

MANAGEMENT DISCUSSION SECTION

Operator: Thanks very much for holding, everyone, and welcome to the Parker Vision recent announcement. Today's call is being recorded, and at this time I'd like to turn things over to Paul Henning. Paul, please go ahead.

Paul Henning

Thanks. Before we get started I want to remind listeners that this conference call will contain forward-looking statements, which involve known and unknown risk and uncertainties about our business and the economy, and other factors that may cause actual results to differ materially from our expected achievements and anticipated results. Included in these risk factors are such as the ability to retain technological advantages in the marketplace, achieve timely market introduction and acceptance of our products, maintain product patent protection in the availability of capital among others. Given these uncertainties and other various factors about our business listeners are cautioned not to place undue reliance on any forward-looking statements contained in this conference call, and additional information concerning these risks and other factors can be found in our filings with ESEC. Today Jeff Parker, the Chief Executive Officer of Parker Vision will report on today's announcement as well as the company's other business activities. Jeff, would you like to go ahead?

Jeff L.Parker, Chief Executive Officer

Okay well thank you Paul, and welcome everyone and thank you for joining us for this important update on our business developments. We announced earlier today that we've entered into an intellectual property licensing agreement and an engineering services agreement with ITT Corporation for the use of our D2D technology and products for government application. For those of you who may be unfamiliar with ITT, they are a world-class organization, they generated revenues last year of about \$7.8 billion. ITT is a tier 1 supplier in their market. They have a heritage of cutting-edge technology products and certainly for mission-critical applications. They are a technically demanding customer who sells products to their customers who require the highest standards for quality and reliability. We are very excited to secure our first design win and to welcome ITT as the first licensee of our D2D technology. ITT approached us with an interest in our D2D technology for use in government applications. The RS design issues that ITT wanted to solve are not so different from those that we are encountering with OEMs in the mobile handsets space. Namely, there's the universal need for improved battery life due to the growing complexity of the wave form used in RS Communications, and there's an equally pressing need to collapse the multiple RS systems required in today's devices to support the large number of simultaneous standards. And for ITT, those objectives must be met while achieving the rigorous specifications for government applications. Our D2D technology addresses all of these key needs. ITT's in-depth technical evaluation resulted in the deep understanding of the D2D technology. Right down to the individual circuits. In fact, right down to the transistor level of our demonstration chips. They conducted laboratory bench analysis, which included measurements from working silicon. And the deeper their understanding, the more enthusiastic they became to develop products using D2D technology. Many of the specific terms of the ITT agreement are and will remain confidential. However, we wanted to provide our investors with enough information to understand the financial implication of this arrangement in general. Loyalties, which are calculated on a per-unit basis, will commence once ITT has completed their product design and initiated shipment of units to customers. During ITT's products development period we will collect fees from ITT for engineering consulting and design services. As we stated in our 8-K, we anticipate that the revenues from these agreements

will offset a portion of our operating costs on an ongoing annual basis. Furthermore, we anticipate that the cumulative royalties under this agreement will be approximately 25 million.

The teams at Parker Vision and ITT are ready and eager to kick off the product design phase immediately. We at Parker Vision are justifiably proud that our technology has taken the next critical step in becoming an important and needed solution in the wireless world. We have now successfully navigated the IT licensing process from start to finish with our first customer. This process included the evaluation of the technical and financial merits of our D2D technology, defining product specifications and engineering supports requirements, and ultimately the negotiation of the agreement. We expect to leverage our experience with ITT to the very similar processes we are navigating in or ongoing Medias and talks in order to achieve our goal of D2D adoption in the mobile handset market. Our sales and much of our engineering focus remains on solidifying relationships with tier 1 targets in the mobile handset market. As we've stated previously, we are in discussions with multiple top tier handset customers and or their key suppliers who represent the majority worldwide of the radios shipped and handsets. With our first design win in place, I am even more confident that we have the appropriate team with the experience and resources to see these opportunities through to execution. That team includes decision makers, business negotiators, technical support personnel, and legal resources. In addition to the team, we have an extraordinarily strong patent portfolio with numerous issued and pending patents. As our pending D2P patents begin to issue, we believe the uniqueness and robustness of our technology will come into even sharper focus. Furthermore, we have strong and continuing interest from our OEM target customers. And the benefits of our technologies continues to align with the recognized needs of the market. All of these factors contribute to our confidence that adoption of our technology in the mobile handset market is a matter of when, not if. In summary, we are very pleased with the caliber of our first customer and our technology's proven ability to meet the needs of their demanding applications.

Before I open the call to your questions, I would like to point out that we will not be holding our regularly scheduled quarterly update call next week, as we believe today's call has provided a meaningful update on our business activities. And so with that, Kevin, can we open the call to questions please?

QUESTION AND ANSWER SECTION

Operator: Absolutely. First up in the queue is Greg Lewin with Sale Fish Capital.

<Q – Greg Lewin>: Hi, Jeff how are you?

<A>: Hi, Greg. Fine, thank you.

<Q – Greg Lewin>: First question: Would you please describe how getting this first contract done helps you succeed in subsequent contracts, or if that help was necessary at all.

<A – Jeff Parker>: Well it helps in a couple of ways. First of all, we've now gone through the complete cycle of all the technical due diligence for extremely demanding applications. And all of the agreements that had to be put in place, you know that surround the intellectual properties, the royalties, the any other fees, in this case engineering design services. And you know that's just a myriad of issues that need to be worked through, and ITT is a very thorough, very respectable organization, I'm sure they've entered many agreements and they have quite the staff to do that. So getting through all that and having that as a template that's been validated and agreed to by a Tier One company like that is very helpful and comforting, I think not only to use but to some other companies that we're in dialogue with. Secondly, you know if, and I've said this before, it's always hard to get your first customer. While people are excited by

the technology, there's a little bit of that, who wants to be first up to the plate?

And I think that what this deal does is it definitely in the eyes of a number of people we're talking to will kind of reduce the risk that they're not the first, the first is done. They can be the second, they can be the third, the fourth, but they're not the first. And that just makes it, in certain large companies, a little easier to take that step. So I think those are the kinds of things, and then also of course tested out the fact that we do seed in place to do all those things and that we're able to do it in a matter that's acceptable.

<Q – Greg Lewin>: Now would you evaluate this deal as it's constructed, does it specifically get you over certain hurdles that remain with, you know, there must be some negotiating points with some of these Tier Ones that have been troublesome. Has this deal between you and ITT, did you deal with those very similar issues? So in other words a template where the difficult issues have now been established?

<A>: Yes, I can't say that it's gotten over all of them, because you know, every company in every market is a little different. But I definitely think it's gotten over a number of them, and again, it's helpful when you can point to, hey, here's how we resolve this. Here's how two parties, a real Tier One company with a real legal staff was able to work the fine position that was good for both parties. Yes, that's definitely helpful.

<Q – Greg Lewin>: And just a couple of other points around the same, have there been any negotiations with cell phone handset manufacturers that have stopped because of the technical merits of the product?

<A>: No, there have not been, and I've had people call me and ask, Hey Jeff, have any of the EOMs walked away from the table, and the answer is no.

<Q – Greg Lewin>: So you haven't had walk away, so the subject matter that still remains is far more associated with financial discussions or even legal discussions, not about technical qualifications and the value proposition that the technology offers?

<A>: Yes, it's about the aggregate of putting together an agreement that is acceptable to both parties.

<Q – Greg Lewin>: All right. Thanks, Jeff.

<A>: You bet, thank you.

Operator: And we'll move on to our next question. This is Michael Donahue at Emerging Growth Equities.

<Q – Michael Donahue>: Hey Jeff. Can you give us an example what type of applications, what products the technology is going to be used in?

<A>: Oh, I wish I could but I am absolutely bound by confidentiality of not disclosing that. You know, what I would suggest is, certainly ITT has a nice web site, you can go there and take a look and maybe talk about some of the spaces that they're in, probably to distill your own opinions, but I'm absolutely not able to comment on that.

<Q – Michael Donahue>: Okay, how about a ballpark of when you expect royalties to begin? Have we looked in 6 months, a year, like how long is it going to take for these products to be developed?

<A>: You know, again ITT has asked me, frankly I could just divert a little bit and I'll come back

to your question. One of the things we had a little bit of conversation around was whether ITT was even willing to allow us to use their name in announcing to our customers this year, and I'm sure you can see, in this space of large Tier One OEMS that wireless and other markets, oftentimes you're not allowed to use the name of the customer. So I was very, very appreciated and pleased when ITT said, sure, we'll let you use the name, we'll even let you put it out in a press release, but we really expect you guys to keep the confidentiality of where we're taking this, when it will be in the market, I mean they are hoping, obviously, to get some real competitive advantages, which they will get, out of this technology. I can only tell you that it's a design in process here, you know, will look a lot in chip development in the RF space.

<Q – Michael Donahue>: All right. And what type of time period are we talking about, to realize the full 25 million of this contract, is it over 4 quarters, 8 quarters.

<A>: Well again, Michael, I wish I could tell you more definitive information, but that is another area, and what ITT has asked us to do is to give out the minimum information that we have to and no more, and frankly I think we accept today was probably right on the edge of their comfort level, but they understand that it's a small company with emerging technology adoption we have to give out something to our share holders, to give some temperature here.

<Q – Michael Donahue>: All right. What about, is this product implementation going to be transferable to maybe other areas of ITT? Other contracts?

<A>: There are other applications that I believe ITT will expand into beyond with the initial activity will be, but again I can't go into the details of that. But yes, I do believe there is an opportunity to expand the relationship. And I frankly think we're going to see that with all the OEM customers that become Parker customers because they'll target initially some segment and as they come to realize that yes, the technology does everything it's supposed to do and it's very agnostic in the way it can be applied, and it has a lot you can do to push and pull it around for various benefit, it will just be a natural gravitation toward additional applications. And I would not be surprised at all to see that expand.

<Q – Michael Donahue>: All right. And the last thing, since we weren't really expecting something like this, and we were expecting a cell phone OEM, how does this change the landscape of the timeframe that you expect cell phone OEM contract deal to be signed?

<A>: I personally believe that this is going to help us bring in the cell phone customers for the reasons I described earlier in the previous question. You know, again, very few people are enthusiastic about stepping up and being the first. It becomes a whole lot easier once they become the second or third. And having now worked through all the issues with a Tier One company, it's just going to make it easier to work through the final issues with the next Tier One company. So I think it's going to accelerate the progress on that front.

<Q – Michael Donahue>: I guess what I'm trying to get at is, when you're talking about, let's just go back to the last conference call when you were talking about having the deal signed before we had to do this earnings conference call, this deal that you were talking about? Or was it OEM cell phone and multiple possible deals within the timeframe?

<A>: Yes, there were several OEMs that I had in mind when I made that statement. And the fact that ITT just happened to be the first one to get to the goal line was not my guess at the time, there were several that I thought could be that first customer. And certainly those others are still out there and still working with us so we'll find our way to conclusion.

<Q – Michael Donahue>: So we're still in the timeframe of like months, right?

<A>: I think Michael, we are moving in the right direction. We're going to get to the conclusion. We're going to get to that goal line. I don't want to give a specific date because if I've learned anything in this process with ITT it's almost impossible to predict. Even the processes within their own organizations they couldn't predict. They had some goal dates and it just takes time. The organizations are large and they're working through various issues and it just takes the time that it takes.

<Q – Michael Donahue>: All right, that's all I've got. Great, thanks.

Operator: We'll move on to our next question. This is John Stanley, Stanley Partners.

<Q – John Stanley>: Hi Jeff, I have a few questions as well. First of all congratulations on this very significant validation.

<A>: Well John, thank you.

<Q – John Stanley>: Can you expand a little bit on the due diligence process that ITT used to evaluate D2D?

<A>: Sure. When I say these guys literally did the due diligence down to the transistor, that's not an exaggeration. They have a very clear understanding of exactly how the technology functions and what it does and its behavior under a whole variety of operating conditions. And so their due diligence was down to the device, the circuits, the sub-systems, the chip, the board, literally every level up and down the food chain, these guys studied the technology. And every step they took, their enthusiasm grew because there are some unique attribute of our technology that make it much more robust under the kinds of conditions that, real world conditions that wireless products encounter. So they started to check off the box on how the technology would behave under conditions that they've been trying to figure out how they can make a better product, and they saw, here's the solution. So their due diligence, John, was literally from the transistor all the way up to the board level.

<Q – John Stanley>: Good, thank you. And then specifically Jeff, what problem did you solve for ITT?

<A>: Well, again I can't go into the specifics of that application but at a high level I can say that when you look at the D2D technology, the two kinds of overriding themes that people like is the efficiency that you get for really all these different wave forms and the fact that you can collapse what's today a multi-chain, multiple redundant circuit down much significantly fewer circuits. So I guess you'd call that the flexibility. It's those two things that everybody talking to us seems to like, and it's interesting. Other OEMs that we're talking to are actually starting to have kind of internal debate, is it the efficiency we like the most or is it the flexibility? I think that's great that we're getting that kind of a reputation because those are the two most important things people are looking for out of the next generation transmitter chains that they want to do.

<Q – John Stanley>: So I'm assuming that cell phone handset manufacturers for example would have the same problem, the same issues?

<A>: They have exactly the same issues. Exactly the same issues.

<Q – John Stanley>: All right. Go ahead.

<A>: I was just going to say, speaking of cell phones, if you look at the 3G handsets and you read some of the commentary by users, one of the biggest complaints that we see on the Internet is verity. People are using to getting the 4, 5, 6 hour talk times out of their 2G handsets

and now they've got 3G handsets and if you look at some of the quote-unquote blogs out there for users, you'll see that the talk times are down to an hour, hour and a half, hour and 45 minutes, hour and 15 minutes, and basically the handset is, basically it's a voice device. I mean yes, we're getting data and other things, but those are applications that are yet to grow. And so you've just taken your voice 2G phone from 4 hours of talk time down to an hour and the consumer, I've got to scratch my head and say, what's the benefit of doing that? So there's no question that efficiency is a big issue today and we've solved that issue. We really make a big step toward helping people in any complex wave form do better on efficiency.

<Q – John Stanley>: And then lastly Jeff, what do you think is the most misunderstood aspect of your technology and your company, both by radio frequency engineers and investors?

<A>: I think radio frequency engineers are starting to come on board, and you can't expect an industry to turn on a dime. I love Arthur Clarke's comment that any sufficiently advanced technology is indistinguishable over magic. And certainly nobody wants to buy into magic because nothing seems right, but there's no question we've a very advanced technology here over the very old and tried and true architecture that has dominated transmitters for decades and decades and decades now. And so it takes people a little time to get on the page that there's a different way to do it. The way we do it is very different, it's very unique but it's frankly not that difficult to understand once people spend a little time with it and they open their mind and then they start to see all the benefits. So I think with the art engineering community, it's just time, and I'm beginning to see that progress quite a bit with ITT coming on board, that's going to make it looky John. At some point in time we're going to look back on this and it's going to go from a few people believe to everybody believes and maybe there's a few holdouts. And it's just, it just takes time. In terms of the investment community, investors, unless they are in product development for wireless product, in my opinion don't have the access to know whether the technology has the merit or not. The kind of specifications that OEMs look for, some of those are published, some of those are not published. Some of those are trade secrets analyses built up with these OEMs over decades and decades of building product. So I can't imagine how an investor could get their arms around the technology merit other than watching us get design limit. And to me, that's the single best, maybe only way for investors really to measure the merits of our technology. I can say with confidence, there's not a technology claim that we've made that isn't true. Because it's all right there. But that said, you know, again, it's in the hands of our customer that makes that final judgment if whether this technology has merits or not. So that's why design is the best way.

<Q – John Stanley>: Well it appears this is validation in probably, I guess and these is my words and not yours, but this is, you know, this is probably a very high profile mission critical defense related scenario, and that's, you know, that's from a credibility standpoint. That's as good as it gets. Thank you, Jeff and congratulations.

<A – Jeffrey Parker>: Thank you, John.

Operator: Moving on to our next question. This is Philip Anderson, Pinnacle Fund.

<Q>: Hi, Jeff. How are you?

<A – Jeffrey Parker>: Hi, Phil.

<Q>: First I want to say congratulations to you and Cindy and the whole team. I think that I've been an investor in this company as long as anybody whose last name isn't Parker. It's just a very rewarding day to have the conference call.

<A – Jeffrey Parker>: Phil, thank you giving us support.

<Q>: Sure. Jeff you've been very specific about the diligence that ITT has done, you know, down to the transistor and the chain, if you will. Can you contrast that with the amount of technical diligence that your more advanced cellular OEMs have done? Have they completed that type of a technical analysis?

<A – Jeffrey Parker>: We have some – we have OEMs, Phil, kind of in different states of that diligences. Some of them have; some of them have gone up and down that chain. And others are still, you know, in that process. I will say that as we move through that steps of technical due diligence, it does make it easier for the next companies to do it cause we've got the books put together; the documents are there. We can put the experiments that they learn together even quicker because we've, you know, done this before in ways that they want to see it. But no, there are some that have been through that; and there are others that are still going through it. We have people in both states.

<Q>: To the extent that you have prospective customers who are almost through or who are through it, with the company having a relatively fixed R&D capacity right now, with only a certain amount of bandwidth to help the customers to actually apply the technology when they make the decision to go forward and then trade into the next generation products. How much capacity do you have to service the next customer or customers? Is there a 1 or 2 or even more cellular OEMs who are to get into a contract with you? Do you or any of your colleagues there at the company have the bandwidth to handle all these people concurrently?

<A – Jeffrey Parker>: Well the great thing about this direction of ITT is they have a very capable RFIC design team in house. And so the services that we're providing the ITT are really more consultative, which is a great system for us because it enables us to service a customer with ITT at the level that they want to, you know, have interaction. And yet we still have the bandwidth to support the additional OEMs that we believe we will get from the cellular market.

<Q>: So they may not be as resourceful intensive reliant upon Parker Vision to get done whatever it is that needs to be done to get in the marketplace relative to the OEMs with whom you are very familiar with?

<A – Jeffrey Parker>: No, that's correct. And frankly there are other OEMs we're talking to in the Taylor states and will look a lot like ITT in term of their internal recourses. So I'm actually very encouraged that this first design is constructed the way it is because I think it sets the template that others are going to want to follow. And that's the right kind of division of how we work together.

<Q>: Using the word template, to what extent is the incremental – will the incremental advancements that you make in the conjunction with ITT be transferable to whatever it is that you believe the cellular OEMs expect your technology to do?

<A – Jeffrey Parker>: Well again I can't go into the specifics of their application. I can say that one of the things that everybody who's looked at this technology from the tier 1 OEM prospective life is that it's truly agnostic with the wave form that you want to generate. This technology does not limit any type of wave form that you want to create, whether it's the simple, constant volume wave form like we've used in GSM; or it's a more complex wave form like in 3G wideband CDMA; or it's the next generation coming with OSDM for Wi-Max or other types of OSDM fourth generation proposed wave forms. Our circuits are the same. So this is something that everybody with the technology loves; and they should because today you kind of have to reinvent you transmit chains for each and every wave form. And with our technology, you don't.

So that's a, that's a very nice benefit. So therefore, that's my long winded way of telling you that I think almost any work we do with any OEM becomes helpful with any other OEM because everybody is – you know, we're basically looking for our technology to move data into the RF field name at power with the quality wave forms. And that's what we did.

<Q>: That sounds great. Just one last question, as you were listing the different types of wave forms that your technology will assist is complimentary too. Did I hear that 4G was in there? Something called 4G?

<A – Jeffrey Parker>: Yes. 4G is now being kind of forged by the committees. It's still, you know, under debate. But you know it may be some form of Wi-Max; it may be Wi-Max; it may be, you know, Qualcomm has their own version of 4G. There's 2 or 3 different proposals out there. It wouldn't surprise me if there's at least 2 standards that are adopted, which is not uncommon. And I can only tell you that every form of wave form that's being proposed, we've already shown OEMs who have wanted to see it. And it looks terrific. I mean the figures of nerve they look for are very strong in our technology. So in fact I can tell you there is not a wave form that we've been asked to generate that this technology will not generate. I'm still waiting for the first. And as long as it's amplitudebased frequency modulation, there is nothing that we can't create.

<Q>: Well that sounds terrific. Thanks so much, Jeff.

<A – Jeffrey Parker>: Okay, Philip. Thank you.

<Q>: Bye-bye.

Operator: There's a question now from Jim Witt, Laidlaw & Company.

<Q>: Hey, Jeff.

<A – Jeffrey Parker>: Hi, Jim.

<Q>: Congratulations.

<A – Jeffrey Parker>: Thank you.

<Q>: I had a couple of questions I was going to ask was asked about 10 times.

<A – Jeffrey Parker>: Okay.

<Q>: I did some – one thing I was thinking about; in generalization the product that you're going to license to ITT is it unique to ITT?

<A – Jeffrey Parker>: Well what we license is our know how and our intellectual property. That's the fundamental, underlying architecture that generates these RF wave forms to our approach. The way ITT and other companies want to partition, you know, influence the technology, there's a myriad of ways. So you can, you know, you can decide certain things are more important to you verse other things. And that will influence how you will implement the technology. So what we really license is our know how, our guidance in that, and then the intellectual property that we've secured through patented for them to go off and to use this without other people being able to use it.

<Q>: Is that implying exclusivity?

<A – Jeffrey Parker>: Well, I mean you know, every agreement will have its own nuances. I can tell you that ITT obviously is confidential. I can't go into specific details, but I can tell you that

there is nothing that we've agreed to with ITT that prohibits us from doing anything we want to do in the cellular marketplace.

<Q>: Okay. The key word being cellular, now is there anybody else working on any other activities? And I know in the past we were just going to concentrate on cellular as far as conversation is concerned, but is there anybody else working on any other activities? Now I know in the past that we were going to just concentrate on cellular as far as conversation was concerned, but is there anybody else working on any other applications for the technology?

<A>: You know, Jim let me just say that when people come knocking on our door, if we think that the application is synergistic, profitable, you know – the path is kind of those two litmus tests. We're likely to answer the phone or open the door and say, come on in let's talk about it. So, I don't want to say any more than that. You know, our focus is on cellular but if other applications come our way that we find synergistic and profitable then we will definitely be enthusiastic to entertain them.

<Q>: Last question. The consulting services that you'll provide ITT would it be any significant amount to defray the overhead for the year.

<A>: Oh yeah, I mean – you know, in the RF industry the cost of chip design consulting, system architecture consulting – those kinds of areas which is where they will be drawing from our expertise – is expected to be, you know, it has a certain value and it's not insignificant. So, yeah – they're going to absorb a certain percentage of our bandwidth and they're certainly willing to pay a fair dollar for that and it will definitely help defray some of the operations. Absolutely.

<Q>: So, it could extend our, ummm, our, umm...

<A>: Oh, it'll extend our lumley for sure.

<Q>: Very good. Congratulations. Thank you.

<A>: Thank you Jim.

Operator: Moving on now from Bonanza Capital this is Brian Lee.

<Q>: Hi. Now that you guys have signed a company or technology are you going to make evaluation tips available to industry?

<A>: You know, we have and we will make tips available to OEMs that we're in dialog with. You know, anybody whose been interested in the technology, all they have to do is pick up the phone or send us an email – we get from time to time contacted by university research or kind of off-the-beaten-path type, or at least off of our focus types of applications that we don't want to take the bandwidth for the organization. When you sign up to support someone with eval you know, it's a commitment. You can't just throw something over the wall and say 'see ya later', you know they have 1001 questions and you'd better be there to answer those questions. It's a real commitment by us to do that – we're willing to do that, we do that. But we're absolutely selective about who we do that with based on what the opportunity is with that particular customer, potential customer, might represent.

<Q>: How much of the \$25 million revenue or license numbers are guaranteed from ITT?

<A>: There are various elements of this agreement, and that's confidential I can't really go into that – ITT would not be very happy with me if I disclosed that.

<Q>: Is there a minimum level of revenues that are guaranteed?

<A>: Again, I'm not going to go into the specifics of the royalty agreement.

<Q>: What is it about signing a water and defense company that you think will make tier one handset OEMs interested in the technology when a lot of them have looked at it and they haven't gone anything in the last couple of years?

<A>: Well, I don't know about a water and defense company, but I think a defense, electronics and services company might get someone's attention considering that they're in the probably top two spots in the government wireless market sales. That's about a \$3 billion annual market. You may think that's insignificant, but we don't.

<Q>: What is it about their endorsement of the technology that you think is going to make a company that's specific to making handsets interested in the technology.

<A>: You know, I think the validation from someone who fields products that are mission critical and that have volume behind them, which ITT has will be impressed with any legitimate wireless company. Look – I'm going to keep it down to a couple questions, because we've only got a limited amount of time. Thank you for your call, though.

<Q>: Thank you.

<A>: You bet.

Operator: Moving on we'll take a call from Joe Graves at Lehman Brothers.

<Q>: Hey Jeff.

<A>: Hey Joe.

<Q>: Hey, congratulations. In my mind there's a number of questions, but one that resonates the most with me is that at the beginning of the call you said that ITT approached you. You kind of framed that scenario, and a lot of people have asked questions I wanted to ask, but I want you to try to go into – I know that you can't go into much detail, but would it be fair to assume just given the nature of the products that ITT makes that this is a performance-driven decision and that speaks volumes to the capabilities of the technology. And, you know some people will "poo-poo" battery life as one of the benefits – there's a lot of new battery technology. I'd like you to elaborate on software-defined radio, its future, and your ability to enable that.

<A>: Okay, let me see if I can whack away at those, Joe. First of all, your first question was – ITT approaching us, and how did that happen? As much detail as I can give is, we have some common relationships in the semiconductor industry who kind of made that happen. And that was very nice for both parties. So that's how ITT came to know about ParkerVision and how we got into a dialog. The applications that they have in terms of them being high-reliability. They are high-reliability but I will also tell you that they are also cost sensitive. They are not just – you know, the business that they operate in is very competitive so it was not an insignificant part of their study to understand what was the financial implications of adopting this technology into their product. When that made them, you know, to keep them competitive or even make them more competitive and we definitely passed the test on that. The software radio question you asked is really a result of – if you look at the networks and how they're evolving, carriers who are offering network service – wireless network services – are trying to provide as many different services to each consumer as they possibly can. They want to be your one-stop shop for voice, e-mail, data, big volumes of data, small volumes of data, mobile television – I mean, there's

literally to do all that they want there are many, many radios that have to be inside the device like a handset. So the emergence of software radios is in the quest to find a way that the hardware can be redefined so you don't have all these different redundant circuits for each and every application you want to do, and our technology really empowers or enables the elegance that people are looking for. You know, our CEO likes to say to people that our technology is frankly even beyond software-defined radios in the sense that it really can do the kinds of things almost instantaneously that even the software-defined radio wouldn't be able to do. So we're very enthused about our future because it doesn't just solve problems for today, but it solves problems for the, frankly, as far as the eye can see in what the trend in the market is and what wireless carriers are looking to have achieved. I hope I answered your questions.

<Q>: Yes, that's terrific.

<A>: Okay, Joe, thanks.

<Q>: Thanks.

Operator: Moving on now to Ira Nathan at Nathan Financial.

<Q>: Yes, Jeff, congratulations.

<A>: Thanks, Ira.

<Q>: One question that I hope can be answered very quickly: The financial aspects of the contract with ITT, specifically the consultation and royalties. Is that going to be the basis of dialogue as far as the financial end with the tier 1 OEMs and the mobile phone industry?

<A>: It is. It is, absolutely.

<Q>: Okay, thank you.

<A>: You bet.

Operator: Next up, from McGinn Smith this is Mike Bullen.

<Q>: Good afternoon. Some of the questions are answered, but regarding the deal with ITT. Could you estimate how many of these agreements you might need to sort of completely offset operating costs?

<A>: That's a good question. You know it depends on the scope of the deal. You know the ITT deal is a nice start for us. It's a significant step forward. When you look at the handsets phase, assuming this with tier 1 companies, those will be, in my opinion, larger. So it really depends, Mike, on the nature of the customer. You know if we get the right tier 1s next I don't think it will be, we won't have to have a big number of customers to move this company's profitability.

<Q>: Okay along the similar lines, it sounds somewhat the way you put it that ITT you know coming to you was a bit of a market that you were not really going after. Do you see that changing a bit now with this contract?

<A>: No, I don't. I won't be surprised if we're approached by some other people in some markets that we're not pursuing now. And we will have to be very selective to make sure that we don't pull ourselves off-course. Because we, well again what was beautiful about the ITT deal is the applications that they have are really quite synergistic with things we were doing anyway. So it really worked out well, and with the skills that they have internally, our ability to support them works out very well. So if some more of those come our way and they look like that, sure,

we'll be very enthusiastic, but I will also tell you, we have had other companies come to us with things that are way off the beaten path of what we are working on, and we've not encouraged those. And we've actually said hey not now, we don't have the balance to support you.

<Q>: Okay last question's a financial one. If I'm reading this correctly, you expect that the cost sharing that they're doing and the royalties combined will offset a portion of the operating.

<A>: That's right. That's right.

<Q>: Thanks guys.

<A>: Thank you.

Operator: And for our last question we'll go back to Philip Anderson at Pinnacle Fund.

<A>: Okay.

<Q>: Jeff, I was just wondering, on the ITT opportunity, is this, did they come to you with a piece of business they had already won that they had suspected your technology may help them become more successful and grab a greater market share? Or is it more earlier stage wherein they're thinking of getting into a type of business and perhaps with your technology they could become successful in that?

<A>: Again so I've got to be a little careful how I answer that just because of the confidentiality between our companies, but ITT is very active in certain government areas and has a very nice market position in those areas. And I believe looks at our technology first and foremost to continue to advance their cause in existing markets and I think longer term they will be on that.

<Q>: Okay, thanks very much, Jeff.

<A>: Thank you.

Well folks, look, thanks for your time, and your continued support of our company and our missions. And hope that we will have another conference call with additional news as time continues on with bringing more news of our progress. And have a good week. Thank you so much. Goodbye.

Operator: Thanks again for joining us, everyone. That will conclude today's conference call. Again, have a good day.

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