

Letter from Senior Management

Dear Shareholders:

Gripping human interest stories continue to emerge telling the world how the CardioWest™ temporary Total Artificial Heart (TAH-t) is providing a “second chance at life” for those taken to death’s door by biventricular heart failure.

The CardioWest artificial heart is the result of 60 years of vision, invention and relentless dedication by hundreds of people, led by the most prolific inventor of artificial organs, Dr. Willem Kolff.

Kolff’s inspiration: “The exciting thing is to see someone who is doomed to die, live and be happy.”

Patients without human hearts from major heart centers in Europe, Australia and North America will live, laugh, worship and play with their friends and families. They will be among us in shopping malls, parks, restaurants and on vacations. Amazingly, we may not even notice them. They may be doing the very things we are doing.

If not for the CardioWest artificial heart or an immediate donor

heart transplant, these people would be dead.

In Europe, these patients are working at home, shopping and eating out, thanks to the CE approved portable driver. You’ve seen them in newspapers, on TV and on our web site.

In 2008, artificial heart patients in the U.S. will finally be able to enjoy the same quality of life enjoyed by European CardioWest patients supported by the “proof of concept” Excor portable driver.

Later this year, SynCardia will submit an application to the FDA to conduct an IDE clinical study of the Companion Drive System. Twenty-two of the finest heart centers in the United States have signed up to participate in the study when approved by the FDA. The Companion Drive System is designed to power the CardioWest artificial heart in the hospital and in its mobile form, as a “companion” to the patient when discharged.

The regulatory approval in Europe of the Companion Driver is expected to

occur more quickly than in the United States. The CE approved Excor portable driver will be used as “proof of concept” that patients can have a high quality of life when they are safely and effectively discharged from the hospital.

SynCardia has seized the opportunity afforded by the Companion Driver to develop additional pulsatile devices to address deficiencies in the spectrum of mechanical circulatory support. A smaller, 50cc CardioWest artificial heart will be introduced to make biventricular replacement available to small adults and teenagers.

It is estimated that SynCardia’s new 10cc pediatric pulsatile VAD could help up to 550 children each year in the United States. The 30cc VAD will further extend the options for older children and people of smaller stature.

In April at ISHLT in Boston, SynCardia will unveil the four pound Companion II Driver, which is designed to make discharge driver technology disappear into a backpack or fanny pack.



Companion Hospital Cart

Companion Driver

Companion Discharge Caddy