LADENBURG THALMANN
ESTABLISHED 1876

Industry: Semiconductors
Company Update
April 3, 2013
Buy

PARKERVISION, INC. (NASDAQ: PRKR)

Q4 Results about as Expected: Recent Litigation Successes and Capital Raise Present a Reduced Risk Profile to the ParkerVision Story. Share Price Remains Well Below Our Estimated Fair Value. Maintaining Price Target of $8.70

Company & Market Data (April 3, 2013)		
Rating		Buy
Price	$	3.68
Price Target (12 Month)	$	8.70
52 - Week Range		$0.91 - $4.39
Mkt. Capitalization (M)	$	312.8
Enterprise Value (M)	$	293.8
Diluted Shares Outstanding (M)		85.0
Avg. Daily Trading Vol (000s)		884.2
Book Value per Share	$	0.16
Fiscal Year End		December

Estimates (Actual $s)	FY 2011 A	FY 2012	FY 2013 E
Revenues	**$ -**	**$ -**	**$ 10,000,000**
EBITDA	$ (11,910,719)	$ (15,596,575)	$ (6,650,000)
Q1 non-GAAP EPS	$ (0.04)	$ (0.05) A	$ -
Q2 non-GAAP EPS	$ (0.04)	$ (0.05) A	$ -
Q3 non-GAAP EPS	$ (0.05)	$ (0.05) A	$ -
Q4 non-GAAP EPS	$ (0.05)	$ (0.06) A	$ -
Total Cash EPS	**$ (0.19)**	**$ (0.20)**	**$ (0.08)**
P/E	NM	NM	NM
EV/EBITDA	NM	NM	NM

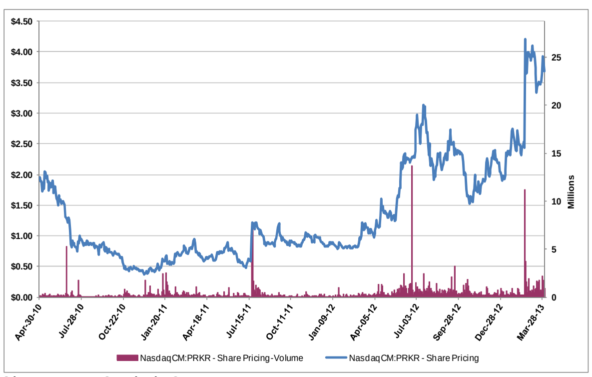

Chart Data: Capital IQ

ParkerVision, Inc. is a small cap, development-stage company engaged in the development of proprietary radio frequency (RF) technologies primarily for use in cellular phone handsets. ParkerVision has developed a novel method for processing RF waveforms, applicable in both the transmit and receive functions of a wireless radio transceiver. Its technology enables multiple simultaneous benefits for cellular handset circuitry including lower noise, less heat production, and longer battery life. ParkerVision intends to sell its integrated RF circuits and license its intellectual property into wireless devices designed by its customers. The company's RF products are also applicable to other wireless products, such as data cards, femtocells, and embedded applications. The company's technology has also developed products for non-cellular radio applications, specifically for military radios. The company was founded in 1989 and is headquartered in Jacksonville, Florida.

Investment Highlights

- **Litigation Comments –** In late February the Court issued the long awaited "Markman Order", related to the ongoing patent litigation against Qualcomm (QCOM, $65.97, Not Rated). Of the 44 terms under dispute and included in the Markman Order, judge Dalton sided with ParkerVision's definitions on 40 terms and on the remaining four he chose to provide his own definitions. More importantly, coming out of the Markman Order, all 86 infringement contentions underlying the patents involved in the suit remain active. We understand that it is nearly unprecedented for a plaintiff to have 100% of its claims upheld in a Markman Order. We are particularly pleased to note that ParkerVision (PRKR) prevailed on several key terms including "Transferring Energy", "Impedance Matching" and the term "N = 1".

- **Other Recent Rulings –** We note that on February 15, 2013, the QCOM defense team filed a notice with the Court essentially withdrawing its counterclaim of "Inequitable Conduct" against ParkerVision's actions with the U.S. Patent Office. Additionally, on March 28, 2013 Judge Dalton denied Qualcomm's Motion to Dismiss ParkerVision's claims of Indirect Infringement. We view this ruling as critical to ParkerVision's damages claim as Qualcomm imports very few chips into the U.S. for its own use. This ruling allows PRKR to include in the infringement claims chips sold to Qualcomm's customers for use in the U.S.

- **Equity Financing –** On March 26, 2013 the company announced the closing of its spot secondary stock offering. The company sold a total of 4.7 million common shares at a price of $3.25, providing the company with proceeds of approximately $14.3 million.

- **Our Outlook –** After more than a decade of somewhat tortuous corporate development efforts, ParkerVision now appears to be in the enviable position of nearing commercial deployment of its RF transceiver chip set and of having received a very favorable Markman Order. In the past few months ParkerVision's case appears to have been strengthened not only by the Markmen ruling, but by both the "Inequitable Conduct" and "Indirect Infringement" rulings. Together, the capital raise and recent court rulings have (in our opinion) materially reduced the overall risk in our investment thesis. We are continuing to estimate revenues of $10 million in 2013 with GAAP profitability to follow in 2014. Given the earnings potential and our outlook for significant royalties in the event of success in the Qualcomm litigation, we are reiterating our Buy rating and maintaining our price target of $8.70 (see Valuation Section below).

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Disclosures and Analyst Certifications can be found in Appendix A.

A Steady Trek Toward a Jury Trial: Eliminating the Litigation Risks

In our opinion, since July 2011 when ParkerVision first filed its complaint in the United States District Court of the Middle District of Florida against Qualcomm for patent infringement related to radio-frequency receivers and the down-conversion of electromagnetic signals the case has proceeded in a manner overwhelming in the company's favor. Below we have detailed the series of events (mostly related directly to the progress of the litigation) demonstrating ParkerVision's improving outlook (both fundamentally and legally) and the significant improvement in the company's risk profile from just nine months ago (prior to the August 2012 Markman Hearing).

Positive Litigation Events

- **Technology Tutorial:** In July of 2012 the Court held a one day technology tutorial, allowing both ParkerVision and Qualcomm to present to the Court a 45 minute overview of the underlying technology involved in the disputed patents. We were present at this event and heard both sides present to the Court. In our opinion, the ParkerVision presentation was more to the point, better organized and much crisper than the Qualcomm presentation, with enough detail describing the technology to make the desired points, but not so techie or dumbed-downed as to offend the Court.
- **Counter Claims and Counter Suits[1]:** In the months after the Markman Hearing in August of 2012, the Court set about addressing the numerous motions, countersuits and counterclaims. The most important of these issues included Qualcomm's claims of Inequitable Conduct, aiding and abetting a breach of fiduciary duty, and of tortious interference with a contractual relationship. Additionally, ParkerVision asked the Court to strike Qualcomm's affirmative defenses of Inequitable Conduct and unclean hands. These claims and counterclaims were ruled on by Judge Dalton January 22, 2013. The judge ruled in favor of ParkerVison in all of the above matters excepting the claim by Qualcomm that ParkerVision purposely mislead (with false statements concerning certain patent references) the Patent Office in the prosecution of its "551 patent. Due to the complexity of this claim, Judge Dalton agreed to hear the claim in Summary Judgment at Qualcomm's request.
- **Qualcomm's Notice of Intent Not to Allege Inequitable Conduct:** In mid-February 2012, Qualcomm notified the Court that it would no longer pursue its claim of "Inequitable Conduct" by ParkerVision in obtaining the '551 patent and voluntarily withdrew the claim of "Misrepresentation". We believe this move by the Qualcomm legal team was in direct response to the January 22, 2013 ruling described above and in footnote 1.
- **Markman Ruling:** On February 20, 2013 the Court issued the Markman Order. In our opinion, by any measure the Court's claims construction ruling was extremely favorable to ParkerVision's infringement claims against Qualcomm. Of the 44 claim construction terms under dispute (included in the Markman Order) the judge sided with ParkerVision on 40 term definitions and on the remaining four the Court provided its own definitions. More importantly, coming out of the Markman Order, all 86 infringement contentions underlying the six patents involved in the suit remain active. We understand that it is nearly unprecedented for a plaintiff to have 100% of its claims upheld in a Markman Order. The magnitude of this "win" for PRKR should make proving the claim infringement significantly easier when/if the case moves to a trial.

[1] In response to ParkerVision's original suit filed in July 2011, Qualcomm claimed non-infringement and alleged that the ParkerVision patents were invalid and unenforceable. Qualcomm counter sued with 7 various claims including that a QCOM employee had co-invented the technology, and therefore QCOM was a rightful owner. This claim, along with 5 others, had been dropped by QCOM prior to the end of 2012. The one remaining counterclaim, "Inequitable Conduct" (defrauding the patent office) was heard by the Court in early January of this year. On January 22, 2013, the judge Dismissed with Prejudice QCOMs contentions of "Burying" and "Belated Disclosure" allegations, and put the burden of proof on Qualcomm to prove Misrepresentations under the threat of sanctions if this allegation proves specious.

- **<u>Qualcomm's Motion to Dismiss ParkerVision's Claims of Indirect Infringement:</u>** In its most recent ruling, on March 28, 2013 the Court denied (again ruling in favor of ParkerVision) Qualcomm's Motion to Dismiss ParkerVision's claim of Indirect Infringement. This was a key victory for ParkerVision as it allows ParkerVision to include in its damage claims the infringing chips sold into the U.S. by Qualcomm's customers. Qualcomm's ships very few of the alleged infringing chips into the U.S. for its own use, but its customers such as Apple (AAPL, $439.99, Not Rated) and Samsung (SSNLF, $1425.00, Not Rated) ship millions of Qualcomm's chips for use in the U.S. cell phone market.
- **<u>Discovery:</u>** The period for the process of evidence discovery by each side in the ParkerVision/Qualcomm litigation is now complete. We asked the Company if they had any insight into how their litigators, McKool Smith, were feeling now that the discovery process is complete and the recent rulings have been issued. The Company said that McKool Smith has indicated that what they were able to learn in discovery is consistent with what they were told by the Company when they were first engaged to handle this case. Management added that McKool Smith is of the opinion that the recent rulings are what they would have hoped for, and are consistent with what they believe are the facts supporting ParkerVision's infringement claims.
- **<u>Patent Invalidity:</u>** With Qualcomm dropping its claim of "Inequitable Conduct" and the positive (for ParkerVision) outcome of the Markman Hearing, Qualcomm's defense now appears to be limited to proving that ParkerVision's patents are invalid due to "Prior Art". Within its "Inequitable Conduct" argument (this hearing was held on January 13, 2013), Qualcomm focused much of its discussion on a particular reference (the Parssinen reference) claiming that this reference taught the technology described in the ParkerVision '551 patent. In response, during the January 13th hearing, ParkerVision's legal team was able to effectively show the Court that this reference does not, if fact, teach ParkerVision's technology. We believe that Qualcomm will now focus on other references and will continue to argue that the ParkerVision technology described in the disputed patents is not novel.

  To this point, we look to the research and analysis of the patents in question by several parties who are immanently more qualified than we at Ladenburg. These individuals and collective entities include David Sterns (the highly regarded IP attorney who prosecuted the original '551 patent), the U.S. Patent Office that granted the patents in question, the legal team at McKool Smith who examined the patent position prior to accepting the case, John Cronin (the founder of ipCapital Group), Kevin Rivette (the founder of 3LP Advisors, LLC., and the well know legal firm Wilson Sonsini which specializes in working with technology oriented companies. Specifically, both ipCapital and 3LP Advisors have stated publicly their belief that ParkerVision's disputed patents represent novel, non-obvious technology.

  Additionally, we are of the opinion that if a clear reference did exist that demonstrated "Prior Art", the collective Qualcomm legal team (this group has had nearly two years to find such a reference) would have already brought it to the Court's attention and asked for a Summary Judgment to dismiss the case.

Given this clear series of positive Court rulings (in particular the Markman Order) in favor of ParkerVision, we believe that the outlook for the final outcome of the litigation is trending in favor of ParkerVision's claims of infringement. Though we believe there will be more legal maneuvering on both sides, in our view many of the risks associated with ParkerVision's ability to favorably argue this case in front of a (hometown) jury have been eliminated.

Additional Thoughts on the Quarter

Transceiver Chip Commercialization Progress

In an effort to commercialize its transceiver technology ParkerVision entered into a licensing and engineering services agreement in late 2007 with VIA Telecom, Inc. (VIA), a global supplier of CDMA baseband processors. Using this relationship and its own engineering talent and marketing group, ParkerVision has been able to move the development of its transceiver chip set technology from prototype to production-ready samples. Importantly, ParkerVision has created a significant relationship with a large, well known Asian handset manufacturer (an existing VIA customer) specifically for the development of a chip for cellular devices designed for the China/Asian markets. ParkerVision and this handset OEM concluded a series of end-stage tests of the software that integrates the VIA baseband processor with the ParkerVision transceiver chip at the end of last year. Since that time the Asian OEM has been asking for some official confirmation that VIA Telecom would continue to support the ParkerVision interface in future versions of its baseband processor. On the Q4 conference call, ParkerVision's management team stated that Via Telecom has now committed to support the ParkerVision transceiver chip (in return for some monetary remuneration from ParkerVision) for the next three years. With this agreement in hand, ParkerVision will now be able to re-engage with VIA Telecom to complete the final work on the chip. This process should be completed by the end of April 2013. The Asian OEM will then require approximately a month to do the final testing after which we anticipate the Asian OEM to place an initial order for the ParkerVision chip. If the initial mobile units that incorporate the PRKR technology perform well, management believes that volumes could expand rapidly into many other devices manufactured by this large OEM.

Business Development Progress

We believe the news of the favorable Markman Order has, to a degree, served to cause investors to ignore somewhat the potential of the business development efforts on ParkerVision's behalf by the two advisory firms; the law firm of Wilson Sonsini and 3LP Advisors. These two firms are working to bring licensing or other business opportunities to ParkerVision. The goal is to interest other potential infringers in licensing the ParkerVision technology or to perhaps purchase ownership is some of the ParkerVision's large patent portfolio. We believe that with a positive Markman ruling now in hand, the likelihood of another entity apart from Qualcomm wanting to license the technology now is significantly enhanced. Addressing this initiative, management indicated on the Q4 conference call that the company is now in conversations with "a number of companies" in relation to ParkerVision's extensive RF related patent portfolio. We believe that these companies are all "household names" in the technology sector and that there is a real potential for some type of license/partnership with one or more of these entities. If a licensing transaction were to take place in the near-term, we believe it would provide an additional incentive for Qualcomm to come to an agreeable settlement with ParkerVision and provide investors with added confidence in the value of the ParkerVision patent portfolio.

Three Potential Litigation Outcomes

With the positive outcome of the Markman Order it is our opinion that ParkerVision's infringement claim is sufficiently strong to bring the case to trial (now scheduled for October, 2013). The fact that all of ParkerVision's claims against Qualcomm remain active speaks to the strength of ParkerVision's current position and, we believe, eliminates Qualcomm's ability to ask the Court for a Summary Judgment to dismiss the case. As such, we are now of the belief that there are only three potential outcomes remaining as the litigation proceeds; 1) a win at trial, 2) a loss at trail, or 3) a settlement of some kind before the final outcome of a trial. Below we have detailed some thoughts on each of the three scenarios:

- **A Loss at Trial –** A negative jury verdict for ParkerVision would likely result in the company filing an appeal, but realistically Qualcomm would be able to continue to freely utilize the disputed technology. ParkerVision's financial future would then depend on its ability to commercialize its transceiver technology as described below in the valuation section. The company would also likely be forced to access the capital markets in order to continue to fund operations, further diluting current shareholders. Under this scenario we believe the share price would decline rather significantly from present levels.
- **A Win at Trial –** A positive jury verdict would uphold ParkerVision's claim of infringement and allow ParkerVision to seek an injunction to immediately prevent the further sale of Qualcomm chips inside the U.S. The jury would also likely to award ParkerVision monetary damages from Qualcomm for past infringement. We believe that the damage award would range from $1.0 billion to $1.5 billion. The threat of an injunction would likely lead to a worldwide license agreement requiring Qualcomm to pay a license fee/royalty for every chip that includes ParkerVision's RF receiver technology. The financial assumptions are presented below:

- **Damages:** With a positive jury verdict, we are assuming a damage award for compensation of past infringement of roughly $1.0 billion. This number is based on estimates of the number of chips that Qualcomm has shipped (roughly 2 billion +/=) with the infringed technology since calendar 2006/2007. After taxes and the payment of the legal fee to McKool Smith the remaining cash should equal about $7 per share assuming a fully diluted share count of 97 million. This number could go higher if the Jury were to find Qualcomm guilty of willful infringement.
- **Annual Forward Royalties:** We believe that a reasonable, yet conservative expectation for an annual royalty payment would be in the range of 4% to as low as 1.75%. Additionally, we believe that a positive Jury award and the threat of an injunction in the U. S. would provide ParkerVision with significant negotiating leverage and therefore support a license fee in the upper end of the expected range detailed in the table below. We understand that in recent patent litigation cases

Potential Annual Royalty Payments from Qualcomm

Royalty Rates	Chip Shipments (MM)	Sales Price Per Chip	Royalty Value Per Chip	Total Revenue (MM)	Gross Margins	Operating Expenses (MM)	Earnings Per Share
4.00%	700,000	$ 22.50	$ 0.90	$ 630,000	97.00%	20,000	$ 6.36
3.00%	700,000	$ 22.50	$ 0.68	$ 472,500	97.00%	20,000	$ 4.71
2.50%	*700,000*	*$ 22.50*	*$ 0.56*	*$ 393,750*	*97.00%*	*20,000*	*$ 3.89*
2.00%	*700,000*	*$ 22.50*	*$ 0.45*	*$ 315,000*	*97.00%*	*20,000*	*$ 3.07*
1.75%	*700,000*	*$ 22.50*	*$ 0.39*	*$ 275,625*	*97.00%*	*20,000*	*$ 2.66*

involving Vringo (VRNG, $3.02, Not Rated) and VernetX Holdings (VHC, $34.38, Not Rated) the negotiated royalty rates were in the 3.5% range. Above is a chart[2] presenting potential earnings per share amounts that ParkerVision could generate on an annual basis within a range of royalty fee rates.

- **A Potential Settlement –** Assuming that sometime between the present and the October 2013 trial date Qualcomm and ParkerVision were to come to a settlement agreement, we believe that both the damages for past infringement and ongoing royalty payments would likely be different (lower) than if the case proceeded all the way through a trial. With a settlement, ParkerVision would be trading a negotiated “sure thing” against a “possible” win in Court. As such, ParkerVision would likely be willing to settle for a much smaller damage award (we estimated something in the range of $500 million) for past infringement and a royalty rate on future chip sales on the lower end of the range outlined above.

Patent Litigation Statistics

In our review of the literature surrounding the outcomes of patent litigation in the U.S., we believe that one of the most comprehensive, accurate and detailed overviews on this subject is a recent study conducted by PricewaterhouseCoopers, LLP (PwC). We have vetted this research with another well-known patent consulting firm, 3LP Advisors, headed by Kevin Rivette who is the former Chairman of the USPTO oversight committee and VP of Intellectual Property Strategy for IBM. According to this research from PwC[3] (encompassing the period from 1995 – 2011), the overall average success rate for the patent holders in litigation cases in the U.S. is 33.6%. We note that according to the PwC research, this statistic improves considerably if the patent case makes it past the pre-trial preliminaries and the two parties actually meet at trial. According to the data in the U.S., if a patent case goes to trial, then the overall win rate for the patent holder jumps to 64.6% and furthermore, if the trial is held in front of a jury (the ParkerVision case is slated for a jury trial in October of 2013) the win rate for the patent holder climbs to 76.2%.

[2] The estimates for the annual chip shipments and the average price of the Qualcomm chips were derived from Qualcomm’s 4th quarter 2012 financial results and conference call.

[3] 2012 Patent Litigation Study, PricewaterhouseCoopers, LLP, 2012

Though, in our opinion, ParkerVision appears to have a compelling basis for its infringement claims at this stage in the proceedings (even with a favorable Markman ruling) we feel that a conservative approach would be to view ParkerVision's chances of prevailing in its litigation as being no better (and no worse) than the average for a patent plaintiff during the last 17 years. On this basis, we would peg ParkerVision's probability of success in its litigation at 33.6%. However, at the same time, we note that the litigation has progress well past the initial filing of the infringement claim and that the risk of not making to trial are now significantly lower than just nine months ago as the company was participating in the Markman Hearing.

Financial Discussion

As a development stage company ParkerVision is not yet selling its RF transceiver product and has yet to produce meaningful revenues. For calendar 2011 the company reported a GAAP loss of $14.5 million and utilized $11.4 million in cash from operations. ParkerVision's operating expenses increased in 2012 as legal expenses expanded as did non-cash charges for stock based compensation. For the 2012 calendar year the company reported no revenues and reported expenses of $20.4 million and the cash burn from operations during the year was approximately $15.5 million.

To finance its operations the company completed (September 2012) a $9.5 million capital raise and just recently (March 2013) sold another 4.7 million common shares at a price of $3.25. With this capital raise the company now has approximately 85 million shares outstanding. We note that the trial date is now slated for October of 2013 and with the recent raise the company should have more than sufficient capital to see it through to the end of the litigation.

Longer term we believe the company has the potential to be quite successful in its efforts to market its RF transceiver chip set and will begin to generate meaningful revenues late in 2013 and beyond. For calendar 2013 we continue to estimate revenues of $10 million and result in GAAP net loss of about $11 million. We believe that with continue revenue growth the company could generate GAAP profits in calendar 2014.

Valuation

Currently the company has a market cap of roughly $315 million (85 million shares outstanding). This value is significant given the fact that the company is still in the development stage and is unlikely to generate any meaningful product revenues until late in calendar 2013. Additionally, the company is losing on average about $17 million per year and burning about $13 million per year in cash.

Due to the significance of the pending litigation with Qualcomm we believe that a fair valuation requires accounting (to a degree) for both the possibility that ParkerVision prevails in this litigation and the possibility that it is not successful in defending its patent position and loses at trial. Obviously the fortunes of the company and subsequently the resulting valuation should be very different with a positive outcome to the litigation verses a negative result. As such, below we have outlined two valuation scenarios, #1 assumes the company prevails in its claims against Qualcomm and #2, assumes the company is not successful with its litigation efforts, but still continues to market its technology through its partnership with VIA Telecom.

Valuation Methodology #1 (Positive Outcome from Litigation)[4]

Though the outcome of patent litigation is nearly impossible to predict, the potential financial benefit to ParkerVision from a positive verdict in its litigation with Qualcomm would require Qualcomm to license the ParkerVision technology on a go forward basis and potentially result in future royalties that could reach into the hundreds of million dollars. This estimate does not

[4] See Table 4 on page 14 for earnings models for each valuation scenario.

include a potential award for past damages as that would be a one-time gain to ParkerVision and not a recurring payment stream. Currently, Qualcomm controls about 40% of the cellular baseband chip market which equates to shipments of roughly 700 million units annually. A reasonable license fee on the ParkerVision technology could be in the range of 2% to 7% of the price of the baseband chip set which sells for about $25.00 per unit. At the very low end, a 2% royalty would equate to about $0.50 per Qualcomm chip or about $350 million on an annual basis. In our earnings model for calendar 2014 we are assuming that the litigation would be final sometime in early 2014 and that royalty payments could begin by the second quarter of that year, resulting in royalty revenues reaching $200 million for 2014. Under this scenario, we are assuming that royalties from Qualcomm would be ongoing as the price for continued use of the technology. Though this royalty stream is potentially quite large, the expected future growth rate in this royalty stream would be modest.

If ParkerVision were to win the patent litigation, Qualcomm would face an immediate injunction against the further sale of its infringing chips. In response, Qualcomm could settle the judgment and negotiate an appropriate ongoing licensing arrangement with ParkerVision or appeal the verdict and attempt to delay the required judgment and royalty payments. If Qualcomm were to appeal the judgment the required payments would be delayed, but the clock would have started on future royalties and we believe the market would begin to impute a value of these future revenue streams into the stock price. Additionally, if Qualcomm were granted a stay of the judgment on appeal it would be required to put up a bond for the value of the judgment. This bond guarantees that the monies potentially owed (primarily the awarded damages) to ParkerVision would be available if Qualcomm were to lose on appeal. We note that as of the December 2012 quarterly report, Qualcomm had a cash position in excess of $13 billion.

PRKR Net Present Value Table

Year	Estimated Royalty Stream (000s)	NPV	Per Share Value
2014	$ 200,000		
2015	$ 350,000		
2016	$ 358,750		
2017	$ 367,718		
2018	$ 376,911		
2019	$ 386,334		
2020	$ 395,992		
NPV @ 30% Discount Rate		$ 1,170,378	$ 14.63
NPV @ 25% Discount Rate		$ 1,245,398	$ 15.57
NPV @ 20% Discount Rate		$ 1,332,716	$ 16.66
NPV @ 15% Discount Rate		$ 1,435,184	$ 17.94
NPV @ 12.5% Discount Rate		$ 1,493,217	$ 18.67
NPV @ 10% Discount Rate		$ 1,556,512	$ 19.46

Source: Ladenburg Thalmann & Co., Estimates

As a valuation method assuming that ParkerVision prevails in the litigation and is awarded royalties, we have constructed a discounted cash flow table showing the estimated yearly royalty streams for a period of seven years and the Net Present Value of these payments at various discount rates (see the image at the right). Under this scenario we assume that royalty stream grows modestly (2.5% per year beginning in 2016. Given the fact that Qualcomm is in a very strong financial position and our belief that the mobile phone industry will remain healthy for the foreseeable future, we believe that risk of not receiving court ordered royalties would be quite low and therefore believe that a 12.5% discount is an appropriate and reasonably conservative discount rate. Under this scenario, with a victory in the Qualcomm litigation a reasonable NPV/share of the royalty stream would equate to approximately $18.65.

Valuation Methodology #2 (Negative Outcome of Litigation)

Assuming that ParkerVision does not prevail with its litigation efforts, our earnings model focuses on the company efforts to market its technology to the other baseband chip set suppliers and mobile handset OEMs. A verdict in the litigation is not expected until late 2013, by which time ParkerVision should already have product on the market with at least one handset manufacturer. A negative outcome to the litigation would essentially leave the company where it is today from a marketing standpoint. Due to the significant cost and performance benefits and the non-trivial nature of independently reproducing the ParkerVision RF solution, we believe that the company has a reasonable opportunity to be successful in expanding its market penetration on into 2014. Though Qualcomm would not be a future customer, Qualcomm's competitors in the industry offer the potential to become significant future customers.

Assuming the company is able to achieve only modest success by calendar 2014 (less than 1% of the expected market) we estimate that the company could still reasonably generate revenues from both product sales and licensing. For 2013 we are estimating revenues of $10 million which equates to sales of about 2 million chip sets. This estimate is based on the existing market penetration of the large handset manufacturer in the Asian market and management's expectations. For 2014, we are estimating revenues of $40 million with GAAP earnings of $0.10 per share. The $40 million equates to sales of about 12 million chip sets (about 0.6% of the expected market) spilt between direct sales and licensing. This estimate includes the assumptions that business expands with the existing handset manufacturing partner, which ParkerVision adds another customer to the mix, and that license revenues begin in second half of 2014.

With this earnings power and future market penetration potential we believe it is reasonable to envision the stock being accorded an earnings multiple in line with other companies in the semiconductor market once ParkerVision has a product on the market (see table at the below)[5]. In the table we have calculated P/E multiples for fiscal 2013 with the mean P/E equating to 27.8X. To compensate for the fact that our model for ParkerVision does not have the company turning profitable until 2014, we believe the 2013 P/E multiple should be adjusted downward by 10% to arrive at an estimated 2014 P/E, accounting for the expected growth rate in the cellular industry[6]. Applying a 25 multiple to our 2014 estimate of $0.10 equates to a stock price of $2.50.

Telecom SemiConductor Company Valuations (Priced March 7, 2013)

Company Name	Ticker	Price	% of Revenues from Licencing	Estimated Fiscal 2013 EPS	2013 P/E
Aneran, Inc.	ANEN	$ 19.10	0.0%	$ 1.32	1.3
Arm Holding, PLC	ARMH	$ 41.09	100.0%	$ 1.12	36.7
Avargo Technologies Ltd.	AVGO	$ 34.31	0.0%	$ 2.59	13.2
Imagination Technologies	IMG.L	£ 468.5	72.0%	£ 12.86	36.4
InterDigital, Inc	IDCC	$ 44.13	98.0%	$ 0.70	63.0
Qualcomm, Inc.	QCOM	$ 65.97	38.0%	$ 4.47	14.8
Skyworks Solutions, Inc.	SWKS	$ 20.53	0.0%	$ 2.14	9.6
Spreadtrum Comm, Inc.	SPRD	$ 20.50	0.0%	$ 1.89	10.8
Supertex, Inc.	SUPX	$ 20.44	0.0%	$ 0.33	61.9
TriQuint Semiconductor, Inc.	TQNT	$ 4.75	0.0%	$ 0.16	29.7
Mean					**27.8**

Given the two potential outcomes of the litigation, in our view ParkerVision's shares could have a fair value in the mid $2.50 range or as high as $21.15 ($18.65 from litigation and $2.50 from product operations) depending on one's outlook on the outcome of the litigation. At the current share price we believe the market is giving little weight to a positive outcome to the litigation. In our view, we believe PRKR has a strong case to win the litigation. However, given the nature of the legal process it is difficult to specifically assess an exact probability of a successful outcome for PRKR. We believe that the best method for determining a potential outcome at the current stage of the litigation would be to utilize the statistics from the PwC 2012 Patent Litigation Study discussed above on page 5. Given the PwC stats we are applying a probability of 33.6% to a successful litigation outcome and a probability of 66.4% to a negative trial outcome. This calculation[7] equates to a price of roughly $8.70 based on the given probability of the two outcomes. At the current stage of the litigation we believe $8.70 is a reasonable and defensible target price.

We note that this valuation range for ParkerVision's shares does not include the possibility that ParkerVision might also be granted some level of one-time monetary damages to compensate for past infringement if the company is successful at trial.

Investment Risks

As a development stage small cap company with one primary product competing with much larger and well established entities, ParkerVision faces a number of significant risks associated

[5] The information in this table was sourced from Yahoo Finance and the respective company filings. The companies in the table are not covered by the research group at Ladenburg Thalmann & Co. and their mention is not a recommendation to buy or sell these securities.

[6] Industry analysts Forester and eMarketer are estimate an approximate growth rate in the low double digits through 2014.

[7] ($2.50 X .664) + ($21.15 X .336) = $8.76 or rounded down to $8.70

with, but not limited to, managing the company's anticipated transition to a commercial entity with product sales. In our view, the primary risk lies with obtaining the first commercial contract for its RF transceiver technology. Once the product is successfully out in the market, other mobile handset OEMs will be more inclined to begin the processes required to implement the technology. In addition, though the company recently completed a capital raise, we anticipate the company will need additional capital by the end of this calendar year. The inability to raise additional capital would severely impair ParkerVision's efforts to commercialize its RF transmitter technology. Other potential risks to our investment thesis and earnings model include, but are not limited to the following:

- **New Technology Developments:** The cellular handset industry has been subject to rapid technological advances and ParkerVision's commercial products could be rendered obsolete if the company is unable to keep pace with these on-going developments in technology.
- **Product Commercialization:** ParkerVision is currently engaged with one large handset OEM to employ its RF chip solution in one cellular handset model designed for the Asian market. If this engagement were to be delayed or terminated it would materially change our outlook for the timing of product commercialization for the next 12 to 18 months and impact our financial model for 2013 and beyond.
- **Patents and Intellectual Property:** If the company is unsuccessful in protecting the proprietary nature of its technology in the Qualcomm or other future litigation, its competitive position and future commercial opportunities would likely be impaired.
- **Entrenched Competition**: Even if ParkerVision is able to demonstrate to the superiority of its RF solutions, the current competition is well established, with significant financial and marketing advantages could potentially be difficult to supplant. The company will potentially face competition from chip suppliers such as Anadigics, Broadcom, Intel, Qualcomm, and RF Micro Devices.
- **World Economics:** A significant downturn in the world economic climate would likely affect the demand for cellular handset products and limit the willingness of OEMs to introduce new technologies into their products. This type of economic climate would potentially hinder ParkerVision's ability to sell it products and generate the needed revenue to reach profitability.
- **CEO, Jeffrey Parker:** The company is highly dependent on Mr. Parker as its chief executive officer. If his services were lost, it could materially adversely impact the leadership and the company's relationships with the industry and by investors.
- **Via Telecom, Inc.:** To commercialize its RF technology ParkerVision needs to integrate its product with a baseband chip. Currently, ParkerVision is closely tied with only one baseband chip supplier, Via Telecom. Any disruption of the relationship with Via could adversely affect ParkerVision's ability to move its RF integrated circuit into the marketplace.
- **Capital Markets:** During 2011 the share price traded below the $1.00 level for an extended period of time and the company was in default of the listing requirements for the NASDAQ National Market. With continued operating losses and uncertainty surrounding the patent litigation, there is a potential that the company could be delisted in the future and no longer trade on that market or any other national securities exchange.

Table 1: ParkerVision – Quarterly Income Statement

QUARTERLY INCOME STATEMENT (Actual $s)	CY Ending 2010				CY Ending 2011				CY Ending 2012			
	3/31/2010	6/30/2010	9/30/2010	12/31/2010E	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012
Product Revenues												
Engeineering Services & Licencing revenues	*63,735*	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**$ 63,735**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Cost of revenues	*46,401*	-	-	*10*	-	-	-	-	-	-	-	-
Gross Profit	**$ 17,334**	**$ -**	**$ -**	**$ (10)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Operating Expenses												
Research and development	*2,304,323*	*2,162,826*	*2,416,216*	*1,999,365*	*1,937,721*	*2,185,942*	*2,238,872*	*2,061,148*	*2,038,523*	*1,789,313*	*2,130,977*	*2,488,826*
Marketing and selling	*461,104*	*441,658*	*424,779*	*319,238*	*341,822*	*337,748*	*338,529*	*431,402*	*395,358*	*362,715*	*417,379*	*462,704*
General and adminstrative	*1,204,718*	*1,208,220*	*1,157,238*	*1,045,929*	*1,107,081*	*1,046,507*	*1,196,078*	*1,452,837*	*1,640,716*	*2,929,019*	*2,480,594*	*3,246,909*
Total Expenses	**$ 3,970,145**	**$ 3,812,704**	**$ 3,998,233**	**$ 3,364,532**	**$ 3,386,624**	**$ 3,570,197**	**$ 3,773,479**	**$ 3,945,387**	**$ 4,074,597**	**$ 5,081,047**	**$ 5,028,950**	**$ 6,198,439**
Operating Profit (Loss)	**$(3,952,811)**	**$(3,812,704)**	**$(3,998,233)**	**$(3,364,542)**	**$(3,386,624)**	**$(3,570,197)**	**$(3,773,479)**	**$(3,945,387)**	**$(4,074,597)**	**$(5,081,047)**	**$(5,028,950)**	**$(6,198,439)**
Interest and other income	*4,424*	*24,713*	*23,137*	*56,913*	*19,088*	*33,776*	*20,209*	*34,977*	*6,853*	*23,409*	*12,114*	*27,688*
Interest expense	*(2,404)*	*(1,755)*	*(1,568)*	*(2,699)*	*(1,297)*	*(970)*	*(757)*	*(2,692)*	*(309)*	*(2,889)*	*(2,460)*	*(3,185)*
Net Profit (Loss)	**$(3,950,791)**	**$(3,789,746)**	**$(3,976,664)**	**$(3,310,328)**	**$(3,368,833)**	**$(3,537,391)**	**$(3,754,027)**	**$(3,913,102)**	**$(4,068,053)**	**$(5,060,527)**	**$(5,019,296)**	**$(6,173,936)**
Unrealized Gain on Securities held for sale	-	-	*11,505*	*(19,321)*	*657*	*14,257*	*(2,053)*	*(15,468)*	*10,450*	*(32)*	-	-
Comprehensive gain (Loss)	**$(3,950,791)**	**$(3,789,746)**	**$(3,965,159)**	**$(3,329,649)**	**$(3,368,176)**	**$(3,523,134)**	**$(3,756,080)**	**$(3,928,570)**	**$(4,057,603)**	**$(5,060,559)**	**$(5,019,296)**	**$(6,173,936)**
Weighted Average Shares fully diluted	41,192,550	41,249,296	41,308,049	52,752,036	59,001,958	59,201,682	67,257,081	67,573,775	67,673,775	75,800,000	78,814,000	82,887,000
EPS - fully diluted	**$ (0.10)**	**$ (0.09)**	**$ (0.10)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.07)**	**$ (0.06)**	**$ (0.07)**
Depreciation and amortization	*437,959*	*435,070*	*428,719*	*387,470*	*333,474*	*336,095*	*336,143*	*322,082*	*307,366*	*308,322*	*303,845*	*313,511*
Stock-based compensation	*762,730*	*801,166*	*696,762*	*466,847*	*455,122*	*558,293*	*133,768*	*289,991*	*323,116*	*1,120,482*	*941,267*	*1,168,549*
Non-GAAP Cash Earnings (Loss)	**$(2,750,102)**	**$(2,553,510)**	**$(2,862,815)**	**$(2,532,245)**	**$(2,598,668)**	**$(2,662,522)**	**$(3,306,378)**	**$(3,351,474)**	**$(3,433,974)**	**$(3,655,164)**	**$(3,786,298)**	**$(4,719,564)**
Non-GAAP Cash Earnings (Loss) per Share	**$ (0.07)**	**$ (0.06)**	**$ (0.07)**	**$ (0.05)**	**$ (0.04)**	**$ (0.04)**	**$ (0.05)**	**$ (0.05)**	**$ (0.05)**	**$ (0.05)**	**$ (0.05)**	**$ (0.06)**
EBITDA	**$(2,752,122)**	**$(2,576,468)**	**$(2,872,752)**	**$(2,510,225)**	**$(2,598,028)**	**$(2,675,809)**	**$(3,303,568)**	**$(3,333,314)**	**$(3,444,115)**	**$(3,652,243)**	**$(3,783,838)**	**$(4,716,379)**
% of TOTAL REVENUE												
Gross Margin	**27.2%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Research and development	*72.8%*	NA	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Marketing and selling	*3615.5%*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
General and adminstrative	*723.5%*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Total Expenses	**6229.1%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Operating Profit (Loss)	**-6201.9%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Net Profit (Loss)	**-6198.8%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Non-GAAP Cash Earnings (Loss)	**-4314.9%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
% YEAR OVER YEAR INCREASE												
Total Revenues	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Total Expenses	**-23.3%**	**-33.8%**	**-30.4%**	**-31.1%**	**-14.7%**	**-6.4%**	**-5.6%**	**17.3%**	**20.3%**	**42.3%**	**33.3%**	**57.1%**
Operating Profit (Loss)	**23.7%**	**33.8%**	**30.4%**	**30.2%**	**14.3%**	**6.4%**	**5.6%**	**-17.3%**	**-20.3%**	**-42.3%**	**-33.3%**	**-57.1%**
Net Profit (Loss)	**23.1%**	**34.2%**	**30.8%**	**31.5%**	**14.7%**	**6.7%**	**5.6%**	**-18.2%**	**-20.8%**	**-43.1%**	**-33.7%**	**-57.8%**
Cash Earnings (Loss)	**17.0%**	**35.4%**	**29.7%**	**25.5%**	**5.5%**	**-4.3%**	**-15.5%**	**-32.4%**	**-32.1%**	**-37.3%**	**-14.5%**	**-40.8%**
% SEQUENTIAL INCREASE												
Total Revenues	**NA**	**-100.0%**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Total Expenses	**-18.7%**	**-4.0%**	**4.9%**	**-15.8%**	**0.7%**	**5.4%**	**5.7%**	**4.6%**	**3.3%**	**24.7%**	**-1.0%**	**23.3%**
Operating Profit (Loss)	**17.9%**	**3.5%**	**-4.9%**	**15.8%**	**-0.7%**	**-5.4%**	**-5.7%**	**-4.6%**	**-3.3%**	**-24.7%**	**1.0%**	**-23.3%**
Net Profit (Loss)	**18.3%**	**4.1%**	**-4.9%**	**16.8%**	**-1.8%**	**-5.0%**	**-6.1%**	**-4.2%**	**-4.0%**	**-24.4%**	**0.8%**	**-23.0%**
Non-GAAP Cash Earnings (Loss)	**19.1%**	**7.1%**	**12.1%**	**11.5%**	**-2.6%**	**-2.5%**	**-24.2%**	**-1.4%**	**-2.5%**	**-6.4%**	**-3.6%**	**-24.6%**

Source: Company Filings, and Ladenburg Estimates

Table 2: ParkerVision – Annual Income Statement

ANNUAL INCOME STATEMENT (Acutal $s)	2009	2010	2011	2012	2013E
Product Revenues					*10,000,000*
Engeineering Services & Licencing revenues	*$ 64,412*	*63,735*	*-*	*-*	
Total Revenues	**$ 64,412**	**$ 63,735**	**$ -**	**$ -**	**$ 10,000,000**
Cost of revenues	*54,440*	*46,411*	*-*	*-*	*4,000,000*
Gross Profit	**$ 9,972**	**$ 17,324**	**$ -**	**$ -**	**$ 6,000,000**
Operating Expenses					
Research and development	*13,504,799*	*8,882,730*	*8,423,683*	*8,447,639*	*8,000,000*
Marketing and selling	*2,092,148*	*1,646,779*	*1,449,501*	*1,638,156*	*2,000,000*
General and adminstrative	*5,962,309*	*4,616,105*	*4,802,503*	*10,297,238*	*7,500,000*
Total Expenses	**$ 21,559,256**	**$ 15,145,614**	**$ 14,675,687**	**$ 20,383,033**	**$ 17,500,000**
Operating Profit (Loss)	**$ (21,549,284)**	**$ (15,128,290)**	**$ (14,675,687)**	**$ (20,383,033)**	**$ (11,500,000)**
Interest and other income	*36,085*	*109,187*	*108,050*	*70,064*	*10,000*
Interest expense	*(16,412)*	*(8,426)*	*(5,716)*	*(8,843)*	*(5,000)*
Net Profit (Loss)	**$ (21,529,611)**	**$ (15,027,529)**	**$ (14,573,353)**	**$ (20,321,812)**	**$ (11,495,000)**
Unrealized Gain on Securities held for sale	*-*	*(7,816)*	*(2,607)*	*7,098*	*-*
Comprehensive gain (Loss)	**$ (21,529,611)**	**$ (15,035,345)**	**$ (14,575,960)**	**$ (20,314,714)**	**$ (11,495,000)**
Weighted Average Shares fully diluted	30,098	44,125,483	60,733,145	75,999,278	85,500,000
EPS - fully diluted	**$ (715.32)**	**$ (0.34)**	**$ (0.24)**	**$ (0.27)**	**$ (0.13)**
Depreciation and amortization	*1,741,199*	*1,689,218*	*1,327,794*	*1,233,044*	*1,350,000*
Stock-based compensation	*4,993,656*	*2,727,505*	*1,437,174*	*3,553,414*	*3,500,000*
Non-GAAP Cash Earnings (Loss)	**$ (14,794,756)**	**$ (10,618,622)**	**$ (11,810,992)**	**$ (15,528,256)**	**$ (6,645,000)**
Non-GAAP Cash Earnings (Loss) per Share	**$ (491.55)**	**$ (0.24)**	**$ (0.19)**	**$ (0.20)**	**$ (0.08)**
EBITDA	**$ (14,814,429)**	**$ (10,711,567)**	**$ (11,910,719)**	**$ (15,596,575)**	**$ (6,650,000)**
% of TOTAL REVENUE					
Gross Margin	**NA**	**27.2%**	**NA**	**#DIV/0!**	**60.0%**
Cost of revenues	*NA*	*72.8%*	*NA*	*#DIV/0!*	*40.0%*
Research and development	*NA*	*13937.0%*	*NA*	*#DIV/0!*	*80.0%*
Marketing and selling	*NA*	*2583.8%*	*NA*	*#DIV/0!*	*20.0%*
Total Expenses	**NA**	**23763.4%**	**NA**	**#DIV/0!**	**175.0%**
Operating Profit (Loss)	**NA**	**-23736.2%**	**NA**	**#DIV/0!**	**-115.0%**
Net Profit (Loss)	**NA**	**-23578.1%**	**NA**	**#DIV/0!**	**-115.0%**
Non-GAAP Cash Earnings (Loss)	**NA**	**-16660.6%**	**NA**	**#DIV/0!**	**-66.5%**
% YEAR OVER YEAR INCREASE					
Total Revenues	**NA**	**NA**	**NA**	**NA**	**#DIV/0!**
Total Expenses	**NA**	**NA**	**NA**	**NA**	**-14.1%**
Operating Profit (Loss)	**NA**	**NA**	**NA**	**NA**	**N/A**
Net Profit (Loss)	**NA**	**NA**	**NA**	**NA**	**N/A**
Cash Earnings (Loss)	**NA**	**NA**	**NA**	**NA**	**N/A**

Source: Company Filings, Ladenburg Estimates

Table 3: ParkerVision – Balance Sheet

BALANCE SHEET (Actual $s)	CY 2011				CY 2012			
	3/31/2011	6/30/2011	9/30/2011	12/30/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012
ASSETS								
Current Assets:								
Cash and cash equivalents	4,362,784	252,041	371,059	213,438	241,547	238,722	648,377	298,227
Securities held for Sale	4,059,104	5,147,687	8,465,842	5,026,398	1,568,700	6,642,573	12,716,005	8,041,904
Prepaid expenses and other current assets	420,060	340,478	362,009	661,788	626,758	650,670	525,854	977,310
Total current assets	**$ 8,841,948**	**$ 5,740,206**	**$ 9,198,910**	**$ 5,901,624**	**$ 2,437,005**	**$ 7,531,965**	**$ 13,890,236**	**$ 9,317,441**
Property and equipment, net of accumulated depreciation	468,994	414,677	372,814	351,285	395,158	422,833	400,173	403,446
Intangible assets	9,361,486	9,266,002	9,134,559	9,004,263	9,000,400	9,027,147	9,066,974	8,978,101
Other Assets	567,506	577,572	577,889	584,799	464,286	473,187	475,081	20,866
Total assets	**$ 19,239,934**	**$ 15,998,457**	**$ 19,284,172**	**$ 15,841,971**	**$ 12,296,849**	**$ 17,455,132**	**$ 23,832,464**	**$ 18,719,854**
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current Liabilities:								
Accounts payable	344,939	315,856	516,359	613,806	591,130	222,849	769,473	827,209
Salaries and wages	365,030	281,065	408,947	252,928	404,735	317,451	425,283	295,194
Professional fees	329,091	350,054	329,032	404,069	464,619	677,031	817,770	902,411
Other accurued expenses	95,537	31,250	70,838	16,867	34,053	117,559	71,566	42,231
Defferred rent, current portion	97,705	76,999	47,338	75,804	79,962	84,164	88,388	75,144
Total current liabilities	**$ 1,232,302**	**$ 1,055,224**	**$ 1,372,514**	**$ 1,363,474**	**$ 1,574,499**	**$ 1,419,054**	**$ 2,172,480**	**$ 2,142,189**
Capital lease (net of current portion)	4,637	-	-	-	-	45,807	39,972	33,915
Defferred rent	70,666	75,235	64,928	137,878	116,218	93,254	69,638	23,763
Total liabilities	**1,307,605**	**1,130,459**	**1,437,442**	**1,501,352**	**1,690,717**	**1,558,115**	**2,282,090**	**2,199,867**
Stockholders' Equity:								
Common stock	590,019	592,017	672,571	675,738	676,738	778,469	828,628	829,063
Accumulated loss	(7,159)	7,098	5,045	(10,418)	32	-	26,319	20
Warrants outstanding	15,055,053	15,055,053	14,992,759	8,649,786	8,649,786	1,323,305	1,081,050	1,081,050
Additional paid-in capital	232,907,399	233,364,204	240,080,756	246,842,116	247,164,232	264,740,426	275,579,216	276,748,336
Accumulated deficit	(230,612,983)	(234,150,374)	(237,904,401)	(241,816,603)	(245,884,656)	(250,945,183)	(255,964,839)	(262,138,415)
Total stockholders' equity	**$ 17,932,329**	**$ 14,867,998**	**$ 17,846,730**	**$ 14,340,619**	**$ 10,606,132**	**$ 15,897,017**	**$ 21,550,374**	**$ 16,520,054**
Total Liabilities and Stockholders' Equity	**$ 19,239,934**	**$ 15,998,457**	**$ 19,284,172**	**$ 15,841,971**	**$ 12,296,849**	**$ 17,455,132**	**$ 23,832,464**	**$ 18,719,921**

Source: Company Filings, Ladenburg Estimates

Table 4: ParkerVision – Valuation Estimated Earnings Models for Calendar 2014[8]

	Earnings Model #1		Earnings Model #2
ANNUAL INCOME STATEMENT (Actual $s)			
	2014E		**2014E**
Product Revenues	*15,000,000*		*35,000,000*
Engeineering Services & Licencing revenues	*200,000,000*		*5,000,000*
Total Revenues	**$ 215,000,000**		**$ 40,000,000**
Cost of revenues	*25,500,000*		*12,500,000*
Gross Profit	**$ 189,500,000**		**$ 27,500,000**
Operating Expenses			
Research and development	*9,500,000*		*8,250,000*
Marketing and selling	*2,500,000*		*3,200,000*
General and adminstrative	*9,000,000*		*7,750,000*
Total Expenses	**$ 21,000,000**		**$ 19,200,000**
Operating Profit (Loss)	**$ 168,500,000**		**$ 8,300,000**
Interest and other income	*10,000*		*10,000*
Interest expense	*(5,000)*		*(5,000)*
Net Profit (Loss)	**$ 168,505,000**		**$ 8,305,000**
Income tax expense	*15,000,000*		*-*
Comprehensive gain (Loss)	**$ 153,505,000**		**$ 8,305,000**
Weighted Average Shares fully diluted	85,000,000		85,000,000
EPS - fully diluted	**$ 1.81**		**$ 0.10**
Depreciation and amortization	*1,450,000*		*1,450,000*
Stock-based compensation	*1,700,000*		*1,550,000*
Non-GAAP Cash Earnings (Loss)	**$ 156,655,000**		**$ 11,305,000**
Non-GAAP Cash Earnings (Loss) per Share	**$ 1.84**		**$ 0.13**
EBITDA	**$ 171,650,000**		**$ 11,300,000**
% of TOTAL REVENUE			
Gross Margin	**88.1%**		**68.8%**
Cost of revenues	*11.9%*		*31.3%*
Research and development	*4.4%*		*20.6%*
Marketing and selling	*1.2%*		*8.0%*
Total Expenses	**9.8%**		**48.0%**
Operating Profit (Loss)	**78.4%**		**20.8%**
Net Profit (Loss)	**78.4%**		**20.8%**
Non-GAAP Cash Earnings (Loss)	**72.9%**		**28.3%**

Source: Company Filings, Ladenburg Estimates

[8] Earnings Model # assumes that ParkerVision is successful in the ongoing litigation with Qualcomm begins to earn license revenues in calendar 2014.

Earnings Model #2 assumes that ParkerVision does not prevail in the litigation and the revenues produce are from its own efforts to sell its transceiver chips into the cellphone market place.

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES

ANALYST CERTIFICATION

I, Jon R. Hickman, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report, provided, however, that:

The research analyst primarily responsible for the preparation of this research report has or will receive compensation based upon various factors, including the volume of trading at the firm in the subject security, as well as the firm's total revenues, a portion of which is generated by investment banking activities.

COMPANY BACKGROUND

ParkerVision, Inc. is a small cap, development-stage company engaged in the development of proprietary radio frequency (RF) technologies primarily for use in cellular phone handsets. ParkerVision has developed a novel method for processing RF waveforms, applicable in both the transmit and receive functions of a wireless radio transceiver. Its technology enables multiple simultaneous benefits for a cellular handset circuitry including lower noise, less heat production, and longer battery life. ParkerVision intends to sell it integrated RF circuits and license its intellectual property into wireless devices designed by its customers. The company's RF products are also applicable to other wireless products, such as data cards, femtocells, and machine-to-machine and embedded applications. The company's technology has also developed products for non-cellular radio applications, specifically for military radios. The company was founded in 1989 and is headquartered in Jacksonville, Florida.

VALUATION METHODOLOGY

We are establishing a target price range for ParkerVision's shares based on both our 2014 earnings model (model #2) for the company and on a NPV/share calculation of the estimated royalty streams. At the low end of the range we assume a 0% probability that ParkerVision prevails at trial and the valuation is based solely on a P/E of our estimated 2014 earnings of $0.10 per share and equates to $2.50 per share. On the high end we are assuming a 100% probability of a win at trial and are basing the valuation on a NPV of the estimated royalty streams along with the potential $0.10 per share in earnings for 2014. Using this outlook for the two potential outcomes we have applied the patent litigation success statistics supplied by the PwC 2012 Patent Litigation Study. This study indicates that the average success of a patent holder in litigation is 33.6%. Applying this probability to the high end valuation equates to a price of roughly $8.70. ($2.50 X .664) + (21.15 X .336) = $8.76.

RISKS

As a development stage small cap company with one primary product competing with much larger and well established entities, ParkerVision faces a number of significant risks associated with, but not limited to, managing the company's anticipated transition to a commercial entity with product sales. In our view, the primary risk lies with obtaining the first commercial contract for its d2p RF technology. Once the product is successfully out in the market, other mobile handset OEMs will be more inclined to begin the processes required to implement the technology. In addition, though the company recently completed a capital raise, the company is likely to need additional capital by the end of this calendar year. The inability to raise additional capital would severely impair ParkerVision's efforts to commercialize its RF transmitter technology. Other potential risks to our investment thesis and earnings model include, but are not limited to the following:

- **New Technology Developments:** The cellular handset industry has been subject to rapid technological advances and ParkerVision's commercial products could be rendered obsolete if the company is unable to keep pace with these on-going developments in technology.
- **Product Commercialization:** ParkerVision is currently engaged with one large handset OEM to employ its d2p RF chip solution in one cellular handset model designed for the Asian market. If this engagement were to be delayed or terminated it would materially change our outlook for the timing of product commercialization for the next 12 to 18 months and impact our financial model for 2013.
- **Patents and Intellectual Property:** If the company is unsuccessful in protecting the proprietary nature of its technology in the Qualcomm litigation, its competitive position and future commercial opportunities would potentially be impaired.
- **Entrenched Competition**: Even if ParkerVision is able to demonstrate the superiority of its RF solutions, the current competition is well established, with significant financial and marketing advantages and could potentially be difficult to supplant.
- **World Economics:** A significant downturn in the world economic climate would likely affect the demand for cellular handset products and limit the willingness of OEMs to introduce new technologies into their products.
- **CEO, Jeffrey Parker:** The company is highly dependent on Mr. Parker as its chief executive officer. If his services were lost, it could materially adversely impact the leadership and the company's relationships with the industry and by investors.
- **Via Telecom, Inc.:** To commercialize its d2p RF technology ParkerVision needs to integrate its product with a baseband chip. Currently, ParkerVision is closely tied with only one baseband supplier, Via Telecom. Any disruption of the relationship with Via could adversely affect ParkerVision's ability to move its RF integrated circuit into the marketplace.
- **Capital Market: During 2011 the share price traded below the $1.00 level for an extended period of** time and the company was in default of the listing requirement for the NASDAQ National Market. With continued operating losses and uncertainty surrounding the patent litigation, there is a potential that the company could be delisted in the future.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.
Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.
Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS (AS OF 3/31/2013)

Buy:	74%	(38% are banking clients)
Neutral:	25%	(6% are banking clients)
Sell:	1%	(0% are banking clients)

COMPANY SPECIFIC DISCLOSURES

Ladenburg Thalmann & Co. Inc. makes a market in the subject company. Ladenburg Thalmann & Co. Inc. had an investment banking relationship with ParkerVision Inc. (PRKR) and received investment banking compensation from the subject company in the past 12 months. Ladenburg Thalmann & Co. Inc. acted as placement agent and sole book running manager in securities offerings for ParkerVision Inc. (PRKR) in the last 12 months. Neither the Analyst, nor members of the Analyst's household own any securities issued by the subject Company, or other companies mentioned in this report.

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