PARKERVISION INC
Form DEF 14A
July 08, 2008

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ___X_
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Check the appropriate box:
____ Preliminary Proxy Statement
___X Definitive Proxy Statement
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PARKERVISION, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3)	Filing Party:
(4)	Date Filed:

PARKERVISION, INC.
7915 Baymeadows Way, Suite 400
Jacksonville, Florida 32256

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD AUGUST 26, 2008

The Annual Meeting of Shareholders of ParkerVision, Inc. will be held on Friday, August 26, 2008 at 9:00 a.m. Eastern Daylight Time, at the Orlando Marriott Lake Mary, 1501 International Parkway, Lake Mary, Florida 32746, for the following purposes:

1. To elect nine members of the Board of Directors to hold office until the next annual meeting or until their respective successors are duly elected and qualified; and
2. To approve the ParkerVision, Inc. 2008 Equity Incentive Plan; and
3. To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

The transfer books will not be closed for the Annual Meeting. The Board of Directors has fixed the close of business on July 3, 2008 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting of Shareholders, or any adjournments thereof.

You are urged to read the attached proxy statement, which contains information relevant to the actions to be taken at the Annual Meeting. In order to assure the presence of a quorum, whether or not you expect to attend the meeting in person, please sign and date the accompanying proxy card and mail it promptly in the enclosed addressed, postage prepaid envelope. You may revoke your proxy if you so desire at any time before it is voted.

By Order of the Board of Directors

Cynthia Poehlman
Chief Financial Officer and Corporate Secretary

Jacksonville, Florida
July 7, 2008

ParkerVision, Inc.

PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 26, 2008

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ParkerVision, Inc.

PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 26, 2008

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This proxy statement and the enclosed form of proxy are being furnished in connection with the solicitation of proxies by our Board of Directors to be used at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at 9:00 a.m. Eastern Daylight Time on Tuesday, August 26, 2008 and any adjournments thereof for the following purposes:

1. To elect nine members of the Board of Directors to hold office until the next annual meeting or until their respective successors are duly elected and qualified;

2. To approve the ParkerVision, Inc. 2008 Equity Incentive Plan; and

3. To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

The Annual Meeting will be held at the Orlando Marriott Lake Mary, 1501 International Parkway, Lake Mary, Florida 32746. This proxy statement and the accompanying form of proxy will be mailed to shareholders on or about July 17, 2008.

Record Date and Voting Securities

Our Board of Directors has fixed the close of business on July 3, 2008 as the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. As of July 3, 2008, we had issued and outstanding 26,531,550 shares of common stock, par value $.01 per share, our only class of voting securities outstanding. Each of our shareholders is entitled to one vote for each share of common stock registered in his or her name on the record date.

Voting and Revocation of Proxies

Proxies in the form enclosed are solicited by and on behalf of our Board of Directors. The persons named in the proxy have been designated as proxies by our Board of Directors. Any proxy given pursuant to this solicitation and received in time for the meeting will be voted as specified in the returned proxy. If no instructions are given, proxies returned by shareholders will be voted **FOR** the election of the director nominees and **FOR** approval of the ParkerVision, Inc. 2008 Equity Incentive Plan. With respect to any other proposal that properly comes before the Annual Meeting, the persons named as proxies will vote as recommended by our Board of Director or, if no recommendation is given, in their own discretion. Any proxy may be revoked by written notice received by our Corporate Secretary at any time prior to the voting at the meeting, by submitting a subsequent proxy, or by attending the Annual Meeting and voting in person. Attendance by a shareholder at the annual meeting does not alone serve to revoke his or her proxy.

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The presence, in person or by proxy, of a majority of the votes entitled to be cast at the meeting will constitute a quorum at the meeting. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by his or her proxy are not being voted ("shareholder withholding") with respect to a particular matter. Similarly, a broker may not be permitted to vote stock ("broker non-vote") held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock. The shares subject to a proxy which are not being voted on a particular matter because of either shareholder withholding or broker non-vote will not be considered shares present and entitled to vote on the matter. These shares, however, may be considered present and entitled to vote on other matters and will count for purposes of determining the presence of a quorum, unless the proxy indicates that the shares are not being voted on any matter at the meeting, in which case the shares will not be counted for purposes of determining the presence of a quorum.

The directors will be elected by a plurality of the votes cast at the meeting. "Plurality" means that the nominees who receive the highest number of votes in their favor will be elected as our directors. Consequently, any shares not voted **FOR** a particular nominee, because of either shareholder withholding or broker non-vote, will not be counted in the nominee's favor.

All other matters that may be brought before the shareholders, including the proposal to approve the ParkerVision, Inc. 2008 Equity Incentive Plan, must be approved by the affirmative vote of a majority of the votes cast at the meeting unless the governing corporate law requires otherwise. Abstentions from voting are counted as "votes cast" with respect to the proposal and, therefore, have the same effect as a vote against the proposal. Shares deemed present at the meeting but not entitled to vote because of either shareholder withholding or broker non-vote are not deemed "votes cast" with respect to the proposal, and therefore will have no effect on the vote.

Soliciation of Proxies

We are soliciting the proxies of shareholders pursuant to this proxy statement. We will bear the cost of this proxy solicitation. In addition to solicitations of proxies by use of the mail, some of our officers or employees, without additional remuneration, may solicit proxies personally or by telephone. We may also request brokers, dealers, banks and their nominees to solicit proxies from their clients where appropriate, and may reimburse them for reasonable expenses related thereto.

Annual Report

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 which contains our audited financial statements, is being mailed along with this proxy statement. We will provide to you exhibits to the Annual Report upon payment of a fee of $.25 per page, plus $5.00 postage and handling charge, if requested in writing to the Secretary, ParkerVision, Inc., 7915 Baymeadows Way, Suite 400, Jacksonville, Florida 32256.

PROPOSAL 1: ELECTION OF DIRECTORS

The persons listed below have been designated by our Board of Directors as nominees for election as directors to serve until the next annual meeting of shareholders at which they will be elected or until their respective successors have been elected and qualified. Our by-laws currently provide that the Board of Directors may set the number of directors, and currently the number of directors has been set at nine persons. At this Annual Meeting, nine persons have been nominated. Unless otherwise specified in the form of proxy, the proxies solicited by management will be voted **FOR** the election of these candidates. In case any of these persons become unavailable for election to the Board of Directors, an event which is not anticipated, the persons named as proxies, or their substitutes, shall have full discretion and authority to vote or refrain from voting for any other person in accordance with their judgment.

Name	**Position with the Company**
Jeffrey Parker	Chairman of the Board and Chief Executive Officer
William Hightower	Director
John Metcalf	Director
Todd Parker	Director
William Sammons	Director
David Sorrells	Chief Technical Officer and Director
Robert Sterne	Director
Nam Suh	Director
Papken der Torossian	Director

Jeffrey Parker (age 51) has been chairman of the board and our chief executive officer since our inception in August 1989 and our president from April 1993 to June 1998. From March 1983 to August 1989, Mr. Parker served as executive vice president for Parker Electronics, Inc., a joint venture partner with Carrier Corporation performing research development, manufacturing and sales and marketing for the heating, ventilation and air conditioning industry.

William Hightower (age 65) has been a director since March 1999. From September 2003 to his retirement in November 2004, Mr. Hightower was the president of the Company. Mr. Hightower was the president and chief operating officer and a director of Silicon Valley Group, Inc. ("SVGI"), from August 1997 until his retirement in May 2001. SVGI is a publicly held company which designs and builds semiconductor capital equipment tools for chip manufacturers. From January 1996 to August 1997, Mr. Hightower served as chairman and chief executive officer of CADNET Corporation, a developer of network software solutions for the architectural industry. From August 1989 to January 1996, Mr. Hightower was the president and chief executive officer of Telematics International, Inc.

John Metcalf (age 57) has been a director since June 2004. Since November 2002, Mr. Metcalf has been a CFO Partner with Tatum LLC, the largest executive services and consulting firm in the United States. Mr. Metcalf has 18 years experience as a CFO, most recently at ESI, a provider of high-technology manufacturing equipment to the global electronics market. Prior to ESI, Mr. Metcalf served as CFO for Siltronic, WaferTech, Siltec Corporation, and OKI Semiconductor. Mr. Metcalf began his career at AMD, where he worked for eleven years in a number of finance managerial positions including Director and Controller of North American Operations. Mr. Metcalf also currently serves on the Board of Directors and is Chairman of the Audit Committee for Microfield Group, Inc.

Todd Parker (age 44) has been a director since our inception in 1989 and was a vice president of ours from inception to June 1997 and from July 2002 to August 2006. Mr. Parker acted as a consultant to us from June 1997 through November 1997 and from September 2001 to July 2002. On July 31, 2002, Mr. Parker was appointed president of the Video Business Unit of the company until that division was sold in May 2004 when he took a position as Vice

President for Corporate Development. Following the exit from retail business activities in June 2005, Mr. Parker took the position as our Vice President of Product Operations until his retirement in August 2006. From January 1985 to August 1989, Mr. Parker served as general manager of manufacturing for Parker Electronics.

William Sammons (age 87) has been a director since October 1993. From 1981 until his retirement in 1985, Mr. Sammons was president of the North American Operations of Carrier Corporation.

David Sorrells (age 49) has been our chief technical officer since September 1996 and has been a director since January 1997. From June 1990 to September 1996, Mr. Sorrells served as our engineering manager.

Robert Sterne (age 56) has been a director since September 2006. Since 1978, Mr. Sterne has been a partner of the law firm of Sterne, Kessler, Goldstein & Fox PLLC, specializing in patent and other intellectual property law. Mr. Sterne provides legal services to us as one of our patent and intellectual property attorneys. Mr. Sterne served as a director of ParkerVision from February 2000 to June 2003.

Nam Suh (age 72) has been a director since December 2003. Mr. Suh was inaugurated as President of Korea Advanced Institute of Science and Technology (KAIST) in July 2006. In 2008, he retired from MIT where he has been a member of the faculty since 1970. At MIT, Mr. Suh held many positions including director of the MIT Laboratory for Manufacturing and Productivity, head of the department of Mechanical Engineering (1991-2001) director of the MIT Manufacturing Institute and director of the Park Center for Complex Systems. In 1984, Mr. Suh was appointed the Assistant Director for Engineering of the National Science Foundation by President Ronald Reagan and confirmed by the U.S. Senate. Mr. Suh is a widely published author of approximately 300 articles and seven books on topics related to tribology, manufacturing, plastics and design. Mr. Suh has approximately 50 United States patents and many foreign patents, some of which relate to plastics, polymers and design. He is the recipient of six honorary doctorates from six universities in four continents. Mr. Suh also serves on the board of directors of Integrated Device Technology, Inc.

Papken der Torossian (age 69) has been a director since June 2003. Mr. der Torossian was chief executive officer of SVGI from 1986 until 2001. Prior to his joining SVGI, he was president and chief executive officer of ECS Microsystems, a communications and PC company that was acquired by AMPEX Corporation where he stayed on as a manager for a year. From 1976 to 1981 Mr. der Torossian was president of the Santa Cruz Division of Plantronics where he also served as vice president of the Telephone Products Group. Previous to that he spent four years at Spectra-Physics and twelve years with Hewlett-Packard in a variety of management positions. From March 2003 until May 2007, Mr. der Torossian served as chairman of the board of directors of Therma-Wave, Inc., a company engaged in the manufacture and sale of process control metrology systems used in manufacturing semiconductors. Since September 2005, Mr. der Torossian has served as Executive Chairman of Vistel Semiconductor Systems, Inc, a private company. Vistel Semiconductor Systems, Inc. is one of the portfolio companies of Golden Gate Capital, a private equity firm where Mr. der Torossian serves as advisor for semiconductor related activities. Since August 2007, Mr. der Torossian has served as a director and a member of the Compensation Committee and Nominating and Governance Committees of Atmel Corporation, a public company.

Messrs. Jeffrey Parker and Todd Parker are brothers.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Independence of Directors

Our common stock is listed on the NASDAQ Global Market, and we follow the rules of NASDAQ in determining if a director is independent. The Board of Directors also consults with the company's counsel to ensure that the Board of Directors' determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. Consistent with these considerations, the Board of Directors affirmatively has determined that Messrs. William Hightower, John Metcalf, William Sammons, Robert Sterne, Nam Suh, and Papken der Torossian are the independent directors of the company. The other remaining directors are not considered independent due to their current or recent employment by the company.

Board Meetings and Committees

During the fiscal year ended December 31, 2007, our Board of Directors met five times and acted by unanimous consent one time. All of our directors attended each of the meetings except that Mr. Sammons missed one meeting during the last fiscal year. The directors are strongly encouraged to attend meetings of shareholders. At the annual meeting of shareholders held in 2007, all of our directors attended the meeting. Members of our board of directors are elected annually by our shareholders and may be removed as provided for in the 1989 Business Corporation Act of the State of Florida and our articles of incorporation.

The Board of Directors has three committees, the audit committee, the compensation committee and the nominating and corporate governance committee. Each of these committees is composed entirely of independent directors in accordance with current NASDAQ listing standards. Copies of our committee charters are available free of charge on our website at http://www.parkervision.com.

Audit Committee. Messrs. John Metcalf (Chair), William Sammons and Papken der Torossian are the current members of our audit committee. The audit committee met five times in 2007. The functions of the audit committee include oversight of the integrity of our financial statements, compliance with legal and regulatory requirements, and the performance, qualifications and independence of our independent auditors. The purpose and responsibilities of our audit committee are set forth in the Audit Committee Charter. The Report of the Audit Committee is included on page 7 of this proxy statement.

The board of directors made a qualitative assessment of each of the audit committee members to determine their level of financial knowledge and experience based on a number of factors and has determined that each member is a financial expert within the meaning of all applicable rules. This determination was made with reference to the rules of NASDAQ and the SEC. The board of directors considered each of these persons' ability to understand generally accepted accounting principles and financial statements, their ability to assess the general application of generally accepted accounting principles in connection with our financial statements, including estimates, accruals and reserves, their experience in analyzing or evaluating financial statements of similar breadth and complexity as our financial statements, their understanding of internal controls and procedures for financial reporting and their understanding of the audit committee functions.

Compensation Committee. Messrs. Nam Suh (Chair), William Sammons and Papken der Torossian are the current members of our compensation committee. The compensation committee met seven times in 2007 and acted three times by unanimous consent.

The functions of the compensation committee include oversight of the development, implementation and effectiveness of the Company's compensation philosophy, policies and strategies and to oversee regulatory compliance and reporting requirements with respect to compensation or related matters. Our compensation committee has overall responsibility for evaluating and approving our executive officer incentive compensation, benefit, severance, equity-based or other compensation plans, policies and programs. The compensation committee is responsible for discussing and reviewing our compensation discussion and analysis with management. The Compensation Committee Report is included on page 19 of this proxy statement.

The compensation committee sets the Chief Executive Officer's and non-employee directors' compensation and sets the compensation for other executive officers after review of the recommendations of the Chief Executive Officer. The compensation committee also administers the Company's 2000 Performance Equity Plan and, to the extent of outstanding awards, the 1993 Stock Option Plan. The purpose and responsibilities of our compensation committee are set forth in the Compensation Committee Charter. The compensation committee has retained, from time to time, a third-party compensation consultant to assist in a review of executive and board compensation programs.

Nominating and Corporate Governance Committee. Messrs. Robert Sterne (Chair), John Metcalf and Nam Suh are the current members of our nominating and corporate governance committee. The functions of the nominating and corporate governance committee include identification and recommendation of director nominees qualified to serve on the Board and recommendation to the Board of corporate governance guidelines applicable to the company. The purpose and responsibilities of our nominating and corporate governance committee are set forth in the Nominating and Corporate Governance Committee Charter attached as Appendix A to this proxy statement.

Director Nomination Process

The nominating committee considers persons identified by its members, management, shareholders, potential investors, investment bankers and others. The nominating committee may also use the services of search firms to assist in identifying potential directors, in gathering information about the background and experience of such persons and acting as an intermediary with such persons.

The nominating committee does not have any formal criteria for nominees; however, it believes that persons to be nominated should be actively engaged in business endeavors, have an understanding of financial statements, corporate budgeting and capital structure, be familiar with the requirements of a publicly traded company, be familiar with industries relevant to the company's business endeavors, be willing to devote significant time to the oversight duties of the board of directors of a public company, and be able to promote a diversity of views based on the person's education, experience and professional employments. The nominating committee evaluates each individual in the context of the board as a whole, with the objective of recommending a group of persons that can best implement our business plan, perpetuate our business and represent shareholder interests. The nominating committee may require certain skills or attributes, for example financial or accounting experience, to meet specific board needs that arise from time to time. The nominating committee does not distinguish among nominees recommended by shareholders and other persons.

Shareholders and others wishing to suggest candidates to the nominating committee for consideration as directors must submit written notice to the Corporate Secretary, who will provide it to the nominating committee. We also have a method by which shareholders may nominate persons as directors which is described in the section "Shareholder Proposals and Nominations" on page 26 of this proxy statement.

Code of Ethics and Shareholder Contact

The Board of Directors has adopted a code of ethics that is designed to deter wrongdoing and to promote ethical conduct and full, fair, accurate, timely and understandable reports that the company files or submits to the SEC and others. A copy of the code of ethics may be found on our website at www.parkervision.com. Shareholders may contact members of the Board of Directors by writing to them in care of the Corporate Secretary at the headquarters. The Corporate Secretary will forward correspondence received to the directors from time to time. This procedure was approved by the independent directors.

AUDIT COMMITTEE REPORT

Pursuant to the charter of the audit committee originally adopted on April 25, 2003, as amended on July 31, 2006, the audit committee's responsibilities include, among other things:

- annually reviewing and reassessing the adequacy of the committee's formal charter;
- reviewing and discussing our annual audited financial statements with our management and our independent auditors and the adequacy of our internal accounting controls;
- reviewing analyses prepared by management and independent auditors concerning significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- the engagement of the independent auditor;
- reviewing the independence of the independent auditors;
- reviewing our auditing and accounting principles and practices with the independent auditors and reviewing major changes to our auditing and accounting principles and practices as suggested by the independent auditor or our management;
- the appointment of the independent auditor by the board of directors, which firm is ultimately accountable to the audit committee and the board of directors;
- approving professional services provided by the independent auditors, including the range of audit and nonaudit fees; and
- reviewing all related party transactions on an ongoing basis for potential conflict of interest situations.

The audit committee pre-approves the services to be provided by its independent auditors. During the period January 1, 2007 through March 15, 2008, the committee reviewed in advance the scope of the annual audit and non-audit services to be performed by the independent auditors and the independent auditors' audit and non-audit fees and approved them. The audit committee also reviews and recommends to the board of directors whether or not to approve transactions between the company and an officer or director outside the ordinary course.

On many occasions during 2007 and thereafter, the audit committee met privately at regularly scheduled meetings and held discussions with management, the chief financial officer and our independent auditors. Management represented to the committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The audit committee also discussed and reviewed with management and the independent auditors the internal controls and procedures of the audit functions and the objectivity of the process of reporting on the financial statements.

The committee discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), various accounting issues relating to presentation of certain things in our financial statements and compliance with Section 10A of the Securities Exchange Act of 1934. Our independent auditors also provided the audit committee with the written disclosures required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and the committee discussed with the independent auditors and management the auditors' independence. The committee discussed financial risk exposures relating to the company with management and the processes in place to monitor and control the exposure resulting therefrom, if any.

Based upon the committee's discussion with management and the independent auditors and the committee's review of the representations of management and the report of the independent auditors to the audit committee, the committee recommended that the board of directors include our audited consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2007. The committee evaluated the performance of PricewaterhouseCoopers LLP and recommended to the board their re-appointment as the independent auditors for the fiscal year ending December 31, 2008.

John Metcalf (Chair)
William Sammons
Papken der Torossian

PRINCIPAL ACCOUNTING FIRM FEES AND SERVICES

The firm of PricewaterhouseCoopers LLP acts as our independent auditors. The following is a summary of fees paid to the principal accountants for services rendered.

Audit Fees. For the years ended December 31, 2006 and December 31, 2007, the aggregate fees billed for professional services rendered for the audit of our annual financial statements, the review of our financial statements included in our quarterly reports, and services provided in connection with regulatory filings were approximately $390,000 and $458,500, respectively.

Audit Related Fees. For the years ended December 31, 2006 and December 31, 2007, there were no fees billed for professional services by our independent auditors for assurance and related services.

Tax Fees. For the years ended December 31, 2006 and December 31, 2007, there were no fees billed for professional services rendered by our independent auditors for tax compliance, tax advice or tax planning.

All Other Fees. For the year ended December 31, 2006, the aggregate fee billed for other professional services by our independent auditors was approximately $1,500 for an annual license fee for accounting research software. There were no other fees billed for other professional services by our independent auditors for the year ended December 31, 2007.

All the services discussed above were approved by our audit committee.

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP was our independent accountants for the fiscal year ending December 31, 2007 and has been retained for 2008. A representative of Pricewaterhouse Coopers LLP is expected to be present at the meeting with an opportunity to make a statement if they desire to do so and is expected to be available to respond to appropriate questions.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

Our compensation program is designed to support our business objectives by structuring compensation packages to retain, reward, motivate and attract employees who possess the required technical and entrepreneurial skills and talent. The overall objectives of the business are to continue innovative technological advances of our wireless technologies, achieve technical and commercial acceptance of our wireless technologies, and, in doing so, to create significant shareholder value. The Committee is responsible for establishing and reviewing the compensation policies for our executives and ensuring that our executives are compensated in a manner consistent with those policies. The compensation of our executives is designed to reward the achievement of both quantitative and qualitative performance goals which specifically relate to the objectives of the business both short and long term.

There are three primary components of our compensation plan: (1) base salaries, (2) annual performance incentives, and (3) long-term incentives. These components are the same for all of our employees. The amount of each component is scaled according to the level of business responsibilities of each individual. Each component of the compensation program, and the manner in which the Committee determined each component for our 2007 fiscal year, are discussed in detail below. In addition, we provide standard employee benefits that include health benefits, life insurance, and tax-qualified savings plans. We did not provide any special employee benefits or perquisites in 2007 for executives other than supplemental life insurance policies for the benefit of Messrs. Jeffrey Parker and David Sorrells and an automotive allowance for Mr. Jeffrey Parker. We do not have pension or other retirement benefits or any type of nonqualified deferred compensation programs for our executives or other employees.

Comparative Benchmarking

In establishing our current executive compensation policies, programs and awards, the Committee has engaged Frederic W. Cook & Co., Inc. (“Cook”) annually since 2005 to assist with the compilation of comparative benchmark data and to provide recommendations. Cook recommended a comparative peer group (“Peer Group”) based on (i) companies generally in the wireless communications or communications equipment industries, (ii) companies that are broadly similarly sized in terms of market capitalization value, (iii) companies with similar growth and performance potential and/or (iv) companies that are considered competitors of ours in either the labor or capital markets. Financial metrics for each of these companies was gathered including most recent four quarters revenue, most recent four quarters operating income, most recent year employee count and market capitalization. Market capitalization was considered the most relevant data point in selecting the Peer Group.

As a result of changes in our business activities over the past several years, Cook recommended, and the Committee accepted, changes to our Peer Group. These changes generally included selecting companies more similarly matched in terms of size, market valuation, and industry. We expect that it will be necessary as the business evolves to update the Peer Group periodically in order to maintain a list of relatively comparable companies for compensation evaluation purposes. However, we anticipate that the Committee will continue to apply consistent criteria in its selection of the Peer Group.

The current Peer Group, as recommended by Cook and approved by the Committee includes the following fourteen companies, listed in order of market capitalization (highest to lowest) as of June 30, 2007: Symmetricom Inc, Digi International Inc., EMS Technologies Inc., Oplink Communications Inc., Anaren Inc., Packeteer Inc., Network Equipment Technologies Inc., PCTEL, Inc., Radyne Corporation, Carrier Access Corporation (subsequently acquired by privately-held Turin Networks, Inc.), Airspan Networks Inc., EFJ Inc., Endwave Corporation, and Vyyo Inc. The range of market capitalization values for the Peer Group was from $123 million to $390 million at June 30, 2007. In relation to the Peer Group, we ranked sixth in terms of market capitalization at June 30, 2007.

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The Committee reviewed the compensation programs for the Peer Group as a general indicator of relevant market conditions. The data from this Peer Group was considered in determining the proportions of base pay, annual incentive pay and long-term compensation value for our executives. All of the components of compensation were generally targeted at the market median or 50th percentile of the market.

Compensation Elements

Base Pay - Base salaries and related benefits are designed to provide basic economic security for our employees. Our base salaries are established at a level that is consistent with competitive practices in a technological, innovative and fast-moving industry in order to help retain and recruit our highly skilled workforce. Overall, base salaries are targeted at the median base salaries for the Peer Group in order to allow us to compete in the market for exceptional employees without placing an undue emphasis on fixed compensation. The base salary for our CTO, Mr. Sorrells, falls at or above the 75th percentile of the Peer Group. Our business objectives are heavily reliant upon technical innovation and we compete for technical talent with multi-national organizations with significantly greater financial resources and superior employee benefits. As such, the Committee has determined that targeting the 75th percentile or above for highly technical positions is appropriate.

Annual Performance Incentives - Annual performance incentives are specifically designed to link a meaningful portion of the executive's pay to accomplishment of specific short-term objectives that are necessary for successful execution of our longer-term business plan.

The annual incentive plan for all employees, including executives, provides for cash awards that are determined at the end of each fiscal year immediately following the performance measurement period. The target award depends upon the achievement of corporate goals, the individual's level of responsibility, the individual's personal performance for the period, and the individual's achievement of specific individual goals that support the overall corporate goals.

The incentive award target for executives is determined by the Committee and is defined as a percentage of base salary. In 2006, the Committee approved a formal performance incentive plan with target annual incentive compensation equal to 75% of base salary for the Chief Executive Officer and 50% of base salary for other named executive officers. The plan did not establish a minimum achievement level, nor did it allow for upside opportunity for above-target performance. The target percentages were determined based on the median of annual bonuses earned by the original Peer Group. The Committee compared these targets against the revised Peer Group in 2007 and determined that the target annual cash compensation for 2007 for our executives is generally at the median when compared to Peer Group target amounts. The Committee may exercise its discretion in reducing or increasing the size of an executive annual incentive award, although to date, the Committee has not done so.

For 2007, the Committee approved the following annual incentive awards for its named executive officers:

Name and Position	Value of Award Earned ($)	
Jeffrey Parker, Chief Executive Officer	$	225,000
Cindy Poehlman, Chief Financial Officer	$	69,200
David Sorrells, Chief Technology Officer	$	100,000

The awards for 2007 were based on the Committee's assessment of both corporate goals and individual achievement. The corporate goals included (i) sales goals, as measured by design wins with target customers; (ii) customer support goals, as measured by performance against specified customer statements of work, (iii) technology goals, as measured by integrated circuit design achievements against specified marketing requirements documents, and (iii) financial goals, as measured by performance against operating expense and cash flow budgets. With regard to individual achievements, the Committee considered Mr. Parker's ability to guide and develop the senior management team in both technological innovation and sales execution, as well as the progress made in developing business relationships in the highly-competitive mobile handset industry. With regard to Ms. Poehlman, the Committee considered her initiative in implementing process changes which increased the strength of financial reporting controls thereby continuing to ensure a high level of integrity in the financial reporting process, her growing role with regard to shareholder relations and her additional role as Corporate Secretary. With regard to Mr. Sorrells, the Committee considered Mr. Sorrells' significant level of technical achievement, including his work with the patent office in filing new patents, his ability to guide the intellectual property team in securing issuance of the first d2p patent, his individual contribution to the development program with ITT and his significant level of contribution to support the technological aspects of business dealings with target customers. Furthermore, the Committee also took into consideration that Mr. Sorrells had 200,000 share options, with an exercise price of $15.13, expire unexercised in the preceding eighteen month period.

Although the annual performance incentive award is intended to be a cash-based award, the Committee allowed executives to elect payment of all or a portion of their award in equity in order to preserve cash for other business purposes. Mr. Parker elected to receive his full award, net of tax withholdings, in shares of common stock. Ms. Poehlman elected to receive one-third of her award in cash with the balance paid, net of tax withholdings, in shares of common stock. Mr. Sorrells elected to receive his full award in cash. The share-based awards were priced at $11.17 per share, the closing market price of our common stock on the date the award was approved by the Committee. The awards are reflected in column (e) of the Summary Compensation Table below. The equity portion of the awards are also reflected in columns (c) and (g) of the Grants of Plan Based Awards Table below.

Long Term Incentives - Long term incentives are specifically designed to align employee and shareholder interests by rewarding performance that enhances shareholder value. Equity-based awards are used for long-term incentives in order to link employee's compensation to the value of our common stock. Stock options have been used as the primary vehicle for equity compensation for all employees, including executives. Stock options are granted at market and have no value without appreciation of the market price of our stock. Therefore, stock options are considered a strong motivator for enhancing shareholder value through corporate accomplishments.

In determining long-term equity incentive award size, the Committee used a Shareholder Value Transfer ("SVT") Allocation methodology. SVT refers to the aggregate value or expense of grants as a percent of a company's total market capitalization. The Committee considered data compiled by Cook regarding the average SVT rate and allocation percentages for the Peer Group. For 2007, the Committee targeted the 75th percentile of the Peer Group data rather than the median based on the large number of out-of-the-money share options held by the named executive officers, many of which had or were expected to soon expire unexercised. The Committee approved aggregate awards of 185,000 shares for its named executive officers and 70,000 share options for other senior management employees as long-term incentive awards. Consistent with our equity grant practices as discussed below, these awards were granted and priced in four equal installments on pre-determined quarterly grant dates, beginning February 15, 2007. The options granted for named executives, and all other employees, vest over three years, with the first one-third vesting one year following the grant date and the remaining two-thirds vesting in monthly increments thereafter.

The Committee continues to evaluate the appropriate mix of long-term pay elements in comparison to the market and in line with our strategy. Recently the Committee has considered our historical stock option awards and their failure to provide the intended long-term incentive based on the significant volatility of our stock, general market conditions and the substantial number of out-of-the-money options expected to expire unexercised. Based on these and other factors, the Committee anticipates shifting towards a blend of stock options and restricted stock or restricted share unit awards in the future in order to continue to ensure that our long-term incentive programs produce the intended results.

Equity Grant Practices

Grants in connection with new hires and job promotions are made on the 15th day of the month following the new employee's hire date and/or the effective date of the job promotion. All other employee equity grants are made on one of four pre-determined quarterly dates, whichever date most closely follows the date that all terms of the grant are approved by the Committee or its delegate. The preset quarterly dates are February 15th, May 15th, August 15th and November 15th, or, if the 15th falls on a non-trading day, the first trading day following such date. In addition, long-term equity grants made to executives and senior managers will be granted in four equal amounts on the four preset quarterly dates following the date a determination is made by the Committee as to the aggregate award. The intent of this grant policy is to (a) eliminate the need to evaluate potential grant dates in light of pending and/or recently disclosed material events and (b) to attempt to mitigate the effect of significant price volatility when a single date is utilized for annual equity awards.

Stock options are granted with an exercise price equal to the closing market value of our common stock on the grant date. In 2000, in connection with an employment agreement for our chief executive officer, options were granted at a premium to the closing market price. Options are never granted with exercise prices below market value on the date of grant.

Role of Executive Officers in Determining Executive Pay

The Committee makes all compensation decisions for all elements of compensation for the CEO and other named executive officers and approves recommendations regarding equity awards for all employees. Our chief executive officer, chief financial officer and human resource management personnel make recommendations to the Committee annually with regard to overall pay strategy including program designs, annual incentive plan design, and long-term incentive plan design for management employees. Our chief executive officer evaluates the performance of the other executive officers annually and makes recommendations regarding their compensation to the Committee for its consideration and determination. Human resource management provides the Committee with market information regarding executive officers' base pay and annual performance incentives as requested. Executives do not determine any element or component of their own pay package or total compensation amount.

Executive and Director Stock Ownership Requirements

We currently do not have a policy with regard to minimum stock ownership for our executives or non-employee directors.

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of our named executive officers who served as executive officers during all or a portion of the year ended December 31, 2007 and 2006.

(a) Name and Principal Position	(b) Year	(c) Salary ($)	(d) Option Awards [1] ($)	(e) Non-equity Incentive Plan Compensation[2] ($)	(f) All other ($)	(g) Total ($)
Jeffrey Parker, Chief Executive Officer & Chairman of the Board	2007	$ 325,000	$ 381,096	$ 225,000[3]	$ 14,365[4]	$ 945,461
	2006	325,000	92,863	50,279[5]	4,520[6]	472,662
Cynthia Poehlman, Chief Financial Officer and Corporate Secretary	2007	200,000	262,653	69,200[7]	2,000[8]	533,853
	2006	200,000	188,636	21,250	-	409,886
David Sorrells, Chief Technology Officer	2007	275,625	228,701	100,000	2,100[6]	606,426
	2006	272,850	238,037	25,840	2,100[6]	538,827

(1) The amounts reported in column (d) represent the dollar amount of compensation cost recognized in 2007 and 2006 in accordance with FAS123R, excluding forfeiture estimates. Refer to Note 8 of the Consolidated Financial Statements included in Item 8 for the assumptions made in the valuation of stock options.

(2) The amounts reported in column (e) represent the dollar amount of compensation cost related to awards under non-equity incentive plans. Unless otherwise specified, all amounts reported in this column were determined and paid in the year reported. In certain cases, the named executive elected to forego his or her cash compensation in lieu of an equity award of equal dollar value. In these cases, the award value remains in this column but will be separately footnoted as to the amount of award distributed in equity. Any equity award included in this column will also be reflected in the Grants of Plan-Based Awards Table below.

(3) In 2007, our chief executive officer elected to forego a $225,000 cash performance incentive award in lieu of a stock award of 14,466 shares of common stock paid in 2008. The value of the stock award, net of $63,415 in tax withholdings, is $161,585 based on the closing market price of our common stock on the grant date. Refer to columns (c) and (g) of the Grants of Plan-Based Awards Table below.

(4) This amount includes the dollar value of premiums paid by us for life insurance for the benefit of Mr. Parker in the amount of $4,980, the gross value of Mr. Parker's automobile allowance of $7,385, and an employer matching contribution to a 401k plan of $2,000.

(5) In 2006, our chief executive officer elected to forego a $50,279 cash performance incentive award in lieu of a stock award of 5,089 shares of common stock.

(6) This amount represents the dollar value of premiums paid, or payable, for life insurance for the benefit of the executive.

(7) In 2007, our chief financial offer elected to forego a portion of her cash performance incentive award in lieu of a stock award of 2,795 shares of common stock. The value of the stock award, net of $15,135 in tax withholdings, is $31,220 based on the closing market price of our common stock on the grant date. Refer to columns (c) and (g) of the Grants of Plan-Based Awards Table below. Both the cash and equity portions of this award were paid in 2008.

(8) Amount represents an employer matching contribution to a 401k plan.

Grants of Plan-Based Awards

The following table summarizes each grant of an award made in 2007 to the executive officers who served as executive officers during all or a portion of 2007.

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (1) (#)	Exercise or Base Price of Option Awards ($/Share)	Full Grant Date Fair Value of Equity Award ($)
	2/15/2007	-	-	37,500	$ 9.89	$ 257,361
	5/15/2007	-	-	37,500	$ 10.82	$ 283,306
Jeffrey Parker	8/15/2007	-	-	37,500	$ 12.30	$ 318,555
	11/15/2007	-	-	37,500	$ 10.36	$ 264,002
	2/1/2008	$ 225,000(2)	-	-	$ 11.17	$ 161,585
	2/15/2007	-	-	8,750	$ 9.89	$ 60,051
	5/15/2007	-	-	8,750	$ 10.82	$ 66,105
Cynthia Poehlman	8/15/2007	-	-	8,750	$ 12.30	$ 74,329
	11/15/2007	-	-	8,750	$ 10.36	$ 61,600
	2/1/2008	$ 46,355(3)	-	-	$ 11.17	$ 31,220

(1) Represents a long term equity incentive award for 2007 distributed in four equal installments in accordance with equity grant practices. Each award vests over three years and expires seven years from the date of grant.

(2) Represents the aggregate value of Mr. Parker's 2007 incentive award as reported in column (e) of the Summary Compensation Table above. Mr. Parker elected to forgo a cash award in lieu of an award of 14,466 shares of our common stock valued at $161,585, which is net of tax withholdings of $63,415. This award was paid on February 1, 2008.

(3) Represents the aggregate value of the portion of Ms. Poehlman's 2007 incentive award as included in column (e) of the Summary Compensation Table above for which Ms. Poehlman elected to accept a stock award of 2,795 shares of our common stock in lieu of cash. The stock award has a value of $31,220, which is net of tax withholdings of $15,135. This award was paid on February 1, 2008.

Employment and Other Agreements

As of December 31, 2007, we had no employment agreements in place. We have non-compete arrangements in place with all of our employees. The non-compete agreements provide for restrictions on (i) employment or consultation with competing companies or customers, (ii) recruiting or hiring employees for a competing company and (iii) soliciting or accepting business from our customers.

In 2007, the Committee approved a change-in-control severance policy for the benefit of its named executives and other senior management employees. This policy provides for compensation to covered employees if they are terminated in connection with a change-of-control event. The compensation to be paid under this policy includes (a) a multiple of base salary, as determined on an individual basis by the Committee; (b) an amount in lieu of annual bonus or incentive compensation; (c) continuation of group health benefits and (d) acceleration of any unvested and outstanding performance-based equity awards. Amounts to be paid to each executive in the event of a change in control as of December 31, 2007 are included in the tables under “Potential Payments upon Termination or Change in Control” below.

On June 4, 2008, the Committee entered into employment agreements with each of its executive officers The Agreements provide each employee with a base salary commensurate with his/her position in the organization, an annual achievement bonus based on performance, long-term equity incentive awards in the form of Restricted Stock Units ("RSUs") and severance benefits in the event of termination without cause, termination by the employee for "Good Reason" as defined in the Agreements and termination due to a change in control event. The Agreements also contain provisions for the protection of the Company's intellectual property and for non-compete restrictions in the event of termination of the employee.

The non-compete provisions of the Agreements are effective for three years following the employee's termination provided that the Company compensates the employee the equivalent of his/her base salary over the restriction period. In the event of termination due to a change in control, the employee's severance pay that exceeds twelve months' salary is applied as a credit toward the non-compete compensation. If the employee is terminated for cause or resigns without "Good Reason" as defined in the Agreements, all gains realized by the employee from the sale of equity awards during the preceding twelve months, as well as the value at the date of termination of all outstanding equity awards, will be credited towards the non-compete compensation.

The RSUs granted in connection with these Agreements include time-vested RSUs which vest in quarterly increments over the three year term of the Agreements and performance RSUs which have a vesting schedule based on price performance of the Company's common stock. These RSUs were all granted under the Company's 2000 Stock Performance Plan and represent the long-term equity incentive awards for 2008 and 2009. These RSU's have provisions for acceleration of all or a portion of the award in the event of a change in control.

The severance package includes continuation of base salary for a one year period following the termination date, continuation of group health benefits and payment of the annual achievement bonus on a prorated basis. In the case of termination due to a change in control, or within two years following a change in control, the employee is entitled to 150% to 300% of his/her base salary plus an amount equal to the greater of the prior year's annual bonus or the average of the three prior year's annual bonus amount.

The Agreements provide for excise tax gross-up on certain severance benefits to the extent they result in golden parachute payments under the Internal Revenue Code.

Under the specific terms of the Agreements, the Company's Chairman of the Board and Chief Executive Officer, Mr. Parker, will receive an annual base salary of no less than $325,000. In the event of termination due to a change in control, Mr. Parker's severance multiplier is 300% of his base salary, or $975,000. Mr. Parker was granted 75,000 time-based RSUs and 75,000 performance RSUs in connection with his employment agreement. Although not a provision of the employment agreement, Mr. Parker voluntarily forfeited 150,000 vested share options in order to ensure adequate shares were available for broad-based employee equity awards under the 2000 Stock Performance Plan. These forfeited shares had an exercise price of $61.50 per share and were due to expire in October 2010.

The Company's Chief Financial Officer, Ms. Poehlman, will receive an annual base salary of no less than $225,000. In the event of termination due to a change in control, Ms. Poehlman's severance multiplier is 200% of her base salary, or $450,000. Ms. Poehlman was granted 22,500 time-based RSUs and 22,500 performance RSUs in connection with her employment agreement.

The Company's Chief Technology Officer, Mr. Sorrells, will receive an annual base salary of no less than $275,625. In the event of termination due to a change in control, Mr. Sorrells' severance multiplier is 300% of his base salary, or $826,875. Mr. Sorrells was granted 57,500 time-based RSUs and 42,500 performance RSUs in connection with his employment agreement. In addition, Mr. Sorrells will receive a signing bonus valued at $50,000 within ten days of executing his employment agreement. This signing bonus may be paid in cash or restricted shares of the Company's common stock, at the Company's option.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes the outstanding equity awards as of December 31, 2007 for each executive officer who served as an executive officer during all or a portion of 2007.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
	12,500	-	-	19.00	3/10/2008
	350,000	-	-	41.00	9/07/2010
	150,000	-	-	61.50	10/01/2010
	15,000	-	-	19.99	2/26/2012
Jeffrey Parker	75,000	-	-	5.77	8/09/2012
	10,908	-	-	8.91	12/20/2012
	7,583	-	-	9.80	5/03/2013
	35,000	55,000(1)	-	8.81	10/12/2013
	-	37,500(1)	-	9.89	02/15/2014
	-	37,500(1)	-	10.82	05/15/2014
	-	37,500(1)	-	12.30	08/15/2014
	-	37,500(1)	-	10.36	11/15/2014
	7,500	-	-	15.13	5/15/2008
	4,500	-	-	23.13	5/16/2008
	9,500	-	-	15.13	5/15/2009
	5,000	-	-	23.13	5/16/2009
Cynthia Poehlman	30,000	-	-	41.50	12/31/2009
	12,000	-	-	20.00	1/15/2011
	19,444	5,556(1)	-	5.77	8/09/2012
	4,563	-	-	8.91	12/20/2012
	3,205	-	-	9.80	5/03/2013
	9,722	15,278(1)	-	8.81	10/12/2013
	90,000	60,000(2)	-	5.70	6/25/2014
	-	8,750(1)	-	9.89	02/15/2014
	-	8,750(1)	-	10.82	05/15/2014
	-	8,750(1)	-	12.30	08/15/2014
	-	8,750(!)	-	10.36	11/15/2014
	162,000	-	-	28.25	2/15/2008
	12,500	-	-	19.00	3/10/2008
David Sorrells	50,000	-	-	15.13	5/15/2008
	100,000	-	-	23.13	12/11/2008
	200,000	-	-	48.00	12/31/2010
	18,444	7,556(1)	-	5.77	8/9/2012

125,000	-	-	9.00	11/21/2012
4,988	-	-	8.91	12/20/2012
3,898	-	-	9.80	5/3/2013
14,777	23,223(1)	-	8.81	10/12/2013
-				

(1) Options vest over the first three years of the seven year option term, with 33% vesting one year following the grant date and the remaining 66% vesting in monthly increments for 24 months thereafter.

(2) Options vest at a rate of 20% per year for the first five years of the ten-year option term.

Option Exercises and Stock Vested

The following table summarizes the option exercises and vesting of stock awards for the fiscal year ended December 31, 2007 for each executive officer who served as an executive officer during all or a portion of 2007.

	Option Awards		
Name	Number of shares acquired on exercise (#)		Value realized on exercise ($)
Jeffrey Parker	-		-
Cynthia Poehlman	-		-
David Sorrells	9,000	$	81,486

Potential Payments upon Termination or Change in Control

Payments Made Upon Termination - When an executive officer's employment is terminated for any reason, other than for cause, he or she is entitled to receive his or her base salary through the date of termination and any earned but unused vacation pay. When an executive officer's employment is terminated for cause, he or she is only entitled to his or her base salary through the date of termination.

Payments Made Upon Death or Disability - In the event of the death or disability of a named executive officer, in addition to the benefits listed under "Payments Made upon Termination" above, named executive officers, or their designated beneficiaries, will receive automatic acceleration of fifty percent of any unvested options in accordance with the terms of their individual option agreements. In addition upon death, the beneficiaries of Messrs. Parker and Sorrells will each receive proceeds from company-paid life insurance policies provided to them in their name.

Payments Made Upon a Change in Control- In the event of a change in control event, in addition to the benefits listed under "Payments Made upon Termination", named executive officers will receive automatic acceleration of all unvested options in accordance with the terms of their individual option agreements. Furthermore, under our change-in-control severance policy, in the event an executive is terminated in connection with a change in control event, he or she will be paid (a) a multiple of base salary, as determined on an individual basis by the Committee; (b) an amount in lieu of annual bonus or incentive compensation; (c) continuation of group health benefits and (d) acceleration of unvested and outstanding performance-based equity awards, if any.

The following table reflects the estimated amount of compensation due to each of our named executive officers in the event of termination of their employment as of December 31, 2007. Actual amounts to be paid out could only be determined at the time of an executive's actual separation.

Name	Benefit and Payments Upon Separation	Change in Control	Disability	Death	Other
Jeffrey Parker					
	Salary	$ 975,000(1)	$ -	$ -	$ -
	Short-term Incentive Compensation	225,000(2)	-	-	-
	Long-Term Incentive Compensation:				
	Stock Options	1,132,175(3)	566,088(4)	566,088(4)	-
	Benefits & Perquisites:				
	Health Benefits	20,989	-	-	-
	Life Insurance Proceeds	-	-	1,000,000(5)	-
	Accrued Vacation Pay	12,500	12,500	12,500	12,500
	Total	$ 2,365,664	$ 578,588	$ 1,578,588	$ 12,500
Cynthia Poehlman					
	Salary	$ 400,000(1)	$ -	$ -	$ -
	Short-term Incentive Compensation	69,200(2)	-	-	-
	Long-Term Incentive Compensation:				
	Stock Options	944,349(3)	472,175(4)	472,175(4)	-
	Benefits & Perquisites:				
	Health Benefits	20,724	-	-	-
	Life Insurance Proceeds	-	-	-	-
	Accrued Vacation Pay	2,381	2,381	2,381	2,381
	Total	$ 1,436,654	$ 474,556	$ 474,556	$ 2,381
David Sorrells					
	Salary	$ 826,875(1)	$ -	$ -	$ -
	Short-term Incentive Compensation	100,000(2)	-	-	-
	Long-Term Incentive Compensation:				
	Stock Options	238,731(3)	119,366(4)	119,366(4)	-

Benefits & Perquisites:				
Health Benefits	20,989	-	-	-
Life Insurance Proceeds	-	-	1,000,000[5]	-
Accrued Vacation Pay	11,536	11,536	11,536	11,536
Total	$ 1,198,131	$ 130,902	$ 1,130,902	$ 11,536

(1) Under our change in control severance policy, Messrs. Parker and Sorrells are entitled to receive three times their annual base salary, and Ms. Poehlman is entitled to two times her annual base salary upon termination following a change of control as defined in the agreement.

(2) Under our change in control severance policy each executive is entitled to receive payment upon termination equal to the greater of (i) the amount of bonus and annual incentive compensation earned by the executive during the last full fiscal year prior to the change in control or (ii) the average of the bonus and annual incentive compensation earned by the executive during the prior three full fiscal years.

(3) Under the terms of the individual option agreements, any unvested and outstanding options will automatically accelerate upon a change in control event. The amount reflected in the table represents the intrinsic value of options subject to accelerated vesting using the December 31, 2007 closing price of our common stock of $15.82.

(4) Under the terms of the individual option agreements, one half of any unvested and outstanding options will automatically accelerate upon death or disability of the executive. The amount reflected in the table represents the intrinsic value of options subject to accelerated vesting using the December 31, 2007 closing price of our common stock of $15.82.

(5) Represents proceeds payable by a third-party insurance carrier on a company-paid life insurance policy for the benefit of the executive.

Compensation Committee Interlocks and Insider Participation

The members of our compensation committee, all of whom are independent directors, are Messrs. William L. Sammons, Nam P. Suh and Papken der Torossian. Mr. Suh serves as chairman of the compensation committee.

Compensation Committee Report

The Compensation Committee of the Board of Directors (the "Committee") oversees our company's compensation programs on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement. Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Submitted by the Compensation Committee:
Nam Suh (Chair)
William Sammons
Papken der Torossian

DIRECTOR COMPENSATION

Our non-employee directors' compensation plan currently provides for an annual cash retainer of $25,000 for board service. In addition, the plan provides for annual cash retainers for committee participation as follows:

Committee	Audit	Compensation	Nominating & Corporate Governance
Chairperson	$ 15,000	$ 10,000	$ 5,000
Member	7,500	5,000	2,500

All annual retainers are paid in quarterly installments at the end of each fiscal quarter. The plan also provides for an annual stock option award for our directors including an option grant of 40,000 shares upon initial election to the board and 10,000 shares annually following each subsequent year of service. The director options vest at the end of a year of board service. Historically, the directors' options were granted in June each year following the year of board service. All board members are reimbursed for reasonable expenses incurred in attending meetings. In addition, we reimburse our board members for all or a portion of costs, including travel, for relevant director's education.

The following table summarizes the compensation of our non-employee directors for the year ended December 31, 2007. Directors who are named executive officers do not receive separate compensation for their service as a director.

(a) Name	(b) Fees earned or paid in cash ($)	(c) Option awards(1) ($)	(d) Total ($)
Papken der Torossian	$ 37,500	$ 61,185	$ 98,685
William Hightower	25,000	61,185	86,185
John Metcalf	42,500 (2)	61,185	103,685
Todd Parker	25,000	31,430	56,430
William Sammons	37,500 (3)	61,185	98,685
Robert Sterne	30,000	150,449	180,449
Nam Suh	37,500	61,185	98,685

(1) The amount reported in column (c) above represents the compensation expense related to director stock option awards as recognized under FAS123R. On August 15, 2007, each of our non-employee directors was granted an option to purchase 10,000 shares of our common stock at an exercise price of $12.30 per share. Each option vests one year from the date of grant and expires 7 years from the grant date. The grant date aggregate fair market value of each grant was $84,948.

(2) The cash retainer for director's fees for Mr. Metcalf is paid directly to Tatum Board Services, LLC.

(3)

Mr. Sammons has waived receipt of any cash director's fees. The amounts earned by Mr. Sammons are accrued by us and, at Mr. Sammons' request, distributed to charitable organizations of his choosing.

The amount reported represents the compensation expense related to director stock option awards as recognized under FAS123R. As of December 31, 2007, the number of options outstanding for each of our directors was as follows:

Name	Number of securities underlying outstanding options (#) exercisable	(#) unexercisable [1]
Papken der Torossian	145,000	10,000
William Hightower		