

PARKERVISION INC
Form 10-Q
August 15, 2011

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE 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
(State or other jurisdiction of
incorporation or organization)

59-2971472
I.R.S. Employer Identification No.

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

(904) 732-6100
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 of 1934 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 No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such file). Yes No .

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

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company” in Rule 12b-2 of the Securities Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of August 1, 2011 59,250,010 shares of the issuer’s common stock, \$.01 par value, were outstanding.

TABLE OF CONTENTS

| | | |
|---------------|---|----|
| PART I - | FINANCIAL INFORMATION | |
| Item 1. | Financial Statements (Unaudited) | 3 |
| Item 2. | Management’s Discussion and Analysis of Financial Condition and Results of Operations | 11 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 15 |
| Item 4. | Controls and Procedures | 16 |
| PART II - | OTHER INFORMATION | |
| Item 1. | Legal Proceedings | 16 |
| Item 1A. | Risk Factors | 16 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 17 |
| Item 3. | Defaults Upon Senior Securities | 17 |
| Item 5. | Other Information | 17 |
| Item 6. | Exhibits | 17 |
| SIGNATURES | | 18 |
| EXHIBIT INDEX | | 19 |

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

PARKERVISION, INC.

BALANCE SHEETS

(UNAUDITED)

| | June 30, 2011 | December 31, 2010 |
|--|------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$252,041 | \$213,398 |
| Available for sale securities | 5,147,687 | 6,315,911 |
| Prepaid expenses and other | 340,478 | 553,976 |
| Total current assets | 5,740,206 | 7,083,285 |
| | | |
| PROPERTY AND EQUIPMENT, net | 414,677 | 537,177 |
| | | |
| INTANGIBLE ASSETS, net | 9,266,002 | 9,408,093 |
| | | |
| OTHER ASSETS, net | 577,572 | 567,148 |
| Total assets | \$15,998,457 | \$17,595,703 |
| | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$315,856 | \$238,783 |
| Accrued expenses: | | |
| Salaries and wages | 281,065 | 306,037 |
| Professional fees | 350,054 | 190,574 |
| Other accrued expenses | 31,250 | 95,510 |
| Deferred rent, current portion | 76,999 | 118,456 |
| Total current liabilities | 1,055,224 | 949,360 |
| | | |
| LONG TERM LIABILITES | | |
| Capital lease, net of current portion | 0 | 11,649 |
| Deferred rent, net of current portion | 75,235 | 42,986 |
| Total long term liabilities | 75,235 | 54,635 |
| Total liabilities | 1,130,459 | 1,003,995 |
| | | |
| COMMITMENTS AND CONTINGENCIES (Notes 8 and 11) | | |
| | | |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, \$.01 par value, 100,000,000 shares authorized, 59,201,682 and 52,752,036 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively | 592,017 | 527,520 |
| Accumulated other comprehensive gains (losses) | 7,098 | (7,816) |
| Warrants outstanding | 15,055,053 | 16,534,516 |
| Additional paid-in capital | 233,364,204 | 226,780,738 |

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| | | |
|--|----------------|----------------|
| Accumulated deficit | (234,150,374) | (227,243,250) |
| Total shareholders' equity | 14,867,998 | 16,591,708 |
| Total liabilities and shareholders' equity | \$15,998,457 | \$17,595,703 |

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

PARKERVISION, INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSSES

(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|----------------|---------------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Engineering services revenue | \$0 | \$0 | \$0 | \$63,735 |
| Cost of sales | 0 | 0 | 0 | 46,401 |
| Gross margin | 0 | 0 | 0 | 17,334 |
| Research and development expenses | 2,185,942 | 2,162,826 | 4,123,663 | 4,467,149 |
| Marketing and selling expenses | 337,748 | 441,658 | 679,570 | 902,762 |
| General and administrative expenses | 1,046,507 | 1,208,220 | 2,154,488 | 2,412,938 |
| Total operating expenses | 3,570,197 | 3,812,704 | 6,957,721 | 7,782,849 |
| Interest and other income | 33,776 | 24,713 | 52,864 | 29,137 |
| Interest expense | (970) | (1,755) | (2,267) | (4,159) |
| Total interest and other income | 32,806 | 22,958 | 50,597 | 24,978 |
| Net loss | (3,537,391) | (3,789,746) | (6,907,124) | (7,740,537) |
| Unrealized gain on available for sale securities | 14,257 | 0 | 14,914 | 0 |
| Comprehensive loss | \$(3,523,134) | \$(3,789,746) | \$(6,892,210) | \$(7,740,537) |
| Basic and diluted net loss per common share | \$(0.06) | \$(0.09) | \$(0.12) | \$(0.19) |

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

PARKERVISION, INC.

STATEMENTS OF CASH FLOWS

(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net loss | \$(3,537,391 |) \$(3,789,746 |) \$(6,907,124 |) \$(7,740,537 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 336,095 | 435,070 | 669,569 | 873,029 |
| Share-based compensation | 558,293 | 801,166 | 1,013,415 | 1,563,896 |
| Realized loss on available for sale securities | 1,017 | 0 | 5,131 | 0 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 0 | 3,689 | 0 | 101,305 |
| Prepaid expenses and other assets | 69,516 | 13,934 | 203,074 | 131,002 |
| Accounts payable and accrued expenses | (154,658 |) (234,614 |) 148,168 |) (209,792 |
| Deferred rent | (16,137 |) 8,892 | (9,208 |) (21,410 |
| Deferred revenue | 0 | 0 | 0 | (50,733 |
| Total adjustments | 794,126 | 1,028,137 | 2,030,149 | 2,387,297 |
| Net cash used in operating activities | (2,743,265 |) (2,761,609 |) (4,876,975 |) (5,353,240 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of investments available for sale | (3,375,343 |) (8,024,924 |) (3,396,993 |) (8,024,924 |
| Proceeds from sale of investments | 2,300,000 | 1,000,000 | 4,575,000 | 1,000,000 |
| Payments for patent costs and other intangible assets | (154,012 |) (180,828 |) (352,668 |) (380,840 |
| Purchases of property and equipment | (32,282 |) (83,459 |) (52,310 |) (89,128 |
| Net cash (used in) provided by investing activities | (1,261,637 |) (7,289,211 |) 773,029 |) (7,494,892 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Net proceeds from issuance of common stock in public and private offerings | (62,499 |) 0 | 4,086,826 | 0 |
| Net proceeds from exercise of options and warrants | (36,991 |) 0 | 68,259 | 0 |
| Principal payments on capital lease obligation | (6,351 |) (5,566 |) (12,496 |) (10,953 |
| Net cash (used in) provided by financing activities | (105,841 |) (5,566 |) 4,142,589 |) (10,953 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (4,110,743 |) (10,056,386 |) 38,643 |) (12,859,085 |

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| | | | | |
|---|-----------|------------|-----------|------------|
| CASH AND CASH EQUIVALENTS, beginning of period | 4,362,784 | 10,687,913 | 213,398 | 13,490,612 |
| CASH AND CASH EQUIVALENTS, end of period | \$252,041 | \$631,527 | \$252,041 | \$631,527 |

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

PARKERVISION, INC.

CONDENSED NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

1. Description of Business

ParkerVision, Inc. (“We”, the “Company”, or “ParkerVision”) is 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. We are primarily focused on the mobile handset market, but our technologies are applicable to other wireless communication products as well.

2. Liquidity and Going Concern

Our financial statements were prepared assuming we would continue as a going concern, which contemplates that we will continue in operation for the foreseeable future and will be able to realize assets and settle liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that could result should we be unable to continue as a going concern.

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 to secure a reasonable share of the market through product offerings with our current customers and/or the addition of new customers. Our revenue, if any, for 2011 will not be sufficient to cover our operational expenses for 2011, and we expect that our continued losses and use of cash will be funded from our cash, cash equivalents, and available for sale securities of \$5.4 million at June 30, 2011. We believe these resources will not be sufficient to support our liquidity requirements through 2011 without further cost containment measures that, if implemented, may jeopardize our future growth plans. These circumstances raise substantial doubt about our ability to continue as a going concern.

We believe we may be able to meet future liquidity needs through the issuance of equity securities under our outstanding shelf registration statements or 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 significant long-term debt obligations.

We operate in a highly competitive industry with rapidly changing and evolving technologies. Many of our potential competitors have substantially greater financial, technical and other resources. 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. The long-term continuation of our business plan through 2011 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.

3. Basis of Presentation

The accompanying unaudited financial statements for the period ended June 30, 2011 were prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011 or future years. All normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the financial condition and results of operations have been included.

The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These interim financial statements should be read in conjunction with our latest Annual Report on Form 10-K for the year ended December 31, 2010.

4. Accounting Policies

In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance on the Presentation of Comprehensive Income. The FASB decided to eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The guidance requires that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The guidance is effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a significant impact on our consolidated financial statements.

In May 2011, the FASB issued guidance on fair value measurements, namely Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and International Financial Reporting Standards. The amendments change the wording used to describe many of the requirements in US GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the FASB does not intend for the amendments to result in a change in the application of the requirements on fair value measurements. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The U.S. guidance is effective for interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a significant impact on our consolidated financial statements.

There have been no other changes in accounting policies from those stated in the Annual Report on Form 10-K for the year ended December 31, 2010.

5. Statement of Cash Flows – Non-Cash Items

We maintain key-man life insurance policies on two of our named executive officers. For the six months ended June 30, 2011, we paid aggregate premiums on these policies totaling approximately \$46,000 using annual policy dividends and a loan against one of the policies in the amount of approximately \$16,000. For the six months ended June 30, 2010, we paid premiums on these same policies totaling approximately \$46,000 using annual policy dividends and a loan against one of the policies in the amount of approximately \$15,000. The increase in cash surrender value of these policies, net of the premiums paid, is included in changes in prepaid expenses and other assets in the accompanying statements of cash flows.

From time to time, we have issued equity awards in the form of options, restricted share units (“RSUs”), and restricted stock awards as compensation to our employees, outside consultants and non-employee directors. In addition, from time to time, we have issued warrants to shareholders in connection with the sale of our equity securities (see Note 8).

6. Loss per Common Share

Basic loss per common share is determined based on the weighted-average number of common shares outstanding during each period. Diluted loss per common share is the same as basic loss per common share as all common share equivalents are excluded from the calculation, as their effect is anti-dilutive. The weighted average number of common shares outstanding for the three months ended June 30, 2011 and 2010 are 59,054,228 and 41,220,209, respectively. The weighted average number of common shares outstanding for the six months ended June 30, 2011 and 2010 are 55,992,506 and 41,196,564, respectively.

Options and warrants to purchase 9,672,567 and 5,257,594 shares of common stock were outstanding at June 30, 2011 and 2010, respectively. In addition, unvested RSUs, representing 22,915 and 394,831 shares of common stock, were outstanding at June 30, 2011 and 2010, respectively. These options, warrants and RSUs were excluded from the computation of diluted loss per common share as their effect would have been anti-dilutive.

7. Intangible Assets

Intangible assets consist of the following:

| | | June 30, 2011 | |
|------------------------|-----------------------|--------------------------|----------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Patents and copyrights | \$17,027,072 | \$7,761,070 | \$9,266,002 |
| Prepaid licensing fees | 694,000 | 694,000 | 0 |
| | \$17,721,072 | \$8,455,070 | \$9,266,002 |

| | | December 31, 2010 | |
|------------------------|-----------------------|--------------------------|----------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Patents and copyrights | \$16,674,404 | \$7,266,311 | \$9,408,093 |
| Prepaid licensing fees | 694,000 | 694,000 | 0 |
| | \$17,368,404 | \$7,960,311 | \$9,408,093 |

8. Share Based Compensation and Warrants

There has been no material change in the assumptions used to compute the fair value of our equity awards, nor in the method used to account for share-based compensation from those stated in our Annual Report on Form 10-K for the year ended December 31, 2010.

The following table presents share-based compensation expense included in our statements of operations for the three and six months ended June 30, 2011 and 2010, respectively:

| | Three months ended June 30, | | Six months ended June 30, | |
|------------------------------------|-----------------------------|-----------|---------------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Research and development expense | \$345,834 | \$305,268 | \$550,278 | \$632,691 |
| Sales and marketing expense | 41,682 | 169,483 | 94,075 | 255,510 |
| General and administrative expense | 170,777 | 326,415 | 369,062 | 675,695 |
| Total share-based expense | \$558,293 | \$801,166 | \$1,013,415 | \$1,563,896 |

During the six month period ended June 30, 2011, we granted options to purchase an aggregate of 157,200 shares of our common stock to non-executive employees as incentive compensation. These options have exercise prices ranging from \$0.58 to \$0.74 per share, vest over a three-year period and expire seven years from the date of grant. The aggregate grant date fair value of these awards, totaling approximately \$65,600, will be recorded to share-based compensation expense over the requisite service period.

During the six month period ended June 30, 2011, we also had 277,087 RSUs that vested, including 192,090 RSUs that were awarded to named executive officers in 2008 in connection with employment agreements.

On May 16, 2011, we granted nonqualified stock options for the purchase of 115,465 shares of common stock to our non-employee directors. These options, which had an aggregate grant date fair value of \$62,500, were issued in lieu of annual board fees of an equal value. The options have an exercise price of \$0.75 per share, vest over the remainder of 2011, and expire seven years from the date of grant. The fair value of the awards will be recorded to share-based compensation expense over the requisite service period.

As of June 30, 2011, we had \$242,335 in unrecognized compensation cost, net of estimated forfeitures, related to unvested share-based compensation awards. This cost is expected to be recognized over a weighted average period of approximately one year.

In connection with our March 30, 2011 offering, we issued warrants to purchase an aggregate of 807,412 shares of common stock (see Note 9). These warrants were recorded at their relative fair value of approximately \$417,000.

On September 8, 2010, we granted a stock option to purchase an aggregate of 100,000 shares of our common stock at an exercise price of \$0.82 per share to an outside consultant as compensation under a consulting agreement. This option is for unregistered shares that have "piggy-back" registration rights on subsequent registration statements and, as of June 30, 2011, this option was fully vested. The fair value of this option was estimated at each vesting date using the Black-Scholes option pricing model with an expected term equal to the remaining contractual life, expected volatility of 88.7% to 100.2%, and risk-free interest rates of 1.2% to 2.2%. For the three and six months ended June 30, 2011, we recognized expense related to this option of approximately \$11,400 and \$22,000, respectively, which is included in the table of share-based compensation expense shown above.

9. Stock Authorization and Issuance

We have filed two shelf registration statements with the SEC for purposes of providing flexibility to raise funds from the offering of various securities over a period of three years, subject to market conditions. Securities offered under the shelf registration statements may be used to fund working capital, capital expenditures, vendor purchases, and other capital needs. The first shelf registration statement was filed on January 5, 2009 (File No. 333-156571) and declared effective on January 20, 2009 for the offering of up to \$25 million in securities. The second shelf registration statement was filed on September 14, 2009 (File No. 333-161903) and was declared effective on September 30,

2009 for the offering of up to \$50 million in securities. To date, we have issued an aggregate of approximately \$40 million in securities under these two shelf registration statements, including the offering discussed below.

On March 30, 2011, we completed the sale of an aggregate of 6,023,477 shares of our common stock and 807,412 warrants. The offering consisted of 3,332,117 shares of our common stock at a price of \$0.71 per share and 2,691,360 units, each consisting of one share of common stock and 0.3 of a warrant to purchase common stock, at a price of \$0.81 per unit, to a limited number of institutional and other investors in a registered offering under the September 2009 Shelf. The warrants are exercisable commencing September 30, 2011 at a price of \$0.88 per share and expire on September 30, 2016. The offering represented 10.2% of our outstanding common stock on an after-issued basis. The aggregate net proceeds from this offering were approximately \$4.1 million, after deduction of placement agent fees and other offering costs.

10. Fair Value Measurements

We have determined the estimated fair value amounts of our financial instruments using available market information. Our assets that are measured at fair value on a recurring basis include the following as of June 30, 2011 and December 31, 2010:

| | Total | Fair Value Measurements | | |
|--------------------------------|-------------|---|---|--|
| | | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| June 30, 2011: | | | | |
| Available for sale securities: | | | | |
| Municipal bond mutual funds | \$5,147,687 | \$5,147,687 | \$0 | \$0 |
| Total | \$5,147,687 | \$5,147,687 | \$0 | \$0 |

| | Total | Fair Value Measurements | | |
|--------------------------------|-------------|---|---|--|
| | | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| December 31, 2010 | | | | |
| Available for sale securities: | | | | |
| Money market funds | \$6,315,911 | \$6,315,911 | \$0 | \$0 |
| Total | \$6,315,911 | \$6,315,911 | \$0 | \$0 |

11. Commitments and Contingencies

On July 20, 2011, we filed a complaint in the United States District Court of the Middle District of Florida against Qualcomm Incorporated (“Qualcomm”) seeking unspecified damages and injunctive relief for infringement of seven of

our patents related to radio-frequency receivers and the down-conversion of electromagnetic signals. Discovery in the case is ongoing and the Court has not set a

trial date for the case. At this time, we do not believe it is possible to estimate the outcome of the litigation.

We are subject to legal proceedings and claims which arise in the ordinary course of our business. Although occasional adverse decisions or settlements may occur, 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 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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, the statements about our future plans, objectives, and expectations contained in this Item. When used in this report and in future filings by the Company with the Securities and Exchange Commission ("SEC"), the words or phrases "will likely result", "management expects", "we expect", "will continue", "is anticipated", "estimated" or similar expressions are intended to identify "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, including the risks and uncertainties described in this report and in our other reports filed under the Securities Exchange Act of 1934, as amended, that could cause actual results to differ materially from historical results and those presently anticipated or projected. Examples of such risks and uncertainties include those relating to 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.

Overview

The following discussion should be read along with the unaudited condensed financial statements included in this report, as well as our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on March 31, 2011, which provides a more thorough discussion of our products and services, industry outlook, and business trends.

We are in the business of designing, developing and selling our proprietary radio frequency ("RF") technologies and devices for use in semiconductor circuits for wireless communication products. Since 2005, we have generated no product or royalty revenue from our wireless RF technologies. In the first quarter of 2011, we completed a testing, verification and acceptance process for our first RF product which interfaces directly with CDMA baseband processors built by our baseband partner, VIA Telecom Inc. ("VIA"), for use in 3G mobile applications. We anticipate the receipt of initial orders for this product in 2011.

Recent Developments

On July 20, 2011, we filed a complaint in the United States District Court of the Middle District of Florida against Qualcomm Incorporated ("Qualcomm") seeking relief for infringement of seven of our patents related to radio-frequency receivers and the down-conversion of electromagnetic signals. We are seeking unspecified monetary damages from Qualcomm as well as a permanent injunction barring the

manufacture and sale of any infringing devices by Qualcomm. Discovery in this case is in its infancy, and the Court has not set a trial date for the case. At this time, we do not believe it is possible to predict the outcome of the litigation.

Liquidity and Capital Resources

On March 30, 2011, we completed the sale of an aggregate of 3,332,117 shares of our common stock at a price of \$0.71 per share and 2,691,360 units, each consisting of one share of common stock and 0.3 of a warrant to purchase common stock, at a price of \$0.81 per unit, to a limited number of institutional and other investors in a registered offering under our “shelf” registration statement (SEC File No. 333-161903), originally filed in September 2009. The aggregate net proceeds from this offering were approximately \$4.1 million, after deduction of placement agent fees and other offering costs.

As of June 30, 2011, we had working capital of approximately \$4.7 million which represented a decrease of approximately \$1.4 million from working capital at December 31, 2010. The decrease was due primarily to the use of approximately \$4.9 million to fund operations and the investment of approximately \$0.4 million in intellectual property filings, offset by the proceeds from the March 30, 2011 sale of equity securities of approximately \$4.1 million. Our use of cash for operating activities decreased approximately \$0.5 million, or 9%, for the six months ended June 30, 2011 when compared to the same period in 2010, primarily as a result of the timing of payments for accounts payable and other accrued expenses.

We had an \$8.3 million increase in cash provided by investing activities for the six months ended June 30, 2011 when compared to the same period in 2010. This increase is the result of reduced purchases and increased sales of available for sale securities during the six months ended June 30, 2011 compared to the same period in 2010. We also had a \$4.2 million increase in cash provided by financing activities for the six months ended June 30, 2011 when compared to the same period in 2010. This increase is primarily the result of the receipt of \$4.1 million in proceeds from the March 30, 2011 offering of our equity securities.

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 to secure a reasonable share of the market through additional product offerings with our current customers and/or the addition of new customers.

We expect to receive initial orders for the sale of our integrated circuits to VIA’s customers in 2011. Any product revenue recognized for 2011, however, will not be sufficient to cover our operational expenses, and we expect that our continued losses and use of cash will be funded from our working capital, consisting of cash, cash equivalents and available for sale securities of \$5.4 million at June 30, 2011. In addition, we expect that available working capital will be used for initial production start-up costs, including test programs and production tooling. Furthermore, we anticipate the use of available working capital to fund legal expenses related to our patent infringement litigation against Qualcomm. We currently have no significant commitments for capital expenditures.

We believe our current capital resources will not be sufficient to support our liquidity requirements through 2011. Furthermore, we believe significant cost reduction measures would jeopardize our future growth plans, including our ability to support initial production of our products. We may be able to meet future liquidity needs through the issuance of additional equity securities under our outstanding shelf registration statements or 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 significant long-term debt obligations. We may also offset our future liquidity needs through contingency-based payment arrangements with

legal counsel or others related to our patent litigation, although we have no such arrangements currently in place.

The long-term continuation of our business plan through 2011 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.

Results of Operations for Each of the Three and Six months Ended June 30, 2011 and 2010

Revenue and Gross Margin

We had no product or royalty revenue for the three and six months ended June 30, 2011 or 2010. For the six months ended June 30, 2010, we recognized approximately \$17,000, or 27%, in gross margin on approximately \$64,000 in engineering services revenue for the completion of a fixed-price service contract with ITT Corporation ("ITT"). The contract was for the purpose of incorporating our commercially developed d2p integrated circuits into a highly integrated transceiver for demonstration of device performance to one of ITT's military customers.

Gross margin for engineering services is calculated as the excess of engineering services revenue over cost of sales. Cost of sales for engineering services includes the direct labor costs, as well as overhead and other indirect costs including depreciation and allocated facilities costs. Indirect costs are allocated to cost of sales on a direct labor hour basis.

Research and Development Expenses

Research and development expenses consist primarily of engineering and related management and support personnel costs; fees for outside engineering design services which we use from time to time to supplement our internal resources; amortization and depreciation expense related to our patents and other assets used in product development; prototype production and materials costs, which represent the fabrication and packaging costs for prototype integrated circuits, as well as the cost of supporting components for prototype board development; software licensing and support costs, which represent the annual licensing and support maintenance for engineering design and other software tools; and rent and other overhead costs for our engineering design facility. Personnel costs include share-based compensation amounts which have been determined based on the grant date fair value of equity-based awards to our employees and then recorded to expense over the vesting period of the award.

Our research and development expenses increased approximately \$23,000, or 1%, during the three months ended June 30, 2011 when compared to the same period in 2010. This increase is primarily due to an increase in personnel travel expenses of approximately \$55,000 and an increase in share-based compensation of approximately \$41,000, offset by a decrease in amortization expense on third-party licenses of approximately \$73,000.

Our research and development expenses decreased approximately \$343,000, or 8%, during the six months ended June 30, 2011 when compared to the same period in 2010. This decrease is primarily due to reduced prototype fabrication and materials costs of approximately \$234,000, reduced depreciation and amortization expense of approximately \$197,000, reduced personnel and related expenses, excluding share-based compensation, of approximately \$112,000, and reduced share-based compensation of approximately \$82,000. These decreases are offset by an increase in outside consulting and design services of approximately \$213,000 and an increase in personnel travel expenses of approximately \$95,000.

The increase in personnel travel is primarily the result of increased domestic and international travel to provide technical support to VIA and potential customers for our CDMA-based product during 2011. The reduction in prototype fabrication and materials costs is a result of reduced prototype runs of our integrated circuits at the IBM and TSMC foundries in 2011. The decrease in amortization and depreciation expenses is a result of third-party licenses and capital equipment becoming fully amortized. Increases in consulting and outside design services are a result of timing of various projects related to readying products for production.

Our increase in share-based compensation for the three months ended June 30, 2011 is primarily the result of the true-up of estimated to actual forfeitures upon vesting of certain RSU awards in the second quarter of 2011. For the six months ended June 30, 2011, the decrease in share-based compensation is primarily the result of prior period awards becoming fully vested in 2010 and 2011. The decrease in other personnel costs is primarily a result of employee attrition in 2010.

We expect a significant percentage of our current working capital will be invested in our research and product development activities throughout 2011. However, these expenses will fluctuate on a quarter to quarter basis depending on the timing of various projects.

Marketing and Selling Expenses

Marketing and selling expenses consist primarily of marketing and sales personnel costs, including share-based compensation and travel costs, and outside professional fees. Marketing and selling expenses decreased approximately \$104,000, or 24%, during the three months ended June 30, 2011 when compared to the same period in 2010. This decrease is primarily due to a reduction in employee share-based compensation expense of approximately \$128,000, offset by an increase in travel expenses of approximately \$30,000.

Marketing and selling expenses decreased approximately \$223,000, or 25%, during the six months ended June 30, 2011 when compared to the same period in 2010. This decrease is primarily due to a reduction in employee share-based compensation expense of approximately \$161,000 and a reduction in outside professional fees of approximately \$43,000.

The decrease in share-based compensation expense for the three and six month periods is primarily the result of prior period awards becoming fully vested in 2010. The increase in travel expenses for the three month period ended June 30, 2011 is a result of increased international travel. The reduction in outside professional fees for the six months ended June 30, 2011 is a result of elimination of non-essential contracts.

General and Administrative Expenses

General and administrative expenses consist primarily of executive, director, finance and administrative personnel costs, including share-based compensation, and costs incurred for insurance, shareholder relations and outside professional services.

General and administrative expenses decreased approximately \$162,000, or 13%, during the three months ended June 30, 2011 when compared to the same period in 2010. This decrease is primarily due to a reduction in employee share-based compensation expense of approximately \$156,000.

General and administrative expenses decreased approximately \$258,000, or 11%, during the six months ended June 30, 2011 when compared to the same period in 2010. This decrease is primarily due to a reduction in employee share-based compensation expense of approximately \$307,000 and a decrease of approximately \$43,000 in fees paid to our non-employee directors. These decreases were offset by an increase in outside consulting and other professional fees of approximately \$48,000.

The reduction in share-based compensation for the three and six month periods ended June 30, 2010 was primarily the result of prior period awards becoming fully vested in 2010. The decrease in fees paid to our non-employee directors is the result of our non-employee directors' waiver of a portion of their 2011 cash fees in favor of equity compensation with an equal value for 2011. The value of the equity compensation received by our directors, in the form of non-qualified stock options, is included in share-based compensation expense.

Net Loss and Net Loss per Common Share

Our net loss decreased approximately \$252,000, or 7%, during the three months ended June 30, 2011 when compared to the same period in 2010. This decrease is a result of the \$243,000, or 6%, decrease in operating expenses. On a per share basis, our loss decreased \$0.03 per common share, or 33%, for the three months ended June 30, 2011 when compared to the same period in 2010. This decrease is a result of the 6% decrease in operating expenses as well as a 43% increase in the weighted average shares outstanding for the period.

For the six months ended June 30, 2011, our net loss decreased approximately \$833,000 or 11%, when compared to the same period in 2010. This decrease is a result of the \$825,000, or 11%, decrease in operating expenses. On a per share basis, our loss decreased \$0.07 per common share, or 37%, for the six months ended June 30, 2011 when compared to the same period in 2010. This decrease is a result of the 11% decrease in operating expenses as well as a 36% increase in the weighted average shares outstanding for the period.

Off-Balance Sheet Transactions, Arrangements and Other Relationships

As of June 30, 2011, we had outstanding warrants to purchase 6,372,324 shares of common stock that were issued in connection with the sale of equity securities in various public and private placement transactions in 2000, 2009, 2010, and 2011. These warrants have exercise prices ranging from \$0.54 to \$56.66 per share, with a weighted average exercise price of \$8.09 and a weighted average remaining contractual life of approximately 3.74 years. The estimated fair value of these warrants of \$15,055,053 is included in shareholders' equity in our balance sheets.

Critical Accounting Policies

There have been no changes in critical accounting policies from those stated in our Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Our cash equivalents, which are primarily highly liquid money market instruments, and our available for sale securities, which are mutual funds invested primarily in short-term municipal securities, are subject to interest rate risk as well as 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. We are averse to principal loss and seek to ensure the safety and preservation of our invested funds by limiting market risk.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2011, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of June 30, 2011.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings.

A description of our patent infringement litigation against Qualcomm is included in Note 11 to our condensed financial statements, which description is incorporated herein by reference. In addition, we are subject to legal proceedings and claims which arise in the ordinary course of our business. Although occasional adverse decisions or settlements may occur, 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 1A. Risk Factors.

Except as set forth below, there have been no material changes from the risk factors disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2010. In addition to the information in this report, the risk factors disclosed in our Annual Report 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.

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.

On July 20, 2011, we filed a complaint in the United States District Court of the Middle District of Florida against Qualcomm Incorporated seeking unspecified damages and injunctive relief for infringement of seven of our patents related to radio-frequency receivers and the down-conversion of electromagnetic signals. The Court has not set a trial date for the case. At this time, we do not believe it is possible to predict the outcome of the litigation. We could incur significant costs in this litigation and there can be no assurance that any damages will cover our costs or that we will prevail at all.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 5. Other Information.

In accordance with and satisfaction of the requirements of Item 2.02 of Form 8-K, we include the following disclosure:

On August 15, 2011, we issued a press release announcing our results of operations and financial condition for the three and six months ended June 30, 2011. The press release is attached hereto as Exhibit 99.1.

ITEM 6. Exhibits

- 3.1 Articles of Incorporation, as amended (incorporated by reference from Exhibit 3.1 of Registration Statement No. 33-70588-A)
- 3.2 Amendment to Amended Articles of Incorporation dated March 6, 2000 (incorporated by reference from Exhibit 3.2 of Annual Report on Form 10-K for the year ended December 31, 1999)
- 3.3 Bylaws, as amended (incorporated by reference from Exhibit 3.1 of Current Report on Form 8-K filed August 10, 2008)
- 31.1 Section 302 Certification of Jeffrey L. Parker, CEO*
- 31.2 Section 302 Certification of Cynthia Poehlman, CFO*
- 32.1 Section 906 Certification*
- 99.1 Earnings Press Release*
- 101.INS XBRL Instance Document*
- 101.SCH XBRL Taxonomy Extension Schema*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase*
- 101.LAB XBRL Taxonomy Extension Label Linkbase*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase*

*Included herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ParkerVision, Inc.
Registrant

August 15, 2011

By: /s/ Jeffrey L. Parker
Jeffrey L. Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

August 15, 2011

By: /s/ Cynthia L. Poehlman
Cynthia L. Poehlman
Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)

EXHIBIT INDEX

| | |
|---------|---|
| 31.1 | Section 302 Certification of Jeffrey L. Parker, CEO |
| 31.2 | Section 302 Certification of Cynthia Poehlman, CFO |
| 32.1 | Section 906 Certification |
| 99.1 | Earnings Press Release |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |