

July 23, 2008

Dear C1 Recipient,

We would like to provide you with an update on our current progress with the development of a new C1 behind-the-ear (BTE) sound processor. As you are aware, the Clarion® (C1) Cochlear Implant System is Advanced Bionics' first generation product. At the time of delivery to the market, the C1 represented state-of-the-art technology, with its advanced speech coding strategies that are unmatched by other systems even today. We are committed to supporting recipients of our technology throughout their hearing lives, which is why we have dedicated resources to this endeavor.

In January, we reported that based on your feedback, we made a decision to develop the C1 Harmony BTE because it delivers more of the features that are important to you and the programming clinician than the C1 BTE we were developing at the time.

Since that decision was made, Advanced Bionics has made the development of a C1 Harmony BTE a top priority and we have dedicated significant resources to this initiative. We are making steady progress and are preparing for Phase 1 patient evaluations upon approval by the Food and Drug Administration. We expect the full system to be ready for submission to regulatory bodies in the United States and other markets by the end of 2009. In addition, we continue our diligent efforts to identify means of providing improved battery life for the C1 BTE. While we investigate this possibility, we have reduced the cost of our present PowerCel Plus batteries for C1 users from \$149.00 per battery to \$100.00 per battery.

We are committed to keeping you informed on our progress. A recording of the July 23, 2008, C1 Town Hall meeting can be found on our website, www.BionicEar.com, along with a list of frequently asked questions. In addition, we have set up an email address, C1support@AdvancedBionics.com, as a way to provide additional support for your questions or other needs. Please don't hesitate to contact us by email or by telephone at (877) 829-0026 voice, or (800) 678-3575 TTY.

We hope that this information demonstrates our priorities and commitment to you. We greatly appreciate your patience and look forward to providing updates on our progress in the coming months.

Warmest regards,

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