a greater percentage interest in our outstanding Common Stock following consummation of the Tender Offer. See Section 2.

What is the recent market price of my shares?

On October 27, 2006, the last full trading day before the announcement of the Tender Offer, the reported closing price of the shares on OTC was \$3.45 per share. **You are urged to obtain current market quotations for the shares before deciding whether to tender your shares. See Section 7.**

When will the Company pay for the shares I tender?

We will pay the purchase price, net to the seller in cash, less any applicable withholding tax and without interest, for the shares we purchase promptly after the expiration of the Tender Offer. We do not expect, however, to announce the results of proration and begin paying for tendered shares until up to ten business days after the expiration of the Tender Offer. See Section 5.

Will I have to pay brokerage commissions if I tender my shares?

If you are a registered shareholder and you tender your shares directly to the depositary, you will not incur any brokerage commissions. If you hold your shares through a broker or a bank, we urge you to consult your broker or bank to determine whether they charge applicable transaction costs. See Section 15.

What are the United States federal income tax consequences if I tender my shares?

Generally, you will be subject to U.S. federal income taxation when you receive cash from CLRO in exchange for the shares you tender. In addition, such receipt of cash for your tendered shares will be treated either as a sale or exchange eligible for capital gains treatment or a dividend subject to ordinary income tax rates. See Section 13.

All shareholders should review the discussion in Sections 3 and 13 regarding tax issues and consult their tax advisor regarding the tax effects of a tender of shares.

Will I have to pay stock transfer tax if I tender my shares?

You will not incur any stock transfer tax if you instruct the depositary in the Letter of Transmittal to make payment for the shares to the registered holder. See Sections 5 and 15.

Are there any special conditions to the offer?

Yes. The tender offer is subject to conditions such as the absence of court and governmental action prohibiting the offer, and changes in general market conditions or CLRO's business that, in our judgment, may be materially adverse. See Section 6.

Whom can I talk to if I have questions?

Please contact the depositary or Greg LeClaire at the Company. Their contact information is listed on the last page of this document. If you own your shares through a broker, he or she should be able to assist you as well.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Offer to Purchase and the documents incorporated herein by reference include certain “forward-looking statements.” These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements.

In addition, please refer to our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2006, December 31, 2005 (as amended on June 22, 2006) and September 30, 2005 (as amended on June 22, 2006) and our Annual Report on Form 10-K for the fiscal year ended June 30, 2006, in each case as filed with the SEC, for additional information on risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements or that may otherwise impact us and our business. See Section 9. Notwithstanding anything in this Offer to Purchase, the Letter of Transmittal or any document incorporated by reference into this Offer to Purchase, the safe harbor protections of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with a tender offer.

INTRODUCTION

ClearOne Communications, Inc., a Utah corporation (the "Company"), hereby invites its stockholders to tender up to 2,353,000 shares of its common stock, par value \$.001 per share (hereinafter referred to as the "Shares"), to the Company at a price of \$4.25 per Share, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (which together constitute the "Offer").

The Company will, upon the terms and subject to the conditions of the Offer, purchase 2,353,000 Shares (or such lesser number of Shares as are validly tendered and not withdrawn) pursuant to the Offer. The Company will pay the Purchase Price for all Shares validly tendered, and not withdrawn, upon the terms and subject to the conditions of the Offer, the procedure pursuant to which Shares will be accepted for payment and the proration provisions. Certificates representing Shares not purchased because of proration will be returned at the Company's expense. The Company reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer. See Section 14.

This Offer is not conditioned upon any minimum number of Shares being tendered in the Offer. The Offer is, however, subject to certain other conditions. See Section 6.

The Board of Directors of the Company has approved the Offer. However, neither the Company nor its Board of Directors makes any recommendation to stockholders as to whether to tender or refrain from tendering their Shares. Each stockholder must make the decision whether to tender Shares and, if so, how many Shares to tender. The Company has been advised that none of its directors or executive officers intends to tender any Shares pursuant to the Offer. However, our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our shareholders in the Tender Offer. See Section 10.

In determining to proceed with the Tender Offer, management and our Board of Directors have reviewed our use cash and investment balances, cash flows from operations and investments for, among other things, investments in research and development and capital expenditures, acquisitions, strategic investments, dividends and share repurchases, and a variety of alternatives for using our available financial resources. The Board of Directors considered, with the assistance of management, our free cash flow, financial position and dividend policy, and the market price of our Common Stock, as well as our operations, strategy and expectations for the future. See Section 2.

The Board of Directors believes that the relatively low trading volume of CLRO may adversely affect the Company's ability to properly negotiate its fair market value in the event of another entity desiring to obtain a controlling interest in the Company. Additionally, the Board believes that the share repurchase would demonstrate to the Company's stockholders the Company's confidence in its business. Further, a significant tender offer provides a mechanism for all of our shareholders to tender all or a portion of their shares and, thereby, receive a return of some or all of their investment if they so elect. Finally, shareholders who do not participate in the Tender Offer will automatically increase their relative percentage ownership interest in CLRO and its future operations.

The Tender Offer also provides our shareholders with an efficient way to sell their shares without incurring broker's fees or commissions associated with open market sales. Furthermore, odd lot holders who hold shares registered in their names and tender their shares directly to the Depositary and whose shares are purchased pursuant to the Tender Offer will avoid any applicable odd lot discounts that might be payable on sales of their shares.

THE TENDER OFFER

1. Number of Shares; Price; Proration

Upon the terms and subject to the conditions of the Offer, the Company will purchase 2,353,000 Shares or such lesser number of Shares as are validly tendered (and not withdrawn in accordance with Section 4) prior to the Expiration Date (as defined below) at a price of \$4.25 per Share. The term "Expiration Date" means Midnight, New York City time, on Wednesday, December 6, 2006, unless and until the Company, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 14 for a description of the Company's right to extend, delay, terminate or amend the Offer. The Company reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer. In accordance with applicable regulations of the Securities and Exchange Commission (the "SEC"), the Company may purchase pursuant to the Offer an additional amount of Shares not to exceed 2% of the outstanding Shares without amending or extending the Offer. See Section 14. In the event of an over-subscription of the Offer as described below, Shares tendered prior to the Expiration Date will be eligible for proration, except for Odd Lots as explained below. The proration period also expires on the Expiration Date.

The Offer is not conditioned upon any minimum number of Shares being tendered in the Offer. The Offer is, however, subject to certain other conditions. See Section 6.

The Company will pay the Purchase Price for all Shares validly tendered prior to the Expiration Date, upon the terms and subject to the conditions of the Offer, the procedure pursuant to which Shares will be accepted for payment and the proration provisions. All Shares tendered and not purchased pursuant to the Offer, including Shares not purchased because of proration, will be returned to the tendering stockholders at the Company's expense as promptly as practicable following the Expiration Date. The Company reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer. See Section 14.

Priority of Purchases

Upon the terms and subject to the conditions of the Offer, if more than 2,353,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer) have been validly tendered and not withdrawn, the Company will purchase validly tendered and not withdrawn Shares on the basis set forth below:

- (a) first, all Shares tendered and not withdrawn prior to the Expiration Date by any Odd Lot Holder (as defined below) who:
 - (1) tenders all Shares beneficially owned by such Odd Lot Holder (tenders of fewer than all Shares owned by such stockholder will not qualify for this preference); and
 - (2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and
- (b) second, after purchase of all of the foregoing Shares, all Shares tendered and not withdrawn prior to the Expiration Date, on a pro rata basis (with appropriate adjustments to avoid purchases of fractional Shares) as described below.

Odd Lots

For purposes of the Offer, the term "Odd Lots" shall mean all Shares validly tendered prior to the Expiration Date and not withdrawn by any person who owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares (and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery) (an "Odd Lot Holder"). As set forth above, Odd Lots will be accepted for payment before proration, if any, of the purchase of other tendered Shares. In order to qualify for this preference, an Odd Lot Holder must tender all such Shares in accordance with the procedures described in Section 3. This preference is not available for partial tenders or to the beneficial holders of an aggregate of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. By accepting the Offer, an Odd Lot Holder would not only avoid the payment of brokerage commissions but also would avoid any applicable odd lot charges in a sale of such holder's Shares. Any Odd Lot Holder wishing to tender all of such stockholder's Shares should complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

The Company also reserves the right, but will not be obligated, to purchase all Shares duly tendered by any stockholder who tendered all Shares owned beneficially and who, as a result of proration, would then own beneficially an aggregate of fewer than 100 Shares. If the Company exercises this right, it will increase the number of Shares that it is offering to purchase by the number of Shares purchased through the exercise of such right.

Proration

In the event that proration of tendered Shares is required, the Company will determine the proration factor as soon as practicable following the Expiration Date. Proration for each stockholder tendering Shares, other than Odd Lot Holders, shall be based on the ratio of the number of Shares tendered by such stockholder (and not withdrawn) to the total number of Shares tendered by all stockholders, other than Odd Lot Holders (and not withdrawn). Because of the difficulty in determining the number of Shares properly tendered (including Shares tendered by guaranteed delivery procedures, as described in Section 3) and not withdrawn, and because of the odd lot procedure, the Company does not expect that it will be able to announce the final proration factor and commence payment for any Shares purchased pursuant to the Offer until approximately seven OTC trading days after the Expiration Date. The preliminary results of any proration will be announced by press release as promptly as practicable after the Expiration Date. Stockholders may obtain such preliminary information from the Depositary or the Company and may be able to obtain such information from their brokers.

As described in Section 13, the number of Shares that the Company will purchase from a stockholder may affect the United States federal income tax consequences to the stockholder of such purchase and therefore may be relevant to a stockholder's decision whether to tender Shares. The Letter of Transmittal affords each tendering stockholder the opportunity to designate the order of priority in which Shares tendered are to be purchased in the event of proration.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. Purpose of the Offer; Certain Effects of the Offer

The following discussion contains forward-looking statements which involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, the matters discussed below as well as the factors described in the Company's filings with the SEC.

The purpose of the Offer is to allow those stockholders desiring to receive cash for all or a portion of their shares an opportunity to do so at a premium over the recent trading prices for the shares. The Offer provides shareholders who are considering a sale of all or a portion of their shares with the opportunity to sell their Shares for cash, without the usual transaction costs associated with market sales. In addition, shareholders owning fewer than 100 Shares, whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions but also will avoid any applicable odd lot charges payable on a sale of their Shares. In addition, the Offer gives shareholders the opportunity to sell at prices greater than market prices prevailing prior to announcement of the Offer. The Offer also allows shareholders to sell a portion of their Shares while retaining a continuing equity interest in CLRO.

The Company's Board believes that the Offer is in the best interests of CLRO and its shareholders. The Company believes that the Offer will be accretive to earnings per share (on both a basic and a diluted basis) in the Company's fiscal year ending June, 30 2007, but there can be no assurance to that effect. Stockholders who determine not to accept the Offer will increase their proportionate interest in the Company and thus in the Company's future earnings, subject to the Company's right to issue additional shares and other equity securities in the future.

The Board has determined that the Company's financial condition and outlook and current market conditions, including recent trading prices of the shares, make this an attractive time to repurchase a significant portion of the outstanding shares. In determining to proceed with the Tender Offer, management and our Board of Directors have reviewed our use of cash and investment balances, cash flows from operations and investments for, among other things, investments in research and development and capital expenditures, acquisitions, strategic investments, dividends and share repurchases, and a variety of alternatives for using our available financial resources. The Board of Directors considered, with the assistance of management, our free cash flow, financial position and dividend policy, and the market price of our Common Stock, as well as our operations, strategy and expectations for the future. After considering the alternatives, the Board believes the Company's own shares are the most attractive investment available to it at this time, and the limited availability of CLRO shares for sale on the open market make a tender offer the most practical way to repurchase a significant portion of the Company's shares. After the Offer is completed, the Company believes that its financial condition and outlook for favorable cash flow generation will allow it to continue to reinvest in its business, including the ongoing investments in research and development.

The magnitude of the purchase of shares in the Offer is substantial. The Board took into account that, if the Offer were fully subscribed, the Offer would have the effect of reducing the outstanding shares by approximately 19% at an aggregate cost of approximately \$10 million.

Shares that the Company acquires pursuant to the Offer will become authorized but unissued Shares and will be available for reissuance by the Company without further stockholder action (except as may be required by applicable law or the rules of OTC or any securities exchange on which the Shares are listed). Subject to applicable state laws and rules of OTC, such Shares could be issued without stockholder approval for, among other things, acquisitions, the raising of additional capital for use in the Company's business, stock dividends or in connection with stock option plans and other plans, or a combination thereof.

The Company may in the future purchase additional Shares on the open market, in private transactions, through tender offers or otherwise. Any such purchases may be on the same terms as, or on terms that are more or less favorable to stockholders than, the terms of the Offer. However, Rule 13e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), generally prohibits the Company and its affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the expiration or termination of the Offer. Any possible future purchases by the Company will depend on several factors including, without limitation, the ability of the Company to make such purchases under its financing agreements in effect at the time, the market price of the Shares, the results of the Offer, the Company's business and financial position and general economic and market conditions.

The Board of the Company has approved the Offer. However, neither the Company nor its Board makes any recommendation to stockholders as to whether to tender or refrain from tendering their Shares. Each stockholder must make the decision whether to tender Shares and, if so, how many Shares to tender. The Offer to purchase is being made to all holders of Shares, including officers, directors, and affiliates of the Company.

3. Procedures for Tendering Shares

Proper Tender of Shares. For Shares to be validly tendered pursuant to the Offer, (a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal including any required signature guarantees or an Agent's Message (as defined below) and any other documents required by the Letter of Transmittal, must be received prior to MIDNIGHT, New York time on the Expiration Date by the Depositary at its address set forth on the back cover of this Offer to Purchase or (b) the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

In addition, Odd Lot Holders who tender such Shares must complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, in order to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1.

Signature Guarantees and Method of Delivery. No signature guarantee is required if (i) the Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, for purposes of this Section 3, shall include any participant in The Depositary Trust Company (the "Book-Entry Transfer Facility") whose name appears on a security position listing as the owner of the Shares) tendered therewith and such holder(s) have not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal; or (ii) Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the New York Stock Exchange (NYSE) or a commercial bank or trust company (not a savings bank or a savings and loan association) having an office, branch or agency in the United States (each such entity being hereinafter referred to as an "Eligible Institution"). See Instruction 1 of the Letter of Transmittal. In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a certificate for Shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificate or stock power guaranteed by an Eligible Institution.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility as described above), a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal.

The method of delivery of all documents, including certificates for Shares, the Letter of Transmittal and any other required documents, is at the election and risk of the tendering stockholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases sufficient time should be allowed to assure timely delivery.

Book-Entry Delivery. The Depositary will establish an account with respect to the Shares for purposes of the Offer at the Book-Entry Transfer Facility within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such Facility to transfer Shares into the Depositary's account in accordance with such Book-Entry Transfer Facility's procedures for transfer. Although delivery of Shares may be effected through a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility, either (i) a properly completed and duly executed Letter of Transmittal with any required signature guarantees or an Agent's Message, and any other required documents must, in any case, be transmitted to and received by the Depositary at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or (ii) the guaranteed delivery procedure described below must be followed. The confirmation of a book-entry transfer of Shares into the Depositary's account at the Book-Entry Transfer Facility as described above is referred to herein as "confirmation of a book-entry transfer." Delivery of documents to the book-entry transfer facility does not constitute delivery to the Depositary.

The term "Agent's Message" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a confirmation of a book-entry transfer which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against the participant.

Guaranteed Delivery. Stockholders whose Share certificates are not immediately available, who cannot deliver their Shares and all other required documents to the Depositary or who cannot complete the procedure for delivery by book-entry transfer prior to the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedure set forth in this Section 3. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution, (ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company (with any required signature guarantees) must be received by the Depositary prior to the Expiration Date, and (iii) the certificates for all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered electronically, in each case together with a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Depositary within three OTC trading days after the date the Depositary receives such Notice of Guaranteed Delivery.

United States Federal Income Tax Withholding. Under the United States federal income tax backup withholding rules, unless an exemption applies under the applicable law and regulations, the applicable withholding rate of the gross proceeds payable to a stockholder or other payee pursuant to the Offer must be withheld and remitted to the United States Treasury, unless the stockholder or other payee provides its taxpayer identification number (employer identification number or social security number) to the Depositary and certifies that such number is correct. Therefore, each tendering stockholder must complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding, unless such stockholder otherwise establishes to the satisfaction of the Depositary that it is not subject to backup withholding. Certain stockholders (including, among others, all corporations and certain foreign stockholders) are not subject to these backup withholding requirements. To prevent possible erroneous backup withholding, an exempt holder must enter its correct taxpayer identification number in Part 1 of Substitute Form W-9, certify that such Stockholder is not subject to backup withholding in Part 2 of such form, and sign and date the form. See the Guidelines for Certification of Taxpayer Identification Number of Substitute Form W-9 enclosed with Letter of Transmittal for additional instructions. In order for a foreign stockholder to qualify as an exempt recipient, a foreign stockholder must submit a statement, generally IRS Form W-8BEN, signed under penalties of perjury, attesting to that stockholder's exempt status. Such statements may be obtained from the Depositary. See Instruction 10 of the Letter of Transmittal. Stockholders are urged to consult their own tax advisors regarding the application of United States federal income tax withholding.

To prevent United States federal income tax backup withholding at the applicable withholding rate of the gross payments made to stockholders for Shares purchased pursuant to the Offer, each stockholder who does not otherwise establish an exemption from such withholding must provide the Depositary with the stockholder's correct taxpayer identification number and provide certain other information by completing the substitute Form W-9 included with the Letter of Transmittal.

For a discussion of certain United States federal income tax consequences to tendering stockholders, see Section 13.

Withholding for Foreign Stockholders Gross proceeds payable pursuant to the Tender Offer to a foreign shareholder or its agent will be subject to withholding of United States federal income tax at a rate of 30%, unless the Depositary determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the United States and, in either case, the foreign shareholder provides the appropriate certification, as described below. For this purpose, a foreign shareholder is any shareholder that is not for United States federal income tax purposes: (a) an individual citizen or resident of the United States, (b) a corporation, partnership, or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust if either: (1) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (2) a trust has a valid election in effect to be treated as a United States person under applicable treasury regulations.

A foreign shareholder may be eligible to file for a refund of such tax or a portion of such tax withheld if such shareholder meets the “complete termination,” “substantially disproportionate” or “not essentially equivalent to a dividend” tests described in Section 13 or if such shareholder is entitled to a reduced rate of withholding pursuant to a tax treaty and we withheld at a higher rate. In order to obtain a reduced rate of withholding under a tax treaty, a foreign shareholder must deliver to the Depositary before payment a properly completed and executed IRS Form W-8BEN claiming such an exemption or reduction. Such forms can be obtained from the Depositary. In order to claim an exemption from withholding on the grounds that gross proceeds paid pursuant to the Tender Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depositary a properly completed and executed IRS Form W-8ECI claiming such exemption. Such forms can be obtained from the Depositary. See Instruction 2 of the Letter of Transmittal. Backup withholding generally will not apply to amounts subject to the 30% or a treaty-reduced rate of withholding. Foreign shareholders are urged to consult their own tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by the Company, in its sole discretion, and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of any Shares that it determines are not in appropriate form or the acceptance for payment of or payments for which may be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to any particular Shares or any particular stockholder. No tender of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by the Company. None of the Company, the Depositary or any other person shall be obligated to give notice of any defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice.

Tendering Stockholder's Representation and Warranty; Company's Acceptance Constitutes an Agreement. A tender of Shares pursuant to any of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering stockholder's representation and warranty to the Company that (a) such stockholder has a net long position in the Shares being tendered within the meaning of Rule 14e-4 promulgated by the SEC under the Exchange Act and (b) the tender of such Shares complies with Rule 14e-4. It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender Shares for such person's own account unless, at the time of tender and at the end of the proration period or period during which Shares are accepted by lot (including any extensions thereof), the person so tendering (i) has a net long position equal to or greater than the amount of (x) Shares tendered or (y) other securities convertible into or exchangeable or exercisable for the Shares tendered and will acquire such Shares for tender by conversion, exchange or exercise and (ii) will deliver or cause to be delivered such Shares in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. The Company's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and the Company upon the terms and conditions of the Offer.

Certificates for Shares, together with a properly completed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be delivered to the Depositary and not to the Company. Any such documents delivered to the Company will not be forwarded to the Depositary and therefore will not be deemed to be validly tendered.

4. Withdrawal Rights

Except as this Section 4 otherwise provides, tenders of shares are irrevocable. You may withdraw shares that you have previously tendered in the Tender Offer according to the procedures described below at any time prior to the Expiration Time for all shares. You may also withdraw your previously tendered shares at any time after 12:00 midnight, Eastern Time, on January 5, 2007, unless such shares have been accepted for payment as provided in the Tender Offer.

For a withdrawal to be effective, a notice of withdrawal must be in written form and must be received prior to the Expiration Date by the Depositary at its address set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering stockholder, the name of the registered holder (if different from that of the person who tendered such Shares), the number of Shares tendered and the number of Shares to be withdrawn. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates for Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution).

If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal also must specify the name and the number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding. None of the Company, the Depositary, or any other person shall be obligated to give notice of any defects or irregularities in any notice of withdrawal nor shall any of them incur liability for failure to give any such notice.

Withdrawals may not be rescinded and any Shares withdrawn will thereafter be deemed not tendered for purposes of the Offer unless such withdrawn Shares are validly retendered prior to the Expiration Date by again following one of the procedures described in Section 3.

If the Company extends the Offer, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain tendered Shares on behalf of the Company, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4.

5. Purchase of Shares and Payment of Purchase Price

Upon the terms and subject to the conditions of the Offer, as promptly as practicable following the Expiration Date, the Company will accept for payment and pay for (and thereby purchase) Shares validly tendered and not withdrawn prior to the Expiration Date. For purposes of the Offer, the Company will be deemed to have accepted for payment (and therefore purchased) Shares that are tendered and not withdrawn (subject to the proration provisions of the Offer) only when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. In accordance with applicable regulations of the SEC, the Company may purchase pursuant to the Offer an additional amount of Shares not to exceed 2% of the outstanding Shares without amending or extending the Offer. If (i) the Company increases or decreases the price to be paid for the Shares or the number of Shares being sought in the Offer and, in the event of an increase in the number of Shares being sought, such increase exceeds 2% of the outstanding Shares, and (ii) the Offer is scheduled to expire at any time earlier than the tenth business day from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 14, the Offer will be extended until the expiration of such period of ten business days.

Upon the terms and subject to the conditions of the Offer, the Company will purchase and pay for all of the Shares accepted for payment pursuant to the Offer as soon as practicable after the Expiration Date. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made promptly (subject to possible delay in the event of proration) but only after timely receipt by the Depositary of certificates for Shares (or of a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at the Book-Entry Transfer Facility), a properly completed and duly executed Letter of Transmittal and any other required documents.

The Company will pay for Shares purchased pursuant to the Offer by depositing the aggregate Purchase Price therefore with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Company and transmitting payment to the tendering stockholders.

In the event of proration, the Company will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Date; however, the Company does not expect to be able to announce the final results of any proration and commence payment for Shares purchased until approximately seven OTC trading days after the Expiration Date. Certificates for all Shares tendered and not purchased, including Shares not purchased due to proration, will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to the account maintained with the Book-Entry Transfer Facility by the participant therein who so delivered such Shares) to the tendering stockholder as promptly as practicable after the Expiration Date without expense to the tendering stockholders. Under no circumstances will interest on the Purchase Price be paid by the Company by reason of any delay in making payment. In addition, if certain events occur, the Company may not be obligated to purchase Shares pursuant to the Offer. See Section 6.

The Company will pay or cause to be paid all stock transfer taxes, if any, payable on the transfer to it of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered holder(s), or if tendered certificates are registered in the name of any person other than the person(s) signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder(s) or such other person or otherwise) payable on account of the transfer to such person will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption therefrom, is submitted. See the Instructions in of the Letter of Transmittal.

The Company may be required to withhold and remit to the IRS a portion of the gross proceeds, at the applicable withholding rate, paid to any tendering stockholder or other payee who fails to complete fully, sign and return to the Depositary the substitute Form W-9 included in the Letter of Transmittal. See Section 3. See Section 13 regarding United States federal income tax consequences for foreign stockholders.

6. Conditions of the Tender Offer

Notwithstanding any other provision of the Tender Offer, we will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate or amend the Tender Offer or may postpone the acceptance for payment of, or the purchase of and the payment for shares tendered, subject to Rule 13e-4(f)(5) under the Exchange Act (which requires that the issuer making the tender offer shall either pay the consideration offered or return tendered securities promptly after the termination or withdrawal of the tender offer), if at any time prior to the Expiration Time (whether any shares have theretofore been accepted for payment) any of the following events has occurred (or shall have been reasonably determined by us to have occurred) that, in our reasonable judgment and regardless of the circumstances giving rise to the event or events (other than any such event or events that are proximately caused by our action or failure to act), make it inadvisable to proceed with the Tender Offer or with acceptance for payment:

There has occurred any change in the general political, market, economic or financial conditions, domestically or internationally, that is reasonably likely to materially and adversely affect our business or the trading in the shares, including, but not limited to, the following:

- any general suspension of, or general limitation on prices for, or trading in, securities on any national securities exchange in the United States or in the over-the-counter market;
- a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation (whether or not mandatory) by any governmental agency or authority on, or any other event that, in our reasonable judgment, could reasonably be expected to adversely affect, the extension of credit by banks or other financial institutions in the United States;
- the commencement or escalation of a war, armed hostilities or other similar national or international calamity directly or indirectly involving the United States;
- a decrease in excess of 10% in the market price for the shares or in the Dow Jones Industrial Average or the S&P 500 Composite Index; or
- legislation amending the Code (as defined in Section 14) having been passed by either the U.S. House of Representatives or the Senate or being pending before the U.S. House of Representatives or the Senate or any committee thereof, the effect of which, in our reasonable judgment, would be to change the tax consequences of the transaction contemplated by the Tender Offer in any manner that would adversely affect us or any of our affiliates;
- there has been instituted, threatened, or been pending any action, proceeding, application or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, or any other person or tribunal, domestic or foreign, which:
- challenges or seeks to challenge, restrain, prohibit or delay the making of the Tender Offer, the acquisition by us of the shares in the Tender Offer, or any other matter relating to the Tender Offer, or seeks to obtain any material damages or otherwise relating to the transactions contemplated by the Tender Offer;
- seeks to make the purchase of, or payment for, some or all of the shares pursuant to the Tender Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of the shares; or
- seeks to impose limitations on our ability (or any affiliate of ours) to acquire the shares or otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, licenses, results of operations or prospects of us, our subsidiaries and our affiliates, taken as a whole, or the value of the shares;
- any action has been taken or any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) has been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Tender Offer or us or any of our subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment:
- indicates that any approval or other action of any such court, agency or authority may be required in connection with the Tender Offer or the purchase of shares thereunder;

- could reasonably be expected to prohibit, restrict or delay consummation of the Tender Offer; or
- otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, licenses or results of operations of us, our subsidiaries and our affiliates, taken as a whole;
- a tender or exchange offer for any or all of our outstanding shares (other than this Tender Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or any subsidiary, has been proposed, announced or made by any person or entity or has been publicly disclosed;
- we learn that any entity, "group" (as that term is used in Section 13(d) (3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of our outstanding shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than anyone who publicly disclosed such ownership in a filing with the SEC on or before November 6, 2006);
- any change (or condition, event or development involving a prospective change) in the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, licenses, results of operations or prospects of us or any of our subsidiaries or affiliates, that, in our reasonable judgment, does or is reasonably likely to have a materially adverse effect on us, our subsidiaries and our affiliates, taken as a whole, or we have become aware of any fact that, in our reasonable judgment, does or is reasonably likely to have a material adverse effect on the value of the shares;
- any approval, permit, authorization, favorable review or consent of any governmental entity required to be obtained in connection with the Tender Offer has not been obtained on terms satisfactory to us in our reasonable discretion; or
- we determine that the consummation of the Tender Offer and the purchase of the shares is reasonably likely to:
- cause the shares to be held of record by less than 300 persons; or
- cause the shares to be delisted from OTC or to be eligible for deregistration under the Exchange Act.

The conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions (other than conditions that are proximately caused by our action or failure to act), and may be waived by us, in whole or in part, at any time and from time to time in our reasonable discretion before the Expiration Time. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time prior to the Expiration Time. Any determination by us concerning the events described above will be final and binding on all parties.

7. Price Range of the Shares

The shares are listed and traded on OTC under the symbol "CLRO.OB". Prior to August 28, 2006, the Shares were traded on the National Quotation Bureau's Pink Sheets under the symbol "CLRO". The following table sets forth, for each of the periods indicated, the high and low sales prices per share as reported by OTC and Pink Sheets based on published financial sources (rounded to the nearest \$0.01):

	High	Low
Fiscal 2005:		
1st Quarter	\$ 5.70	\$ 3.50
2nd Quarter	4.80	3.55
3rd Quarter	4.30	3.00
4th Quarter	3.65	2.25
Fiscal 2006:		
1st Quarter	4.10	2.20
2nd Quarter	2.50	1.95
3rd Quarter	3.60	2.25
4th Quarter	4.25	3.50
Fiscal 2007:		
1st Quarter	4.00	3.00
2nd Quarter (through October 27, 2006)	3.60	3.20

On October 27, 2006, the last full OTC trading day prior to announcement of the Offer, the closing per Share sales price as reported by OTC was \$3.45. **The Company urges stockholders to obtain current market quotations for the Shares.**

The Company has not paid a cash dividend on its common stock. The Company's dividend policy will be reviewed by the Board at such future times as may be appropriate in light of relevant factors at such times. The Company does not expect to pay cash dividends in the foreseeable future.

8. Source and Amount of Funds

Assuming that the maximum of 2,353,000 shares are tendered in the Tender Offer at \$4.25 per share, the aggregate purchase price will be approximately \$10 Million. We anticipate that we will pay for the shares tendered in the Tender Offer, as well as paying related fees and expenses, from our cash and short-term investments.

9. Information About ClearOne Communications

ClearOne is an audio conferencing products company. We develop, manufacture, market, and service a comprehensive line of audio conferencing products, which range from personal conferencing products to tabletop conferencing phones to professionally installed audio systems. We also manufacture and sell conferencing furniture. We have a strong history of product innovation and plan to continue to apply our expertise in audio engineering to developing innovative new products. We believe the performance and reliability of our high-quality audio products create a natural communications environment, which saves organizations of all sizes time and money by enabling more effective and efficient communication.

Our products are used by organizations of all sizes to accomplish effective group communication. Our end-users range from some of the world's largest and most prestigious companies and institutions to small and medium-sized businesses, educational institutions, and government organizations. We sell our products to these end-users primarily through a network of independent distributors who in turn sell our products to dealers, systems integrators, and value-added resellers. The Company also sells products on a limited basis directly to dealers, systems integrators, value-added resellers, and end-users.

Where You Can Find More Information. We are subject to the informational filing requirements of the Exchange Act, and, accordingly, are obligated to file reports, statements and other information with the SEC relating to our business, financial condition and other matters. Information, as of particular dates, concerning directors and officers, their remuneration, options and other stock awards granted to them, the principal holders of our securities and any material interest of these persons in transactions with us is required to be disclosed in proxy statements distributed to our shareholders and filed with the SEC. We also have filed an Issuer Tender Offer Statement on Schedule TO with the SEC that includes additional information relating to the Tender Offer.

These reports, statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material may also be obtained by mail, upon payment of the SEC's customary charges, from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains a web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

Incorporation by Reference. The rules of the SEC allow us to "incorporate by reference" information into this Offer to Purchase, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The Tender Offer incorporates by reference the documents listed below, including the financial statements and the notes related thereto contained in those documents that have been previously filed with the SEC. These documents contain important information about us.

SEC Filings	Period or Date Filed
<i>Annual Report on Form 10-K</i>	Fiscal year ended June 30, 2006
<i>Quarterly Reports on Form 10-Q</i>	Fiscal quarter ended September 30, 2005, as amended by the Form 10-Q filed on June 22, 2006
	Fiscal quarter ended December 31, 2005, as amended by the Form 10-Q filed on June 22, 2006
	Fiscal quarter ended March 31, 2006
<i>Current Reports on Form 8-K and Form 8-K/A</i>	Filed on November 2, 2005, December 22, 2005, May 2, 2006, July 11, 2006, August 28, 2006, August 29, 2006, August 31, 2006, September 18, 2006, October 10, 2006 and October 26, 2006

You can obtain any of the documents incorporated by reference in this Offer to Purchase from us or from the SEC's web site at the address described above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents. You may request free copies of these filings by writing or telephoning us at the following address: Investor Relations Department, ClearOne Communications, Edgewater Corporate Park South Tower, 5225 Wiley Post Way, Suite 500, Salt Lake City, Utah 84116; Toll Free: (800) 945-7730; Email: investor_relations@clearone.com. You may also review and/or download free copies of these filings at our website at www.clearone.com. We are not incorporating the contents of our website into this Offer to Purchase and information contained on our website is not part of this Tender Offer.

10. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares

As of October 27, 2006, there were 12,145,068 shares of our Common Stock issued and outstanding. The 2,353,000 shares we are offering to purchase in the Tender Offer represent approximately 19% of the total number of issued and outstanding shares as of October 27, 2006.

As of October 27, 2006, our directors and executive officers as a group (9 persons) beneficially owned an aggregate of approximately 2,440,700 shares, representing approximately 19% of the total number of outstanding shares. Our directors and executive officers have advised us that they do not intend to tender any of their shares in the Tender Offer. Accordingly, assuming we purchase 2,353,000 shares in the Tender Offer, the Tender Offer will increase the proportional holdings of our directors and executive officers to approximately 23%. However, our directors and executive officers may, in compliance with stock ownership guidelines and applicable law, sell their shares in open market transactions at prices that may or may not be more favorable than the purchase price to be paid to our shareholders in the Tender Offer.

The aggregate number and percentage of shares of our Common Stock that were beneficially owned by our current directors and executive officers, as of October 27, 2006, were as set forth in the table below. Assuming we purchase an aggregate of 2,353,000 shares in the Tender Offer, and no director or executive officer tenders any shares in the Tender Offer, the percentage beneficial ownership of each director and executive officer after the Tender Offer will be approximately as set forth in the table below.

The following table identifies the aggregate number and percentage of the common stock owned by each of CLRO's current directors and executive officers, as well as the amount each of these persons will own after the offering, assuming exercise of all vested options.

	As of October 27, 2006		Percentage Owned After Tender Offer (with above stated assumptions)
	Number of Shares Owned	Percent Owned	
Executive Officers and Directors			
Edward Dallin Bagley (2)	1,844,101	14.4%	17.7%
Brad R. Baldwin (3)	216,166	1.7%	2.1%
Zee Hakimoglu (4)	138,088	1.1%	1.3%
Harry Spielberg (5)	77,000	0.6%	0.7%
Tracy A. Bathurst(6)	73,358	0.6%	0.7%
Larry R. Hendricks (7)	43,500	0.3%	0.4%
Scott M. Huntsman (8)	43,500	0.3%	0.4%
Marthes Solamuthus	5,000	0.0%	0.0%
Greg A. LeClaire	0	0.0%	0.0%
Directors and Executive Officers as a			
Group (9 people)	2,440,713	19.1%	23.4%

1 For each individual included in the table, the calculation of percentage of beneficial ownership is based on 12,145,068 shares of common stock outstanding as of October 27, 2006 and shares of common stock that could be acquired by the individual within 60 days of October 27, 2006, upon the exercise of options or otherwise.

2 Includes 126,166 shares held by Mr. Bagley's spouse with respect to which he disclaims beneficial ownership and options to purchase 168,500 shares that are exercisable within 60 days after October 27, 2006.

3 Includes 88,666 shares held in the Baldwin Family Trust; 9,000 shares owned directly, which are held in an IRA under the name of Mr. Baldwin; and options to purchase 118,500 shares that are exercisable within 60 days after October 27, 2006.

4 Includes options to purchase 126,388 shares that are exercisable within 60 days after October 27, 2006.

5 Includes options to purchase 77,000 shares that are exercisable within 60 days after October 27, 2006.

6 Includes options to purchase 72,860 shares that are exercisable within 60 days after October 27, 2006.

7 Includes options to purchase 43,500 shares that are exercisable within 60 days after October 27, 2006.

8 Includes options to purchase 43,500 shares that are exercisable within 60 days after October 27, 2006.

The Company has been advised that none of its directors or executive officers intends to tender any Shares pursuant to the Offer.

Stock Purchase Plan. We have an employee stock purchase plan for all eligible employees. Under the Stock Purchase Plan, the Company will contribute one share of Common Stock into the individual accounts of Participants, at no cost, for each nine shares of Common Stock purchased by such Participant under the Plan.

Recent Securities Transactions. Based on our records and on information provided to us by our directors, executive officers, affiliates, and subsidiaries, neither we nor any of our directors, executive officers, affiliates or subsidiaries have effected any transactions involving shares of our Common Stock during the 60 days prior to October 27, 2006, except as follows:

- Customary and ongoing purchases of shares through our Stock Purchase Plan authorized by the Board:

Date	Shares Purchases	Avg. Price Per Share
10/13/2006	4,000	3.52
10/12/2006	500	3.52
10/11/2006	2,000	3.52
10/10/2006	10,000	3.52
10/6/2006	359	3.50
10/5/2006	10,000	3.56
10/4/2006	3,000	3.53
9/28/2006	10,000	3.55
9/25/2006	500	3.65

- Zeynep Hakimoglu acquired a total 11,700 shares of CLRO at an average share price of \$3.50 in open market purchases between September 6, 2006 and September 12, 2006.
- Edward Dal Bagley acquired 5,000 shares of CLRO at a share price of \$3.30 in open market purchases on September 6, 2006. Mr. Bagley also acquired 3,000 shares of CLRO at a share price of \$3.60 and 12,866 shares of CLRO at a share price of \$3.52 in open market purchases on September 15, 2006.
- Marthes Solamuthu acquired 5,000 shares of CLRO at a share price of \$3.75 in open market purchases on September 13, 2006.
- The following stock options were granted to our directors and/or executive officers within the last 60 days:

Name	Grant Date	Number of Shares	Grant Price
Edward Dallin Bagley	9/18/06	15,000	3.65
Brad R. Baldwin	9/18/06	15,000	3.65
Zee Hakimoglu	9/18/06	150,000	3.65
Harry Spielberg	9/18/06	15,000	3.65
Tracy A. Bathurst	9/18/06	25,000	3.65
Larry R. Hendricks	9/18/06	15,000	3.65
Scott M. Huntsman	9/18/06	15,000	3.65
Marthes Solamuthus	8/23/06	50,000	3.26

Except as otherwise described herein and for the outstanding stock options, stock awards and other restricted equity interests granted to our directors, executive officers and other employees pursuant to our various Stock Option Plans, which are described in Note 12 to the financial statements contained in our Annual Report on Form 10-K for the year ended June 30, 2006, which descriptions are incorporated herein by reference, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any agreement, arrangement, understanding or relationship, whether or not legally enforceable, with any other person, relating, directly or indirectly, to the Tender Offer or with respect to any of our securities, including, but not limited to, any agreement, arrangement, understanding or relationship concerning the transfer or the voting of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

11. Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act

The Company's purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise be traded publicly and may reduce the number of stockholders. However, the Company believes that there will still be a sufficient number of Shares outstanding and publicly traded following consummation of the Offer to ensure a continued trading market for the Shares and, based on the published guidelines of OTC, continued listing of the Company's securities on OTC.

Shares the Company acquires pursuant to the Offer will be returned to the status of authorized but unissued shares and will be available for the Company to issue without further stockholder action (except as may be required by applicable law or the rules of OTC or any securities exchange on which the Shares are listed) for purposes including the acquisition of other businesses, the raising of additional capital for use in the Company's business and the satisfaction of obligations under existing or future stock option and employee benefit plans. CLRO has no current plans for issuance of the Shares repurchased pursuant to the Offer.

The Shares are registered under the Exchange Act, which requires, among other things, that the Company furnish certain information to its stockholders and the SEC and comply with the SEC's proxy rules in connection with meetings of the Company's stockholders. The Company believes that its purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for deregistration under the Exchange Act.

12. Legal Matters; Regulatory Approvals

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of shares as contemplated by the Tender Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for the acquisition of shares by us as contemplated by the Tender Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action where practicable within the time period contemplated by the Tender Offer. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered in the Tender Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business or financial condition.

13. United States Federal Income Tax Consequences

The following describes material United States federal income tax consequences relevant to the Tender Offer for U.S. Holders (as defined below). This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code") existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions.

This discussion deals only with shareholders who hold their shares as capital assets. This discussion does not deal with all tax consequences that may be relevant to all categories of holders (such as dealers in securities, foreign currencies, or commodities, traders in securities that elect to mark their holdings to market, financial institutions, regulated investment companies, real estate investment trusts, holders whose functional currency is not the United States dollar, insurance companies, tax-exempt organizations, foreign persons, holders with shares received through the exercise of qualified incentive stock options, holders who may be subject to the alternative minimum tax or personal holding company provisions of the Code, or holders who hold shares as part of a hedging, integrated, conversion or constructive sale transaction or as a position in a straddle). This discussion does not address the state, local or foreign tax consequences of participating in the Tender Offer. Holders of shares should consult their tax advisors as to the particular consequences to them of participation in the Tender Offer.

As used herein, a "U.S. Holder" means a beneficial holder of shares that is for United States federal income tax purposes: (a) an individual citizen or resident of the United States, (b) a corporation, partnership, or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) a trust has a valid election in effect to be treated as a United States person under applicable treasury regulations. The term also includes nonresident alien individuals, foreign corporations, foreign partnerships, and foreign estates and trusts ("foreign shareholders") to the extent that their ownership of the shares is effectively connected with the conduct of a trade or business within the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents. It should also be noted that certain "single member entities" are disregarded for U.S. federal income tax purposes. Such foreign shareholders that are single member non-corporate entities, should consult with their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

FOREIGN SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES AND ANY APPLICABLE FOREIGN TAX CONSEQUENCES OF THE TENDER OFFER AND ALSO SHOULD SEE SECTION 3 FOR A DISCUSSION OF APPLICABLE UNITED STATES WITHHOLDING RULES AND THE POTENTIAL FOR OBTAINING A REFUND OF ALL OR A PORTION OF ANY TAX WITHHELD.

If a limited liability company or partnership holds shares, the tax treatment of a member or partner will generally depend upon the status of such person and the activities of the limited liability company or partnership. A U.S. Holder that is a limited liability company or partnership should consult its own tax advisors regarding the treatment of its members or partners.

Non-Participation in the Tender Offer: U.S. Holders that do not participate in the Tender Offer will not incur any tax liability as a result of the consummation of the Tender Offer.

Exchange of Shares Pursuant to the Tender Offer: An exchange of shares for cash pursuant to the Tender Offer will be a taxable transaction for United States federal income tax purposes. A U.S. Holder that participates in the Tender Offer will be treated, depending on such U.S. Holder's particular circumstances, either as recognizing gain or loss from the disposition of the shares or as receiving a dividend distribution from the Company.

Sale or Exchange Treatment. Under Section 302 of the Code, a U.S. Holder whose shares are exchanged in the Tender Offer will be treated as having sold such U.S. Holder's shares, and thus will recognize capital gain or loss if the exchange (a) results in a "complete termination" of all such U.S. Holder's equity interest in the Company, (b) results in a "substantially disproportionate" redemption with respect to such U.S. Holder, or (c) is "not essentially equivalent to a dividend" to the U.S. Holder. In applying the Section 302 tests, a U.S. Holder must take into account stock that such U.S. Holder constructively owns under attribution rules, pursuant to which the U.S. Holder will be treated as owning Company shares owned by certain family members (except that in the case of a "complete termination" a U.S. Holder may waive, under certain circumstances, attribution from family members) and related entities and Company stock that the U.S. Holder has the right to acquire by exercise of an option.

An exchange results in a "complete termination" of a U.S. Holder's equity interest in the Company if all of the shares that are owned or deemed owned by the U.S. Holder are exchanged in the Tender Offer.

An exchange of shares for cash will be a "substantially disproportionate" redemption with respect to a U.S. Holder if (i) the percentage of the then-outstanding voting shares owned or deemed owned by such U.S. Holder in the Company immediately after the exchange is less than 80% of the percentage of shares owned or deemed owned by such U.S. Holder in the Company immediately before the exchange.

If an exchange of shares for cash in the Tender Offer does not qualify as a "complete termination" of the U.S. Holder's interest in the Company and also fails to satisfy the "substantially disproportionate" test, the U.S. Holder nonetheless may satisfy the "not essentially equivalent to a dividend" test. An exchange of shares for cash will satisfy the "not essentially equivalent to a dividend" test if it results in a "meaningful reduction" of the U.S. Holder's equity interest in the Company. The Internal Revenue Service (the "IRS") has indicated in a published revenue ruling that an exchange of shares for cash that results in a reduction of the proportionate equity interest in the Company of a U.S. Holder whose relative equity interest in the Company is minimal (an interest of less than one percent should satisfy this requirement) and that does not exercise any control over or participate in the management of the Company's corporate affairs should be treated as "not essentially equivalent to a dividend." A U.S. Holder should consult its tax advisor regarding the application of the rules of Section 302 in such U.S. Holder's particular circumstances.

If a U.S. Holder is treated as recognizing gain or loss from the disposition of such U.S. Holder's shares for cash, such gain or loss will be equal to the difference between the amount of cash received and such U.S. Holder's adjusted tax basis in the shares exchanged therefore. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the shares for more than one year as of the date of the exchange. Specific limitations may apply to the deductibility of capital losses by U.S. Holders.

Dividend Treatment. If a U.S. Holder does not meet the requirements of Section 302 of the Code, the exchange of the U.S. Holder's shares by the Company in the Tender Offer will not be treated as a sale or exchange under Section 302 of the Code with respect to the U.S. Holder. Instead, the cash received by such U.S. Holder pursuant to the exchange will be treated as a dividend to the extent of the portion of the Company's current and accumulated earnings and profits allocable to such shares. To the extent that amounts received pursuant to the Tender Offer exceed a U.S. Holder's allocable share of the Company's current and accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, causing a reduction in the adjusted tax basis of such U.S. Holder's shares, and any amounts in excess of the U.S. Holder's adjusted tax basis will constitute capital gain. Any remaining adjusted tax basis in the shares tendered will be transferred to any remaining shares held by such U.S. Holder. The amount of the current and accumulated earnings and profits of the Company has not been established.

Provided certain holding period requirements are satisfied, non-corporate holders generally will be subject to United States federal income tax at a maximum rate of 15% on amounts treated as dividends, i.e., the entire amount of cash received without reduction for the tax basis of the shares exchanged.

To the extent that cash received in exchange for shares is treated as a dividend to a corporate U.S. Holder, (i) it will be eligible for a dividends-received deduction (subject to applicable limitations) to the extent of the earnings and profits of the Company and (ii) it will be subject to the “extraordinary dividend” provisions of Section 1059 of the Code. Corporate U.S. Holders should consult their tax advisors concerning the availability of the dividends-received deduction and the application of the “extraordinary dividend” provisions of the Code in their particular circumstances.

We cannot predict whether or the extent to which the Tender Offer will be oversubscribed. If the Tender Offer is oversubscribed, proration of tenders pursuant to the Tender Offer will cause the Company to accept fewer shares than are tendered. Therefore, a U.S. Holder can be given no assurance that a sufficient number of such U.S. Holder’s shares will be purchased pursuant to the Tender Offer to ensure that such purchase will be treated as a sale or exchange, rather than as a dividend, for United States federal income tax purposes pursuant to the rules discussed above.

See Section 3 with respect to the application of United States federal income tax withholding and backup withholding.

THE FEDERAL TAX DISCUSSION SET FORTH ABOVE MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER’S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE TENDER OFFER UNDER APPLICABLE FEDERAL, STATE OR LOCAL LAWS. FOREIGN SHAREHOLDERS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO HOLDERS WHO ARE NOT U.S. PERSONS.

14. Extension of the Tender Offer; Termination; Amendment

The Company expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 6 shall have occurred or shall be deemed by the Company to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depositary and making a public announcement thereof. The Company also expressly reserves the right, in its sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 6 hereof by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement thereof. The Company’s reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that the Company must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, the Company further reserves the right, in its sole discretion, and regardless of whether any of the events set forth in Section 6 shall have occurred or shall be deemed by the Company to have occurred, to amend the Offer in any respect (including by decreasing or increasing the consideration offered in the Offer to holders of Shares or by decreasing or increasing the number of Shares being sought in the Offer). Amendments to the Offer may be made at any time and from time to time effected by public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., Eastern time, on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of such change. Without limiting the manner in which the Company may choose to make a public announcement, except as required by applicable law, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If we materially change the terms of the Tender Offer or the information concerning the Tender Offer, we will extend the Tender Offer to the extent required by Rules 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules and certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer must remain open following material changes in the terms of the Tender Offer or information concerning the Tender Offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information; however, in no event will the Tender Offer remain open for fewer than five business days following such a material change in the terms of, or information concerning, the Tender Offer. If (1)(i) we increase or decrease the price to be paid for shares, (ii) decrease the number of shares being sought in the Tender Offer, or (iii) increase the number of shares being sought in the Tender Offer by more than 2% of our outstanding shares and (2) the Tender Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an increase or decrease is first published, sent or given to shareholders in the manner specified in this Section 14, the Tender Offer will be extended until the expiration of such ten business day period.

15. Fees and Expenses

The Company has retained American Stock Transfer and Trust Company to act as Depositary. The Depositary, will receive approximately \$17,500 as compensation for its services. In addition, the Company estimates approximately an additional \$25,000 for administrative expenses including legal services and mailing costs in connection with the Offer.

The Company may retain an Information Agent to contact stockholders by mail, telephone, telegraph and personal interviews and to request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Depositary will receive reasonable and customary compensation for its services as such, will be reimbursed by the Company for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. The Depositary has not been retained to make solicitations or recommendations in connection with the Offer.

The Company will not pay fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer. The Company will, however, upon request through the Depositary or the Company, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by such persons in forwarding the Offer and related materials to the beneficial owners of Shares held by any such person as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of the Company for purposes of the Offer.

The Company will pay or cause to be paid all stock transfer taxes, if any, on its purchase of Shares except as otherwise provided in the instruction included in the Letter of Transmittal.

16. Miscellaneous

Pursuant to Rule 13e-4(c)(2) under the Exchange Act, we have filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which contains additional information with respect to the Tender Offer. The Schedule TO, including the exhibits and any amendments and supplements thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth in Section 9 with respect to information concerning us.

Our Board of Directors has authorized an ongoing share repurchase program for the purchase of up to an additional \$2 Million of shares which expires in August 2007. However, Rule 13e-4(f) under the Exchange Act prohibits us from purchasing any shares, other than in the Tender Offer until at least 10 business days after the Expiration Time. Accordingly, any additional purchases outside the Tender Offer may not be consummated until at least 10 business days after the Expiration Time.

This Offer to Purchase and the Letter of Transmittal do not constitute an offer to purchase securities in any jurisdiction in which such offer is not permitted or would not be permitted. If we become aware of any jurisdiction where the making of the Tender Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, we will make a good faith effort to comply with the applicable law where practicable. If, after such good faith effort, we cannot comply with the applicable law, the Tender Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares in such jurisdiction.

You should only rely on the information contained in this Offer to Purchase or to which we have referred to you. We have not authorized any person to make any recommendation on behalf of us as to whether you should tender or refrain from tendering your shares in the Tender Offer. We have not authorized any person to give any information or to make any representation in connection with the Tender Offer other than those contained in this Offer to Purchase or in the Letter of Transmittal. If anyone makes any recommendation, gives you any information or makes any representation, you must not rely upon that recommendation, information or representation as having been authorized by us, the Dealer Managers, the Depositary or the Information Agent.

ClearOne Communications, Inc.

November 6, 2006

The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each shareholder of the Company or his or her bank, broker, dealer, trust company or other nominee to the Depositary as follows:

The Depositary for the Tender Offer is:

American Stock Transfer and Trust Company

By Mail:	By Overnight Courier:	By Hand
American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Attn: Reorganization Department 59 Maiden Lane Concourse Level New York, NY 10038

Delivery of the Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Additional copies of the Offer to Purchase, the Letter of Transmittal or other tender offer materials may be obtained from the Company and will be furnished at the Company's expense. Questions and requests for assistance may be directed to the Company as set forth below. Stockholders may also contact their local broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

ClearOne Communications, Inc.
Greg A. LeClaire
Edgewater Corporate Park South Tower
5225 Wiley Post Way, Suite 500
Salt Lake City, Utah 84116

Banks and Brokers Call: (801) 303-3555
All Others Call Toll Free: (800) 945-7730

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK OF
CLEARONE COMMUNICATIONS, INC.
PURSUANT TO THE OFFER TO PURCHASE DATED NOVEMBER 6, 2006

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT MIDNIGHT
NEW YORK CITY TIME, ON WEDNESDAY, DECEMBER 6, 2006 UNLESS THE OFFER IS EXTENDED.

THE DEPOSITARY FOR THE OFFER IS:

American Stock Transfer and Trust Company

By Mail:	By Overnight Courier:	By Hand
American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Attn: Reorganization Department 59 Maiden Lane Concourse Level New York, NY 10038

Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary. You must sign this Letter of Transmittal in the appropriate space provided below, with signature guarantee if required, and complete the Substitute Form W-9 set forth below.

DESCRIPTION OF SHARES TENDERED			
Name(s) and Address(es) of Registered Holder(s) (Please Fill in, if blank)	Share Certificate(s) and Share(s) Tendered (Please attach additional signed list, if necessary)		
	Common Stock Share Certificate Number(s) (1)	Total Number of Shares of Common Stock Represented by Share Certificate(s) (1)	Number of Shares of Common Stock Tendered (2)
	Total Shares Tendered		
	(1) Need not be completed by shareholders who deliver Shares by book-entry transfer (“Book-Entry Shareholders”).		
	(2) Unless otherwise indicated, all Shares represented by Share Certificates delivered to the Depositary will be deemed to have been tendered. See Instruction 4.		
o Check here if Share Certificates have been lost or mutilated. See Instruction 11 and 14			

Indicate in this box the order (by certificate number) in which Shares are to be purchased in the event of proration. (3) (Attach additional signed list if necessary.) See Instruction 13.
1st:
2nd:
3rd:
4th:
5th:

(3) If you do not designate an order, then in the event less than all Shares tendered are purchased due to proration, Shares will be selected for purchase by the Depositary. See Instruction 13.

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS, CAREFULLY BEFORE CHECKING ANY BOX BELOW.

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. DELIVERIES TO THE COMPANY WILL NOT BE FORWARDED TO THE DEPOSITARY AND THEREFORE WILL NOT CONSTITUTE VALID DELIVERY. DELIVERIES TO THE BOOK-ENTRY TRANSFER FACILITY WILL NOT CONSTITUTE VALID DELIVERY TO THE DEPOSITARY.

This Letter of Transmittal is to be used only if certificates are to be forwarded herewith or if delivery of Shares (as defined below) is to be made by book-entry transfer to the Depositary's account at The Depositary Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in Section 3 of the Offer to Purchase (as defined below). Stockholders whose Shares certificates are not immediately available, who cannot deliver certificates and any other documents required to the Depositary by the Expiration Date (as defined in the Offer to Purchase), or who cannot complete the procedure for book-entry transfer prior to the Expiration Date must tender their Shares using the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. See Instruction 2.

NOTE: SIGNATURES MUST BE PROVIDED ON PAGE 5. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to ClearOne Communications, Inc., a Utah corporation (the "Company"), the above-described shares of its common stock, par value \$.001 per share (such shares, together with associated common stock purchase rights, between the Company and American Stock Transfer & Trust Company as acting Rights Agent for purposes of the Offer, are hereinafter referred to as the "Shares"), at the price per Share of \$4.25, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 6, 2006 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer").

Subject to, and effective upon, acceptance for payment of and payment for the Shares tendered herewith in accordance with the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to all the Shares that are being tendered hereby or orders the registration of such Shares tendered by book-entry transfer that are purchased pursuant to the Offer to or upon the order of the Company and hereby irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to:

- (i) deliver certificates for such Shares, or transfer ownership of such Shares on the account books maintained by the Book-Entry Transfer Facility, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Company upon receipt by the Depositary, as the undersigned's agent, of the Purchase Price (as defined below) with respect to such Shares;
- (ii) present certificates for such Shares for cancellation and transfer on the books of the Company; and
- (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to the Company that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and that, when and to the extent the same are accepted for payment by the Company, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations relating to the sale or transfer thereof, and the same will not be subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or the Company to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby.

The undersigned represents and warrants to the Company that the undersigned has read and agrees to all of the terms of the Offer. All authority herein conferred or agreed to be conferred shall not be affected by and shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the Instructions will constitute the undersigned's acceptance of the terms and conditions of the Offer, as well as the undersigned's representation and warranty to the Company that (i) the undersigned has a net long position in the Shares or equivalent securities being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (ii) the tender of such Shares complies with Rule 14e-4 of the Exchange Act. The Company's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

The names and addresses of the registered holders should be printed, if they are not already printed above, exactly as they appear on the certificates representing Shares tendered hereby. The certificate numbers, the number of Shares represented by such certificates and the number of Shares that the undersigned wishes to tender should be indicated in the appropriate boxes on this Letter of Transmittal.

The undersigned understands that the Company will purchase 2,353,000 Shares (or such lesser number of Shares as are validly tendered and not withdrawn) at the Purchase Price, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions of the Offer, including its proration provisions, and that the Company will return all other Shares, including Shares not purchased because of proration. See Section 1 of the Offer to Purchase.

The undersigned recognizes that, under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may postpone the acceptance for payment of, or the payment for, Shares tendered or may not be required to purchase any of the Shares tendered hereby or may accept for payment fewer than all of the Shares tendered hereby.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the Purchase Price of any Shares purchased, and/or return any Shares not tendered or not purchased, in the name(s) of the undersigned (and, in the case of Shares tendered by book-entry transfer, by credit to the account at the Book-Entry Transfer Facility). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the Purchase Price of any Shares purchased and any certificates for Shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please issue the check for the Purchase Price of any Shares purchased and return any Shares not tendered or not purchased in the name(s) of, and mail such check and any certificates to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Payment Instructions," to transfer any Shares from the name of the registered holder(s) thereof if the Company does not accept for payment any of the Shares so tendered.

The undersigned understands that acceptance of Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

SHARES ARE BEING TENDERED AT \$4.25 PER SHARE

ODD LOTS
(SEE INSTRUCTION 8)

This section is to be completed ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on November 3, 2006, and who continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares.

The undersigned either (check one box):

☐ owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares, all of which are being tendered, or

☐ is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such beneficial owner owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and is tendering all such Shares.

SPECIAL PAYMENT INSTRUCTIONS (SEE INSTRUCTIONS 1, 6, 7 AND 8)

To be completed ONLY if the check for the aggregate Purchase Price of Shares purchased and certificates for Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned.

Issue: ☐ check and/or ☐ certificate(s) to:

Name: _____
(PLEASE PRINT)

Address: _____

(Including Zip Code)

(TAX IDENTIFICATION OR SOCIAL SECURITY NO.)

(Book-Entry Transfer Facility Account Number)

(Also complete Substitute Form W-9)

SPECIAL PAYMENT INSTRUCTIONS (SEE INSTRUCTIONS 6 AND 8)

To be completed ONLY if the check for Purchase Price of Shares purchased and/or certificates for Shares not tendered or not purchased are to be mailed to someone other than the undersigned at an address other than that shown below the undersigned's signature(s).

Issue: ☐ check and/or ☐ certificate(s) to:

Name: _____
(PLEASE PRINT)

Address: _____

(Including Zip Code)

(TAX IDENTIFICATION OR SOCIAL SECURITY NO.)

(Book-Entry Transfer Facility Account Number)

(Also complete Substitute Form W-9)

IMPORTANT
PLEASE SIGN HERE
(To be completed by all Stockholders)

Signature(s) of stockholder(s): _____

Dated: _____, 2006

Name(s): _____

(PLEASE PRINT)

Capacity (Full Title): _____

Address: _____

(INCLUDE ZIP CODE)

Area Code and Telephone No.: _____

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 6.)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 6)

Firm Name: _____
(PLEASE PRINT)

Authorized Signature: _____

Title: _____

Address: _____

(INCLUDE ZIP CODE)

Area Code and Telephone No.: _____

Dated: _____, 2006

AFFIDAVIT FOR LOST STOCK CERTIFICATE(S)

The undersigned hereby attests and certifies the following: That I am the lawful owner of the certificate(s) listed on this letter of transmittal as lost. That a search for the certificate(s) has been conducted and that these certificate(s) cannot be located. That these certificate(s) have not been endorsed, hypothecated, sold or had their ownership pledged or encumbered in any form, whatsoever.

In requesting the replacement of this certificate(s), I hereby agree that: If these certificate(s) are subsequently located, they will be tendered for cancellation. That I indemnify, protect and hold harmless ClearOne Communications, Inc. American Stock Transfer & Trust Company, and any other party from and against all losses, expenses, costs and damages including legal fees that may be subjected to these parties at any time in the future as a result of the cancellation and replacement of the certificate(s). All rights accruing to these parties will not be limited by their negligence, breach of duty, accident, or other obligation on the part of or by any officer or employee of the parties.

I acknowledge that the certificate(s) will be replaced under an insurance bond. Please contact American Stock Transfer & Trust Company at 800-937-5449 to determine the required premium of the bond. My check, payable to American Stock Transfer & Trust Company to cover the premium, is enclosed. I further acknowledge that any filing of an insurance application with materially false or misleading information is a fraudulent insurance act and may be considered a crime.

Sign Here: _____

Co-owner, if any: _____

Date: ____, 20 ____

SUBSTITUTE FORM W-9

Department of the Treasury
Internal Revenue Service
Payer's Request for Taxpayer Identification Number

(See Instruction 8)

Please fill in your name and address below.

Name

Business name, if different from above

Check appropriate box:

- ☐ Individual/Sole proprietor
- ☐ Corporation
- ☐ Partnership
- ☐ Other

Address (number and street)

City, State and Zip Code

Part 1 - TAXPAYER IDENTIFICATION NO. - FOR ALL ACCOUNTS ENTER YOUR TAXPAYER IDENTIFICATION NUMBER IN THE APPROPRIATE BOX. FOR MOST INDIVIDUALS AND SOLE PROPRIETORS, THIS IS YOUR SOCIAL SECURITY NUMBER. FOR OTHER ENTITIES, IT IS YOUR EMPLOYER IDENTIFICATION NUMBER. IF YOU DO NOT HAVE A NUMBER, SEE "HOW TO OBTAIN A TIN" IN THE ENCLOSED GUIDELINES.

Note: If the account is in more than one name, see the chart on the enclosed Guidelines to determine what number to enter.

Social Security Number(s)

OR

Employer Identification Number(s)

Part 2 - Certification - For Payees Exempt from Backup Withholding (see enclosed Guidelines) - Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien).

Part 3 - Awaiting TIN []

Certification Instructions - You must cross out Item (2) in Part 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the enclosed Guidelines).

SIGNATURE _____ DATE _____, 2006

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING AT THE APPLICABLE WITHHOLDING RATE OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE TENDER OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to you within 60 days, you are required to withhold the applicable withholding rate of all reportable payments thereafter made to me until I provide a number.

SIGNATURE _____

DATE _____, 2006

INSTRUCTIONS FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. **GUARANTEE OF SIGNATURES.** Except as provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm that is an Eligible Institution (as defined below), unless (i) this Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) tendered herewith and such holder(s) have not completed the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on this Letter of Transmittal, or (ii) such Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company (not a savings bank or savings and loan association) having an office, branch or agency in the United States (each such entity, an "Eligible Institution"). See Instruction 6.

2. **DELIVERY OF LETTER OF TRANSMITTAL AND SHARE CERTIFICATES; GUARANTEED DELIVERY PROCEDURES.** This Letter of Transmittal is to be used either if Share certificates are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer pursuant to the procedures set forth in Section 3 of the Offer to Purchase. Certificates for all physically delivered Shares, or a confirmation of a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Depository at its address set forth on the front page of this Letter of Transmittal prior to the Expiration Date. If certificates are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery.

Stockholders whose Share certificates are not immediately available, who cannot deliver their Shares and all other required documents to the Depository or who cannot complete the procedure for delivery by book-entry transfer prior to the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company (with any required signature guarantees) along with a properly completed and duly executed Letter of Transmittal must be received by the Depository prior to the Expiration Date; and (iii) the certificates for all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility of all Shares delivered electronically, in each case together with a properly completed and duly executed Letter of Transmittal and any other documents required by this Letter of Transmittal, must be received by the Depository within three trading days on The OTC after the date the Depository receives such Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING SHARE CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERTY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative or contingent tenders will be accepted. By executing this Letter of Transmittal, the tendering stockholder waives any right to receive any notice of the acceptance for payment of the Shares.

3. **INADEQUATE SPACE.** If the space provided herein is inadequate, the certificate numbers and the number of Shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. **PARTIAL TENDERS (NOT APPLICABLE TO STOCKHOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER).** If fewer than all the Shares represented by any certificate delivered to the Depositary are to be tendered, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the "Special Payment Instructions" or "Special Delivery Instructions" boxes on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Offer. All Shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. **SIGNATURES ON LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS.** If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signatures(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the Purchase Price is to be made to, or Shares not tendered or not purchased are to be registered in the name of, any person other than the registered holder(s), in which case the certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such certificates. Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution. See Instruction 1.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, certificates evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on such certificate(s). Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution. See Instruction 1.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted.

6. **STOCK TRANSFER TAXES.** The Company will pay or cause to be paid any stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the aggregate Purchase Price is to be made to, or Shares not tendered or not purchased are to be registered in the name of, any person other than the registered holder(s), or if tendered Shares are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted. See Section 5 of the Offer to Purchase. EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY TO AFFIX TRANSFER TAX STAMPS TO THE CERTIFICATES REPRESENTING SHARES TENDERED HEREBY.

7. **SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS.** If a check for the purchase price of any Shares tendered hereby is to be issued in the name of, or any Shares not tendered or not purchased are to be returned to, a person other than the person(s) signing this Letter of Transmittal, or if the check or any certificates for Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to an address other than that shown above in the box captioned "Description of Shares Tendered," then the boxes captioned "Special Payment Instructions" and "Special Delivery Instructions" on this Letter of Transmittal should be completed. Stockholders tendering Shares by book-entry transfer will have any Shares not accepted for payment returned by crediting the account maintained by such stockholder at the Book-Entry Transfer Facility from which such transfer was made.

8. **ODD LOTS.** As described in Section 1 of the Offer to Purchase, if fewer than all Shares validly tendered and not withdrawn prior to the Expiration Date are to be purchased, the Shares purchased first will consist of all Shares tendered by any stockholder who owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and who validly tendered all such Shares. Partial tenders of Shares will not qualify for this preference and this preference will not be available unless the box captioned "Odd Lots" in this Letter of Transmittal and the Notice of Guaranteed Delivery, if any, is completed.

9. **SUBSTITUTE FORM W-9 AND FORM W-8BEN.** Under the United States federal income tax backup withholding rules, unless an exemption applies under the applicable law and regulations, the applicable withholding rate of the gross proceeds payable to a stockholder or other payee pursuant to the Offer must be withheld and remitted to the United States Treasury, unless the stockholder or other payee provides such person's taxpayer identification number (employer identification number or social security number) to the Depositary and certifies that such number is correct. Therefore, each tendering stockholder must complete and sign the Substitute Form W-9 included as part of this Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding, unless such stockholder otherwise establishes to the satisfaction of the Depositary that it is not subject to backup withholding. Certain stockholders (including, among others, all corporations and certain foreign stockholders) are not subject to these backup withholding requirements. To prevent possible erroneous backup withholding, an exempt holder must enter its correct taxpayer identification number in Part 1 of Substitute Form W-9, certify that such Stockholder is not subject to backup withholding in Part 2 of such form, and sign and date the form. See the enclosed Guidelines for Certification of Taxpayer Identification Number or Substitute Form W-9 for additional instructions. In order for a foreign stockholder to qualify as an exempt recipient, a foreign stockholder must submit a statement, generally IRS Form W-8BEN, signed under penalties of perjury, attesting to that stockholder's exempt status. Form W-8BEN may be obtained from the Depositary.

10. **WITHHOLDING ON FOREIGN STOCKHOLDERS.** Gross proceeds payable pursuant to the Tender Offer to a foreign shareholder or its agent will be subject to withholding of United States federal income tax at a rate of 30%, unless the Company determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the United States and, in either case, the foreign shareholder provides the appropriate certification, as described below. For this purpose, a foreign shareholder is any shareholder that is not for United States federal income tax purposes: (a) an individual citizen or resident of the United States, (b) a corporation, partnership, or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust if either: (1) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (2) a trust has a valid election in effect to be treated as a United States person under applicable treasury regulations.

A foreign shareholder may be eligible to file for a refund of such tax or a portion of such tax withheld if such shareholder meets the "complete termination," "substantially disproportionate" or "not essentially equivalent to a dividend" tests described in Section 13 or if such shareholder is entitled to a reduced rate of withholding pursuant to a tax treaty and we withheld at a higher rate. In order to obtain a reduced rate of withholding under a tax treaty, a foreign shareholder must deliver to the Depositary before payment a properly completed and executed IRS Form W-8BEN claiming such an exemption or reduction. Such forms can be obtained from the Depositary. In order to claim an exemption from withholding on the grounds that gross proceeds paid pursuant to the Tender Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depositary a properly completed and executed IRS Form W-8ECI claiming such exemption. Such forms can be obtained from the Depositary. See Instruction 2 of the Letter of Transmittal. Backup withholding generally will not apply to amounts subject to the 30% or a treaty-reduced rate of withholding. Foreign shareholders are urged to consult their own tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

11. **REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance may be directed to the Depositary or the Company at its address and telephone number below. Requests for additional copies of the Offer to Purchase, this Letter of Transmittal or other tender offer materials may be directed to the Depositary or the Company, and such copies will be furnished promptly at the Company's expense. Stockholders may also contact their local broker, dealer, commercial bank or trust company for documents relating to, or assistance concerning, the Offer.

12. **IRREGULARITIES.** All questions as to the number of Shares to be accepted, the price to be paid therefore and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular Shares or any particular stockholder. No tender of Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. None of the Company, the Depositary, or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.

13. **ORDER OF PURCHASE IN EVENT OF PRORATION.** As described in Section 1 of the Offer to Purchase, stockholders may designate the order in which their Shares are to be purchased in the event of proration. The order of purchase may have an effect on the United States federal income tax classification of any gain or loss on the Shares purchased. See Sections 1 and 13 of the Offer to Purchase.

14. LOST CERTIFICATES. If the certificate(s) which a registered holder (or transferee) wants to surrender has been lost or destroyed, that fact should be indicated on the face of this Letter of Transmittal which should then be delivered to the Exchange Agent after being otherwise properly completed and duly executed. In such event, the Exchange Agent will forward additional documentation necessary to be completed in order to effectively replace such lost or destroyed certificate(s).

CLEARONE COMMUNICATIONS, INC.

Notice of Guaranteed Delivery of Shares of Common Stock

This form, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if certificates for the shares of common stock of ClearOne Communications, Inc. are not immediately available, if the procedure for book-entry transfer cannot be completed on a timely basis, or if time will not permit all other documents required by the Letter of Transmittal to be delivered to the Depositary (as defined below) prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase defined below). Such form may be delivered by hand or transmitted by mail or overnight courier to the Depositary. See Section 3 of the Offer to Purchase. The eligible institution which completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for Shares to the Depositary within the time shown herein. Failure to do so could result in a financial loss to such eligible institution.

THE DEPOSITARY FOR THE OFFER IS:

American Stock Transfer and Trust Company

By Mail:	By Overnight Courier:	By Hand
American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Operations Center Attn: Reorganization Department 6201 15 th Avenue Brooklyn, NY 11219	American Stock Transfer & Trust Company Attn: Reorganization Department 59 Maiden Lane Concourse Level New York, NY 10038

Delivery of this instrument to an address other than as set forth above will not constitute a valid delivery.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

FOR USE BY ELIGIBLE INSTITUTIONS ONLY

Ladies and Gentlemen:

The undersigned hereby tenders to ClearOne Communications, Inc., a Utah corporation (the "Company"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 6, 2006 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged, the number of shares of common stock, par value \$.001 per share (such shares, together with associated common stock purchase rights, between the Company and American Stock Transfer & Trust Company as acting Rights Agent for purposes of the Offer, are hereinafter referred to as the "Shares"), of the Company listed below, pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Certificate Nos. (if available): _____ Number of Shares: _____

Name(s): _____
(Please Print)

Address(es): _____
Zip Code

Name of Institution that Guaranteed Delivery: _____

Area Code and Telephone Number: _____

SIGN HERE _____

Dated: _____

If Shares will be tendered by book entry transfer:

Name of Tendering Institution: _____

DTC Participant Number: _____

ODD LOTS
(SEE INSTRUCTION 8)

This section is to be completed ONLY if Shares are being tendered by or on behalf of a person who owned beneficially as of the close of business on November 3, 2006, and who continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares.

The undersigned either (check one box):

☐ owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares, all of which are being tendered, or

☐ is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such beneficial owner owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and is tendering all such Shares.

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member of a registered national securities exchange or NYSE, or a commercial bank or trust company (not a savings bank or savings and loan association) having an office, branch or agency in the United States hereby guarantees: (i) that the above-named person(s) has a net long position in the Shares being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended; (ii) that such tender of Shares complies with Rule 14e-4; and (iii) to deliver to the Depositary at its address set forth above certificate(s) for the Shares tendered hereby, in proper form for transfer, or a confirmation of the book-entry transfer of the Shares tendered hereby into the Depositary's account at The Depositary Trust Company, in each case together with a properly completed and duly executed Letter(s) of Transmittal, with any required signature guarantee(s) and any other required documents, all within three trading days on The OTC after the Depositary receives this Notice.

Name of Firm	Authorized Signature
Address	Name (Please Print)
City, State, Zip Code	Title
Area Code and Telephone Number	Dated:

DO NOT SEND SHARE CERTIFICATES WITH THIS FORM. YOUR SHARE CERTIFICATES MUST BE SENT WITH THE LETTER OF TRANSMITTAL

CLEARONE COMMUNICATIONS, INC.

OFFER TO PURCHASE FOR CASH

UP TO 2,353,000 SHARES OF ITS COMMON STOCK
AT
A PURCHASE PRICE OF \$4.25 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT MIDNIGHT,
NEW YORK CITY TIME, ON WEDNESDAY, DECEMBER 6, 2006, UNLESS THE OFFER IS EXTENDED.

November 6, 2006

To Brokers, Dealers, Commercial
Banks, Trust Companies and
Other Nominees:

We are enclosing the material listed below relating to the offer of ClearOne Communications, Inc., a Utah corporation (the "Company"), to purchase up to 2,353,000 shares of its common stock, par value \$.001 per share (such shares, together with associated common stock purchase rights, between the Company and American Stock Transfer & Trust Company as acting Rights Agent for purposes of the Offer, are hereinafter referred to as the "Shares"), at a price of \$4.25 per Share (the "Purchase Price"), net to the seller in cash, specified by tendering stockholders, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 6, 2006 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer").

The Company will, upon the terms and subject to the conditions of the Offer, purchase 2,353,000 Shares (or such lesser number of Shares as are validly tendered and not withdrawn) pursuant to the Offer. The Company will pay the Purchase Price for all Shares validly tendered and not withdrawn, upon the terms and subject to the conditions of the Offer, the procedure pursuant to which Shares will be accepted for payment and the proration provisions. Certificates representing Shares not purchased because of proration will be returned at the Company's expense. The Company reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer.

THIS OFFER IS NOT CONDITIONED UPON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6 OF THE OFFER TO PURCHASE.

We are asking you to contact your clients for whom you hold Shares registered in your name (or in the name of your nominee) or who hold Shares registered in their own names. Please bring the Offer to their attention as promptly as possible. The Company will, upon request, reimburse you for reasonable and customary handling and mailing expenses incurred by you in forwarding any of the enclosed materials to your clients.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer to Purchase;
2. The Letter of Transmittal for your use and for the information of your clients;
3. A letter to stockholders of the Company from Zeynep Hakimoglu, President and Chief Executive Officer;
4. The Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents cannot be delivered to the Depository by the Expiration Date (each as defined in the Offer to Purchase);
5. A letter that may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space for obtaining such clients' instructions with regard to the Offer; and
6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to United States federal income tax backup withholding.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT MIDNIGHT., NEW YORK CITY TIME, ON WEDNESDAY, DECEMBER 6, 2006, UNLESS THE OFFER IS EXTENDED.

The Company will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer. The Company will, upon request, reimburse you for reasonable and customary handling and mailing expenses incurred by you in forwarding materials relating to the Offer to your customers. The Company will pay all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, subject to Instruction 7 of the Letter of Transmittal.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depositary with either certificate(s) representing the tendered Shares or confirmation of their book-entry transfer, all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

As described in the Offer to Purchase, if more than 2,353,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer) have been validly tendered and not withdrawn prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) the Company will accept Shares for purchase in the following order of priority: (i) all Shares validly tendered and not withdrawn prior to the Expiration Date by any shareholder who owned beneficially as of the close of business on November 3, 2006 and who continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and who validly tenders all of such Shares (partial tenders will not qualify for this preference) and completes the box captioned "Odd Lots" in the Letter of Transmittal and, if applicable, the Notice of Guaranteed Delivery; and (ii) after purchase of all of the foregoing Shares, all other Shares validly tendered and not withdrawn prior to the Expiration Date on a pro rata basis.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO STOCKHOLDERS AS TO WHETHER TO TENDER SHARES OR REFRAIN FROM TENDERING THEIR SHARES. EACH STOCKHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

Any questions or requests for assistance may be directed to the Company at its address and telephone number set forth on the back cover of the enclosed Offer to Purchase. Additional copies of the enclosed materials may be requested from the Company.

Very truly yours,

ClearOne Communications, Inc.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS THE AGENT OF THE COMPANY, THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

CLEARONE COMMUNICATIONS, INC.

OFFER TO PURCHASE FOR CASH

UP TO 2,353,000 SHARES OF ITS COMMON STOCK

AT

A PURCHASE PRICE OF \$4.25 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT MIDNIGHT,
NEW YORK CITY TIME, ON WEDNESDAY, DECEMBER 6, 2006, UNLESS THE OFFER IS EXTENDED.

November 6, 2006

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated November 6, 2006 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") setting forth an offer by ClearOne Communications, Inc., a Utah corporation (the "Company"), to purchase up to 2,353,000 shares of its common stock, par value \$.001 per share (such shares, together with associated common stock purchase rights, between the Company and American Stock Transfer & Trust Company as acting Rights Agent for purposes of the Offer, are hereinafter referred to as the "Shares"), at a price of \$4.25 per Share (the "Purchase Price"), net to the seller in cash, upon the terms and subject to the conditions of the Offer. Also enclosed herewith is certain other material related to the Offer.

The Company will, upon the terms and subject to the conditions of the Offer, purchase 2,353,000 Shares (or such lesser number of Shares as are validly tendered and not withdrawn) pursuant to the Offer. The Company will pay the Purchase Price for all Shares validly tendered and not withdrawn, upon the terms and subject to the conditions of the Offer, the procedure pursuant to which Shares will be accepted for payment and the proration provisions. Certificates representing Shares not purchased because of proration will be returned at the Company's expense. The Company reserves the right, in its sole discretion, to purchase more than 2,353,000 Shares pursuant to the Offer. See Section 1 of the Offer to Purchase.

THIS OFFER IS NOT CONDITIONED UPON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6 OF THE OFFER TO PURCHASE.

We are the holder of record of Shares held for your account. As such, a tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

We request instructions as to whether you wish us to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal.

Your attention is invited to the following:

- (1) You may tender Shares at a price of \$4.25 per Share, as indicated in the attached Instruction Form, net to you in cash.
- (2) The Offer is for a maximum of 2,353,000 Shares, constituting approximately 19% of the total Shares outstanding as of. The Offer is subject to certain conditions set forth in Section 6 of the Offer to Purchase.
- (3) The Offer, proration period and withdrawal rights will expire at Midnight, New York City time, on Wednesday, December 6, 2006, unless the Offer is extended. Your instructions to us should be forwarded to us in ample time to permit us to submit a tender on your behalf.

(4) As described in the Offer to Purchase, if at the expiration of the Offer, more than 2,353,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer) have been validly tendered and not withdrawn, the Company will purchase Shares in the following order of priority:

(a) all Shares validly tendered and not withdrawn prior to the Expiration Date by any shareholder who owned beneficially as of the close of business on November 3, 2006 and who continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and who validly tenders all of such Shares (partial tenders will not qualify for this preference) and completes the box captioned "Odd Lots" in the Letter of Transmittal and, if applicable, the Notice of Guaranteed Delivery; and

(b) after purchase of all the foregoing Shares, all other Shares validly tendered and not withdrawn prior to the Expiration Date, on a pro rata basis (with appropriate adjustments to avoid purchase of fractional shares). See Section 1 of the Offer to Purchase for a discussion of proration.

(5) Tendering stockholders who are registered holders will not be obligated to pay any brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer. However, a tendering stockholder who holds Shares through a broker, dealer or custodian may be required by such entity to pay a service charge or other fee.

(6) If you owned beneficially as of the close of business on November 3, 2006, and continue to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and you instruct us to tender all such Shares prior to the Expiration Date and check the box captioned "Odd Lots" in the Instruction Form, all such Shares will be accepted for purchase before proration, if any, of the other tendered Shares.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO STOCKHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH STOCKHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

If you wish to have us tender any or all of your Shares held by us for your account upon the terms and subject to the conditions set forth in the Offer to Purchase, please so instruct us by completing, executing and returning to us the attached Instruction Form. An envelope to return your instructions to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise specified on the Instruction Form.

YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF BY THE EXPIRATION DATE OF THE OFFER.

The Offer is being made to all holders of Shares. The Company is not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If the Company becomes aware of any jurisdiction where the making of the Offer is not in compliance with any valid applicable law, the Company will make a good faith effort to comply with such law. If, after such good faith effort, the Company cannot comply with such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In any jurisdiction the securities or blue sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer is being made on the Company's behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTION FORM
WITH RESPECT TO OFFER TO PURCHASE FOR CASH
UP TO 2,353,000 SHARES OF COMMON STOCK
OF CLEARONE COMMUNICATIONS, INC.
AT A PURCHASE PRICE OF \$4.25 PER SHARE

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated November 6, 2006, and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the Offer by ClearOne Communications, Inc. (the "Company") to purchase up to 2,353,000 shares of its common stock, par value \$.001 per share (such shares, together with associated common stock purchase rights, between the Company and American Stock Transfer & Trust Company as acting Rights Agent for purposes of the Offer, are hereinafter referred to as the "Shares"), at a price of \$4.25 per Share, net to the undersigned in cash, specified by the undersigned, upon the terms and subject to the terms and conditions of the Offer.

This will instruct you to tender to the Company the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions of the Offer.

☐ By checking this box, all Shares held by us for your account will be tendered.

If fewer than all Shares held by us for your account are to be tendered, please check the following box and indicate below the aggregate number of Shares to be tendered by us. ☐*

SHARES

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

ODD LOTS
(SEE INSTRUCTION 8)

This section is to be completed ONLY if Shares are being tendered by or on behalf of a person who owned beneficially as of the close of business on November 3, 2006, and who continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares.

The undersigned either (check one box):

☐ owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares, all of which are being tendered, or

☐ is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and (ii) believes, based upon representations made to it by each such beneficial owner, that such beneficial owner owned beneficially as of the close of business on November 3, 2006, and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and is tendering all such Shares.

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

Date: _____

SIGN HERE: _____
Authorized Signature(s)

Area Code and Telephone Number

Name(s) (Please Print)

Taxpayer Identification or
Social Security Number (s)

Address

GUIDELINES FOR CERTIFICATION OF TAXPAYER
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYOR.

Social Security numbers have nine digits separated by two hyphens: i.e 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF:
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals on the account (1)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
7. b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
8. Sole proprietorship account	The owner(4)
9. The valid trust, estate, or pension trust	The legal entity (do not furnish the trust identifying number of the personal representatives or trustee unless the legal entity itself is not designated in the account title.)(5)
10. Corporate account	The corporation
11. Religious, charitable or educational organization account	The organization
12. Partnership account	The partnership
13. Association, club, or other tax-exempt organization	The organization
14. The broker or registered nominee	The broker or nominee
15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
- (4) Show the name of the owner.
- (5) List first and circle the name of the legal trust, estate, or pension trust.

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.
- A financial institution.
- An organization exempt from tax under section 501(a), or an individual retirement plan.
- The United States or any agency or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- A real estate investment trust.
- A common trust fund operated by a bank under section 584(a).
- An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1). o An entity registered at all times under the Investment Company Act of 1940. o A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

Privacy Act Notice. Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to Payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Effective January 1, 2002, payers must generally withhold the applicable withholding rate of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number. If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Failure to Report Certain Dividend and Interest Payments. If you fail to include any portion of includible payments for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an underpayment attributable to the failure unless there is clear and convincing evidence to the contrary.

(3) Civil Penalty for False Information With Respect to Withholding . If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(4) Criminal Penalty for Falsifying Information. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE



November 6, 2006

Dear CLRO Shareholder:

ClearOne Communications, Inc. (CLRO) is offering to purchase up to 2,353,000 shares of its common stock at \$4.25 per share. The \$4.25 per share price represents in excess of a 30% premium over the average closing price of the stock during the last twelve months.

The conditions of the Offer are explained in detail in the enclosed Offer to Purchase and Letter of Transmittal. Please read the materials carefully before making any decision with respect to the Offer. The Board of Directors of the Company has approved the tender offer but neither the Company nor the Board of Directors is making any recommendation to shareholders as to whether to tender or refrain from tendering their shares. Shareholders must make their own decision whether or not to tender their shares and, if so, how many shares to tender. **YOU DO NOT HAVE TO SELL YOUR SHARES.** However, if you wish to tender your shares, instructions on how to tender (sell) shares are provided in the enclosed materials.

The purpose of the Offer is to provide liquidity for those stockholders desiring to sell all or a portion of their shares at a premium over the recent trading prices for the shares. Given the Company's current cash and investment balances, the Board of Directors determined this to be an attractive time to repurchase a significant portion of outstanding shares. The Company believes that its current cash, together with its anticipated cash flow from operations going forward, are adequate for its needs in the foreseeable future.

Additionally, the Board believes that the tender offer would demonstrate to the Company's stockholders the Company's confidence in its business. Finally, shareholders who do not participate in the Tender Offer will automatically increase their relative percentage ownership interest in CLRO and its future operations.

Please note that the Offer is scheduled to expire at Midnight, Eastern Standard time, on Wednesday December 6, 2006, unless extended by CLRO. Please give us a call if you have any further questions.

Sincerely,

/s/ Zeynep Hakimoglu

Zeynep Hakimoglu
President & CEO

CLRO LOGO

PRESS RELEASE

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CLEARONE OFFERS TO REPURCHASE UP TO 2.4 MILLION SHARES, AT \$4.25 PER SHARE, REPRESENTING 19% OF SHARES OUTSTANDING

Salt Lake City, UT - October 30, 2006 - ClearOne Communications, Inc. (OTC: CLRO.OB) today announced that it intends to repurchase up to 2,353,000 of its shares at a price of \$4.25 per share, representing a premium of approximately 33% based on the average closing price over the last 12 months. If the offer is fully subscribed, the company's outstanding shares would be reduced by approximately 19% at an aggregate cost of approximately \$10 million. The tender offer will commence on or about November 6, 2006 and expire 20 business days thereafter, unless extended. The tender offer will be financed from the company's existing cash and short term investments.

ClearOne's board of directors has approved the tender offer but neither the company nor its board of directors is making any recommendation to shareholders as to whether to tender or refrain from tendering their shares. Shareholders must decide how many shares they will tender, if any.

"This tender offer demonstrates our confidence in our future prospects and represents an efficient return of capital to our shareholders," said Zee Hakimoglu, president and chief executive officer of ClearOne.

This news release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the company's common stock. The solicitation of offers to buy the company's common stock will only be made pursuant to the offer to purchase and related materials that the company will be sending out to its shareholders. Shareholders are encouraged to carefully read the tender offer materials as they contain important information, including various terms and conditions to the offer. Shareholders can obtain the offer to purchase and related materials free at the SEC's website at www.sec.gov, or by contacting the company at any of the phone numbers listed above. Shareholders are urged to carefully read these materials prior to making any decision with respect to the offer.

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.

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