

PACE Medical, Inc.

April 20, 2012

REF 4580 UPGRADE

Dear Pace Medical Customer:

This letter is to advise you that Pace Medical has observed a small population of REF 4580 in which a component has not performed as well as expected. While the failure of the component has been infrequent, it is our opinion and recommendation that the component be replaced. Pace Medical has validated and tested a new component which will reduce the potential for component failure.

Description:

It has been reported to the Company that some Users of the REF 4580 have encountered the failure of a MOSFET which can affect the output of the device. Typical failure has been seen where the output has been compromised on either the atrial or ventricular channel of the device. Devices with this potential have been identified by serial number. You are receiving this letter because our information indicates that you have received device(s) with this potential problem.

Solution:

Pace Medical requests that you contact our office in England, APC Medical Ltd, telephone +44 1707 327641, and arrange to have your device(s) returned for retrofit. A simple hardware change eliminates the potential for this occurrence.

It is our recommendation that you promptly return your device(s) to the Company for a complimentary upgrade. You may use the REF 4580 while scheduling your return to our facility; however it is recommended that patients are monitored while the device is in use.

If you have any questions, please contact your local Distributor or APC Medical directly.

Pace Medical and APC Medical regret any inconvenience this may have caused you and your hospital; however it is our intention to service your pacemaker and correct this issue as quickly as possible.

Sincerely,



Steven E. Hanson
President & CEO
Pace Medical, Inc.