



January 30, 2008

ClearOne Reports Improved Performance for Fiscal 2008 Second Quarter

ClearOne Communications, Inc. (NASDAQ:CLRO) today reported solid growth in sales and earnings for the second quarter of fiscal 2008 ended December 31, 2007.

Revenue for the fiscal 2008 second quarter increased 7% to \$10.8 million from \$10.1 million in the same quarter of last year. Gross profit grew 21% to \$6.4 million, or 59% of revenues, from \$5.2 million, or 52% of revenues, for the prior year period. Operating income rose to \$1.9 million from \$915,000 in the same quarter last year. Net income advanced to \$1.8 million, or \$0.16 per diluted share, from \$1.1 million, or \$0.09 per diluted share, a year ago.

Under a share repurchase plan announced in August 2007, the company purchased approximately 181,000 shares of its common stock during the fiscal 2008 second quarter and 88,000 shares in the fiscal first quarter.

"The improved performance primarily reflected increased sales of our professional audio conferencing products, which carry our highest margins," said Zee Hakimoglu, president, chief executive officer and chairman of ClearOne. "Gross profit in the quarter also benefited from lower inventory obsolescence reserve requirements and lower unfavorable manufacturing variances than in last year's second quarter. These factors, combined with the reduced number of shares outstanding, contributed to the 80% increase in our earnings per share."

For the first six months of fiscal 2008, revenue increased to \$20.2 million from \$19.5 million in the same period of fiscal 2007. Gross profit grew to \$11.5 million from \$10.3 million for the prior year period. Operating income was \$809,000 compared with operating income of

\$1.2 million in the same period last year. Net income was \$858,000, or \$0.08 per diluted share, compared with net income for the prior year period of \$1.8 million, or \$0.15 per diluted share.

Financial results for the first half of fiscal 2008 include the establishment of a \$1.9 million accrual for a contingent liability. The company accrued \$1.8 million in its first quarter and an additional \$115,000 in its second quarter of fiscal 2008, representing the probable amount that as of the date of the financial statements could be reasonably estimated of its liability, through trial, associated with the advancement of funds related to indemnification agreements with two former officers. The company has been advised that the trial date has been moved to April 21, 2008.

At December 31, 2007, the company had cash, cash equivalents, and marketable securities of \$22.7 million and no long-term debt.

About ClearOne

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

This release contains "forward-looking" statements that are based on present circumstances and on ClearOne's predictions with respect to events that have not occurred, that may not occur, or that may occur with different consequences and timing than those now assumed or anticipated. Such forward-looking statements, including statements regarding the company's

ability to successfully commercialize newer products and enter new markets, are not guarantees of future performance or results and involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Such forward-looking statements are made only as of the date of this release and ClearOne assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.

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

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

| | (unaudited) December 31, | (audited) June 30, |
|--|-----------------------------|-----------------------|
| | 2007 | 2007 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$3,014 | \$2,782 |
| Marketable securities | 19,676 | 19,871 |
| Accounts receivable, net of allowance for doubtful accounts of \$60 and \$54, respectively | 7,790 | 8,025 |
| Deposit, Bond for Preliminary Injunction | 910 | 0 |
| Note Receivable | 126 | 163 |
| Inventories, net | 6,792 | 7,263 |

| | | |
|-----------------------------|----------|----------|
| Deferred income taxes | 124 | 0 |
| Prepaid expenses | 512 | 213 |
| Total current assets | 38,944 | 38,317 |
| Property and equipment, net | 2,651 | 2,694 |
| Note Receivable - long-term | 0 | 43 |
| Other assets | 9 | 9 |
| Total assets | \$41,604 | \$41,063 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|---------------------------|---------|---------|
| Accounts payable | \$1,295 | \$1,745 |
| Accrued taxes | 0 | 660 |
| Accrued liabilities | 3,048 | 1,874 |
| Deferred product revenue | 4,980 | 4,872 |
| Total current liabilities | 9,323 | 9,151 |

| | | |
|---|----------|----------|
| Deferred rent | 777 | 855 |
| Deferred income taxes, net | 124 | 0 |
| Other long-term liabilities | 1,084 | 619 |
| Total liabilities | 11,308 | 10,625 |
| Shareholders' equity: | | |
| Common stock, par value \$0.001, 50,000,000 shares authorized, 10,771,165 and 10,861,920 shares issued and outstanding, respectively | 11 | 11 |
| Additional paid-in capital | 46,877 | 47,582 |
| Accumulated deficit | (16,592) | (17,155) |
| Total shareholders' equity | 30,296 | 30,438 |
| Total liabilities and shareholders' equity | \$41,604 | \$41,063 |

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

| | Three Months Ended December 31, 2007 | | | December 31, 2006 | | | Six Months Ended December 31, 2007 | | | December 31, 2006 | | |
|------------------|--|-----------------|-----------|----------------------|-----------------|-------|--|-----------------|--|----------------------|--|--|
| | | % of Revenue | | | % of Revenue | | | % of Revenue | | % of Revenue | | |
| Product Revenue: | \$ 10,787 | 100 % | \$ 10,107 | 100 % | \$ 20,229 | 100 % | \$ 19,518 | 100 % | | | | |

Cost of goods sold:

| | | | | | | | | | | | | |
|--------------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|
| Total cost of goods sold | 4,414 | 41 | % | 4,860 | 48 | % | 8,714 | 43 | % | 9,176 | 47 | % |
|--------------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|

| | | | | | | | | | | | | |
|--------------|-------|----|---|-------|----|---|--------|----|---|--------|----|---|
| Gross profit | 6,373 | 59 | % | 5,247 | 52 | % | 11,515 | 57 | % | 10,342 | 53 | % |
|--------------|-------|----|---|-------|----|---|--------|----|---|--------|----|---|

Operating expenses:

| | | | | | | | | | | | | |
|-----------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|
| Marketing and selling | 1,578 | 15 | % | 1,789 | 18 | % | 3,180 | 16 | % | 3,707 | 19 | % |
|-----------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|

| | | | | | | | | | | | | |
|----------------------------|-------|----|---|-----|---|---|-------|----|---|-------|---|---|
| General and administrative | 1,198 | 11 | % | 688 | 7 | % | 4,093 | 20 | % | 1,497 | 8 | % |
|----------------------------|-------|----|---|-----|---|---|-------|----|---|-------|---|---|

| | | | | | | | | | | | | |
|----------------------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|
| Research and product development | 1,678 | 16 | % | 1,855 | 18 | % | 3,433 | 17 | % | 3,934 | 20 | % |
|----------------------------------|-------|----|---|-------|----|---|-------|----|---|-------|----|---|

| | | | | | | | | | | | | |
|--------------------------|-------|----|---|-------|----|---|--------|----|---|-------|----|---|
| Total operating expenses | 4,454 | 41 | % | 4,332 | 43 | % | 10,706 | 53 | % | 9,138 | 47 | % |
|--------------------------|-------|----|---|-------|----|---|--------|----|---|-------|----|---|

| | | | | | | | | | | | | |
|------------------|-------|----|---|-----|---|---|-----|---|---|-------|---|---|
| Operating income | 1,919 | 18 | % | 915 | 9 | % | 809 | 4 | % | 1,204 | 6 | % |
|------------------|-------|----|---|-----|---|---|-----|---|---|-------|---|---|

Other income, net:

| | | | | | | | | | | | | |
|-----------------|-----|---|---|-----|---|---|-----|---|---|-----|---|---|
| Interest income | 296 | 3 | % | 283 | 3 | % | 610 | 3 | % | 590 | 3 | % |
|-----------------|-----|---|---|-----|---|---|-----|---|---|-----|---|---|

| | | | | | | | | | | | | |
|--|----------|----|---|----------|----|---|---------|----|---|----------|----|---|
| Other, net | 15 | 0 | % | 37 | 0 | % | 43 | 0 | % | 62 | 0 | % |
| Total other income (expense), net | 311 | 3 | % | 320 | 3 | % | 653 | 3 | % | 652 | 3 | % |
| Income (loss) from continuing operations before income taxes | 2,230 | 21 | % | 1,235 | 12 | % | 1,462 | 7 | % | 1,856 | 10 | % |
| (Provision) benefit from income taxes | -449 | -4 | % | -155 | -2 | % | -620 | -3 | % | -136 | -1 | % |
| Income (loss) from continuing operations | 1,781 | 17 | % | 1,080 | 11 | % | 842 | 4 | % | 1,720 | 9 | % |
| Income from discontinued operations | 1 | 0 | % | 4 | 0 | % | 16 | 0 | % | 41 | 0 | % |
| Net income (loss) | \$ 1,782 | 17 | % | \$ 1,084 | 11 | % | \$ 858 | 4 | % | \$ 1,761 | 9 | % |
| Basic earnings per common share | \$ 0.16 | | | \$ 0.09 | | | \$ 0.08 | | | \$ 0.15 | | |
| Diluted earnings per common share | \$ 0.16 | | | \$ 0.09 | | | \$ 0.08 | | | \$ 0.15 | | |

| | | | | |
|---------------------------------|------------|------------|------------|------------|
| Basic weighted average shares | 10,840,193 | 11,922,641 | 10,900,725 | 12,053,745 |
| Diluted weighted average shares | 10,941,491 | 11,957,706 | 11,012,239 | 12,100,794 |