

PC TEL INC
Form DEF 14A
April 27, 2007

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

PCTEL, 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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- No fee required.
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Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**Tuesday, June 5, 2007
10:00 a.m.**

To Our Stockholders:

The 2007 annual meeting of stockholders of PCTEL, Inc., a Delaware corporation, will be held on Tuesday, June 5, 2007 at 10:00 a.m. local time at our headquarters, located at 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631 for the following purposes:

1. To elect two Class II directors whose terms will expire at the 2010 annual meeting of stockholders;
2. To approve the amendment and restatement of the 1998 Employee Stock Purchase Plan;
3. To approve the adoption of the Executive Compensation Plan; and
4. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007;
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. Only stockholders of record at the close of business on April 17, 2007 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to deliver your proxy by telephone or the Internet or to mark, sign, date and return the enclosed proxy as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the meeting may vote in person even if he or she has previously returned a proxy.

Sincerely,

Martin H. Singer
*Chief Executive Officer and
Chairman of the Board of Directors*

Chicago, Illinois
April 27, 2007

YOUR VOTE IS IMPORTANT.

**PLEASE SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE
BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD.**

TABLE OF CONTENTS

PROXY STATEMENT FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

QUESTIONS AND ANSWERS

SUMMARY OF PROPOSALS

PROPOSAL #1 ELECTION OF DIRECTORS

CORPORATE GOVERNANCE

Directors Compensation for the Fiscal Year Ended December 31, 2006

PROPOSAL #2 APPROVAL OF THE 1998 EMPLOYEE STOCK PURCHASE PLAN AS AMENDED AND RESTATED

PROPOSAL #3 APPROVAL OF THE EXECUTIVE COMPENSATION PLAN

PROPOSAL #4 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

COMPENSATION DISCUSSION AND ANALYSIS

Summary of the 2006 Short Term Incentive Plan

Summary of the 2007 Short Term Incentive Plan

COMPENSATION COMMITTEE REPORT

EXECUTIVE COMPENSATION AND OTHER MATTERS

Summary Compensation Table for the Fiscal Year Ended December 31, 2006

Grants of Plan-Based Awards for the Fiscal Year Ended December 31, 2006

Outstanding Equity Awards at Fiscal Year End December 31, 2006

Option Exercises and Stock Vested at Fiscal Year End December 31, 2006

Nonqualified Deferred Compensation for the Fiscal Year Ended December 31, 2006(1)

Potential Payments Upon Termination or Change in Control as of December 31, 2006

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

OTHER MATTERS

APPENDIX A

APPENDIX B

Table of Contents

PCTEL, INC.
8725 West Higgins Road, Suite 400
Chicago, Illinois 60631

**PROXY STATEMENT FOR THE
2007 ANNUAL MEETING OF STOCKHOLDERS**

GENERAL INFORMATION

The board of directors of PCTEL, Inc. is soliciting proxies for the 2007 annual meeting of stockholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

Our board of directors has set April 17, 2007 as the record date for the meeting. Stockholders of record at the close of business on April 17, 2007 are entitled to vote at and attend the meeting, with each share entitled to one vote. There were 22,422,009 shares of our common stock outstanding on the record date. On the record date, the closing price of our common stock on the Nasdaq Global Market was \$10.82 per share.

This proxy statement is being mailed on or about April 27, 2007 to stockholders entitled to vote at the meeting.

In this proxy statement:

We and PCTEL mean PCTEL, Inc.

If you hold shares in street name, it means that your shares are held in an account at a brokerage firm and the stock certificates and record ownership are not in your name.

NASD means the National Association of Securities Dealers.

SEC means the Securities and Exchange Commission.

Beneficial ownership of stock is defined under various SEC rules in different ways for different purposes, but it generally means that, although you (or the person or entity in question) do not hold the shares of record in your name, you do have investment or voting control, and/or an economic or pecuniary interest, in the shares through an agreement, relationship or the like.

QUESTIONS AND ANSWERS

Q: When and where is the stockholder meeting?

A: Our annual meeting of stockholders is being held on Tuesday, June 5, 2007 at 10:00 a.m. at our headquarters, located at 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631.

Q: Why am I receiving this proxy statement and proxy card?

A: You are receiving this proxy statement and the accompanying proxy card because you are the stockholder of record on the record date. This proxy statement describes issues on which we would like you, as a stockholder, to vote. It also gives you information on these issues so that you can make an informed decision. The proxy card is used for voting.

Q: What is the effect of signing and returning my proxy card?

A: When you sign and return the proxy card, you appoint Martin H. Singer and John W. Schoen as your representatives at the meeting. Mr. Singer is our Chief Executive Officer and Chairman of the Board and Mr. Schoen is our Chief Financial Officer. Messrs. Singer and Schoen will vote your shares at the meeting as you have instructed them on the proxy card. This way, your shares will be voted whether or not you attend the annual meeting. Even if you plan to attend the meeting, it is a good idea to complete, sign and return your proxy

Table of Contents

card or vote via the Internet or telephone in advance of the meeting just in case your plans change. You can vote in person at the meeting even if you have already sent in your proxy card.

If an issue comes up for a vote at the meeting that is not described in this proxy statement, Messrs. Singer and Schoen will vote your shares, under your proxy, in their discretion.

If you do not indicate on the proxy card how you want your votes cast, the proxy holders (as your representatives) will vote your shares FOR each of the proposals.

Q: What am I voting on?

A: You are being asked to vote on the following four proposals:

the election of two Class II directors whose terms will expire at the 2010 annual meeting of stockholders;

the approval of the amendment and restatement of the 1998 Employee Stock Purchase Plan;

the approval of the adoption of the Executive Compensation Plan; and

the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

Q: How do I vote?

A: There are four methods by which you may vote. Please see the detailed instructions provided on your proxy card for more information on each method.

Place your vote by telephone;

Place your vote via the Internet;

Mail in your completed, signed and dated proxy card; or

Vote in person by attending our annual meeting.

Q: What does it mean if I receive more than one proxy card?

A: It means that you have multiple accounts with the transfer agent and/or with stockbrokers. Please sign and return all proxy cards to ensure that all of your shares are voted.

Q: What if I change my mind after I return my proxy card?

A: You may revoke your proxy (that is, cancel it) and change your vote at any time prior to the voting at the annual meeting by providing written notice to our Corporate Secretary at the following address: 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631, Attn: John W. Schoen.

You may also do this by:

Signing another proxy card with a later date;

Voting in person at the meeting; or

Voting via the Internet or by telephone on a date after the date on your proxy card (your latest proxy is counted).

Q: Will my shares be voted if I do not sign and return my proxy card?

A: If your shares are held in street name, your brokerage firm may either vote your shares on routine matters (such as the election of directors and the ratification of the appointment of our independent registered public accounting firm) or leave your shares unvoted. Your brokerage firm may not vote on non-routine matters (such as the amendment and restatement of the 1998 Employee Stock Purchase Plan or the adoption of the Executive Compensation Plan), without specific instructions from you. Thus, because the proposals to be acted upon at the meeting include both routine and non-routine matters, the broker may turn in a proxy card for uninstructed shares that votes FOR routine matters, but expressly states that the broker is NOT voting on the non-routine matters.

Table of Contents

Q: How many votes may be cast at the meeting?

A: As of the record date, 22,422,009 shares of common stock were outstanding. Each outstanding share of common stock entitles the holder of such share to one vote on all matters covered in this proxy statement. Therefore, there are a maximum of 22,422,009 votes that may be cast at the meeting.

Q: What is a quorum ?

A: A quorum is the number of shares that must be present, in person or by proxy, in order for business to be transacted at the meeting. The required quorum for the annual meeting is a majority of the shares outstanding on the record date. There must be a quorum present for the meeting to be held. All completed and signed proxy cards, Internet votes, telephone votes and votes cast by those stockholders who attend the annual meeting in person, whether representing a vote FOR, AGAINST, WITHHELD, ABSTAIN, or a broker non-vote, will be counted toward the quorum.

Q: How are abstentions counted?

A: If you return a proxy card that indicates an abstention from voting in all matters, the shares represented will be counted as present for the purpose of determining a quorum, but they will not be voted on any matter at the annual meeting.

Q: What is a broker non-vote?

A: Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients (who are the beneficial owners of the shares), brokers have the discretion to vote such shares on routine matters (such as the election of directors and the ratification of the appointment of our independent registered public accounting firm), but not on non-routine matters (such as the amendment and restatement of the 1998 Employee Stock Purchase Plan or the adoption of the Executive Compensation Plan) without specific instructions from their clients. The vote with respect to the non-routine matter in this case is referred to as a broker non-vote. Thus, because the proposals to be acted upon at the meeting include both routine and non-routine matters, the broker may turn in a proxy card for uninstructed shares that votes FOR routine matters, but expressly states that the broker is NOT voting on the non-routine matters. A broker non-vote may also occur with respect to routine matters if the broker expressly instructs on the proxy card that it is not voting on a certain matter.

Q: How are broker non-votes counted?

A: Broker non-votes are counted for the purpose of determining the presence or absence of a quorum, but are not counted for determining the number of votes cast for or against a proposal, whether such proposal is a routine or non-routine matter.

Q: What is the required vote for each of the proposals to pass?

A: The two director nominees receiving the highest number of votes, in person or by proxy, will be elected as directors.

For the proposal to amend and restate the 1998 Employee Stock Purchase Plan, the required vote is the affirmative (i.e., FOR) vote of a majority of the shares present, represented and voting at the annual meeting.

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For the proposal to approve the adoption of the Executive Compensation Plan, the required vote is the affirmative (i.e., FOR) vote of a majority of the shares present, represented and voting at the annual meeting.

For the proposal to ratify the appointment of Grant Thornton LLP, our independent registered public accounting firm, the required vote is the affirmative (i.e. FOR) vote of a majority of the shares present, represented and voting at the annual meeting.

The votes cast on a particular proposal include votes FOR, AGAINST and ABSTAIN, but do not include broker non-votes.

Table of Contents

Q: Who is soliciting my vote?

A: We are making this proxy solicitation and will bear the entire cost of it, including the preparation, assembly, printing and mailing of proxy materials. We may reimburse brokerage firms and other custodians for their reasonable out-of-pocket expenses for forwarding these proxy materials to you. We expect our transfer agent, Wells Fargo Bank, N.A., to tabulate the proxies and to act as the inspector of the election. In addition to this solicitation by mail, proxies may be solicited by our directors, officers and other employees by telephone, the Internet or fax, in person or otherwise. None of these persons will receive any additional compensation for assisting in the solicitation.

We shall provide without charge to each stockholder solicited by these proxy solicitation materials a copy of our Annual Report on Form 10-K, together with the financial statements and financial statement schedules required to be filed with the Annual Report, upon written request sent to PCTEL, Inc., 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631, Attn: John W. Schoen, Chief Financial Officer.

Deadline for Receipt of Stockholder Proposals and Nominations for 2008 Annual Meeting of Stockholders

Stockholders are entitled to present proposals for action and director nominations at the 2008 annual meeting of stockholders only if they comply with the applicable requirements of the proxy rules established by the Securities Exchange Commission and the applicable provisions of our bylaws. Stockholders must ensure that such proposals and nominations are received by our Corporate Secretary at the following address: 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631, Attn: Corporate Secretary, on or prior to the deadline for receiving such proposals and nominations.

Proposals for the 2008 annual meeting of stockholders that are intended to be considered for inclusion in the proxy statement and form of proxy relating to such meeting must be received no later than December 28, 2007, and must comply with the procedures of Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act) and the provisions of our bylaws.

If a stockholder intends to submit a proposal or director nomination for consideration at our 2008 annual meeting of stockholders outside the procedures of Rule 14a-8 under the Exchange Act, the stockholder must comply with the requirements of our bylaws and we are not required to include such proposal or nomination in the proxy statement and form of proxy relating to such meeting. Our bylaws contain an advance notice provision that requires stockholders to submit a written notice containing certain information not less than 120 days prior to the date of our proxy statement for the previous year's annual meeting of stockholders. For purposes of the 2008 annual meeting of stockholders, this means that such proposals or nominations must also be received by December 28, 2007. A copy of the relevant bylaw provision is available upon written request to our Corporate Secretary at the address provided above.

The attached proxy card grants the proxy holders discretionary authority to vote on any business raised at the annual meeting. If you fail to comply with the advance notice provisions set forth above in submitting a proposal or nomination for the 2008 annual meeting of stockholders, the proxy holders will be allowed to use their discretionary voting authority if such proposal or nomination is raised at that meeting.

Table of Contents

SUMMARY OF PROPOSALS

The board of directors has included four proposals on the agenda for our 2007 annual meeting of stockholders. The following is a brief summary of the matters to be considered and voted upon by our stockholders.

Election of Directors

We have a classified board of directors that currently consists of seven directors. Each director serves a three-year term. The first proposal on the agenda for our annual meeting is the election of two Class II directors to serve until our 2010 annual meeting of stockholders. Our board of directors has nominated Richard C. Alberding and Carl A. Thomsen to serve as our Class II directors. Additional information about the election of directors and a brief biography of each nominee begins on page 6.

Our board of directors recommends a vote FOR each of the two nominees.

Approval of Amendment and Restatement of 1998 Employee Stock Purchase Plan

The second proposal is the approval of the amendment and restatement of our 1998 Employee Stock Purchase Plan. More information about this proposal begins on page 14.

Our board of directors recommends a vote FOR the approval of the amendment and restatement of our 1998 Employee Stock Purchase Plan.

Approval of Adoption of the Executive Compensation Plan

The third proposal is the approval of the adoption of the Executive Compensation Plan. We are required to submit the Executive Compensation Plan for stockholder approval so that the plan may qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). This qualification provides us with a federal income tax deduction for this compensation. More information about this proposal begins on page 20.

Our board of directors recommends a vote FOR the approval of the adoption of the Executive Compensation Plan.

Ratify Appointment of our Independent Registered Public Accounting Firm

The fourth proposal is the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm. More information about this proposal begins on page 24.

Our board of directors recommends a vote FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm.

Other Matters

Other than the proposals listed above, our board of directors does not currently intend to present any other matters to be voted on at the meeting. Our board of directors is not currently aware of any other matters that will be presented by others for action at the meeting. However, if other matters are properly presented at the meeting and you have signed and returned your proxy card or voted on the Internet or by telephone, the proxies will have discretion to vote your shares on these matters to the extent authorized under the Exchange Act.

Table of Contents

PROPOSAL #1

ELECTION OF DIRECTORS

Classification of Board of Directors

We have a classified board of directors currently consisting of two Class I directors, Brian J. Jackman and John R. Sheehan, whose terms will expire at our 2009 annual meeting of stockholders; two Class II directors, Richard C. Alberding and Carl A. Thomsen, whose terms are expiring at this 2007 annual meeting of stockholders; and three Class III directors, Giacomo Marini, Martin H. Singer and Steven D. Levy, whose terms will expire at our 2008 annual meeting of stockholders. At each annual meeting of stockholders, certain directors are elected for a term of three years to succeed those directors whose terms expire on the annual meeting dates.

Nominees

On the recommendation of the board of directors, the nominees for election at the 2007 annual meeting of stockholders as Class II directors are Richard C. Alberding and Carl A. Thomsen. If elected, Messrs. Alberding and Thomsen will continue as directors, and their terms will expire at the annual meeting of stockholders in 2010.

The proxy holders may not vote the proxies for a greater number of persons than the number of nominees named. Unless otherwise instructed, the proxy holders will vote the proxies received by them for our two Class II director nominees. In the event that either of our nominees is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominee who shall be designated by the present board of directors to fill the vacancy. We are not aware that either of our nominees will be unable or will decline to serve as a director.

Vote Required and Board of Directors Recommendation

If a quorum is present and voting, the two nominees receiving the highest number of votes will be elected to the board of directors. Abstentions and broker non-votes are not counted in the election of directors.

Our board of directors has unanimously approved the director nominees and recommends that stockholders vote FOR the election of the director nominees listed above.

Table of Contents**Directors and Nominees**

The following table sets forth certain information regarding our current directors and nominees for directors to be elected at our 2007 annual meeting of stockholders:

Name	Age	Position with PCTEL	Director Since
Class I directors whose terms expire at the 2009 annual meeting of stockholders:			
Brian J. Jackman	66	Director	2002
John R. Sheehan	70	Director	2002
Class II director nominees to be elected at the 2007 annual meeting of stockholders whose terms will expire at the 2010 annual meeting of stockholders:			
Richard C. Alberding	76	Director	1999
Carl A. Thomsen	62	Director	2001
Class III directors whose terms expire at the 2008 annual meeting of stockholders:			
Steven D. Levy	50	Director	2006
Giacomo Marini	55	Director	1996
Martin H. Singer	55	Chief Executive Officer and Chairman of the Board of Directors	1999

Mr. Jackman has been a director since February 2002. Mr. Jackman is currently the President of The Jackman Group, Inc., a management consulting company that he formed in 2005. In September 2001, Mr. Jackman retired from Tellabs, a communications company that he had been with since 1982. Mr. Jackman served as President, Global Systems and Technology, and Executive Vice President of Tellabs since 1998, and he was President of Tellabs Operations from 1993 to 1998. Mr. Jackman held various management positions in sales and marketing for IBM from 1965 to 1982. He is currently on the boards of directors of Open Text, Inc., an enterprise content management solutions company, and Keithley Instruments, a test and measurement equipment company. In addition, Mr. Jackman serves on the board of trustees of Gannon University. Mr. Jackman holds a bachelor of arts degree in English literature from Gannon University in Erie, Pennsylvania and a master degree in business administration from Penn State University.

Mr. Sheehan has been a director since October 2002. Mr. Sheehan has served as a senior consultant in the London Perret Roche Group in Red Bank, New Jersey since October 2001. He began his career at Bell Laboratories in 1962. In his 33 years at Bell Laboratories, Western Electric and AT&T, he worked in senior positions in development, manufacturing, strategic planning and general management of business units. Since leaving AT&T in 1996, Mr. Sheehan has held senior management positions in three startup companies. Mr. Sheehan received a bachelor of science degree in electrical engineering from Drexel University and a master of science degree in electrical engineering from New York University.

Mr. Alberding has been a director since August 1999. Mr. Alberding retired from Hewlett-Packard, then a computer, peripherals and measurement products company, in June 1991, serving at that time as an Executive Vice President with responsibility for worldwide company sales, support and administration activities for measurement and computation products, as well as all corporate level marketing activities. Mr. Alberding is a director of Sybase, Inc.,

an enterprise software company. Mr. Alberding holds a bachelor of arts degree in business administration and marketing from Augustana College, and an associate of science degree in electrical engineering from DeVry Technical Institute in Chicago.

Mr. Thomsen has been a director since March 2001. Recently, Mr. Thomsen retired from Stratex Networks, Inc., a provider of wireless transmission solutions. Mr. Thomsen served as Senior Vice President, Chief Financial Officer and Corporate Secretary at Stratex Networks, Inc. (now a part of Harris Stratex Networks, Inc.) from 1995 to

Table of Contents

2007. Mr. Thomsen holds a bachelor of science degree in business administration from Valparaiso University and a master degree in business administration from the University of Michigan. He is also a certified public accountant.

Mr. Levy has been a director since March 2006. Mr. Levy most recently served as a Managing Director and Global Head of Communications Technology Research at Lehman Brothers from July 1998 until September 2005. Before joining Lehman Brothers, Mr. Levy was a Director of Telecommunications Research at Salomon Brothers from March 1997 to July 1998, a Managing Director and Head of the Communications Research Team at Oppenheimer & Co. from July 1994 to March 1997, and a senior communications analyst at Hambrecht & Quist from July 1986 to July 1994. Mr. Levy is also currently a member of the board of directors of Zhong Technologies, a broadband equipment vendor. Mr. Levy holds a master degree in business administration and a bachelor of science degree in materials engineering from Rensselaer Polytechnic Institute.

Mr. Marini has been a director since October 1996. Mr. Marini has been the founder and Managing Director of Noventi (formerly CIR Ventures), a Silicon Valley-based early-stage technology venture capital firm, since March 2002. Since March 1995 he has served as Chairman of Marini Group LLC, a private investment company. Mr. Marini also served as interim Chief Executive Officer of FutureTel, a digital video capture company and as President and Chief Executive Officer of No Hands Software, an electronic publishing software company. Prior to this, Mr. Marini was the co-founder, Executive Vice President and Chief Operating Officer of Logitech, a computer peripherals company. Previously he held technical and management positions with Olivetti and IBM. He currently serves on the boards of several private companies. Mr. Marini holds a computer science laureate degree from the University of Pisa, Italy.

Mr. Singer has been our Chief Executive Officer and Chairman of the Board since October 2001. Prior to that, Mr. Singer served as our non-executive Chairman of the Board from February 2001 until October 2001, and he has been a director since August 1999. From October 2000 to May 2001, Mr. Singer was an independent consultant. From December 1997 to August 2000, Mr. Singer served as President and Chief Executive Officer of SAFCO Technologies, a wireless communications company. He left SAFCO in August 2000 after its sale to Agilent Technologies. From September 1994 to December 1997, Mr. Singer served as Vice President and General Manager of the wireless access business development division for Motorola, a communications equipment company. Prior to this period, Mr. Singer held senior management and technical positions in Motorola, Tellabs, AT&T and Bell Labs. Mr. Singer holds a bachelor of arts degree in psychology from the University of Michigan, and a master of arts degree and a Ph.D. in experimental psychology from Vanderbilt University. Mr. Singer currently serves as the Chairman of the Midwest council of the AeA (American Electronics Association). He is also on the advisory board for the Master of Management & Manufacturing program at Northwestern University (Kellogg) and serves on the standing advisory group for the Public Company Accounting Oversight Board, the organization established to manage the implementation of the Sarbanes-Oxley Act of 2002. Mr. Singer has seven patents in telecommunications.

CORPORATE GOVERNANCE

Board and Committee Meetings

Our board of directors held a total of five meetings during fiscal 2006. The board of directors currently has an audit committee, a compensation committee and a nominating and governance committee. The members of each of the committees are listed in the table below. Each member of the audit committee, compensation committee and nominating and governance committee meets the Nasdaq independence requirements. The board of directors has determined that Mr. Thomsen qualifies as an audit committee financial expert as defined under the rules and regulations of the SEC, and that all members of our audit committee meet the Nasdaq financial literacy requirements. During our last fiscal year, with the exception of Messrs. Levy and Jackman, each of our directors attended at least 75% of the total number of meetings of the board of directors and any committee on which such director served.

Mr. Levy joined the board of directors in March 2006 and attended at least 75% of the meetings of the board of directors and the audit committee held thereafter. Mr. Jackman was unable to attend some of the

Table of Contents

meetings held in fiscal 2006 due to an accident followed by a period of physical rehabilitation. Mr. Jackman has since fully recovered and is currently fulfilling all of his duties on the board of directors and its committees.

Committee	Members During Fiscal 2006	Committee Functions	Date Current Written Charter Adopted	Meetings Held in Fiscal 2006
Audit	Carl A. Thomsen (Chair) Richard C. Alberding Giacomo Marini (until March 2006) Steven D. Levy (beginning March 2006)	Selects our independent auditors Oversees our internal financial reporting and accounting controls Consults with and reviews the services provided by our independent auditors	Originally adopted August 1999; last amended November 2004	10
Compensation		Reviews and recommends to the board of directors the compensation and benefits of our Chief Executive Officer Reviews and approves compensation and benefits of our other executives and senior management Establishes and reviews general policies relating to the compensation and benefits of our employees	Originally adopted August 1999; last amended March 2005	12
Nominating and Governance	Richard C. Alberding(Chair) John R. Sheehan Brian J. Jackman John R. Sheehan (Chair) Brian J. Jackman	Assists the board of directors in identifying and selecting prospective director nominees for the annual meeting of stockholders Reviews and makes recommendations on matters regarding corporate governance, composition of the board of directors, evaluation and nominations, committees of the board of directors and conflicts	Originally adopted February 2004; last amended March 2005	1

of interest
Establishes, maintains
and improves corporate
governance guidelines

A copy of each of the charters for our committees of the board of directors is available on our website located at www.pctel.com. They may be found on the website in Corporate Governance under Investor Relations.

Mr. Jackman is currently the lead independent director of our board of directors. As lead independent director, his principal responsibilities are (i) working with the Chairman and Chief Executive Officer and the other members of the board of directors to set the agenda for each meeting of the board of directors, (ii) serving as a liaison for communications between our board of directors and the Chief Executive Officer, (iii) acting as the chair for executive sessions held at regularly scheduled meetings of the board of directors, and (iv) consulting with our General Counsel regarding communications received from our stockholders.

Independence

Currently our board of directors has seven members. Our board of directors recently determined that the six non-employee directors are independent directors based on the Nasdaq and SEC standards for independence. Only independent directors may serve on our audit, compensation and nominating and governance committees.

In determining the independence of our directors, the board of directors affirmatively decides whether a non-employee director has a relationship that would interfere with that director's exercise of independent judgment in

Table of Contents

carrying out the responsibilities of being a director. In coming to that decision, the board of directors is informed of the Nasdaq and SEC rules that disqualify a person from being considered as independent, considers the responses to an annual questionnaire from each director and reviews the applicable standards with each member of the board of directors.

In making decisions about independence, the board of directors in March 2007 reviewed a separate transaction that it determined did not affect the independence of Mr. Sheehan, the director involved. Mr. Sheehan is evaluating the formation of a possible business partnership with a long term business acquaintance that our company has recently engaged to provide management consulting advice in the area of customer acquisition and satisfaction. The acquaintance will be paid a customary project-based consulting fee for his services, and although Mr. Sheehan will participate in the consulting discussions with the acquaintance and members of our management, he will receive no remuneration for his involvement. Mr. Sheehan has no current business affiliation with the acquaintance, and the project is anticipated to conclude before the end of 2007. Our board of directors has indicated to Mr. Sheehan that it will continue to assess the nature and scope of the consulting engagement, and its potential impact on his independence, at subsequent meetings of the board of directors.

Director Nomination Process

Stockholder Recommendations and Nominations.

It is the policy of our nominating and governance committee to consider director candidates recommended by our stockholders holding on the date of submission of such recommendation at least 1% of the then outstanding shares of our common stock continuously for at least 12 months prior to such date.

Stockholders desiring to recommend a candidate for election to the board of directors should send their recommendation in writing to the attention of our Corporate Secretary, at our offices located at 8725 West Higgins Road, Suite 400, Chicago, Illinois 60631. This written recommendation must include the information and materials required by our bylaws as well as the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and PCTEL within the last three years and evidence of the required ownership of our common stock by the recommending stockholder. A copy of the relevant bylaw provision is available upon written request to our Corporate Secretary at the address provided above.

In accordance with the advance notice provision in our bylaws, director nominations to be considered at the next annual meeting of stockholders must be received not less than 120 days prior to the date of our proxy statement for the previous year's annual meeting of stockholders. For purposes of our 2008 annual meeting of stockholders, director nominations must be received by December 28, 2007.

Identifying and Evaluating Nominees for Director.

The nominating and governance committee uses the following procedures for identifying and evaluating any individual recommended or offered for nomination to the board of directors:

The committee considers candidates recommended by stockholders in the same manner as candidates recommended by other sources.

The committee considers the following factors in its evaluation of candidates:

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The current size and composition of the board of directors and the needs of the board of directors and the respective committees of the board of directors.

- The candidate's judgment, independence, character and integrity, age, area of expertise, diversity of experience, length of service and potential conflicts of interest.
- Other factors that the committee considers appropriate.

The nominating and governance committee requires the following minimum qualifications to be satisfied by any candidate recommended or offered for nomination to the board of directors:

The highest personal and professional ethics and integrity.

Table of Contents

Proven achievement and competence in the candidate's field and the ability to exercise sound business judgment.

Skills that are complementary to those of the existing board of directors.

The ability to assist and support management and make significant contributions to our success.

An understanding of the fiduciary responsibilities that are required of a member of the board of directors and the commitment of time and energy necessary to diligently carry out those responsibilities.

Compensation of Directors

Cash and Stock Compensation. Our non-employee directors currently receive a yearly cash retainer of \$12,500 and shares of restricted common stock equivalent to \$4,000. They also receive \$2,500 per board meeting attended (unless the board meeting is conducted by teleconference, in which case directors receive \$1,000 for each such telephonic meeting in which they participate) and \$1,000 per committee meeting attended. In addition, our non-employee directors annually receive additional shares of restricted stock as set forth below:

the chairs of our compensation committee and nominating and governance committee each receive shares of restricted common stock equivalent to \$7,000; and

our lead independent director and audit committee chair each receive shares of restricted common stock equivalent to \$10,000.

All of the shares of restricted common stock received by our non-employee directors vest six months after the date of grant, provided that the individual continues to serve as a director on such date. The number of shares granted is based on the total dollar value divided by the per share closing price of our stock on the date of grant.

Our 1997 Stock Plan provides for the non-discretionary, automatic grant of options to each of our non-employee directors. Each new non-employee director is automatically granted an option to purchase 15,000 shares on the date on which such person first becomes a director. These initial grants vest over a period of three years, with one-third of the number of shares granted vesting on each anniversary of the date of grant, provided that the optionee continues to serve as a director on these dates. Furthermore, each non-employee director is automatically granted an additional option to purchase 10,000 shares of common stock on January 1 of each year, provided that he or she has served on the board of directors for at least six months. These subsequent grants vest fully on the first anniversary of the date of grant, provided that the optionee continues to serve as a director on such date. Under the terms of our 1997 Stock Plan, the exercise price of options granted to non-employee directors must be 100% of the fair market value of our common stock on the last trading day preceding the date of grant.

Deferred Compensation Plan. Our non-employee directors are eligible to participate in the Board of Directors Deferred Compensation Plan. The principal purpose of the Directors Deferred Compensation Plan is to provide additional retirement benefits and income tax deferral opportunities for our non-employee directors. The Directors Deferred Compensation Plan permits the deferral of cash compensation that would otherwise be received by the non-employee directors for their service on our board of directors. Compensation that is deferred under the Directors Deferred Compensation Plan will be paid out by us upon the termination of a non-employee director's service on the board of directors. If such termination occurs after the non-employee director has reached the age of 55, such non-employee director may elect to receive the deferred compensation in a lump sum, annually over 15 years, or over the lifetime of the non-employee director in 20 annual payments.

Reimbursements. In addition, each of our non-employee directors is reimbursed for all reasonable out of pocket expenses incurred in connection with his service on our board of directors.

Table of Contents**Directors Compensation for the Fiscal Year Ended December 31, 2006**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards(1) (\$)	Option Awards(1) (\$)	Change in Pension Value and Non-Equity Incentive Plan		Nonqualified Deferred Compensation Earning (\$)	All Other Compensation (\$)	Total (\$)
				Non-Equity Incentive Plan	Nonqualified Deferred Compensation Earning (\$)			
Richard C. Alberding	45,500	10,922(2)	22,828(3)					79,250
Carl A. Thomsen	33,500	13,900(2)	22,828(3)					70,228
Steven D. Levy	28,500	3,967(2)	19,115(3)					51,582
Giacomo Marini	26,000	6,945(2)	22,828(3)					55,773
Brian J. Jackman	27,500	13,900(2)	22,828(3)					64,228
John R. Sheehan	36,500	10,922(2)	22,828(3)					70,250

- (1) The value shown reflects the dollar amount recognized in fiscal 2006 for financial reporting purposes utilizing fair value determined under Financial Accounting Standard 123R. The assumptions used in calculating these amounts are discussed in note 11 to our financial statements for the year ended December 31, 2006, filed with our Annual Report on Form 10-K for such period. The value shown reflects 1,159 shares for Messrs. Alberding and Sheehan, 1,474 shares for Mr. Thomsen, 421 shares for Mr. Levy, 737 shares for Mr. Marini and 1,475 shares for Mr. Jackman.
- (2) The equity portion of the directors' annual retainer for committee and board membership vests six months from the date of grant. The number of shares stated is based on a dollar amount converted to shares using the closing price of our common stock as of the date of the annual stockholders meeting held on June 5, 2006. At December 31, 2006, Mr. Alberding held 4,186 shares, Mr. Thomsen held 5,178 shares, Mr. Levy held 421 shares, Mr. Marini held 33,949 shares, Mr. Jackman held 4,942 shares, and Mr. Sheehan held 4,140 shares.
- (3) The annual stock option grant vests in full one year from the date of grant. The initial stock option grant for new directors vests ratably in equal annual increments over three years from the date of grant. Each continuing non-employee director receives annually a stock option for 10,000 shares. The grant date is the first day of the calendar year. A new non-employee director receives a stock option for 15,000 shares upon his election or appointment to the board of directors. In fiscal 2006, the five continuing non-employee directors each received a stock option for 10,000 shares, with the exception of Mr. Levy, who was appointed as a new director to the board and was granted a stock option for 15,000 shares on the date of his appointment. At December 31, 2006, Mr. Alberding held options to purchase 67,500 shares, Mr. Thomsen held options to purchase 60,000 shares, Mr. Levy held options to purchase 15,000 shares, Mr. Marini held options to purchase 60,000 shares, Mr. Jackman held options to purchase 52,500 shares, and Mr. Sheehan held options to purchase 45,000 shares. The per-option FAS 123 grant date value was \$8.76 for options granted January 1, 2006 and \$8.48 for options

granted March 16, 2006.

Stockholder Communications with the Board of Directors

Stockholders who wish to communicate directly with our independent directors may do so by sending an e-mail message to Varda Goldman, our Vice President and General Counsel, at generalcounsel@pctel.com. Mrs. Goldman monitors these communications, consults with Mr. Jackman, our current lead independent director, and provides a summary of all received messages to the board of directors at its regularly scheduled meetings. Where the nature of the communication warrants, Mrs. Goldman may determine to obtain more immediate attention of the appropriate committee or independent director of the board of directors, of independent advisors or of our management. Mrs. Goldman may decide in her judgment whether a response to any stockholder communication is necessary.

Table of Contents

Attendance at the Annual Meeting of Stockholders

All directors are welcome to attend the 2007 annual meeting of stockholders and it is expected that our lead independent director will be in attendance at every annual meeting of stockholders. At the 2006 annual meeting of stockholders, Mr. Singer was in attendance.

Code of Ethics

We adopted the PCTEL, Inc. Code of Ethics for Principal Executives and Key Financial Officers (Code of Ethics). The Code of Ethics applies to the principal executive financial officer, the principal accounting officer or controller and persons performing similar functions and responsibilities who shall be identified by the audit committee from time to time.

The Code of Ethics is available on our website, located at www.pctel.com. It may be found at the website as follows:

1. From the main web page, click on Investor Relations,
2. Next, click on Corporate Governance,
3. Finally, click on Financial Code of Ethics.

We intend to satisfy the disclosure requirement required under Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Ethics by posting such information on our website.

Compensation Committee Interlocks and Insider Participation

During fiscal 2006, neither Richard C. Alberding, John R. Sheehan, nor Brian J. Jackman were officers or employees of PCTEL while they served as members of the compensation committee. In addition, no executive officer of PCTEL served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Table of Contents

PROPOSAL #2

**APPROVAL OF THE 1998 EMPLOYEE STOCK PURCHASE PLAN AS
AMENDED AND RESTATED**

The stockholders are being asked to approve the amendment and restatement of the 1998 Employee Purchase Plan (the Purchase Plan). The board of directors initially approved the Purchase Plan in May 1998. The board of directors has approved an amendment and restatement of the Purchase Plan, subject to approval from the stockholders at this 2007 annual meeting. If the stockholders approve the amendment and restatement of the Purchase Plan, it will replace the current version of our Purchase Plan, effective as of the offering period commencing on the first trading day on or after August 15, 2007. If the stockholders do not approve the Purchase Plan, the current Purchase Plan will remain in effect and will expire in May 2008. Approval of the Purchase Plan requires the affirmative vote of the holders of a majority of the shares of our common stock that are present in person or by proxy and entitled to vote at this 2007 annual meeting.

The board of directors believes that the Purchase Plan is an important component of our total employee benefit package and that it is in the best interest of PCTEL and our stockholders for the stockholders to approve the proposed amendment and restatement of the Purchase Plan.

Our named executive officers and employee directors have an interest in this proposal because they are eligible to participate in the Purchase Plan.

Purposes and Effects of the Proposal

Encouraging employees to acquire equity ownership in PCTEL assures a closer alignment of the interests of participating employees in the Purchase Plan with those of our stockholders. The proposed adjustments to the Purchase Plan will enable us to continue to use the Purchase Plan as a valuable tool for attracting and retaining key personnel and aligning the interests of Purchase Plan participants with those of our stockholders.

Changes Being Made to the Plan

The following is a summary of some of the changes being made to the Purchase Plan:

The stockholders are being asked to approve a change in the number of shares of common stock authorized for issuance under the Purchase Plan. The Purchase Plan currently provides for the issuance of 800,000 shares, plus an annual increase (an evergreen) to be added on the first day of our fiscal year equal to the lesser of 350,000 shares, 2% of the outstanding shares on such date, or a lesser amount determined by the board of directors. The Purchase Plan as amended and restated reduces the current share reserve, provides for the issuance of 750,000 shares and eliminates the Purchase Plan's evergreen provision. The board of directors expects that the number of shares reserved for issuance under the Purchase Plan will suffice to operate the Purchase Plan for the duration of its term without having to request additional shares. The board of directors will periodically review actual share consumption under the Purchase Plan and may make additional requests for shares under the Purchase Plan as needed.

The Purchase Plan is currently set to expire in May 2008. Stockholders are being asked to approve an extension of the term of the Purchase Plan by 10 years.

The Purchase Plan currently specifies the treatment of options awarded under the Purchase Plan in the event of our merger or asset sale. The Purchase Plan as amended and restated specifies the treatment of options awarded under the Purchase Plan in the event of our merger or change in control, as defined in the Purchase Plan, including an asset sale.

The Purchase Plan as amended and restated provides that if the Purchase Plan administrator determines that, on a given exercise date, the number of shares of common stock with respect to which options are to be exercised may exceed (i) the number of shares of common stock that were available for sale under the Purchase Plan on the offering date of the applicable offering period, or (ii) the number of shares of common stock available for sale under the Purchase Plan on such exercise date, the administrator may in its sole discretion provide that we will make a pro rata allocation of the shares of common stock available for

Table of Contents

purchase on such offering date or exercise date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase common stock on such exercise date, and either (x) continue all offering periods then in effect or (y) terminate any or all offering periods then in effect. We may make a pro rata allocation of the shares available on the first day of any applicable offering period, notwithstanding any authorization of additional shares for issuance under the Purchase Plan by our stockholders subsequent to such offering date.

The Purchase Plan as amended and restated provides that as soon as reasonably practicable after each exercise date, we will arrange the delivery to each participant, as appropriate, the shares purchased upon exercise of his or her option in a form determined by the Purchase Plan administrator (in its sole discretion) and pursuant to rules established by the administrator. The Purchase Plan as amended and restated also provides that we may permit or require that shares be deposited directly with a broker designated by us to a designated agent of us, and we may utilize electronic or automated methods of share transfer. We may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares.

The Purchase Plan as amended and restated provides that in the event the Purchase Plan administrator determines that the ongoing operation of the Purchase Plan may result in unfavorable financial accounting consequences, we may, in our discretion, and to the extent necessary or desirable, modify, amend or terminate the Purchase Plan to reduce or eliminate such accounting consequences. Such modifications or amendments will not require stockholder approval or the consent of any Purchase Plan participants.

The board of directors believes strongly that the approval of the amended and restated Purchase Plan is essential to our continued success. In particular, we believe that our employees are our most valuable assets and that the options permitted under the Purchase Plan are vital to our ability to attract and retain outstanding and highly skilled individuals in the extremely competitive labor markets in which we compete. Such awards also are crucial to our ability to motivate employees to achieve our goals.

Vote Required and Recommendation

The affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the annual meeting will be required to approve this proposal.

Our board of directors recommends that stockholders vote FOR the adoption of the 1998 Employee Stock Purchase Plan, as amended and restated.

Description of the 1998 Employee Stock Purchase Plan, as amended and restated.

The following is a summary of the principal features of the amended and restated Purchase Plan and its operation. The summary is qualified in its entirety by reference to the Purchase Plan itself set forth in *Appendix A*.

General. The Purchase Plan was amended and restated by the board of directors in March 2007, subject to stockholder approval at this 2007 annual meeting. The purpose of the Purchase Plan is to provide employees with an opportunity to purchase shares of our common stock through accumulated payroll deductions. As of April 17, 2007, approximately 320 employees would be eligible to participate in the Purchase Plan.

Shares Available for Issuance. If our stockholders approve this proposal, the maximum number of shares of our common stock which will be made available for sale under the Purchase Plan will be 750,000 shares.

Administration. The board of directors or a committee appointed by the board of directors (referred to herein as the Administrator) administers the Purchase Plan. The Administrator has full and exclusive discretionary authority to construe, interpret and apply the terms of the Purchase Plan, to determine eligibility and to adjudicate all disputed claims filed under the Purchase Plan. The Administrator's findings, decisions, and determinations are final and binding upon all parties. The Administrator may adopt rules or procedures relating to the operation and administration of the Purchase Plan to accommodate the specific requirements of local laws and procedures and for jurisdictions outside the United States.

Table of Contents

Eligibility. Each of our employees or the employees of our designated subsidiaries who is a common law employee and whose customary employment with us or one of our designated subsidiaries is at least 20 hours per week and more than five months in a calendar year is eligible to participate in the Purchase Plan; except that no employee will be granted an option under the Purchase Plan (i) to the extent that, immediately after the grant, such employee would own 5% or more of the total combined voting power of all classes of our capital stock or the capital stock of one of our designated subsidiaries, or (ii) to the extent that his or her rights to purchase stock under all of our employee stock purchase plans accrues at a rate which exceeds \$25,000 worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year.

Offering Period. The Purchase Plan has consecutive offering periods that begin approximately every six months commencing on the first trading day on or after February 15 and terminating on the last trading day of the offering period ending on August 14 and commencing on the first trading day on or after August 15 and terminating on the last trading day of the offering period ending on February 14. The Administrator has the power to change the commencement date and/or the duration of future offering periods without stockholder approval if such change is announced prior to the scheduled beginning of the first offering period to be affected.

Participation. To participate in the Purchase Plan, an eligible employee must authorize payroll deductions pursuant to the Purchase Plan. Such payroll deductions may not exceed 15% of a participant's compensation during the offering period; provided, however, that should a payday occur on an exercise date, a participant will have the payroll deductions made on such day applied to his or her account under the subsequent offering period. Once an employee becomes a participant in the Purchase Plan, the employee automatically will participate in each successive offering period until the employee withdraws from the Purchase Plan or the employee's employment with us or one of our designated subsidiaries terminates. At the beginning of each offering period, each participant automatically is granted an option to purchase shares of our common stock. The option expires at the end of the offering period or upon termination of employment, whichever is earlier, but is exercised at the end of each offering period to the extent of the payroll deductions accumulated during such offering period. During an offering period, a participant may discontinue his or her participation in the Purchase Plan, and may decrease or increase the rate of payroll deductions in an offering period within limits set by the Administrator.

Purchase Price. The purchase price of shares of our common stock under the Purchase Plan will be determined by the Administrator on a uniform and nondiscriminatory basis prior to an offering date, subject to compliance with Section 423 of the Code. Unless and until the Administrator determines otherwise, shares of our common stock may be purchased under the Purchase Plan at a purchase price equal to 85% of the lesser of the fair market value of the common stock on (i) the first day of the offering period, or (ii) the last day of the offering period. The fair market value of our common stock on any relevant date will be the closing price per share as reported on the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of the Nasdaq Stock Market (or closing bid if no sales were reported), as quoted on such exchange or reported in *The Wall Street Journal*.

Payment of Purchase Price. The number of shares of our common stock that a participant may purchase in each offering period will be determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that offering period by the purchase price; provided, however, that a participant may not purchase more than 2,000 shares each offering period.

Payroll Deductions. All payroll deductions made for a participant are credited to the participant's account under the Purchase Plan, are withheld in whole percentages only and are included with our general funds. Funds received by us pursuant to exercises under the Purchase Plan are also used for general corporate purposes. A participant may not make any additional payments into his or her account.

Option Exercise. Unless a participant withdraws from the Purchase Plan or an employee's employment terminates with us or our designated subsidiary, a participant's option for the purchase of shares is exercised automatically on each exercise date, and the maximum number of full shares subject to the option will be purchased for the participant at the applicable purchase price with his or her accumulated payroll deduction. No fractional shares may be purchased and any accumulated payroll deductions not sufficient to purchase a full share is retained in the participant's account for the subsequent offering period. Any funds left over in a participant's account after the purchase date will be returned to the participant. During a participant's lifetime, a participant's option to purchase shares is exercisable only by him or her.

Table of Contents

If the Administrator determines that, on a given exercise date, the number of shares of common stock with respect to which options are to be exercised may exceed (i) the number of shares of common stock that were available for sale under the Purchase Plan on the offering date of the applicable offering period, or (ii) the number of shares of common stock available for sale under the Purchase Plan on such exercise date, the administrator may in its sole discretion provide that we will make a pro rata allocation of the shares of common stock available for purchase on such offering date or exercise date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase common stock on such exercise date, and either (x) continue all offering periods then in effect or (y) terminate any or all offering periods then in effect. We may make a pro rata allocation of the shares available on the offering date of any applicable offering period, notwithstanding any authorization of additional shares for issuance under the Purchase Plan by our stockholders subsequent to such offering date.

Withdrawal: Termination of Employment. A participant may generally withdraw all, but not less than all, the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Purchase Plan at any time by submitting written notice to us or by following an electronic or other withdrawal procedure prescribed by the Administrator. All of the participant's payroll deductions credited to his or her account will be paid as promptly as practicable after receipt of notice of withdrawal, the participant's option for the offering period will be automatically terminated, and no further payroll deductions will be made for the offering period. If a participant withdraws from an offering period, payroll deductions will not resume at the beginning of the succeeding offering period unless the participant re-enrolls in the Purchase Plan. A participant's withdrawal from an offering period will not have any effect upon his or her eligibility to participate in any similar plan which may be adopted by us or in succeeding offering periods. If a participant fails to remain as our employee or an employee of our designated subsidiary, or ceases to meet the Purchase Plan eligibility requirements, he or she is deemed to withdraw from the Purchase Plan.

Changes in Capitalization. In the event that any dividend or other distribution (whether in the form of cash, common stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of common stock or other of our securities, or other change in our corporate structure affecting the common stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Purchase Plan, then the Administrator will adjust the number and class of common stock which may be delivered under the Purchase Plan, the purchase price per share and the number of shares of common stock covered by each option under the Purchase Plan which has not yet been exercised, and the maximum number of shares a participant can purchase during an offering period.

Dissolution or Liquidation. In the event of our proposed dissolution or liquidation, the Administrator will shorten any offering periods then in progress by setting a new exercise date and any offering periods will end on the new exercise date. The new exercise date will be prior to the dissolution or liquidation. If the Administrator shortens any offering periods then in progress, the Administrator will notify each participant in writing, at least ten business days prior to the new exercise date, that the exercise date has been changed to the new exercise date and that the option will be exercised automatically on the new exercise date, unless the participant has already withdrawn from the offering period.

Change in Control. In the event of a merger or change in control, as defined in the Purchase Plan, each outstanding option under the Purchase Plan will be assumed or an equivalent option will be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event the successor corporation refuses to assume or substitute for the options, the Administrator will shorten any offering periods then in progress by setting a new exercise date and any offering periods will end on the new exercise date. The new exercise date will be prior to the merger or change in control. If the Administrator shortens any offering periods then in progress, the Administrator

will notify each participant in writing prior to the new exercise date, that the exercise date has been changed to the new exercise date and that the option will be exercised automatically on the new exercise date, unless the participant has already withdrawn from the offering period.

Amendment or Termination. The Administrator may at any time amend, suspend or terminate the Purchase Plan. If the Purchase Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding

Table of Contents

offering periods either immediately or upon completion of the purchase of shares of common stock on the next exercise date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit offering periods to expire in accordance with their terms (and subject to any adjustments). If the offering periods are terminated prior to expiration, all amounts then credited to participants' accounts which have not been used to purchase shares of common stock will be returned to the participants (without interest, except as otherwise required under local laws) as soon as administratively practicable.

Without stockholder approval and without regard to whether any participant rights may be considered to have been adversely affected, the administrator is entitled to: (i) change the offering periods; (ii) limit the frequency and/or number of changes in the amount withheld during an offering period; (iii) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (iv) permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in our processing of properly completed withholding elections; (v) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of common stock for each participant properly correspond with amounts withheld from the participant's compensation; and (vi) establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Purchase Plan.

In the event the Administrator determines that the ongoing operation of the Purchase Plan may result in unfavorable financial accounting consequences, the board of directors may, in its discretion, without stockholder approval or the consent of any participant, and to the extent necessary or desirable, modify, amend or terminate the Purchase Plan to reduce or eliminate such accounting consequences, including but not limited to: (i) amending the Purchase Plan to conform with the safe harbor definition under Statement of Financial Accounting Standards 123(R), including with respect to an offering period underway at the time; (ii) altering the purchase price for any offering period including an offering period underway at the time of the change in purchase price; (iii) shortening any offering period by setting a new exercise date or terminating any outstanding offering period and returning contributions made through such date to participant, including an offering period underway at the time of the Administrator action; (iv) allocating shares; (v) reducing the maximum percentage of compensation a participant may elect to set aside as payroll deductions; and (vi) reducing the maximum number of shares of common stock a participant may purchase during any offering period.

Number of Awards Granted to Certain Individuals and Groups

Given that the number of shares that may be purchased under the Purchase Plan is determined, in part, on the fair market value of our common stock at the beginning of an offering period and at the end of such offering period, and given that participation in the Purchase Plan is voluntary on the part of employees, the actual number of shares that may be purchased by any individual is not determinable. For illustrative purposes, the following table sets forth (i) the number of shares of our common stock that were purchased during the last fiscal year under the Purchase Plan, (ii) the average price per share paid for such shares, and (iii) the fair market value at the date of purchase.

Name of Individual or Group	Number of Shares Purchased	Average Per Share Purchase Price	Fair Market Value at Date of Purchase
Martin H. Singer, Chief Executive Officer	2,150	\$ 6.8595	\$ 8.07
John W. Schoen, Chief Financial Officer			

Jeffrey A. Miller, Vice President and General Manager,
Broadband Technology Group

Biju Nair, Vice President and General Manager, Mobility
Solutions Group

Steven L. Deppe, Executive Vice President, Strategy and
Business Development

All executive officers, as a group	2,150	\$	6.8595	\$	8.07
All directors who are not executive officers, as a group					
All employees who are not executive officers, as a group	72,400	\$	6.8595	\$	8.07

Table of Contents

Certain Federal Tax Aspects

The following brief summary of the effect of federal income taxation upon the participant and us with respect to the shares purchased under the Purchase Plan does not purport to be complete, and does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside.

The Purchase Plan, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the Purchase Plan are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax in an amount that depends upon the holding period. If the shares are sold or otherwise disposed of more than two years from the first day of the applicable offering period and one year from the applicable date of purchase, the participant will recognize ordinary income measured as the lesser of (i) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (ii) an amount equal to 15% of the fair market value of the shares as of the first day of the applicable offering period. Any additional gain will be treated as long term capital gain. If the shares are sold or otherwise disposed of before the expiration of these holding periods, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long term or short-term capital gain or loss, depending on how long the shares have been held from the date of purchase.

We generally are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized by participants upon a sale or disposition of shares prior to the expiration of the holding periods described above.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON PARTICIPANTS AND US UNDER THE PURCHASE PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF A PARTICIPANT'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE.

Table of Contents

PROPOSAL #3

APPROVAL OF THE EXECUTIVE COMPENSATION PLAN

In March 2007, our compensation committee unanimously approved the Executive Compensation Plan (the Bonus Plan) and directed that the Bonus Plan be submitted to stockholders at this 2007 annual meeting. If approved by our stockholders, the plan will be effective commencing with our 2007 fiscal year. If not approved by our stockholders, the awards that have been made under the Bonus Plan will be void.

The purpose of the Bonus Plan is to motivate certain executives to perform to the best of their abilities and to achieve our objectives. It is designed to govern our annual Short Term Incentive Plan to permit the payment of bonuses (whether paid in cash or in shares of our common stock) to such executives under a structure that complies with Section 162(m) of the Code. If the Bonus Plan is approved by our stockholders, it will permit the bonus awards to be paid to these executives beginning with the 2007 performance year to qualify as performance-based compensation under Section 162(m) of the Code.

Vote Required and Recommendation

The affirmative vote of the holders of a majority of the shares of our common stock present or requested by proxy and entitled to vote of the annual meeting will be required to approve this proposal.

Our board of directors recommends that stockholders vote FOR the approval of the Executive Compensation Plan.

Summary of the Executive Compensation Plan

The following is a summary of the principal features of the Bonus Plan and its operation. The summary is qualified in its entirety by reference to the Bonus Plan itself set forth in *Appendix B*.

Eligibility. Participants in the Bonus Plan are the chief executive officer, executive officers and key employees who are chosen each year solely at the discretion of the compensation committee for any given Bonus Plan year. The executive officers selected by the compensation committee to receive awards under the Bonus Plan based on 2007 performance goals consist of Messrs. Singer, Schoen, Miller, Nair and Deppe. Because our executive officers are eligible to receive awards under the Bonus Plan, our executive officers have an interest in this proposal. No person is automatically entitled to participate in the Bonus Plan in any Bonus Plan year. We may also pay discretionary bonuses, or other types of compensation, outside of the Bonus Plan.

Purpose. The purpose of the Bonus Plan is to motivate the participants to perform to the best of their abilities and to achieve our objectives and to reward them when those objectives are satisfied. It is designed to govern our annual Short Term Incentive Plan to permit the payment of bonuses to such participants under a Section 162(m)-compliant structure. If the Bonus Plan is approved by our stockholders at this 2007 annual meeting and certain requirements are satisfied, bonuses issued to such participants under the Bonus Plan beginning with the 2007 performance year may qualify as deductible performance-based compensation within the meaning of Section 162(m) of the Code.

Administration. The Bonus Plan will be administered by the compensation committee, consisting of no less than two independent members of the board of directors.

Table of Contents

Determination of Awards. Under the Bonus Plan, participants will be eligible to receive awards based upon the attainment and certification of certain performance goals established by the compensation committee. The performance goals the compensation committee may choose from may include one or more of the following:

annual revenue	net income
cash flow	net profit
cash position	net sales
earnings before amortization	operating cash flow
earnings before interest and taxes	operating earnings
earnings before interest, taxes, depreciation and amortization	operating income
earnings before taxes and amortization	profit before tax
earnings per share	ratio of debt to debt plus equity
economic profit	return on assets
economic value added	return on equity
equity or stockholder's equity	return on net assets
market share	return on sales, revenue and sales growth
	total return to stockholders

The performance goals may be used to measure the performance of our company as a whole or a business unit and may be measured relative to a peer group or index. The performance goals may differ from participant to participant and from award to award. Prior to the determination date, the compensation committee will determine whether any significant elements will be included in or excluded from the calculation of any performance goals with respect to any participant. In all other respects, the performance goals will be calculated in accordance with our financial statements, generally accepted accounting principles, or under a methodology established by the committee prior to the issuance of an award, which is consistently applied and identified in the financial statements, including footnotes, the management discussion and analysis section of our annual report, or the minutes of the board of directors.

Our compensation committee retains the discretion to reduce or eliminate any award that would otherwise be payable pursuant to the Bonus Plan.

Payment of Awards. We will distribute awards in cash or as an equity award, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, dividend equivalents, or other stock awards. All awards will be paid as soon as is practicable following determination of the award, unless we establish a plan to permit deferral of bonus amounts, in which case awards will be paid pursuant to the timing requirements of that plan and applicable law. The compensation committee may also defer the payment of awards in its discretion, as necessary or desirable to preserve the deductibility of such awards under Code Section 162(m).

Maximum Award. The amounts that will be paid pursuant to the Bonus Plan are not currently determinable. The maximum bonus payment that any participant may receive under the Bonus Plan in any performance period, which is generally one fiscal year, is \$1,500,000.

Amendment and Termination. The compensation committee may amend, modify, suspend or terminate the Bonus Plan, in whole or in part, at any time, including the adoption of amendments deemed necessary or desirable to correct any defect, to supply omitted data or to reconcile any inconsistency in the Bonus Plan or in any award granted thereunder. The compensation committee may amend or modify the Bonus Plan in any respect, or terminate the Bonus Plan, without the consent of any affected participant. In no event, however, may such amendment or modification

(i) impair any payments made to participants prior to the amendment, modification, suspension or termination, unless the compensation committee has made a determination that such amendment or modification is in the best interests of all persons to whom awards have been granted, (ii) result in an increase in the amount of compensation payable pursuant to any award or (iii) cause compensation that is, or may become, payable under the Bonus Plan to fail to qualify as performance-based compensation under Code Section 162(m). Certain amendments to the Bonus Plan will be subject to stockholder approval.

Table of Contents

Indemnification. Our board of directors and compensation committee are generally indemnified by us for any liability arising from claims relating to the Bonus Plan.

2007 Bonus Plan. Our compensation committee has established 2007 performance measures for some executives, subject to stockholder approval. See the discussion below on page 40 under Summary of the 2007 Short Term Incentive Plan.

Federal Income Tax Consequences

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and us of awards granted under the Bonus Plan. Tax consequences for any particular individual may be different.

Cash. Under present federal income tax law, participants will recognize ordinary income equal to the amount of the cash award received in the year of receipt. That income will be subject to applicable income and employment tax withholding by us.

Nonstatutory Stock Options. No taxable income is reportable when a nonstatutory stock option with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any taxable income recognized in connection with an option exercise by one of our employees is subject to tax withholding by us. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax, in which case taxation is the same as for nonstatutory stock options). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights. No taxable income is reportable when a stock appreciation right with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares. A participant generally will not have taxable income at the time an award of restricted stock, restricted stock units, performance shares or performance units are granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the shares underlying the award becomes either (i) freely transferable, or (ii) no longer subject to substantial risk of forfeiture. The recipient of a restricted stock award, however, may elect to recognize income at the time he or she receives the award in an amount equal to the fair market value of the shares underlying the award (less any cash paid for the shares) on the date the award is granted.

Dividend Equivalents. A participant generally will recognize ordinary compensation income each time a dividend is paid pursuant to the dividend equivalent rights award equal to the fair market value of the dividend received. If the

dividends are deferred, additional requirements must be met to ensure that the dividend is taxable upon actual delivery of the shares, instead of the grant of the dividend.

Table of Contents

Tax Effect for PCTEL. If and to the extent that the Bonus Plan awards satisfy the requirements of Section 162(m) of the Code and otherwise satisfy the requirements for deductibility under federal income tax law, we will receive a deduction for the amount constituting ordinary income to participants.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON PARTICIPANTS AND US WITH RESPECT TO AWARDS UNDER THE BONUS PLAN. IT DOES NOT PURPORT TO BE COMPLETE, AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF A PARTICIPANT'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE.

Awards to be Granted to Certain Individuals and Groups

Awards under the Bonus Plan are determined based on actual future performance, so future actual awards cannot now be determined.

Table of Contents

PROPOSAL #4

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Our audit committee has appointed Grant Thornton LLP, independent registered public accounting firm, to audit our financial statements for the fiscal year ending December 31, 2007. This appointment is being presented to our stockholders for ratification at the 2007 annual meeting of stockholders.

Before selecting Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2007, our audit committee carefully considered the firm's qualifications as independent auditors. This included a review of the qualifications of the engagement team, the quality control procedures the firm has established and its reputation for integrity and competence in the fields of accounting and auditing. The audit committee's review also included matters required to be considered under the SEC's rules on auditor independence, including the nature and extent of non-audit services, to ensure that Grant Thornton LLP's independence will not be impaired.

Grant Thornton LLP has been conducting independent audits of our financial statements since May 2006. Representatives of Grant Thornton LLP are expected to be present at the 2007 annual meeting of stockholders. They will have the opportunity to address the audience at the meeting, and will be available to answer appropriate questions from stockholders.

Change in Independent Registered Public Accounting Firm

As previously reported in our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 18, 2006, on May 12, 2006 our audit committee dismissed our independent registered public accounting firm, PricewaterhouseCoopers LLP.

The reports of PricewaterhouseCoopers LLP on our consolidated financial statements as of and for the years ended December 31, 2004, and December 31, 2005, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

We reported a material weakness in our internal control over financial reporting in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2004 and in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2005. These Annual Reports indicated that as of December 31, 2004 and 2005, we had a material weakness in that we did not maintain effective controls over the review, completeness and accuracy of our provision for income taxes and the related financial statement presentation and disclosure of income tax matters. This control deficiency resulted in audit adjustments to the fourth quarter 2004 consolidated financial statements with respect to the provision for income taxes, the 2005 annual consolidated financial statements with respect to income tax disclosures and the 2005 second quarter consolidated financial statements with respect to the provision for income taxes. During 2006, we remediated this material weakness. Except for the material weakness in internal control over financial reporting described in this paragraph, during the years ended December 31, 2004 and 2005, and through May 12, 2006, we did not have any reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K. We authorized PricewaterhouseCoopers LLP to respond fully to the inquiries of the successor independent registered public accounting firm concerning the subject matter of the material weakness described above.

During our fiscal years ended December 31, 2004 and December 31, 2005 and through May 12, 2006, there were no disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to PricewaterhouseCoopers

LLP's satisfaction, would have caused PricewaterhouseCoopers LLP to make reference thereto in its reports on our financial statements for such years. PricewaterhouseCoopers LLP's letter to the Securities and Exchange Commission stating its agreement with the statements above is filed as an exhibit to our Current Report on Form 8-K filed on May 18, 2006.

On May 12, 2006, our audit committee engaged Grant Thornton LLP as our independent registered public accounting firm. During our fiscal years ended December 31, 2004 and December 31, 2005 and through May 12,

Table of Contents

2006, neither we nor anyone acting on our behalf consulted with Grant Thornton LLP regarding either: (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

Summary of Fees

The following table summarizes the approximate aggregate fees billed to us or expected to be billed to us by Grant Thornton LLP for our 2006 fiscal year and by PricewaterhouseCoopers LLP for our 2006 and 2005 fiscal years:

Type of Fees	Fiscal Year 2006	Fiscal Year 2005
Audit Fees(1)	\$ 764,030	\$ 1,284,575
Audit-Related Fees(2)		
Tax Fees(3)		
All Other Fees(4)	1,500	1,500
Total Fees	\$ 765,530	\$ 1,286,075

- (1) *Audit Fees* These are fees for professional services performed by PricewaterhouseCoopers LLP during fiscal 2005 and the first quarter of fiscal 2006, and by Grant Thornton LLP for the second, third and fourth quarters of fiscal 2006. The professional services provided included auditing our annual financial statements, reviewing our quarterly financial statements and other services that are normally provided in connection with statutory and regulatory filings or engagements. Audit fees attributable to PricewaterhouseCoopers LLP also include fees for professional services performed for the audits of management's assessment of the effectiveness of internal control over financial reporting. For fiscal 2006, \$630,930 of these fees were attributable to Grant Thornton LLP and \$133,100 of these fees were attributable to PricewaterhouseCoopers LLP.
- (2) *Audit-Related Fees* These are fees for the assurance and related services performed by Grant Thornton LLP or PricewaterhouseCoopers LLP that are reasonably related to the performance of the audit or review of our financial statements. For fiscal 2006 and 2005, neither Grant Thornton LLP nor PricewaterhouseCoopers LLP performed any services that fell within this category.
- (3) *Tax Fees* These are fees for professional services performed by Grant Thornton LLP or PricewaterhouseCoopers LLP with respect to various advisory services related principally to tax preparation services and tax consultation services. For fiscal 2006 and 2005, neither Grant Thornton LLP nor PricewaterhouseCoopers LLP performed any services that fell within this category.
- (4) *All Other Fees* These are fees for permissible services performed by Grant Thornton LLP or PricewaterhouseCoopers LLP that do not fall within the above categories. For fiscal 2006 and 2005, these fees were comprised of a subscription fee paid to PricewaterhouseCoopers LLP for an Internet-based system to access accounting disclosure information.

Pre-Approval of Independent Auditor Services and Fees

Our audit committee reviewed and pre-approved all audit and non-audit fees for services provided by Grant Thornton LLP and PricewaterhouseCoopers LLP and has determined that each firm's provision of such services to us during fiscal 2006 is compatible with and did not impair Grant Thornton LLP's or PricewaterhouseCoopers LLP's independence. It is the practice of the audit committee to consider and approve in advance all auditing and non-auditing services provided to us by our independent registered public accounting firm in accordance with the applicable requirements of the SEC.

Vote Required and Recommendation

Stockholder ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm is not required by our bylaws or other applicable legal requirement. However, our board of

Table of Contents

directors is submitting the selection of Grant Thornton LLP to our stockholders for ratification as a matter of good corporate practice. Notwithstanding the selection by the audit committee of Grant Thornton LLP or stockholder ratification of that selection, the audit committee may direct the appointment of a new independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in our best interest and in that of our stockholders. In the event of a negative vote on ratification, the audit committee will reconsider its selection.

The affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the annual meeting will be required to approve this proposal.

Our board of directors recommends that stockholders vote FOR the ratification of Grant Thornton LLP as our independent registered public accounting firm.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common st