

Edgar Filing: PARKERVISION INC - Form 8-K

PARKERVISION INC
Form 8-K
May 18, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) May 14, 2004

PARKERVISION, INC.
(Exact Name of Registrant as Specified in Charter)

Florida	0-22904	59-2971472
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

8493 Baymeadows Way, Jacksonville Florida	32256
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (904) 737-1367

N/A

(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On February 25, 2004, ParkerVision, Inc. ("ParkerVision" or "Company") entered into an asset purchase agreement ("Asset Agreement") and various ancillary agreements with Thomson Broadcast & Media Solutions, Inc. ("Thomson") and Thomson Licensing, SA ("Thomson Licensing" and, together with Thomson, the "Purchasers") for the sale of all the assets of the Company's video division. On May 14, 2004, after receipt of shareholder approval of the transaction and satisfaction of the conditions to closing, the Company, Thomson and Thomson Licensing consummated the sale.

Thomson is a leading provider of technology and service solutions for integrated entertainment and media companies, providing end-to-end solutions to content creators, video network operators and manufacturers and retailers

Edgar Filing: PARKERVISION INC - Form 8-K

through its Technicolor, Grass Valley, THOMSON and RCA brands. Thomson Licensing, an affiliate of Thomson, is the world-wide licensing administrator for the Thomson group of companies.

Assets Being Sold

Under the Asset Agreement and the various ancillary agreements, the Company sold to the Purchasers the business and substantially all the assets of its video division, excluding certain contracts and incidental properties. Generally, the assets sold were all those used in connection with and relating to the PVTV, WebCast and CameraMan products and services, including patents, patent applications, tradenames, trademarks and other intellectual property, inventory, specified design, development and manufacturing equipment, and obligations under outstanding contracts for products and services. The Purchasers extended offers to and received acceptances from 31 of the persons employed in connection with the video division who transfer employment effective May 14, 2004.

Consideration

The purchase price paid at closing for the assets at the closing was \$11,250,000, which amount is subject to adjustment upon verification of the actual value of the assets that will be transferred, minus certain liabilities (warranty reserves, deferred income and amounts required to satisfy certain assumed liabilities). The upward adjustment to the purchase price, if any, cannot exceed \$2,750,000. The Company currently believes that the adjustment will be approximately \$1,300,000. The actual amount of the adjustment will be determined not later than June 28, 2004 and will be paid when the final valuation is agreed upon. A portion of the purchase price equal to \$1,250,000 will be held by the Purchasers until May 14, 2005, as security against the Company's obligations to indemnify the Purchasers. This amount will earn interest until paid. Thomson, Inc., an affiliate of the Purchasers, has agreed to guarantee the payment obligations of the Purchasers under the Asset Agreement.

Other Agreements

The Company has agreed not to compete with the business of the video division for five years after the closing date. The Company also agreed not to seek legal recourse against the

1

Purchasers in respect of its intellectual property that was transferred or should have been transferred if used in connection with the video division.

For a period of up to six months after the closing, the Company will be obligated to assist the Purchaser in transitioning the business of the video division into Thomson's operations. This will include providing the Purchaser's employees with office space, training in respect of the business and the products and services, contract manufacturing, and certain general administrative functions. The Company will be reimbursed at cost and at cost-plus depending on the service and for how long the service is being provided. The Company has entered into a transition services agreement and a sublease for part of the office space it currently leases.

The Purchasers have been granted a license to use the "ParkerVision" name for a limited time in connection with the transition of the video division to

Edgar Filing: PARKERVISION INC - Form 8-K

the integrated operations of the Purchasers.

Indemnification

The Asset Agreement provides that each party will indemnify the other for damages incurred as a result of the breach of their respective representations and warranties and failure to observe their covenants. In general, the representations and warranties will survive for 18 months after the closing and will not be affected by any investigation by the other party. Each party is obligated to indemnify the other up to \$4,000,000, once a threshold of \$150,000 in damages is achieved. Additionally, the Company must indemnify the Purchasers against intellectual property claims for an unlimited period of time, without any minimum threshold, and with a separate maximum of \$5,000,000. Certain other claims by the Purchasers will not be limited as to time or amount. The Purchasers will be permitted to offset their claims against the amount held back on the purchase price and other amounts due the Company.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

None

(b) Pro Forma Financial Statements

Attached to this Current Report on Form 8-K, as Appendix A, are the required pro forma financial statements relating to the consummation of the transactions contemplated by the Asset Agreement, including the following: (i) the unaudited pro forma consolidated balance sheet as of March 31, 2004, and (ii) the unaudited pro forma consolidated statements of operations for the years ended December 31, 2003, 2002 and 2001, and for the quarters ended March 31, 2004 and March 31, 2003 illustrating the estimated effects of the sale of the video business and related assets at January 1, 2001.

2

(c) Exhibits

Exhibit Number -----	Description -----
2.1	Asset Purchase Agreement, dated as of February 25, 2004, among the Company, Thomson and Thomson Licensing
10.1	Form of Retained Trademark License among Company, Thomson and Thomson Licensing
10.2	Form of Transition Services Agreement between Company and Thomson
10.3	Form of Patent Assignment Agreement between Company and Thomson Licensing
10.4	Form of Non-Patent Assignment and Bill of Sale between Company and Thomson
10.5	Form of Sublease relating to 8493 Baymeadows Way, Jacksonville, Florida
10.6	Guarantee of Thomson, Inc., dated February 25, 2004

Edgar Filing: PARKERVISION INC - Form 8-K

99.1

Press release of the Company dated May 14, 2004

3

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 hereunto duly authorized.

Dated: May 18, 2004

PARKERVISION, INC.

(Registrant)

/s/ Jeffrey L. Parker

Jeffrey L. Parker
Chief Executive Officer

4

APPENDIX A

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following pro forma financial data should be read in conjunction with the financial statements of ParkerVision available on the SEC website or from the Company. The following pro forma information below has not been audited.

The unaudited pro forma consolidated balance sheet as of March 31, 2004 has been prepared to illustrate the estimated effects of the sale of the video business and related assets as of March 31, 2004. The unaudited pro forma consolidated statements of operations for the years ended December 31, 2003, 2002 and 2001 and the quarters ended March 31, 2004 and March 31, 2003 have been prepared to illustrate the estimated effects of the sale of the video business and related assets at January 1, 2001. The pro forma consolidated statements of operations for each of the years ending December 31, 2003, 2002 and 2001 and the quarters ended March 31, 2004 and March 31, 2003 were derived by adjusting the historical financial statements of ParkerVision for certain transactions pursuant to the sale transaction described in the notes to the unaudited pro forma consolidated financial statements.

The pro forma financial data does not purport to be indicative of the results which actually could have been obtained had the sale transaction been completed as of the assumed dates or which may be obtained in the future. The future financial results of the Company primarily will be those of the wireless division.

5

PARKERVISION, INC. AND SUBSIDIARY
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTER ENDED MARCH 31, 2004

Historical

Video Division

Edgar Filing: PARKERVISION INC - Form 8-K

Product revenue	\$1,003,479	\$ 935,285
Royalty revenue	250,000	0
Support and other services revenue	222,685	222,685
Net revenues	1,476,164	1,157,970
Cost of goods sold - products	650,152	602,068
Cost of goods sold - support and other services	260,093	260,093
Total cost of goods sold	910,245	862,161
Gross margin	565,919	295,809
Research and development expenses	3,375,406	398,739
Marketing and selling expenses	760,988	476,227
General and administrative expenses	1,844,429	0
Loss on disposal of assets	635	635
Total operating expenses	5,981,458	875,601
Loss from operations	(5,415,539)	(579,792)
Interest and other income	53,278	0
Loss from continuing operations	\$ (5,362,261)	\$ (579,792)

6

PARKERVISION, INC. AND SUBSIDIARY
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE QUARTER ENDED MARCH 31, 2003

	Historical	Video Division
Product revenue	\$1,455,516	\$1,455,516
Royalty revenue	0	0
Support and other services revenue	304,654	304,654
Net revenues	1,760,170	1,760,170
Cost of goods sold - products	921,538	921,538
Cost of goods sold - support and other services	272,716	272,716
Total cost of goods sold	1,194,254	1,194,254
Gross margin	565,916	565,916

5

Edgar Filing: PARKERVISION INC - Form 8-K

Research and development expenses	4,259,750	433,865
Marketing and selling expenses	871,990	705,073
General and administrative expenses	1,173,671	0
Total operating expenses, net	6,305,411	1,138,938
Loss from operations	(5,739,495)	(573,022)
Interest and other income	181,402	0
Loss from continuing operations	\$ (5,558,093)	\$ (573,022)

7

PARKERVISION, INC. AND SUBSIDIARY
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Historical	Video Division
Product revenue	\$ 5,576,472	\$ 5,555,582
Support and other services revenue	1,161,597	1,161,597
Net revenues	6,738,069	6,717,179
Cost of goods sold - products	3,500,064	3,470,411
Cost of goods sold - support and other services	1,165,609	1,165,609
Total cost of goods sold	4,665,673	4,636,020
Gross margin	2,072,396	2,081,159
Research and development expenses	15,025,747	1,708,268
Marketing and selling expenses	3,679,203	2,681,329
General and administrative expenses	5,774,239	0
Loss on disposal of assets	84,007	0
Total operating expenses, net	24,563,196	4,389,597
Loss from operations	(22,490,800)	(2,308,438)
Interest and other income	476,002	0
Loss from continuing operations	\$ (22,014,798)	\$ (2,308,438)

PARKERVISION, INC. AND SUBSIDIARY
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2002

Edgar Filing: PARKERVISION INC - Form 8-K

	Historical	Video Division
Product revenue	\$ 10,733,769	\$10,733,769
Support and other services revenue	1,178,144	1,178,144
Net revenues	11,911,913	11,911,913
Cost of goods sold - products	6,031,027	6,031,027
Cost of goods sold - support and other services	1,178,258	1,178,258
Total cost of goods sold	7,209,285	7,209,285
Gross margin	4,702,628	4,702,628
Research and development expenses	13,939,480	1,814,726
Marketing and selling expenses	3,568,208	2,878,046
General and administrative expenses	5,320,557	0
Loss on disposal of assets	51,643	51,643
Total operating expenses, net	22,879,888	4,744,415
Loss from operations	(18,177,260)	(41,787)
Interest and other income	905,438	0
Loss from continuing operations	\$ (17,271,822)	\$ (41,787)

8

PARKERVISION, INC. AND SUBSIDIARY
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 2001

	Historical	Video Division
Product revenue	\$ 8,340,528	\$ 8,340,528
Support and other services revenue	974,917	974,917
Net revenues	9,315,445	9,315,445
Cost of goods sold - products	5,005,121	5,005,121
Cost of goods sold - support and other services	1,048,683	1,048,683
Total cost of goods sold	6,053,804	6,053,804
Gross margin	3,261,641	3,261,641
Research and development expenses	12,796,442	1,590,179

Edgar Filing: PARKERVISION INC - Form 8-K

Marketing and selling expenses	3,835,724	2,817,131
General and administrative expenses	4,972,889	0
Loss on disposal of assets	8,241	7,871
Total operating expenses, net	21,613,296	4,415,181
Loss from operations	(18,351,655)	(1,153,540)
Interest and other income	1,741,188	0
Loss from continuing operations	\$ (16,610,467)	\$ (1,153,540)

- a. Reflects the discontinued revenues and corresponding cost of sales attributable to the video business being sold.
- b. Reflects the elimination of research and development costs attributable to the video business being sold.
- c. Reflects the elimination of marketing and selling costs attributable to the video business being sold.

9

UNAUDITED PRO FORMA CONSOLIDATED
BALANCE SHEET AS OF MARCH 31, 2004

	ParkerVision, Inc. Historical 3/31/04	Pro Forma Adjustments	
		Debit	Credit
Cash and cash equivalents	\$13,788,062	\$11,250,000	a
Investments in US government securities	2,694,007		
Accounts receivable, net	1,132,587		
Note receivable - Purchase price adjustment		1,399,021	b
Note receivable - purchase price holdback		1,250,000	c
Inventories, net	2,982,596		1,756,744
Prepaid expenses and other	2,214,643		154,620
TOTAL CURRENT ASSETS	22,811,895	13,899,021	1,911,364
PROPERTY & EQUIPMENT, net	4,581,135		683,149
Deposits and other	545,247		
Prepaid license fees	2,255,000		
Patents and copyrights, net	8,391,644		666,052
OTHER ASSETS, net	11,191,891	-	666,052
TOTAL ASSETS	38,584,921	13,899,021	3,260,565

Edgar Filing: PARKERVISION INC - Form 8-K

CURRENT LIABILITIES			
Accounts payable	2,170,531		
Salaries and wages payable	669,360		
Warranty reserves	207,114	206,197	h
Other accrued expenses	476,380		
Deferred revenue	1,026,173	989,295	i

TOTAL CURRENT LIABILITIES	4,549,558	1,195,492	
STOCKHOLDERS' EQUITY			
Common stock	179,595		
Additional paid in capital	118,048,964		
Accumulated other comprehensive income	30,712		
Warrants	16,807,505		
Accumulated deficit	(101,031,413)		11,833,948

TOTAL STOCKHOLDERS' EQUITY	34,035,363	-	11,833,948

TOTAL LIABILITIES AND EQUITY	\$38,584,921	\$1,195,492	\$11,833,948
=====			

10

-
- a. Represents 90% of the purchase price of \$12,500,000 payable at the closing for the video business and related assets being sold to the Purchasers. The remaining 10%, or \$1,250,000, is payable by the Purchasers one year after the closing, subject to deduction for indemnification amounts claimed by such date, and is accounted for by the company as a purchase price holdback receivable.
 - b. Represents the estimated purchase price adjustment receivable, due within 45 days after closing, for the book value of the inventories, prepaid expenses, and equipment transferred to the Purchasers, less liabilities assumed for warranty reserves and deferred revenue.
 - c. Represents 10%, or \$1,250,000, payable by the Purchasers one year after the closing, subject to deduction for indemnification amounts claimed by such date.
 - d. Represents the estimated inventories to be sold to the Purchasers and is a portion of the purchase price adjustment receivable.
 - e. Represents the estimated current prepaid assets to be assigned to the Purchasers and is a portion of the purchase price adjustment receivable.
 - f. Represents the estimated equipment to be sold to the Purchasers and is a portion of the purchase price adjustment receivable.
 - g. Represents the estimated book value of the patents and other intangible assets to be sold to the Purchasers, which amount is included in the purchase price payable at the closing.
 - h. Represents the estimated warranty reserves liability assumed by the Purchasers and is a portion of the purchase price adjustment receivable.
 - i. Represents the estimated deferred revenue assumed by the Purchasers and is a portion of the purchase price adjustment receivable.
 - j. Represents the estimated gain on sale to the Purchasers of the video business and related assets.

11

Edgar Filing: PARKERVISION INC - Form 8-K

EXHIBIT INDEX

Exhibit Number -----	Description -----
2.1	Asset Purchase Agreement, dated as of February 25, 2004, among the Company, Thomson and Thomson Licensing (PREVIOUSLY FILED)
10.1	Form of Retained Trademark License among Company, Thomson and Thomson Licensing (PREVIOUSLY FILED)
10.2	Form of Transition Services Agreement between Company and Thomson (PREVIOUSLY FILED)
10.3	Form of Patent Assignment Agreement between Company and Thomson Licensing (PREVIOUSLY FILED)
10.4	Form of Non-Patent Assignment and Bill of Sale between Company and Thomson (PREVIOUSLY FILED)
10.5	Form of Sublease relating to 8493 Baymeadows Way, Jacksonville, Florida (PREVIOUSLY FILED)
10.6	Guarantee of Thomson, Inc., dated February 25, 2004 (PREVIOUSLY FILED)
99.1	Press release of the Company dated May 14, 2004 (FILED HEREWITH)