PARKERVISION INC
Form 10-K
March 16, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One) (X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934
For the transition period from ________to________

Commission file number 0-22904

PARKERVISION, INC.
(Exact name of registrant as specified in its charter)

Florida	59-2971472
(State of Incorporation)	(I.R.S. Employer ID No.)

7915 Baymeadows Way, Suite 400
Jacksonville, Florida 32256
(904) 737-1367
(Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:
COMMON STOCK, $.01 PAR VALUE
COMMON STOCK RIGHTS

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes |_| No |X|

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes |_| No |X|

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ( ).

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer |_| Accelerated filer |X| Non-accelerated filer |_| Smaller reporting company |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes |_| No |X|

As of June 30, 2008, the aggregate market value of the Issuer's Common Stock, $.01 par value, held by non-affiliates of the Issuer was approximately $228,567,965 (based upon $9.93 share closing price on that date, as reported by The Nasdaq Global Market).

As of March 6, 2009, 32,747,683 shares of the Issuer's Common Stock were outstanding.

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Forward-Looking Statements

We believe that it is important to communicate our future expectations to our shareholders and to the public. This report contains forward-looking statements, including, in particular, statements about our future plans, objectives, and expectations under the headings “Item 1. Business” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report. When used in this Form 10-K and in future filings by ParkerVision, Inc., with the Securities and Exchange Commission, the words or phrases “will likely result”, “management expects”, “we expect”, “will continue”, “is anticipated”, “estimated” or similar expressions are intended to identi “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on such forward-looking statements, each of which speaks only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected. Examples of such risks and uncertainties include the timely development and commercial acceptance of new products and technologies, reliance on key business and sales relationships, and reliance on our intellectual property. We have no obligation to publicly release the results of any revisions which may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

PART I

Item 1. Business

ParkerVision, Inc. (the “Company” or “we”) was incorporated under the laws of the state of Florida on August 22, 1989. We are in the business of designing, developing and selling our proprietary radio frequency (“RF”) technologies and products for use in semiconductor circuits for wireless communication products. Our business includes licensing our intellectual property for incorporation into wireless products designed by our customers. We have also recently entered into an agreement for the joint development and marketing of wireless radio modules that incorporate our technologies. Under this agreement, we will supply unpackaged integrated circuits that will be manufactured for us, based on our designs, under agreements with various semiconductor foundries. In addition, our business may include, from time to time, providing engineering consulting and design services to our customers, for a negotiated fee, to assist them in developing products incorporating our technologies. We are primarily focused on incorporating our technologies into mobile handsets, but our technologies are applicable to other wireless products that are related to networks serving mobile handsets such as data cards, pico cells, and femtocells. Our technology can also be applied to non-cellular radio applications such as military radios.

Recent Developments

Agreement with LG Innotek

On December 4, 2008, we entered into a Product and Market Development Agreement (the “LGI Agreement”) with LG Innotek Co., Ltd. (“LGI”), a division of the LG Group. Under the terms of the LGI Agreement, we will work cooperatively with LGI to develop and market RF modules that incorporate our technologies for use in mobile handset and data card applications. Under this agreement, we will supply LGI with tested, unpackaged integrated circuits under a supply agreement, the terms of which will be finalized as part of the development planning with LGI. The modules are being designed for commercial HEDGE applications. HEDGE is an acronym for applications that incorporate support for 2G, 2.5G and 3G waveform standards including GSM, EDGE, WCDMA, and HSPA.

Shelf Registration

On January 5, 2009, we filed a shelf registration ("Shelf") on Form S-3 with the Securities and Exchange Commission. The Shelf is intended to provide flexibility to raise funds from the offering of various securities, up to $25 million, over a period of up to three years, subject to market conditions. Securities offered under the Shelf, which was declared effective on January 20, 2009, may be used to fund working capital, capital expenditures, vendor purchases, and other capital needs.

Sale of Equity Securities to Fund Operations

On March 3, 2009, we closed three separate but concurrent offerings for the sale of an aggregate of 5,994,963 shares of our common stock and 431,320 warrants under the Shelf for aggregate gross proceeds of $10.5 million. Roth Capital Partners, LLC ("Roth"), acted as underwriter for two of the three transactions. The net proceeds from the offerings, after underwriter discounts, placement fees and other offering expenses, of approximately $9.4 million will be used for general working capital purposes. Under the terms of the underwriting agreements, Roth has the option, through March 27, 2009, to purchase additional common stock and warrants to cover over-allotments. If the over-allotment options are exercised in full, we will receive additional proceeds, net of underwriter discounts, of approximately $1.36 million. To date, the underwriter has not exercised its over-allotment options.

Pursuant to one underwriting agreement (the "Unit Underwriting Agreement"), we sold 2,156,600 shares of common stock and 431,320 warrants as units, each unit consisting of one share of common stock and two-tenths of a warrant, at an offering price of $1.875 per unit (the "Unit Offering"). The warrants are exercisable, at an exercise price of $1.875 per share, commencing March 3, 2009 and expire on March 3, 2014. In addition, we granted the underwriter an option to purchase up to an additional 323,490 shares of common stock and 64,698 warrants, as units, to cover over-allotments, if any. The underwriter purchased units from us at a discount of $0.15 per unit, representing eight percent (8%) of the public offering price. The Unit Offering resulted in proceeds, after underwriter discounts, of approximately $3.72 million. The shares of common stock and the warrants comprising the units were issued separately and at all times have traded separately. Consequently, no "units" were actually issued.

Pursuant to the other underwriting agreement (the "Stock Underwriting Agreement"), we sold 3,484,309 shares of common stock at a public offering price of $1.665 per share (the "Common Stock Offering"). In addition, we granted the underwriter an option to purchase up to an additional 522,646 shares to cover over-allotments, if any. The underwriter purchased the common stock at a discount of $0.1332 per share, representing eight percent (8%) of the public offering price. The Common Stock Offering resulted in proceeds, after underwriter discounts, of approximately $5.34 million.

In connection with the Unit Offering and the Common Stock Offering, we also sold an aggregate of 354,054 shares of our common stock at a price per share of $1.85 to an executive officer and two directors of our company (the "Management Offering"). The Management Offering resulted in proceeds, after placement fees, of approximately $0.64 million.

The aggregate of the three offerings represent 18.3% of our outstanding common stock on an after-issued basis.

General Development of Business

In 2005, we began educating prospective customers about the benefits of our technologies, with a primary focus on our RF transmit, or d2p™, technology and its unique ability to address certain high-priority market needs related to mobile handset applications. In 2006, we completed our first d2p integrated circuit ("IC") which embodied many of the advancements of our technology and enabled us to begin demonstrating partially-integrated prototypes. Throughout 2006, 2007 and 2008, we continued to further advance our prototype ICs and increased the level of prototype integration while cultivating potential customer relationships. Our sales-related activities during this three-year period included prototype demonstrations of our d2p platform, support of in-depth technical due-diligence by prospective customers, analysis of prospective customer product requirements, delivery of initial proposals and terms, and ultimately, negotiations of proposed business relationships.

In 2007, we entered into licensing agreements with two customers, ITT Corporation ("ITT") and a confidential mobile handset chip supplier ("Confidential Licensee"). During 2008, our product development efforts were largely focused on advancing our ICs from prototype to production-ready samples for our customers. In addition, we delivered a development/demonstration platform to ITT for their use and, late in 2008, we delivered production-ready d2p silicon samples and reference designs to our Confidential Licensee. The delivered samples met or exceeded all critical functional and performance requirements under our agreement.

Under the terms of our licensing agreements, we will be paid royalties on a per unit basis for products sold that incorporate our licensed intellectual property. To date, we have not earned any royalties from these two customers as they have not yet commenced shipments of products incorporating our technologies.

Our ability to generate revenues sufficient to offset costs is subject to our ability to successfully support our customers in completing their initial product designs and our ability to secure a reasonable market share through additional product offerings with our current customers and/or the addition of new customers.

We believe our technology has substantial advantages over competing technologies, especially in the third generation, or 3G, mobile handset market and generations that are evolving beyond 3G, such as 4G mobile handset standards and applications. Industry studies indicate that over 0.5 billion 3G handsets are expected to ship in 2009, which represents over one-third of total expected mobile handset shipments.

Technology and Products

Our wireless technologies represent unique, proprietary methods for processing RF waveforms in wireless applications. The technology applies to the transmit (baseband data to RF carrier signal) and receive (RF carrier signal to baseband data) functions of a radio transceiver. The transmit portion of the technology is called Direct2Power™, or d2p, and enables the transformation of a digital baseband signal to an RF carrier waveform, at the desired power output level, in a single unified operation. The receiver portion of the technology is called Direct2Data™, or d2d™, and enables the direct conversion of an RF carrier to baseband data signal. Although our primary sales efforts were focused on commercialization of our d2p technology solutions, both of the agreements with customers in the commercial handset market contemplate incorporation of our d2d technology as well.

We have completed engineering prototypes of our d2p-based ICs targeted at mobile handset applications. The ICs which incorporate the core RF technology were produced using a Silicon Germanium ("SiGe") process through a fabrication relationship with IBM Microelectronics ("IBM"). Late in 2008, we completed the integration of the digital engine that controls our RF transmit IC and interfaces to the mobile phone baseband processor. This digital engine was produced using a CMOS semiconductor process through a third-party fabrication relationship. These ICs are utilized to verify that our technology can be highly integrated in silicon and to demonstrate the benefits of the technology to target customers.

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Our current prototypes support functionality that is multi-band (meaning multiple frequencies) and multi-mode (meaning multiple cellular standards and corresponding modulation formats). Our ICs support multiple bands of cellular and PCS (Personal Communications Service) frequencies and support the current and emerging cellular standards including GSM/EDGE, CDMA, W-CDMA, and HSUPA. We are also able to demonstrate 802.16e WiMax and LTE standards using PCS frequencies with our current ICs.

We anticipate that future customers will either engage us to customize the implementation of the core technology based on their specific interface and product requirements or utilize our existing silicon designs. The engagement will largely depend on the nature of the customer's product application.

Our unique technologies process the RF waveform in a more optimal manner than existing technologies, thereby allowing the creation of handsets that have extended battery life, more easily incorporate multiple air interface standards and frequencies in smaller form factors, and reduce manufacturing costs. Our technologies provide such attractive benefits, in part, because of their unique integrated circuit architecture which enables efficient creation of highly accurate RF waveforms at the desired power levels thereby eliminating many of the limitations of legacy analog processing.

Marketing and Sales

When we targeted the cellular industry in 2005, our initial target customer base was limited to the top tier mobile handset manufacturers. However, in 2006 and 2007, mobile handset manufacturers were shifting RF innovation and developments to their chipset providers. Accordingly, we expanded our target customer base to include not only the mobile handset manufacturers, but also their component suppliers. Our first commercial chip customer and LGI are both component suppliers to mobile handset OEMs (Original Equipment Manufacturers) and/or ODMs (Original Design Manufacturers).

Although our primary target market is the mobile handset industry, we have also explored potential relationships outside this target market to the extent that the requirements of the prospective customers are in concert with the needs of our primary target market. This exploration resulted in our licensing agreement with ITT in 2007.

Our marketing and sales activities are currently focused on developing and capitalizing on relationships in the mobile handset industry. Although we believe our direct customers will likely be the chipset suppliers in this industry, we continue to cultivate our relationships with the mobile handset manufacturers who, at a minimum, exert major influence on their chipset suppliers. In addition, our market awareness campaign was expanded to include network providers who exert significant influence on the OEMs in the mobile handset industry.

Our sales and sales support activities include prototype demonstrations of both semi-integrated and highly-integrated circuits that showcase the benefits of our technology, support of detailed technology due-diligence discussions and testing, analysis of potential customer product roadmaps and integration alternatives, negotiations of specific terms of potential business relationships, and support of customers during their design process.

We believe the sales cycle, from the initial customer meeting to the consummation of a business arrangement, can vary from six to twenty-four months. The length of the sales cycle is a result of many factors, including the unique nature of our technology; intense technology evaluation and due-diligence required based on the complex nature of RF technology and the unit volumes contemplated, in general, and the cellular specifications, in particular; our lack of tenure in the cellular industry; and the variety of integration decisions that must be evaluated by the customer in order to assess the specific value proposition for their needs. We believe the average sales cycle will shorten significantly as our technologies gain adoption in this market.

We executed our first two customer contracts in 2007 and an additional customer arrangement in 2008. We believe additional customer design wins will occur and, furthermore, we believe that the rate of adoption of our technology will increase as shipments of products incorporating our technologies commence. Future sales may be influenced by the terms negotiated with our customers and our ability to expand internal resources to support multiple customers.

Competition

We operate in a highly competitive industry against companies with substantially greater financial, technical, and sales and marketing resources. Our technologies, which are currently being marketed in the mobile handset industry, face competition from incumbent providers of transceivers and power amplifiers including companies such as Anadigics, Infineon, Freescale, Qualcomm, RF Microdevices, Skyworks, and ST Ericsson, among others. Each of our competitors, however, also has the potential of becoming a licensee of our technologies. We also compete against RF engineering groups within the research and development organizations of our target customers. To date, we are unaware of any competing or emerging RF technologies that provide all the simultaneous benefits that our technology enables.

We believe we can gain adoption, and therefore compete, based on the performance and cost advantages enabled by our unique circuit architecture, as supported by a solid and defensible intellectual property (“IP”) portfolio. Our IP offering is capable of being compliant with all current mobile phone standards and can be configured to accept all standard baseband data inputs. In addition, we believe that one or more of our technology’s ability to provide improved power efficiencies, highly accurate RF carrier waveforms, smaller form factors and better manufacturing yields, provides a solution to existing problems in applications for 3G standards and beyond that the mobile handset industry is seeking to solve.

Production and Supply

Our current business strategy is focused largely on the incorporation of our technology into mobile handsets. In instances where our customer is a licensee of our IP, the production capacity risk shifts to that customer. Under our agreement with LGI, we will be supplying unpackaged, tested ICs. Those ICs will be produced for us under various foundry relationships. We currently have a fabrication relationship with IBM for the production of our prototype ICs on a SiGe process. We have also produced ICs through Taiwan Semiconductor Manufacturing Company Limited (“TSMC”) using a CMOS semiconductor process. We believe IBM and TSMC have sufficient capacity to meet our foreseeable needs. In addition, our ICs can be produced using different materials and processes, if necessary, to satisfy capacity requirements and/or customer preferences.

Patents and Trademarks

We consider our IP, including patents, patent applications, trademarks, and trade secrets to be significant to our competitive positioning. We have a program to file applications for and obtain patents, copyrights, and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate to establish and maintain our proprietary rights in our technology and products. As of December 31, 2008, we have obtained 78 U.S. and 54 foreign patents related to our RF technologies and have 92 patent applications pending in the United States and other countries. We estimate the economic lives of our patents to be fifteen to twenty years.

In addition, from time to time, we obtain licenses from others for standard industry circuit designs that are integrated into our own ICs as supporting components that are peripheral to our core technologies. We believe there are multiple sources for these types of standard circuits and we estimate the economic lives of the licenses to be two to five years based on estimated technological obsolescence.

Research and Development

For the years ended December 31, 2008, 2007 and 2006, we spent approximately $14.6 million, $10.7 million, and $9.5 million, respectively, on company-sponsored research and development activities. Our research and development efforts have been devoted to the development and advancement of RF technologies, including the development of prototype ICs for proof of concept purposes and production-ready silicon samples and reference designs for our customers.

Employees

As of December 31, 2008, we had 52 full-time employees, of which 32 are employed in engineering research and development, 8 in sales and marketing, and 12 in executive management, finance and administration. Our employees are not represented by a labor union. We consider our employee relations satisfactory.

Available Information and Access to Reports

We file our annual report on Form 10-K and quarterly reports on Forms 10-Q, including any amendments thereto, as well as our proxy and other reports electronically with the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site (http://www.sec.gov) where these reports may be obtained at no charge. Copies of any materials filed with the SEC may also be obtained from the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the SEC Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Copies of these reports may also be obtained via the Company's website (http://www.parkervision.com) via the link "SEC filings". This provides a direct link to our reports on the SEC Internet site. We will provide copies of this annual report on Form 10-K and the quarterly reports on Forms 10-Q, including any amendments thereto, filed during the current fiscal year upon written request to Investor Relations, 7915 Baymeadows Way, Suite 400, Jacksonville, Florida, 32256. These reports will be provided at no charge. In addition, exhibits may be obtained at a cost of $.25 per page plus $5.00 postage and handling.

Item 1A. Risk Factors

In addition to other information in this Annual Report on Form 10-K, the following risk factors should be carefully considered in evaluating our business because such factors may have a significant impact on our business, operating results, liquidity and financial condition. As a result of the risk factors set forth below, actual results could differ materially from those projected in any forward-looking statements.

We have had a history of losses which may ultimately compromise our ability to implement our business plan and continue in operation.
We have had losses in each year since our inception in 1989, and continue to have an accumulated deficit which, at December 31, 2008, was approximately $191 million. The net loss for 2008 was approximately $23.1 million. To date, our technologies and products have not produced revenues sufficient to cover operating, research and development and overhead costs. We also will continue to make expenditures on marketing, research and development, pursuit of patent protection for our intellectual property and operational costs for fulfillment of any contracts that we achieve for the sale of our products or technologies. We expect that our revenues in 2009 will not bring the company to profitability. If we are not able to generate sufficient revenues or we have insufficient capital resources, we will not be able to implement our business plan and investors will suffer a loss in their investment. This

may result in a change in our business strategies.

We expect to need additional capital in the future, which if we are unable to raise will result in our not being able to implement our business plan as currently formulated.

Because we have had net losses and, to date, have not generated positive cash flow from operations, we have funded our operating losses from the sale of equity securities from time to time and the sale of our video division in 2004. We anticipate that our business plan will continue to require significant expenditures for research and development, patent protection, sales and marketing and general operations. Our current capital resources, including cash and cash equivalents at December 31, 2008 of $4.8 million and the net proceeds of our March 3, 2009 offerings under the shelf registration statement of approximately $9.4 million, are expected to sustain operations into the first quarter of 2010. Thereafter, unless we increase revenues to a level that covers operating expenses or we reduce costs, we will require additional capital to fund these expenses. Financing, if any, may be in the form of loans or additional sales of equity securities. A loan or the sale of preferred stock may result in the imposition of operational limitations and other covenants and payment obligations, any of which may be burdensome to us. The sale of equity securities will result in dilution to the current shareholders' ownership. The long-term continuation of our business plan is dependent upon the generation of sufficient revenues from the sale of our products, additional funding, reducing expenses or a combination of the foregoing. The failure to generate sufficient revenues, raise capital or reduce expenses could have a material adverse effect on our ability to achieve our long-term business objectives.

Our industry is subject to rapid technological changes which if we are unable to match or surpass, will result in a loss of competitive advantage and market opportunity.

Because of the rapid technological development that regularly occurs in the microelectronics industry, we must continually devote substantial resources to developing and improving our technology and introducing new product offerings. For example, in fiscal years 2008 and 2007, we spent approximately $14.6 million and $10.7 million, respectively, on research and development, and we expect to continue to spend a significant amount in this area in the future. These efforts and expenditures are necessary to establish and increase market share and, ultimately, to grow revenues. If another company offers better products or our product development lags, a competitive position or market window opportunity may be lost, and therefore our revenues or revenue potential may be adversely affected.

If our products are not commercially accepted, our developmental investment will be lost and our ability to do business will be impaired.

There can be no assurance that our research and development will produce commercially viable technologies and products. If existing or new technologies and products are not commercially accepted, the funds expended will not be recoverable, and our competitive and financial position will be adversely affected. In addition, perception of our business prospects will be impaired with an adverse impact on our ability to do business and to attract capital and employees.

If our patents and intellectual property do not provide us with the anticipated market protections and competitive position, our business and prospects will be impaired.

We rely on our intellectual property, including patents and patent applications, to provide competitive advantage and protect us from theft of our intellectual property. We believe that many of our patents are for entirely new technologies. If the patents are not issued or issued patents are later shown not to be as broad as currently believed, or are otherwise challenged such that some or all of the protection is lost, we will suffer adverse effects from the loss of competitive advantage and our ability to offer unique products and technologies. As a result, there would be an adverse impact on our financial condition and business prospects.

If we cannot demonstrate that our technologies and products can compete in the marketplace and are better than current competitive solutions, then we will not be able to generate the sales we need to continue our business and our prospects will be impaired.
We expect to face competition from chip suppliers such as Anadigics, Infineon, Freescale, Qualcomm, RF Microdevices, Skyworks, and ST Ericsson, among others. Our technology may also face competition from other emerging approaches or new technological advances which are under development and have not yet emerged. If our technologies and products are not established in the market place as improvements over current, traditional chip solutions in wireless communications, our business prospects and financial condition will be adversely affected.

We rely, in large part, on key business and sales relationships for the successful commercialization of our products, which if not developed or maintained, will have an adverse impact on achieving market awareness and acceptance and will result in a loss of business opportunity.
To achieve a wide market awareness and acceptance of our products, as part of our business strategy, we will attempt to enter into a variety of business relationships with other companies which will incorporate our technologies into their products and/or market products based on our technologies. The successful commercialization of our products will depend in part on our ability to meet obligations under contracts with respect to the products and related development requirements. The failure of these business relationships will limit the commercialization of our products which will have an adverse impact on our business development and our ability to generate revenues and recover development expenses.

We rely, in large part, on the ability of key customers to successfully develop and sell products incorporating our technologies, the failure of which will have an adverse impact on our business opportunities.
The successful commercialization of our products will depend, in part, on the success and timing of our customers' product development and sales activities which may be impacted by factors outside of our control. Delays in or failure of our customers' product development or sales activities will hinder the commercialization of our products which will have an adverse impact on our ability to generate revenues and recover development expenses.

We are highly dependent on Mr. Jeffrey Parker as our chief executive officer. If his services were lost, it would have an adverse impact on our leadership and on how we are perceived within the industry and by investors.
Because of Mr. Parker's position in the company and the respect he has garnered in both the industry in which we operate and the investment community, the loss of his services might be seen as an impediment to the execution of our business plan. If Mr. Parker were no longer available to the company, investors might experience an adverse impact on their investment. We currently have an employment agreement with Mr. Parker and we maintain key-employee life insurance for our benefit on Mr. Parker.

If we are unable to attract or retain key executives and other highly skilled employees, we will not be able to execute our current business plans.
Our business is very specialized, and therefore it is dependent on having skilled and specialized key executives and other employees to conduct our research, development and customer support activities. The inability to obtain or retain these key executives and other specialized employees would have an adverse impact on the research, development and technical customer support activities that our products require. These activities are instrumental to the successful execution of our business plans.

Our outstanding options and warrants may affect the market price and liquidity of the common stock.
At December 31, 2008, we had 26,716,080 shares of common stock outstanding and had 5,195,702 exercisable options and warrants for the purchase of shares of common stock, assuming no terminations or forfeitures of such options and warrants. On December 31, 2009 and 2010, respectively, there will be 5,521,367 and 5,594,225 currently exercisable options and warrants (assuming no new grants, exercises, terminations or forfeitures since December 31, 2008). All of the underlying common stock of these securities is registered for sale to the holder or for public resale by the holder. The amount of common stock available for the sales may have an adverse impact on our ability to raise capital and may affect the price and liquidity of the common stock in the public market. In addition, the issuance of these shares of common stock will have a dilutive effect on current shareholders' ownership.

Provisions in the certificate of incorporation and by-laws could have effects that conflict with the interest of shareholders.
Some provisions in our certificate of incorporation and by-laws could make it more difficult for a third party to acquire control of us. For example, the board of directors has the ability to issue preferred stock without shareholder approval, and there are pre-notification provisions for director nominations and submissions of proposals from shareholders to a vote by all the shareholders under the by-laws. Florida law also has anti-takeover provisions in its corporate statute.

We have a shareholder protection rights plan that may delay or discourage someone from making an offer to purchase the company without prior consultation with the board of directors and management which may conflict with the interests of some of the shareholders.
On November 17, 2005, the board of directors adopted a shareholder protection rights plan which called for the issuance, on November 29, 2005, as a dividend, of rights to acquire fractional shares of preferred stock. The rights are attached to the shares of common stock and transfer with them. In the future the rights may become exchangeable for shares of preferred stock with various provisions that may discourage a takeover bid. Additionally, the rights have what are known as "flip-in" and "flip-over" provisions that could make any acquisition of the company more costly. The principal objective of the plan is to cause someone interested in acquiring the company to negotiate with the board of directors rather than launch an unsolicited bid. This plan may limit, prevent, or discourage a takeover offer that some shareholders may find more advantageous than a negotiated transaction. A negotiated transaction may not be in the best interests of the shareholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Our headquarters are located in a 14,000 square foot leased facility in Jacksonville, Florida. We have an additional leased facility in Lake Mary, Florida primarily for engineering design activities. We believe our properties are in good condition and suitable for the conduct of our business. Refer to "Lease Commitments" in Note 11 to the Consolidated Financial Statements included in Item 8 for information regarding our outstanding lease obligations.

Item 3. Legal Proceedings

We are subject to legal proceedings and claims arising in the ordinary course of business. Based upon the advice of outside legal counsel, we believe that the final disposition of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded under the symbol PRKR on the Nasdaq Global Market ("Nasdaq"), which is the principal market for the common stock. Listed below is the range of the high and low sale prices of the common stock for the last two fiscal years, as reported by Nasdaq.

	2008		2007	
	High	Low	High	Low
Quarter ended March 31	$16.12	$4.80	$13.98	$9.28
Quarter ended June 30	12.35	7.40	13.75	10.15
Quarter ended September 30	13.69	8.35	16.00	10.94
Quarter ended December 31	10.99	2.00	17.20	7.00

Holders

As of March 4, 2009, we had 147 holders of record and we believe there are approximately 2,000 beneficial holders of our common stock.

Dividends

To date, we have not paid any dividends on our common stock. The payment of dividends in the future is at the discretion of the board of directors and will depend upon our ability to generate earnings, our capital requirements and financial condition, and other relevant factors. We do not intend to declare any dividends in the foreseeable future, but instead intend to retain all earnings, if any, for use in the business.

Sales of Unregistered Securities

On December 15, 2008, we granted 3,000 options to purchase common stock to an employee that vest over three years. The options have an exercise price of $3.13 per share, expire seven years from the grant date and are exempt from registration under section 4(2). We will not receive any consideration for the options until the recipient exercises the option.

Issuer Repurchase of Equity Securities

None.

Performance Graph

The following graph shows a five-year comparison of cumulative total shareholder returns for our company, the Nasdaq U.S. Stock Market Index, the Nasdaq Electronic Components Index and Nasdaq Telecommunications Index for the five years ending December 31, 2008. The total shareholder returns assumes the investment on December 31, 2003 of $100 in our common stock, the Nasdaq U.S. Stock Market Index, the Nasdaq Electronic Components Index, and Nasdaq Telecommunications Index at the beginning of the period, with immediate reinvestment of all dividends.

The data points for the performance graph are as follows:

	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
ParkerVision, Inc.	100.00	90.91	92.95	113.89	161.59	25.23
NASDAQ Composite	100.00	110.08	112.88	126.51	138.13	80.47
NASDAQ Telecommunications	100.00	106.64	103.00	131.01	134.97	78.22
NASDAQ Electronic Components	100.00	78.30	84.93	79.38	92.16	47.68

Item 6. Selected Financial Data

The following table sets forth our consolidated financial data as of the dates and for the periods indicated. The data has been derived from our audited consolidated financial statements. The selected financial data should be read in conjunction with our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected financial data for the statement of operations for the year ended December 31, 2004 has been restated to reflect the effects of discontinued operations resulting from the May 2004 sale of certain assets of our video division to Thomson Broadcast & Media Solutions, Inc. and Thomson Licensing SA.

	For the years ended December 31,				
(in thousands, except per share amounts)	2008	2007	2006	2005	2004
Consolidated Statement of Operations Data:					
Revenues, net	$ 0	$ 284	$ 0	$ 996	$ 441
Gross margin	0	32	0	(2,041)	(2,854)
Operating expenses	23,432	19,122	16,866	21,362	19,951
Interest and other income	358	876	1,051	304	217
Loss from continuing operations	(23,074)	(18,213)	(15,816)	(23,099)	(22,588)
Gain from discontinued operations	0	0	0	0	7,773
Net loss	(23,074)	(18,213)	(15,816)	(23,099)	(14,815)
Basic and diluted net loss per common share					
Continuing operations	(0.88)	(0.74)	(0.68)	(1.14)	(1.25)
Discontinued operations	n/a	n/a	n/a	n/a	0.43
Total basic and diluted net loss per common share	(0.88)	(0.74)	(0.68)	(1.14)	(0.82)
Consolidated Balance Sheet Data:					
Total assets	$ 17,976	$ 26,577	$ 26,675	$ 23,832	$ 28,081
Shareholders' equity	16,110	24,414	25,183	22,400	24,758
Working capital	4,043	12,611	13,313	10,833	10,471

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

We are in the business of designing, developing and selling our proprietary RF technologies and products for use in semiconductor circuits for wireless communication products. Since 2007, we have entered into three customer contracts for the incorporation of our technologies into wireless chipsets, modules and products. Two of the three customer agreements represent licensing agreements whereby our customers, ITT and a Confidential Licensee will incorporate our IP into their own wireless semiconductor circuits and/or radio products. We have also recently entered into an agreement with LGI for the joint development and marketing of wireless radio modules that incorporate our technologies. These modules, which will incorporate unpackaged integrated RF circuits supplied by us, are being designed for 3G mobile handset and data card applications.

Since exiting our retail product business in 2005, we have generated no product or royalty revenue from our wireless RF technologies. We anticipate initial shipments of products incorporating our technologies to commence in 2009. We recognized service revenue in 2007 resulting from engineering design services provided to one of the licensees of our technology.

Our ability to generate revenues sufficient to offset costs is subject to our ability to successfully support our customers in completing their initial product designs incorporating our technologies and expand our market opportunities through additional product offerings with our current customers and/or the addition of new customers.

We believe our technology has substantial advantages over competing technologies, especially in the 3G mobile handset market and generations that are likely to evolve beyond 3G, such as 4G mobile handset standards and applications. We have made significant investments in developing our technologies and products, the returns on which are dependent upon the generation of future revenues for realization. Since we have not yet generated revenues sufficient to offset our operating expenses, we have mostly relied on proceeds from the sale of equity securities to fund our operations. We intend to continue to use our working capital to support future marketing, sales, research and development and general operations.

Critical Accounting Policies

We believe that the following are the critical accounting policies affecting the preparation of our consolidated financial statements:

Intangible Assets

Patents, copyrights and other intangible assets are amortized using the straight-line method over their estimated period of benefit. We estimate the economic lives of our patents and copyrights to be fifteen to twenty years. We estimate the economic lives of other intangible assets, including licenses, based on estimated technological obsolescence, to be two to five years, which is generally shorter than the contractual lives. Periodically, we evaluate the recoverability of our intangible assets and take into account events or circumstances that warrant revised estimates of useful lives or that indicate impairment exists ("Triggering Event"). Based on our cumulative net losses and negative cash flows from operations to date, we assess our working capital needs on an annual basis which is considered to be a Triggering Event for purposes of evaluating the recoverability of our intangible assets. As a result of our evaluation, and the significant excess of our market capitalization over our net book value at December 31, 2008, we determined that no impairment exists with regard to our intangible assets.

Accounting for Share-Based Compensation

We account for our share-based compensation plans in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") 123(R), Share-Based Payment, which we adopted January 1, 2006 using the modified prospective method of adoption. Under this method, the fair value of share-based awards is determined using various valuation models which require the use of highly subjective assumptions. These assumptions include estimating how long employees will retain their stock options before exercising them, the volatility of our common stock price over the expected life of the equity award, and the rate at which equity awards will be forfeited unvested. Changes in these subjective assumptions can materially affect the estimate of fair value of share-based compensation and consequently, the related amount recognized as expense in the consolidated statements of operations.

We elected to adopt the alternative short-cut method described in FASB Staff Position 123R-3 for determining the beginning balance of the additional paid-in-capital pool ("APIC pool") related to the tax effects of employee share-based compensation and to determine the subsequent impact on the APIC pool and consolidated statements of cash flows for the income tax effects of employee share-based compensation awards that were outstanding upon the adoption of SFAS 123(R).

Revenue Recognition

We did not recognize any product or royalty revenue in 2008, 2007 or 2006.

We account for service revenue under the provisions of Staff Accounting Bulletin No. 104 ("SAB 104"), Revenue Recognition in Financial Statements and AICPA Statement of Position No. 81-1 ("SOP 81-1"), Accounting for Performance of Construction-Type and Certain Production-Type Contracts. Under the provisions of SAB 104 and SOP 81-1, we recognize revenue when there is persuasive evidence of an arrangement, services have been rendered, the fee is fixed or determinable, and collection of the resulting receivable is reasonably assured. We use the percentage-of-completion method of accounting for cost reimbursement-type contracts which specify a certain billable fee amount. Revenues are recognized as costs are incurred assuming that collection is reasonably assured. Our cost of sales includes the direct labor costs of engineering staff providing services under these contracts, as well as indirect costs including depreciation and amortization and allocated facilities costs.

Income Taxes

The provision for income taxes is based on loss before taxes as reported in the accompanying consolidated statements of operations. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets when, based on available objective evidence, it is more likely than not that the benefit of such assets will not be realized.

In addition, on January 1, 2007, we adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109, ("FIN 48"). FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on recognition and classification of income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures.

Recent Accounting Pronouncements

In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") FAS 157-2, Effective Date of FASB Statement No. 157, which delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except for those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP FAS 157-2 partially defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of the FSP. We have evaluated FSP FAS 157-2 and expect it to have no impact on our consolidated financial statements when adopted.

In April 2008, the FASB issued FSP No. FAS 142-3, Determination of the Useful Life of Intangible Assets. This statement amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. FSP No. 142-3 is effective for fiscal years beginning after December 31, 2008 and early adoption is prohibited. We have evaluated FSP No. 142-3 and expect it to have no impact on our consolidated financial statements when adopted.

In June 2008, the FASB issued FSP No. EITF 03-6-1 (“FSP 03-6-1”), Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. This statement concluded that all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends participate in undistributed earnings with common shareholders and therefore are considered participating securities for purposes of computing earnings per share. FSP 03-6-1 is effective January 1, 2009. We have evaluated FSP 03-6-1 and expect it to have no impact on our consolidated financial statements when adopted as we currently have no participating securities, as defined by this statement.

Results of Operations for Each of the Years Ended December 31, 2008, 2007 and 2006

Revenues and Gross Margins

We had no product or royalty revenues for the years ended December 31, 2008, 2007 or 2006.

For the year ended December 31, 2007, we recognized approximately $284,000 in service revenue and approximately $32,000, or 11%, in gross margin related to engineering consulting services provided to ITT. These services included analysis and evaluation of architectural design alternatives for incorporation of our d2p technology into RF circuits based on various product specifications provided by ITT. Cost of sales for engineering services includes the direct labor costs of engineering staff, as well as depreciation, amortization and allocated facilities costs. Indirect costs are generally allocated to cost of sales based on a percentage of the labor hours incurred for customer design support. Allocated indirect costs represent approximately 38% of the total cost of sales.

We anticipate both royalty and design service revenue from our customers in 2009. Based on our understanding of ITT’s product deployment programs and targeted sales milestones, we anticipate initial revenue in 2009 from ITT’s programs. We believe we will achieve cumulative royalties of approximately $25 million over the multi-year contract with ITT based on established royalty rates and our understanding of ITT’s product plans.

In addition, we delivered production-ready IC designs and sample chips to our Confidential Licensee in December 2008 and continue to work closely with them to transition these designs to volume production chipsets, which they will manufacture through their own foundry relationships. Royalties from our Confidential Licensee will be earned as this licensee sells its chipset solution, incorporating our technologies, to mobile handset OEMs and ODMs. We anticipate that royalties from this customer will range from approximately $5 million to $10 million in the first full year of their chipset shipments, depending upon the customer’s product mix and unit volume as well as the timing of incorporation of our receiver technology into their chipsets. We also believe the opportunity exists to significantly expand our royalty revenue from this customer based on the expected growth of the market in which their products are targeted and our customer’s ability to capture increased market share for their products.

Based on our relationship and initial program plan with LGI, we expect to begin generating revenue from the sale of unpackaged ICs as early as the first quarter of 2010. The supply agreement terms between us and LGI will be completed as we finalize the product specifications under the program plan which we believe will occur during the first half of 2009.

Research and Development Expenses

Research and development expenses increased approximately $3.9 million, or 37%, from 2007 to 2008 and approximately $1.2 million, or 12%, from 2006 to 2007.

The increase in research and development expenses from 2007 to 2008 was primarily due to increases in personnel and related costs, including taxes, benefits, travel costs and employee share-based compensation expense; outside engineering design and consulting fees; prototype production costs; and software development tools and related maintenance costs.

Personnel and related costs, net of share-based compensation, increased approximately $580,000 from 2007 to 2008 as a result of compensation increases for existing engineering staff, the addition of personnel, including a vice-president of engineering, and increased travel expense for engineering travel to both customer and outside consultant facilities, offset by decreases in cash incentive bonuses from 2007 to 2008. Employee share-based compensation expense increased by approximately $995,000 from 2007 to 2008, primarily due to the noncash expense related to restricted shares and restricted share units issued to engineering executives and other employees in 2008 as long-term incentive compensation and in lieu of cash incentive bonuses.

Outside design consulting services increased approximately $1,710,000 from 2007 to 2008 as a result of the continued use of outside firms to supplement in-house engineering resources, particularly with regard to our RF receiver IC development and the design layout of sample ICs for the digital engine that controls our RF transmit ICs. Prototype IC production costs increased approximately $305,000 from 2007 to 2008. We maintain a fairly regular cycle of prototype chip runs; however, the fabrication costs vary based on the materials specified and the number of variants requested on each run. In 2008, we produced certain sample ICs on a TSMC foundry process in addition to our regular foundry runs with IBM. Software maintenance and support costs for engineering design software increased approximately $230,000 from 2007 to 2008 due to additional software tools and related maintenance costs required for IC design work.

The increase in research and development expenses from 2006 to 2007 was primarily due to increases in personnel cost and design consulting fees. Personnel and related costs increased approximately $640,000 due to the addition of personnel, compensation increases for existing engineering staff and increases in performance bonuses earned in 2007 over 2006. Outside engineering design consulting costs increased approximately $550,000 from 2006 to 2007 due to increased use of outside design services to supplement in-house engineering resources, offset by the expiration of a share-based consulting agreement which reduced stock-based compensation expense.

The markets for our products and technologies are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. Our ability to successfully develop and introduce, on a timely basis, new and enhanced products and technologies will be a significant factor in our ability to grow and remain competitive. Although we anticipate decreases in our research and development expenses in 2009, particularly with regard to outside design consulting services, we are committed to continue investing in our technology and product development and therefore we anticipate that we will use a substantial portion of our working capital for research and development activities in 2009.

Marketing and Selling Expenses

Marketing and selling expenses decreased approximately $0.1 million or 3.7%, from 2007 to 2008 and increased by approximately $0.6 million or 27%, from 2006 to 2007.

The decrease in marketing and selling expenses from 2007 to 2008 was primarily due to decreases in personnel and related costs and non-employee share-based compensation, partially offset by increases in outside consulting fees and employee share-based compensation expense.

Personnel costs, net of share-based compensation, decreased from 2007 to 2008 by approximately $160,000, primarily due to a reduction in employee cash bonuses, partially offset by increases in sales and marketing employee travel costs. Non- employee share-based compensation decreased approximately $135,000 from 2007 to 2008 primarily as a result of the reversal of previously recognized compensation expense on performance-based options which expired unvested in 2008. These decreases were partially offset by increases in employee share-based compensation expense of approximately $205,000 primarily due to the noncash expense related to restricted stock units issued to sales and marketing executives and other employees in 2008 as long-term incentive compensation.

The increase in marketing and selling expenses from 2006 to 2007 was primarily due to increases in personnel costs, outside consulting and other professional fees and employee share-based compensation expense. Personnel costs increased approximately $230,000 due to increases in personnel late in 2006, compensation increases for existing employees and increases in performance bonuses earned from 2006 to 2007. Outside consulting and other professional fees increased approximately $280,000 from 2006 to 2007 due to the use of consultants for expansion of network carrier and other potential customer relationships and legal fees incurred in relation to initial licensing agreements. Employee related share-based compensation expense increased approximately $60,000 due to additional share based awards for sales and marketing employees.

We are committed to continuing our investment in marketing and selling efforts in order to continue to increase market awareness and penetration of our products and technologies, although we do not anticipate any significant increases in overall sales and marketing expenses in 2009.

General and Administrative Expenses

General and administrative expenses consist primarily of executive, finance and administrative personnel costs and costs incurred for insurance, shareholder relations and outside professional services. Our general and administrative expenses increased by approximately $0.5 million, or 9%, from 2007 to 2008 and by $0.5 million, or 9%, from 2006 to 2007.

The increase in general and administrative expenses from 2007 to 2008 is primarily due to increases in share-based compensation expense partially offset by decreases in other personnel and related costs, insurance and corporate travel costs.

Share-based compensation expense increased approximately $825,000 from 2007 to 2008, largely due to restricted stock units issued to named executives and other employees in 2008 as long-term incentive compensation. This increase is partially offset by a decrease in other personnel and related costs of approximately $140,000, primarily from a reduction in employee cash bonuses in 2008. In addition, the cost of our directors' and officers' liability insurance decreased by approximately $85,000 from 2007 to 2008 due to general market conditions and our corporate travel expenses decreased approximately $75,000.

The increase in general and administrative expenses from 2006 to 2007 is due to increases in personnel costs and employee share-based compensation, offset partially by decreases in insurance costs. Personnel costs increased approximately $340,000 from 2006 to 2007 primarily due to an increase of approximately $290,000 in performance bonuses earned in 2007 over 2006. These bonuses were largely paid through the issuance of stock awards to our chief executive officer and chief financial officer in early 2008. Employee stock-based compensation expense increased approximately $250,000 from 2006 to 2007 due largely to the fair value expense related to long-term incentive awards for our executive officers in 2006 and 2007. The cost of our directors' and officers' liability insurance decreased by approximately $110,000 from 2006 to 2007 due to general market conditions. In addition, consulting and other professional fees, including share-based consulting fees, decreased approximately $50,000 from 2006 to 2007. This decrease is primarily the result of increases in accounting and consulting fees related to our financial accounting system conversion in 2007 offset by a decrease in share-based consulting fees primarily from a consulting agreement that expired in 2006.

Interest Income and Other

Interest income and other consist of interest earned on our investments, net gains recognized on the sale of investments, and other miscellaneous income and expense. Interest income and other decreased approximately $0.5 million from 2007 to 2008 and approximately $0.2 million from 2006 to 2007. The decrease in interest income and other from 2007 to 2008 is primarily the result of lower average cash balances and interest rates during 2008. The decrease in interest income and other from 2006 to 2007 is primarily due to a reduction in miscellaneous income of approximately $110,000.

Loss and Loss per Common Share

Our net loss increased by approximately $4.9 million or $0.14 per common share from 2007 to 2008 and increased by approximately $2.4 million or $0.06 per common share from 2006 to 2007. The increase in net loss from 2007 to 2008 is primarily due to a $4.3 million or 22.5% increase in operating expenses, primarily related to research and development activities. The increase in net loss from 2006 to 2007 is primarily due to a $2.3 million or 13% increase in operating expenses.

Liquidity and Capital Resources

At December 31, 2008, we had working capital of approximately $4.0 million including approximately $4.8 million in cash and cash equivalents. For the year ended December 31, 2008, our cash and cash equivalents decreased by $8.6 million from the previous year. This decrease is a result of approximately $17.1 million used for operations and $1.8 million for payments of patent costs and purchases of software licenses and fixed assets used in operations. This cash usage was partially offset by $8.9 million in proceeds from the March 2008 sale of equity securities and approximately $1.3 million in proceeds received from the exercise of options and warrants in 2008.

For the year ended December 31, 2007, our cash and cash equivalents increased by $0.2 million from the previous year. This increase was a result of approximately $8.4 million in proceeds from the February 2007 sale of equity securities and approximately $6.7 million received from the exercise of approximately 800,000 options and warrants in 2007, offset by the use of approximately $13.5 million in cash for operating activities and approximately $1.4 million for the purchase of property and equipment and for payment of patent costs in 2007.

For the year ended December 31, 2006, our cash and cash equivalents increased approximately $3.0 million as a result of $16.2 million in proceeds from the sale of equity securities, $0.2 million received from the exercise of options and warrants, and $0.3 million in proceeds from the maturity of investments, offset by $11.4 million of cash used for operations and an additional $2.4 million used for the purchase of property and equipment and for payment of patent costs.

At December 31, 2008, we were not subject to any significant commitments to make additional capital expenditures.

Our future business plans call for continued investment in sales, marketing, customer support and product development for our technologies and products. Our ability to generate revenues sufficient to offset costs is subject to our ability to successfully support our customers in completing their initial product designs incorporating our technologies and our ability secure a reasonable share of the market through additional product offerings with our current customers and/or the addition of new customers. We expect that revenue for 2009 will not be sufficient to cover our operational expenses for 2009, and that our expected continued losses and use of cash will be funded from available working capital. We assessed our short-term liquidity needs based on the assumption that our working capital must be sufficient to cover our operational expenses for 2009 with an assumption of minimal revenue.

We expect our overall operating costs in 2009 will be lower than those incurred in 2008 as a result of the elimination of certain non-recurring expenditures related to product development activities in 2008 as well as certain cost-reduction measures implemented by us. The non-recurring product development expenditures primarily include outside engineering design resources utilized in 2008 to assist in the layout of certain ICs under programs which were largely completed by the end of 2008. In addition, we anticipate reductions in travel costs, board expenses, professional fees and software support costs, among others, based on cost-reduction measures that we have taken internally along with cost negotiations with various outside suppliers.

On January 5, 2009, we filed a Shelf for the offering of various securities, up to $25 million, over a period of up to three years. The Shelf, which was declared effective January 20, 2009, is intended to provide flexibility for our future capital needs and may be used to fund working capital, capital expenditures, vendor purchases, and other capital needs. On March 3, 2009, we completed the sale of an aggregate of 5,994,963 shares of our common stock and 431,320 warrants under the Shelf for net proceeds, after underwriting discounts, placement fees and offering expenses, of approximately $9.4 million. We plan to use these proceeds, together with the $4.8 million in cash and cash equivalents at December 31, 2008, to fund our 2009 working capital needs.

We believe our current capital resources, together with the proceeds from the March 2009 equity financing and our 2009 cost reduction efforts will be sufficient to support our liquidity requirements at least into the first quarter of 2010. In the event that sufficient working capital is not available to meet our 2009 liquidity needs, we believe additional liquidity could be obtained through the issuance of securities under our Shelf in lieu of cash payments for certain vendor purchases, the surrender of key-man life insurance policies for their cash value, and/or additional cost reduction measures. In addition, we may be able to meet certain liquidity needs through short or long-term debt financing, although there can be no assurance that such financing will be available to us. We currently have no outstanding long-term debt obligations.

The long-term continuation of our business plan through 2009 and beyond is dependent upon the generation of sufficient revenues from our technologies and products to offset expenses. In the event that we do not generate sufficient revenues, we will be required to obtain additional funding through public or private financing and/or further reduce operating costs. Failure to generate sufficient revenues, raise additional capital through debt or equity financings, and/or further reduce operating costs could have a material adverse effect on our ability to meet our long-term liquidity needs and achieve our intended long-term business objectives.

Off-Balance Sheet Transactions, Arrangements and Other Relationships; Contractual Obligations

As of December 31, 2008, we have outstanding warrants to purchase 1,778,819 shares of common stock that were issued in connection with the sale of equity securities in various private placement transactions in 2000, 2001, 2005 and 2006. These warrants have exercise prices ranging from $8.50 to $56.66 per share with a weighted average exercise price of $31.73 and a weighted average remaining contractual life of 2.45 years. The estimated fair value of these warrants at their date of issuance of $17,335,777 is included in shareholders' equity in our consolidated balance sheets. During the year ended December 31, 2008, warrants to purchase 35,709 shares of common stock were exercised at a weighted average exercise price of $8.50, resulting in proceeds of approximately $0.3 million. Refer to "Non Plan Options/Warrants" in Note 8 to the consolidated financial statements included in Item 8 for information regarding the outstanding warrants.

Our contractual obligations and commercial commitments at December 31, 2008 were as follows (see "Lease Commitments" in Note 11 to the consolidated financial statements included in Item 8):

		Payments due by period			
Contractual Obligations:	Total	1 year or less	2-3 years	4 - 5 years	After 5 years
Operating leases	$ 1,277,000	$ 510,000	$ 767,000	$ 0	$ 0

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market and economic conditions and is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Our cash equivalents which are primarily comprised of highly liquid money market instruments are subject to interest rate risk. We are averse to principal loss and seek to ensure the safety and preservation of our invested funds by limiting market risk.

Item 8. Consolidated Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Schedules other than those listed have been omitted since they are either not required, not applicable or the information is otherwise included.

Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of ParkerVision, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of ParkerVision, Inc. and its subsidiary at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 7 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in 2007.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP
Jacksonville, Florida
March 16, 2009

PARKERVISION, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

		2008		2007
CURRENT ASSETS:				
Cash and cash equivalents	$	4,814,659	$	13,400,832
Prepaid expenses		849,791		957,252
Other current assets		5,462		71,700
Total current assets		5,669,912		14,429,784
PROPERTY AND EQUIPMENT, net		1,376,582		1,827,880
OTHER ASSETS, net		10,929,405		10,318,893
Total assets	$	17,975,899	$	26,576,557
CURRENT LIABILITIES:				
Accounts payable	$	811,381	$	393,225
Accrued expenses:				
Salaries and wages		265,117		691,249
Professional fees		277,422		360,713
Other accrued expenses		273,305		373,184
Total current liabilities		1,627,225		1,818,371
DEFERRED RENT		238,470		343,747
Total liabilities		1,865,695		2,162,118
COMMITMENTS AND CONTINGENCIES (Notes 8, 9 and 11)				
SHAREHOLDERS' EQUITY:				
Common stock, $.01 par value, 100,000,000 shares authorized, 26,716,080 and 25,182,892 shares issued and outstanding at December 31, 2008 and 2007, respectively		267,161		251,829
Warrants outstanding		17,335,777		17,492,097
Additional paid-in capital		189,193,386		174,282,736
Accumulated deficit		(190,686,120)		(167,612,223)
Total shareholders' equity		16,110,204		24,414,439
Total liabilities and shareholders' equity	$	17,975,899	$	26,576,557

The accompanying notes are an integral part of these consolidated financial statements.

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PARKERVISION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
Product revenue	$ 0	$ 0	$ 0
Engineering services revenue		283,675	0
Net revenues	0	283,675	0
Cost of sales	0	251,314	0
Gross margin	0	32,361	0
Research and development expenses	14,618,903	10,700,181	9,521,194
Marketing and selling expenses	2,594,010	2,692,887	2,117,827
General and administrative expenses	6,219,188	5,729,136	5,227,461
Total operating expenses	23,432,101	19,122,204	16,866,482
Interest income and other	358,204	876,421	1,050,824
Net loss	(23,073,897)	(18,213,422)	(15,815,658)
Unrealized gain on investment securities	0	0	1,006
Comprehensive loss	$ (23,073,897)	$ (18,213,422)	$ (15,814,652)
Basic and diluted net loss per common share	$ (0.88)	$ (0.74)	$ (0.68)

The accompanying notes are an integral part of these consolidated financial statements.

PARKERVISION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
Common shares – beginning of year	25,182,892	23,387,566	20,958,765
Issuance of common stock upon exercise of options and warrants	185,143	802,885	39,250
Issuance of common stock as employee compensation	41,627	0	5,089
Issuance of common stock upon vesting of restricted stock units	55,779	0	0
Issuance of common stock in private offering	1,240,199	992,441	2,373,335
Issuance of common stock as payment for services	10,440	0	11,127
Common shares – end of year	26,716,080	25,182,892	23,387,566
Par value of common stock – beginning of year	$ 251,829	$ 233,876	$ 209,588
Issuance of common stock upon exercise of options and warrants	1,852	8,029	393
Issuance of common stock as employee compensation	416	0	51
Issuance of common stock upon vesting of restricted stock units	558	0	0
Issuance of common stock in private offering	12,402	9,924	23,733
Issuance of common stock as payment for services	104	0	111
Par value of common stock – end of year	$ 267,161	$ 251,829	$ 233,876
Warrants outstanding – beginning of year	$ 17,492,097	$ 20,290,878	$ 17,693,482
Exercise of warrants	(156,320)	(2,798,781)	0
Issuance of warrants in connection with private offering	0	0	2,597,396
Warrants outstanding – end of year	$ 17,335,777	$ 17,492,097	$ 20,290,878
Additional paid-in capital – beginning of year	$ 174,282,736	$ 154,056,663	$ 138,080,663
Issuance of common stock upon exercise of options and warrants	1,561,857	9,534,984	239,642
Issuance of common stock as employee compensation	445,344	0	50,228
Issuance of common stock upon vesting of restricted stock units	(58,286)	0	0
Issuance of common stock in private offering	8,936,599	8,390,324	13,625,721
Issuance of common stock as payment for services	69,896	0	164,313
Shelf registration fees	(15,300)	0	0
Stock-based compensation expense	3,970,540	2,300,765	1,896,096
Additional paid-in capital – end of year	$ 189,193,386	$ 174,282,736	$ 154,056,663

The accompanying notes are an integral part of these consolidated financial statements.

PARKERVISION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

	2008	2007	2006
Accumulated other comprehensive loss – beginning of year	$ 0	$ 0	$ (1,006)
Change in unrealized gain on investments	0	0	1,006
Accumulated other comprehensive loss – end of year	$ 0	$ 0	$ 0
Accumulated deficit – beginning of year	$ (167,612,223)	$ (149,398,801)	$ (133,583,143)
Net loss	(23,073,897)	(18,213,422)	(15,815,658)
Accumulated deficit – end of year	$ (190,686,120)	$ (167,612,223)	$ (149,398,801)
Total shareholders' equity – beginning of year	$ 24,414,439	$ 25,182,616	$ 22,399,584
Issuance of common stock upon exercise of options and warrants	1,407,389	6,744,232	240,035
Issuance of common stock as employee compensation	445,760	0	50,279
Issuance of common stock upon vesting of restricted stock units	(57,728)	0	0
Issuance of common stock and warrants in private offering	8,949,001	8,400,248	16,246,850
Issuance of common stock as payment for services	70,000	0	164,424
Shelf registration fees	(15,300)	0	0
Stock-based compensation expense	3,970,540	2,300,765	1,896,096
Comprehensive loss	(23,073,897)	(18,213,422)	(15,814,652)
Total shareholders' equity – end of year	$ 16,110,204	$ 24,414,439	$ 25,182,616

The accompanying notes are an integral part of these consolidated financial statements.

PARKERVISION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 and 2006

	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (23,073,897)	$ (18,213,422)	$ (15,815,658)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,620,550	1,649,014	1,690,497
Amortization of premium on investments	0	0	1,561
Stock compensation			