

EGE INSTITUTIONAL RESEARCH REPORT

RESEARCH UPDATE

AUGUST 9, 2006

EMERGING GROWTH EQUITIES, LTD.



PARKERVISION, INC.

NASDAQ: PRKR - \$5.43

Semiconductors – Integrated Circuits

PRKR Shares Cheap; Story Remains Intact; Introducing New Estimates; Maintain BUY Rating

PRKR Expects To Consummate Initial OEM Relationships In 2006. PRKR shares have declined about 50% in the past three months. We think investors have been frustrated with waiting for the Company to sign OEM licensing agreements. However, we believe that negotiations are progressing and that the first deal will be signed in the coming months. As such, the story remains intact, in our view. PRKR's new chips will enable handset OEMs to increase battery life by 2x to 3x, decrease bill of materials by 50% and decrease board space by 50%. PRKR is in discussions with all the major tier-one OEMs and semiconductor makers that account for 70% of the handset market. With 3G handsets alone, expected to exceed 200 million units in 2008 and 300 million units in 2009, we see tremendous opportunity for PRKR in the next few years.

PRKR Reports 2Q:06 Results. PRKR reported a narrower-than-expected net loss in 2Q:06 of \$0.18 per share, versus our estimate of a loss of \$0.19, and a net loss of \$0.49 per share in 2Q:05. The year-over-year improvement in the bottom-line was due primarily to lower operating expenses, as the Company recognized cost savings from exiting the retail business this year. Opex for 2Q:06 was \$4.6 million versus \$8.1 million in 2Q:05. The Company ended 2Q:06 with \$20.7 million in cash, or \$0.89 per share. Net cash burn in the quarter was \$2.9 million, implying about six quarters of financing.

We Have Updated Our Model. While estimating financial results for a company at this early stage of development is difficult, we have updated our estimates based on discussions with management and new assumptions. In 2008, we now expect \$120.0 million in revenue and earnings of \$1.24 per share (up from \$0.76); in 2009, we now expect \$192.0 million in revenue and earnings of \$2.29 per share (up from \$1.99). We believe the announcement of a strategic agreement with any of the top-tier handset makers would validate PRKR's technology and could give a considerable boost to the stock price. With PRKR shares trading at only 4x our new 2008 EPS estimate, we think the stock is undervalued. (See discussion of investment risks on page 2.)

Rating: BUY

Target: \$17.50

52-Week Range: \$12.00H - \$4.72L
Market Cap.: \$127.1m
Shares Out: 23.4m
Estimated Float: 17.1m
Short Interest: 4.3m
Avg. Daily Vol.: 164.1k
Insider Ownership: 27.0%
Inst. Ownership: 42.5%
FY Ends: Dec.



Source: BigCharts.com

Revenues (M)

	F06E	F07E	F08E	F09E
Mar.	\$0.0	\$0.3	\$21.0	\$39.0
June	0.0A	0.3	26.0	44.0
Sept.	0.3E	0.3	31.0	49.0
Dec.	0.3	0.3	42.0	60.0
Yr.	\$0.5	\$1.0	\$120.0	\$192.0
P/S	NA	NA	1.5x	1.0x

Earnings per Share

	F06E	F07E	F08E	F09E
Mar.	\$(0.19)	\$(0.22)	\$0.23	\$0.42
June	(0.18)A	(0.23)	0.26	0.50
Sept.	(0.19)E	(0.24)	0.29	0.58
Dec.	(0.22)	(0.26)	0.45	0.77
Yr.	\$(0.78)	\$(0.96)	\$1.24	\$2.29
P/E	NA	NA	4.4x	2.4x

Balance Sheet (6/06)

Cash:	\$20.7m (\$0.89/sh.)
Debt:	\$0.00
Tangible Book:	\$31.5m (\$1.35/sh.)

Michael Donahue

mdonahue@egequities.com
610-783-4787

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

VALUATION AND INVESTMENT RECOMMENDATION

We value PRKR at \$17.50 per share in one year based on a 20x multiple of diluted 1.24 EPS in 2008 discounted to 2007 at 40%. We caution investors that PRKR is still a pre-revenue story and it remains unclear when the Company will recognize significant revenue. Furthermore, at this point we can not anticipate what type of license or how many contracts the Company will sign in the coming years.

We rate PRKR shares BUY based on the Company's breakthrough technology which may provide immediate benefits to the growing mobile handset market. We believe this market will continue to grow at a CAGR of 8% between 2006 and 2010. More importantly we estimate that next generation handsets, (3G and beyond), will grow at a rate of 37% CAGR between 2006 and 2010. We advise investors to build positions in PRKR at current price levels and to buy more aggressively on announcements of contract wins.

CORPORATE OVERVIEW

PRKR is a fabless semiconductor Company that is focusing on the commercialization of its patented proprietary RF (radio frequency) communication technologies. The Company has developed its ESP (energy signal processing) technology into its two primary solutions, Direct2RFPower (d2p) and Direct2Data (d2d). These two offerings will target the mobile handset market addressing the needs for extended battery life, reduced handset cost, and better performance as the cellular industry migrates to 3G networks. PRKR has obtained 72 patents and 98 pending. The Company's business strategy includes forming relationships with OEMs (original equipment manufacturers) and ODMs (original design manufacturers) for incorporation of the Company's integrated circuits into products manufactured by others or to license its technology for use by others. PRKR has approximately 55 employees at its headquarters in Jacksonville, Florida with additional facilities in Orlando, Florida.

INVESTMENT RISKS

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

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

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

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

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

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



ParkerVision, Inc. Income Statement (thousands)

	2004	2005	2006E				2006E	2007E				2007E	2008E				2008E	2009E
			Mar-06A	Jun-06A	Sep-06	Dec-06		Mar-07	Jun-07	Sep-07	Dec-07		Mar-08	Jun-08	Sep-08	Dec-08		
Net sales	441	995	-	-	250	250	500	250	250	250	250	1,000	21,000	26,000	31,000	42,000	120,000	192,000
Product revenue	441	995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
License revenue	-	-	-	-	250	250	500	250	250	250	250	1,000	-	-	-	-	-	-
Royalty revenue	-	-	-	-	-	-	-	-	-	-	-	-	21,000	26,000	31,000	42,000	120,000	192,000
% change in net sales	-	125.6%	-	-	-	-	-	-	-	0.0%	0.0%	100.0%	8300.0%	10300.0%	12300.0%	16700.0%	11900.0%	60.0%
Cost of sales	526	784	-	-	50	50	100	50	50	50	50	200	3,360	4,160	4,960	6,720	19,200	23,040
Inventory write down	2,769	2,251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	(2,854)	(2,040)	-	-	200	200	400	200	200	200	200	800	17,640	21,840	26,040	35,280	100,800	168,960
Gross margin	-647.2%	-205.0%	-	-	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	84.0%	84.0%	84.0%	84.0%	84.0%	88.0%
Research and development	11,422	10,282	2,558	2,530	2,700	2,800	10,588	2,900	3,000	3,100	3,200	12,200	4,000	5,000	6,000	7,000	22,000	31,000
% of sales	2590.0%	1033.4%	-	-	-	-	-	1160.0%	1200.0%	1240.0%	1280.0%	1220.0%	19.0%	19.2%	19.4%	16.7%	18.3%	16.1%
Marketing and selling	2,484	3,139	554	522	600	800	2,476	900	1,000	1,100	1,200	4,200	2,000	3,000	4,000	5,000	14,000	23,000
% of sales	563.3%	315.5%	-	-	-	-	-	360.0%	400.0%	440.0%	480.0%	420.0%	9.5%	11.5%	12.9%	11.9%	11.7%	12.0%
General and administrative	6,044	6,045	1,389	1,551	1,600	1,800	6,340	1,800	1,900	2,000	2,100	7,800	3,000	4,000	5,000	6,000	18,000	27,000
% of sales	1370.5%	607.5%	-	-	-	-	-	720.0%	760.0%	800.0%	840.0%	780.0%	14.3%	15.4%	16.1%	14.3%	15.0%	14.1%
Other	-	1,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	19,951	21,357	4,501	4,603	4,900	5,400	19,404	5,600	5,900	6,200	6,500	24,200	9,000	12,000	15,000	18,000	54,000	81,000
Operating income	(22,805)	(23,397)	(4,501)	(4,603)	(4,700)	(5,200)	(19,004)	(5,400)	(5,700)	(6,000)	(6,300)	(23,400)	8,640	9,840	11,040	17,280	46,800	87,960
Operating margin	-5171.2%	-2351.5%	-	-	-	-	-	-2160.0%	-2280.0%	-2400.0%	-2520.0%	-2340.0%	41.1%	37.8%	35.6%	41.1%	39.0%	45.8%
Interest & other, net	217	304	158	284	200	130	772	130	130	130	130	520	130	130	130	130	520	520
Pretax income	(22,588)	(23,093)	(4,343)	(4,319)	(4,500)	(5,070)	(18,232)	(5,270)	(5,570)	(5,870)	(6,170)	(22,880)	8,770	9,970	11,170	17,410	47,320	90,480
Pretax margin	-5122.0%	-2320.9%	-	-	-	-	-	-2108.0%	-2228.0%	-2348.0%	-2468.0%	-2288.0%	41.8%	38.3%	36.0%	41.5%	39.4%	47.1%
Other	7,773	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income before tax	(14,815)	(23,093)	(4,343)	(4,319)	(4,500)	(5,070)	(18,232)	(5,270)	(5,570)	(5,870)	(6,170)	(22,880)	8,770	9,970	11,170	17,410	47,320	90,480
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	1,316	1,496	1,676	2,612	7,098	13,572
% of pretax income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Other	-	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	(14,815)	(23,096)	(4,343)	(4,319)	(4,500)	(5,070)	(18,232)	(5,270)	(5,570)	(5,870)	(6,170)	(22,880)	7,455	8,475	9,495	14,799	40,222	76,908
EPS	(0.82)	(1.14)	(0.19)	(0.18)	(0.19)	(0.22)	(0.78)	(0.22)	(0.23)	(0.24)	(0.26)	(0.96)	0.23	0.26	0.29	0.45	1.24	2.29
Diluted shares	18,104	20,100	22,910	23,372	23,372	23,372	23,257	23,572	23,772	23,972	24,172	23,872	32,000	32,300	32,600	32,900	32,450	33,650

ANALYST CERTIFICATION

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

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Strong Buy	Subject security could significantly outperform its peer group, driven by potential near-term catalyst(s). Advise clients to aggressively establish new positions.
Buy	Subject security could outperform its peer group. Advise clients to patiently establish new positions.
Hold	Subject security likely to perform in line with its peer group, with little or no appreciation expected. Advise clients against establishing new positions.
Sell	Subject security is expected to under-perform its peer group. Advise clients to reduce positions.
No Rating	No formal rating has been issued, or rating has been suspended.

EGE RECOMMENDATION HISTORY (PRKR)

EGE RESEARCH RATING DISTRIBUTION (August 8, 2006)

Rating	Percentage	Investment Banking Relationships*
Strong Buy or Buy	76%	8%
Hold	20%	0%
Sell	0%	0%
Not Rated	4%	0%

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

All prices noted in this report are as of the close of trading on August 8, 2006.

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