

# EGE INSTITUTIONAL RESEARCH REPORT

RESEARCH UPDATE

MARCH 27, 2008

EMERGING GROWTH EQUITIES, LTD.



## PARKERVISION, INC.

NASDAQ: PRKR - \$7.15 (Intra-Day Price)

*Semiconductors – Integrated Circuits*

### PRKR Ranks In The Top-Ten Of The Patent Board's Telecom & Communications Industry Scorecard (Published In The Wall Street Journal)

**ABOUT THE PATENT BOARD** - The Patent Board is the world's leading patent advisor to technology driven companies, investment banks, and governments. With over four decades of experience, The Patent Board utilizes proprietary data, tools, analytics and technology to leverage patent-based Intellectual Property as an asset class. Founded in 1968 as a research institution, today The Patent Board's legacy in bibliometric and patent equips commercial clients with a deep understanding of the science behind patents. Our clients benefit from unparalleled strategic insight gleaned from a 40-year history in studying and analyzing patent and patent portfolio development. Our patent portfolio quality-based indicators grew as a natural extension of our science literature analysis that we have been providing to the National Science Foundation for their biennial Science & Engineering Indicators report to the President of the United States and U.S. Congress since the initial report in 1972. The Patent Board tracks and analyzes innovation, movement, and the business impact of patent assets across 17-industries on a global basis. The Patent Board has offices in Chicago and Philadelphia.

**The Patent Board Further Validates PRKR's Technology And Confirms Its Significance To The Industry.** We spoke with The Patent Board this morning in order to get a better understanding of the true relevance and impact of PRKR's ranking in this study. According to The Patent Board, it evaluates companies based on Quality, Quantity and Science, and has a long history of evaluating technology strength. The Patent Board has been around for 40 years and considers itself an academic and research organization that evaluates patents on a science driven basis. In fact, The Patent Board has only commercialized its product in the past 5 to 7 years. That said, The Patent Board told us that they believe PRKR's ranking in this study is 'absolutely significant' and that its evaluation methods are extensive and thorough.

**PRKR Ranks High in Current Impact, Science Strength and Research Intensity.** According to The Patent Board, PRKR ranked, by far, the highest of all 110 companies evaluated in terms of Current Impact, which is defined as the extent to which other companies are citing PRKR's patents and building on its science in order to develop new technologies. This indicates the substantive relevance and importance of PRKR's technology to the industry, in our view. Second, PRKR scored highly in Science Strength, which is defined as a measure to indicate how much a company uses science in building its patent portfolio with a combined measure of science and quality. It was explained to us that although there are bigger companies with larger patent portfolios in the study, a smaller company like PRKR, could score higher based on how innovative its technology is or if its developments could be considered 'breakthrough technology'.

**Rating: STRONG BUY**

**Target: \$27**

52-Week Range:	\$17.20 - \$4.80
Market Cap.:	\$190m
Shares Out:	26.5m
Estimated Float:	21.2m
Short Interest:	6.6m
Avg. Daily Vol.:	223.5k
Insider Ownership:	20%
Inst. Ownership:	35%
FY Ends:	Dec.



Source: BigCharts.com

### Revenues (M)

	07A	08E	09E	10E
Mar.	\$0.0	\$0.0E	\$18.0	\$34.0
June	0.09	0.0	22.0	39.0
Sept.	0.19	0.0	28.0	44.0
Dec.	0.0A	2.5	32.0	49.0
<b>Yr.</b>	<b>\$0.28</b>	<b>\$2.50</b>	<b>\$100.0</b>	<b>\$166.0</b>
<b>P/S</b>	<b>NA</b>	<b>NA</b>	<b>2.4x</b>	<b>1.5x</b>

### Earnings per Share

	07A	08E	09E	10E
Mar.	\$(0.19)	\$(0.19)E	\$0.29	\$0.73
June	(0.18)	(0.18)	0.40	0.85
Sept.	(0.19)	(0.17)	0.56	0.63
Dec.	(0.19)A	(0.11)	0.68	0.71
<b>Yr.</b>	<b>\$(0.74)</b>	<b>\$(0.65)</b>	<b>\$1.93</b>	<b>\$2.93</b>
<b>P/E</b>	<b>NA</b>	<b>NA</b>	<b>3.7x</b>	<b>2.4x</b>

### Balance Sheet (12/07)

Cash:	\$22.4m (\$0.85/sh.)
Debt:	\$0.00

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**Note: Please refer to the last two pages of this report for rating definitions, possible conflicts of interest and other important disclosures concerning these recommendations.**

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The third area where PRKR scored highly was in Research Intensity, which is defined as the extent to which a portfolio includes patents with above average Science Linkage as compared to a control group – or, the extent to which the company has developed a new technology as opposed to building off an existing technology. We think this study supports our view that PRKR has a unique and innovative technology that will provide substantial benefits to mobile handset customers.

**Reiterate STRONG BUY.** We believe The Patent Board study further demonstrates that industry insiders see value in PRKR’s technology. Ultimately, however, the continued signing of new contracts will be the best evidence to the investment community, in our opinion. We expect two to three new contracts to be signed this year, in addition to its two existing contracts, which should begin to paint a picture of the large potential PRKR has in the next few years. In fact, we believe the stock could be trading at 2x to 3x its current value. Our valuation is based on a multiple of 18x our 2009 EPS estimate of \$1.93, discounted back to 2008 at 30%, resulting in a price target of about \$27. *(See discussion of Investment Risks on page 2)*

## CORPORATE OVERVIEW

PRKR is a fabless semiconductor Company that is focusing on the commercialization of its patented proprietary RF (radio frequency) communication technologies. The Company has developed its ESP (energy signal processing) technology into its two primary solutions, Direct2RFPower (d2p) and Direct2Data (d2d). These two offerings will target the mobile handset market addressing the needs for extended battery life, reduced handset cost, and better performance as the cellular industry migrates to 3G networks. PRKR has obtained 59 U.S and 54 foreign patents, and 98 pending. The Company’s business strategy includes forming relationships with OEMs (original equipment manufacturers) and ODMs (original design manufacturers) for incorporation of the Company’s integrated circuits into products manufactured by others or to license its technology for use by others. PRKR has approximately 55 employees at its headquarters in Jacksonville, Florida with additional facilities in Orlando, Florida.

## INVESTMENT RISKS

**Disruptive Technology:** The technology PRKR has developed can be classified as a disruptive technology since it is a complete and radical shift from traditional RF technology utilized today. There is no assurance this technology will gain market acceptance. A particular challenge is that OEM/ODMs may not be willing to take on the risk associated with bringing a new unproven technology to market or they may find incorporating the technology into existing products is too cumbersome.

**Business Model Execution:** PRKR success rests solely on its ability to penetrate the mobile handset market by licensing and selling its d2p and d2d technology to OEM/ODMs. Failure to execute this plan could have an adverse effect on future revenues as well as the long term viability of the Company.

**Customer Conversion and Base:** Currently PRKR has no customers and no sources of revenue. The Company is in the process of attracting OEM/ODMs to either purchase or license its technology. There is no guarantee that its marketing efforts will attract customers. Additionally, if and when the Company signs its first customers, revenue is likely to be concentrated around a few large customers.

**Competitive Products:** The microelectronics industry is highly competitive ranging from established players to smaller start-ups. To succeed, substantial capital must continually be invested in R&D to ensure new and more innovative products are developed. Although PRKR has developed a new RF technology there are current products on the market that address similar needs without assuming the risks of implementing a completely new technology.

**Intellectual Property:** PRKR sustainable competitive advantage hinges on its patent portfolio of new technologies. There is no guarantee that the Company’s existing patents are broad enough to fully protect its newly developed technology.

**Revenue Recognition:** It is still unclear whether the Company will sell its technology via licensing, direct sales, or a combination of both models. This translates into many unknowns as to how and when revenue will be booked. An OEM contract signing under a sales model may not produce revenue for one year after the signing date, while a license sale could result in immediate upfront revenue.

**ParkerVision, Inc. Income Statement (thousands)**

	2007					2008E					2009E					2010E					
	2006	Mar-07	Jun-07	Sep-07	Dec-07A	2007	Mar-08E	Jun-08	Sep-08	Dec-08	2008E	Mar-09	Jun-09	Sep-09	Dec-09	2009E	Mar-10	Jun-10	Sep-10	Dec-10	2010E
Net sales	-	-	90	194	-	283	-	-	-	2,500	2,500	18,000	22,000	28,000	32,000	100,000	34,000	39,000	44,000	49,000	166,000
Product revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
License revenue	-	-	90	194	-	283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty revenue	-	-	-	-	-	-	-	-	-	2,500	2,500	18,000	22,000	28,000	32,000	100,000	34,000	39,000	44,000	49,000	166,000
% change in net sales	-	-	-	-	-	-	-	-	-	-	-	1180.0%	3900.0%	-	-	-	88.9%	77.3%	57.1%	53.1%	66.0%
Cost of sales	-	-	77	175	-	251	-	-	-	500	500	2,880	3,080	3,360	3,187	12,507	3,400	3,900	4,400	4,880	16,580
Inventory write down	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	13	20	-	32	-	-	-	2,000	2,000	15,120	18,920	24,640	28,813	87,493	30,600	35,100	39,600	44,120	149,420
Gross margin	-	-	14.4%	10.0%	15.0%	11.3%	15.0%	15.0%	15.0%	80.0%	80.0%	84.0%	86.0%	88.0%	90.0%	87.5%	90.0%	90.0%	90.0%	90.0%	90.0%
Research and development	9,521	2,732	2,557	2,783	2,627	10,700	3,100	3,200	3,300	3,400	13,000	3,500	3,600	3,700	3,800	14,600	3,900	4,000	4,100	4,200	16,200
% of sales	-	-	2841.1%	1433.7%	-	3780.9%	-	-	-	136.0%	520.0%	19.4%	16.4%	13.2%	11.9%	14.6%	11.5%	10.3%	9.3%	8.6%	9.8%
Marketing and selling	2,117	667	681	630	715	2,693	720	740	760	780	3,000	800	820	840	860	3,320	880	900	920	940	3,640
% of sales	-	-	756.7%	324.7%	-	951.7%	-	-	-	31.2%	120.0%	4.4%	3.7%	3.0%	2.7%	3.3%	2.6%	2.3%	2.1%	1.9%	2.2%
General and administrative	5,233	1,274	1,427	1,485	1,544	5,730	1,500	1,550	1,600	1,650	6,300	1,700	1,750	1,800	1,850	7,100	1,900	2,000	2,050	2,100	8,050
% of sales	-	-	1585.6%	765.0%	-	2024.7%	-	-	-	66.0%	252.0%	9.4%	8.0%	6.4%	5.8%	7.1%	5.6%	5.1%	4.7%	4.3%	4.8%
Other	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	16,866	4,673	4,665	4,898	4,886	19,122	5,320	5,490	5,660	5,830	22,300	6,000	6,170	6,340	6,510	25,020	6,680	6,900	7,070	7,240	27,890
Operating income	(16,866)	(4,673)	(4,652)	(4,879)	(4,886)	(19,090)	(5,320)	(5,490)	(5,660)	(3,830)	(20,300)	9,120	12,750	18,300	22,303	62,473	23,920	28,200	32,530	36,880	121,530
Operating margin	-	-	-5168.9%	-2513.4%	-	-6745.6%	-	-	-	-153.2%	-812.0%	50.7%	58.0%	65.4%	69.7%	62.5%	70.4%	72.3%	73.9%	75.3%	73.2%
Interest & other, net	1,051	205	236	223	213	877	250	250	250	250	1,000	300	300	300	300	1,200	400	400	400	400	1,600
Pretax income	(15,815)	(4,468)	(4,416)	(4,656)	(4,673)	(18,213)	(5,070)	(5,240)	(5,410)	(3,580)	(19,300)	9,420	13,050	18,600	22,603	63,673	24,320	28,600	32,930	37,280	123,130
Pretax margin	-	-	-4906.7%	-2398.7%	0.0%	-6435.6%	-	-	-	-143.2%	-772.0%	52.3%	59.3%	66.4%	70.6%	63.7%	71.5%	73.3%	74.8%	76.1%	74.2%
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income before tax	(15,815)	(4,468)	(4,416)	(4,656)	(4,673)	(18,213)	(5,070)	(5,240)	(5,410)	(3,580)	(19,300)	9,420	13,050	18,600	22,603	63,673	24,320	28,600	32,930	37,280	123,130
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,526	13,048	24,573
% of pretax income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.0%	35.0%	20.0%
Other	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	(15,814)	(4,468)	(4,416)	(4,656)	(4,673)	(18,213)	(5,070)	(5,240)	(5,410)	(3,580)	(19,300)	9,420	13,050	18,600	22,603	63,673	24,320	28,600	21,405	24,232	98,556
EPS	(0.68)	(0.19)	(0.18)	(0.19)	(0.19)	(0.74)	(0.19)	(0.18)	(0.17)	(0.11)	(0.65)	0.29	0.40	0.56	0.68	1.93	0.73	0.85	0.63	0.71	2.93
Diluted shares	23,257	23,815	24,569	24,900	26,496	24,945	27,200	28,700	32,200	32,400	30,125	32,600	32,800	33,000	33,200	32,900	33,400	33,600	33,800	34,000	33,700

**ANALYST CERTIFICATION**

I, Michael C. Donahue, certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. In addition, no part of my compensation was, is, or will be directly or indirectly related to this recommendation or views contained in this report.

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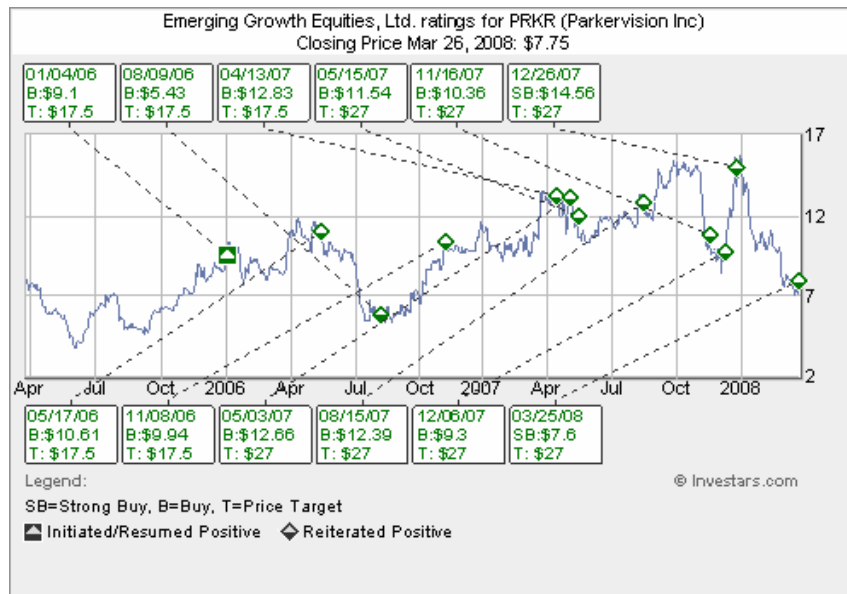
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<b>No Rating</b>	No formal rating has been issued, or rating has been suspended.
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**EGE RECOMMENDATION HISTORY (PRKR)**



**EGE RESEARCH RATING DISTRIBUTION March 27, 2008.**

Rating	Percent of Rated Stocks	% of Research Universe	Investment Banking Relationships*
Strong Buy or Buy	65%	45%	12%
Hold	35%	24%	0%
Sell	0%	0%	0%
Not Rated	N/A	0%	N/A
Monitor	N/A	32%	8%

\* Companies within rating category to whom EGE has provided investment banking services within the past 12 months.

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