

PC TEL INC
Form DEF 14A
April 27, 2012

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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(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Monday, June 11, 2012

4:00 p.m.

To Our Stockholders:

The 2012 annual meeting of stockholders of PCTEL, Inc., a Delaware corporation, will be held on Monday, June 11, 2012 at 4:00 p.m. local time at our headquarters, located at 471 Brighton Drive, Bloomingdale, Illinois 60108 for the following purposes:

1. The election of two Class I directors whose terms will expire at the 2015 annual meeting of stockholders;
2. An advisory vote to approve the Company's named executive officer compensation (Say-on-Pay);
3. The ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012; and
4. The transaction of 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 16, 2012 are entitled to notice of and to vote at the meeting.

Pursuant to the rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, we will mail, on or about April 27, 2012, a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners at the close of business on April 16, 2012. On the date of mailing of the Notice of Internet Availability of Proxy Materials, all stockholders and beneficial owners will have the ability to access all of the proxy materials on a website referred to in the Notice of Internet Availability of Proxy Materials. These proxy materials will be available free of charge.

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 accompanying proxy as promptly as possible. 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*

Bloomingdale, IL

April 27, 2012

YOUR VOTE IS IMPORTANT.

PLEASE SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE

BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on June 11, 2012: The Proxy Statement and Annual Report to Stockholders for the fiscal year ended December 31, 2011 are available electronically free of charge at <http://www.proxyvote.com>

PCTEL, INC.

471 Brighton Drive

Bloomington, Illinois 60108

**PROXY STATEMENT FOR THE
2012 ANNUAL MEETING OF THE STOCKHOLDERS**

GENERAL INFORMATION

The Board of Directors of PCTEL, Inc. is soliciting proxies for the 2012 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 16, 2012 as the record date for the meeting. Stockholders of record at the close of business on April 16, 2012 are entitled to vote at and attend the meeting, with each share entitled to one vote. There were 18,496,366 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 \$6.80 per share.

This proxy statement is made available on or about April 27, 2012 to stockholders entitled to vote at the meeting.

In this proxy statement:

We , Company 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.

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?

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A: Our annual meeting of stockholders is being held on Monday, June 11, 2012 at 4:00 p.m. local time at our headquarters, located at 471 Brighton Drive, Bloomingdale, Illinois 60108.

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. Mr. Singer and Mr. 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 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, Mr. Singer and Mr. Schoen will vote your shares, under your proxy, in their discretion.

Unless otherwise directed on the proxy card, 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 proposals:

The election of two Class I directors whose terms will expire at the 2015 annual meeting of stockholders (Proposal #1);

An advisory vote to approve named executive officer compensation (Say-on-Pay) (Proposal #2); and

The ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 (Proposal #3).

Q: How do I vote if I am the record holder?

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: How do I vote at the meeting if I am a beneficial owner?

A: As the beneficial owner, you have the right to direct the broker, bank, or other holder of record with respect to voting your shares and may do so by:

Completing the voting instruction card provided to you by your broker, banker or other holder of record;

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Following the instructions in the voting instruction card to vote by telephone or over the Internet; or

Attending the 2012 annual meeting of stockholders and casting your vote; however, since you are not the stockholder of record, you may not vote these shares in person at the 2012 annual meeting of stockholders unless you request, complete and deliver a proxy from your broker, banker or nominee. You will not be able to vote your shares at the meeting without a legal proxy.

Please note that under SEC and stock exchange rules, the election of directors (Proposal #1) and the advisory vote to approve the Company's named executive officer compensation (Say-on-Pay) (Proposal #2) are non-routine items. This means that if you do not instruct your broker how to vote with respect to these items, your broker cannot vote with respect to these proposals and these votes will be counted as broker non-votes.

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 brokers. Please sign, date 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: 471 Brighton Drive, Bloomingdale, Illinois 60108, Attention: John W. Schoen.

You may also do this by:

Signing and returning another proxy card or voting instruction 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 or voting instruction card (your latest proxy is counted).

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

A: *Stockholders of record* If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the annual meeting.

Beneficial owners If you hold your shares in street name, it is critical that you cast your vote if you want it to count in the election of directors (Proposal #1) and the advisory vote to approve the Company's named executive officer compensation (Say-on-Pay) (Proposal #2), both of which are considered non-routine matters. If you do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares cannot vote on non-routine matters. This is generally referred to as a broker non-vote. The organization that holds your shares will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of our independent registered public accounting firm (Proposal #3), which is considered a routine matter.

Q: How do I attend the Annual Meeting?

A: The 2012 annual meeting of stockholders will be held on Monday, June 11, 2012, at 471 Brighton Drive, Bloomingdale, Illinois 60108 at 4:00 p.m., local time.

If you are a beneficial holder of shares held in street name, rather than a stockholder of record, in order to vote at the 2012 annual meeting of stockholders, you will need to obtain a legal proxy from your broker.

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

A: As of the record date, 18,496,366 shares of PCTEL 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 18,496,366 votes that may be cast at the meeting.

Q: What is a quorum ?

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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, 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 ratification of the appointment of our independent registered public accounting firm, Proposal #3), but not on non-routine matters (such as the election of directors (Proposal #1) and the advisory vote to approve the Company's named executive officer compensation (Say-on-Pay) (Proposal #2)) without specific instructions from their clients. The vote with respect to any non-routine matter is referred to as a broker non-vote. Thus, because the proposals to be acted upon at the meeting consist of both routine and non-routine matters, the broker may turn in a proxy card for uninstructed shares that vote FOR the routine matter, 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 other proposals, 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.

Q: Who is soliciting my vote?

A: PCTEL is making this proxy solicitation and will bear the entire cost of it, including the preparation, assembly, printing, posting 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 Broadridge Financial Solutions, Inc. to tabulate the proxies and to act as the inspector of the election. In addition to this solicitation, 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.

PCTEL will 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., 471 Brighton Drive, Bloomingdale, Illinois 60108, Attention: John W. Schoen, Corporate Secretary. These materials may also be found on our website at www.pctel.com by clicking on the caption 2012 Proxy Materials under the Shareholder Resources section on the left-hand column of the Home Page. Our Annual Report on Form 10-K for the year ended December 31, 2011 is not incorporated into this proxy statement and is not considered proxy solicitation material.

Deadline for Receipt of Stockholder Proposals and Nominations for 2013 Annual Meeting of Stockholders

Stockholders are entitled to present proposals for action and director nominations at the 2013 annual meeting of stockholders only if they comply with applicable requirements of the proxy rules established by the

SEC 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: 471 Brighton Drive, Bloomingdale, Illinois 60108, Attention: John W. Schoen, on or prior to the deadline for receiving such proposals and nominations.

Proposals for the 2013 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 30, 2012, 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 2013 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 currently 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 2013 annual meeting of stockholders, this means that such proposals or nominations must also be received by December 30, 2012. A copy of the relevant bylaw provision is available upon written request to our Corporate Secretary at the address provided above.

The accompanying 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 2013 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.

SUMMARY OF PROPOSALS

The Board of Directors has included three proposals on the agenda for our 2012 annual meeting of stockholders. The following is a brief summary of the matters to be considered and voted upon by the stockholders.

Proposal #1: Election of Directors

The Company has a classified Board of Directors. In 2011, the Company amended its bylaws to permit between seven and nine directors to serve on the Board of Directors at any time, and added an eighth director in order to assure continuity in advance of anticipated departures and to provide additional areas of expertise. Each director serves a three-year term. The first proposal on the agenda for the annual meeting is the election of two Class I directors to serve until the 2015 annual meeting of stockholders. The Board of Directors has nominated Brian J. Jackman and John R. Sheehan to serve as the Class I directors. Additional information about the election of directors and a biography of each nominee begins on page 7.

The Board of Directors recommends a vote FOR each of the two nominees.

Proposal #2: Advisory Vote to Approve the Company's Named Executive Officer Compensation (Say-on-Pay)

The Company is providing its stockholders with the opportunity to cast a non-binding advisory vote on the Company's proposed compensation for the named executive officers, as described in this proxy, in accordance with SEC rules. The Company's overall philosophy is to offer competitive compensation opportunities that enable the Company to attract, motivate and retain highly experienced executive officers who will provide leadership for the Company's success and enhance stockholder value. The Company believes that its compensation for named executive officers, which includes short-term and long-term elements, fulfills this goal and is closely aligned with the long-term interests of its stockholders.

The Board of Directors recommends a vote FOR approval of the Company's Named Executive Officer Compensation.

Proposal #3: Ratification of the appointment of the Independent Registered Public Accounting Firm

The third proposal on the agenda for the annual meeting is the ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012. More information about this proposal begins on page 13.

The Board of Directors recommends a vote FOR the ratification of the appointment of Grant Thornton LLP as the independent registered public accounting firm.

Other Matters

Other than the proposals listed above, the Board of Directors does not currently intend to present any other matters to be voted on at the meeting. The 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.

PROPOSAL #1

ELECTION OF DIRECTORS

Classification of Board of Directors

PCTEL has a classified Board of Directors currently consisting of three classes. There are two Class I directors, Brian J. Jackman and John R. Sheehan, whose terms are expiring at this annual meeting of stockholders. On October 13, 2011, the Board of Directors adopted an amendment to the Company's bylaws in advance of planned departures in the upcoming fiscal years in order to permit between seven and nine directors to serve on the Board of Directors at any time. The Board of Directors appointed an eighth director to serve as a Class II director, thereby increasing Class II to three directors, Richard C. Alberding, Michael W. Davidson and Carl A. Thomsen, whose terms expire at the 2013 annual meeting of stockholders. The Company continues to have three Class III directors, Steven D. Levy, Giacomo Marini, and Martin H. Singer, whose terms expire at the 2014 annual meeting of stockholders. At each annual meeting of stockholders, one class of directors is elected for a term of three years to succeed those directors whose terms expire on the annual meeting date.

Nominees

On the recommendation of the Board of Directors, the nominees for election at the 2012 annual meeting of stockholders as Class I directors are Brian J. Jackman and John R. Sheehan. If elected, Messrs. Jackman and Sheehan will continue as directors, and their terms will expire at the annual meeting of stockholders in 2015.

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 the two Class I director nominees. In the event that any of the 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 of any nominee who 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.

The Board of Directors has unanimously approved the director nominees and recommends that stockholders vote FOR the election of the director nominees listed above.

Directors and Nominees

The following table sets forth certain information regarding the current directors and nominees for directors to be elected at the 2012 annual meeting of stockholders:

Name	Age	Position with PCTEL	Since
Class I director nominees to be elected at the 2012 annual meeting of stockholders whose terms will expire at the 2015 annual meeting of stockholders			
Brian J. Jackman	71	Director	2002
John R. Sheehan	75	Director	2002
Class II directors whose terms will expire at the 2013 annual meeting of stockholders:			
Richard C. Alberding	81	Director	1999
Michael W. Davidson	65	Director	2011
Carl A. Thomsen	67	Director	2001
Class III directors whose terms will expire at the 2014 annual meeting of stockholders:			
Steven D. Levy	55	Director	2006
Giacomo Marini	60	Director	1996
Martin H. Singer	60	Chief Executive Officer, Chairman of the Board	1999

Mr. Jackman has been a director since February 2002. He 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 he had been with since 1982. Mr. Jackman served as President, Global Systems and Technology, and Executive Vice President of Tellabs since 1998, and as President of Tellabs Operations from 1993 to 1998. Prior to that, Mr. Jackman held various management positions in sales and marketing for IBM from 1965 to 1982. Commencing in January 2003, he joined the board of directors of Open Text, Inc. an enterprise content management solutions company, where he also currently serves on the Compensation Committee. Commencing January 2005 through December 2010, Mr. Jackman served on the board of directors of Keithley Instruments, a test and measurement equipment company. In total, Mr. Jackman has served on the boards of eight companies in the technology sector. In addition, Mr. Jackman served on the board of trustees of Gannon University from May 2001 to May 2010. 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. Jackman's specific experience with a test and measurement equipment company as well as his extensive experience in sales, marketing and management functions with telecommunications and high tech companies, and his current and prior service on the board of directors of other companies, make him qualified to serve on the Company's Board of Directors and as the Lead Independent Director.

Mr. Sheehan has been a director since October 2002. Beginning in 1996, Mr. Sheehan has owned and operated Two Rivers Associates, a business consulting firm specializing in business planning (*i.e.*, strategy development and plan execution), process improvement and executive coaching. Also, since October 2001, Mr. Sheehan has served as a senior consultant in the London Perret Roche Group in Red Bank, New Jersey. He began his career at Bell Laboratories in 1962. In his 33 years at Bell Laboratories, Western Electric and AT&T, Mr. Sheehan worked in senior positions in development, manufacturing, strategic planning and general management of business units where he led the development and deployment of data communications equipment, digital switching system, and cellular telephone systems. Since leaving AT&T in 1996, Mr. Sheehan has held senior management positions, and served on the board of directors of two internet-based start-up companies (the terms of which ended prior to 2005). Among other duties, he was responsible for business development, business operations, and sales. Mr. Sheehan received a Bachelor of Science degree in Electrical Engineering from Drexel University in 1962 and a Master of Science degree in Electrical Engineering from New York University in 1964.

He also attended the University of Pennsylvania from 1966 to 1971. Mr. Sheehan's extensive background in development, manufacturing and strategic planning and his educational training as an electrical engineer, enable him to evaluate the product development and operations of the Company. Mr. Sheehan's participation in corporate governance programs and extensive experience in business planning, process improvement and strategy development qualify him to serve on the Company's Board of Directors and as its Chairman of the Nominating and Governance Committee.

Mr. Alberding has been a director since 1999, holding positions on the Audit and Compensation Committees. In June 1991, Mr. Alberding retired from Hewlett-Packard, then a computer, peripherals and measurement products company, having served 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. Since 2006 Mr. Alberding has been a director of Cxtec, Inc., a privately held CISCO Value Added Reseller and provider of related new and refurbished products. In addition, from 1997 until July 2010 Mr. Alberding served as a director and member of the Compensation Committee of Sybase, Inc., a public company and provider of enterprise software to manage, analyze and mobilize information. Moreover, from 1996 until August 2009, Mr. Alberding served on the board of directors of Quick Eagle, Inc., a private company providing wide area network access solutions for broadband applications. From 1994 until January 2007, Mr. Alberding served on the board of directors of Stratex Networks, Inc., a public company and provider of wireless transmission solutions. In addition, during the period 1991 to 2004, Mr. Alberding served as a member of the board of directors of Kennametal Inc., a machine tools company; Page Net, Inc., a paging company; as well as a director of several private companies including Scimed, Inc., Storm Computing, Inc., Orbisphere, S.A. (Switzerland), Artic Circle, S.A. (Switzerland), Adicom, Inc., Indigo, Inc., Quick Turn, Inc., and Walker, Inc., in each case serving on either the Audit, Compensation or Board Affairs Committee. Mr. Alberding also served as a member of the Board of Trustees of Cazenovia College. Mr. Alberding holds an Associate of Arts in Business Administration degree from Elgin Community College (1951), a Bachelor of Science degree in Accounting, Law and Marketing from Augustana College (1953), an Associate of Science in Electronics degree from DeVry Technical Institute in Chicago (1958), and an Associate of Arts degree in International Business at INSEAD in France (1964). He also attended numerous executive training programs held at Stanford University, Harvard University and the University of Geneva (Switzerland). Mr. Alberding's experience as an Executive Vice President with a measurement products company, his participation on the board of directors/trustees at other companies and organizations, particularly on the Compensation Committee, and his education and extensive executive training make Mr. Alberding a valued member of the Company's Board of Directors and qualified to serve as the Chairman of the Compensation Committee of the Company's Board of Directors.

Mr. Davidson, a retired Major General, U.S. Army, has been a director since October 2011. He is a co-founder of CRA, Inc., a Washington-based homeland security and defense company. Mr. Davidson also advises clients doing business with the Department of Defense and the Department of Homeland Security. He has provided strategic advice to the White House and to the Office of the Secretary of Defense. Mr. Davidson's military career concluded with six years of service on the Joint Staff in the Pentagon where he was the Assistant Chairman, Joint Chiefs of Staff, for National Guard matters. Prior to that time, his assignments as a general officer were as the Deputy Commander in Chief for Mobilization and Reserve Affairs, U.S. Special Operations Command; Deputy Commanding General (National Guard), U.S. Army Special Operations Command; and the Adjutant General of Kentucky. He is a Vietnam veteran and served with the Airborne Ranger Infantry Company of the First Air Cavalry Division in Vietnam. Since 1988 he has been a member of the board of directors of the Kentucky Vietnam Veterans Memorial Foundation, a private foundation, and, beginning in 2010, Mr. Davidson has served on the board of directors of the Frazier International History Museum, a private foundation. In addition, since 2009, he has served on the board of directors of the Fund for Peace, a private Washington-based think tank active in international development activities. Mr. Davidson received a Juris Doctor degree in 1975 from the University of Louisville. He also holds, from the University of Louisville, a Doctorate of Philosophy (1985), a Bachelor of Arts in history (1969), and Masters in Community Development (1974). He is a published author, including in the area of national security policymaking, and frequently provides military commentary for

National Public Radio. Mr. Davidson's qualifications to serve on the Company's Board of Directors include his extensive experience in senior leadership positions in the Pentagon, his broad expertise in government contracting, strategy, organizational excellence and corporate governance experience.

Mr. Thomsen has been a director since March 2001. Mr. Thomsen served as Senior Vice President, Chief Financial Officer and Corporate Secretary at Stratex Networks, Inc. (now Aviat Networks, Inc.), a provider of wireless transmission solutions, from 1995 to 2007. At Stratex, Mr. Thomsen was responsible for worldwide financial reporting, legal and treasury functions, tax, IT, human resources and investor relations. From 1984 to 1995, Mr. Thomsen worked at Measurex Corporation, a process control systems company (now a part of Honeywell Corporation) where he served as Senior Vice President and Chief Financial Officer. From 1975 to 1983, Mr. Thomsen was employed by Ampex Corporation (now a part of Honeywell Corporation) in various senior financial positions. From May 2007 to April 2010, Mr. Thomsen served as a member of the board of directors of the Cardiac Therapy Foundation of the Mid-Peninsula, a non-profit organization providing a cardiovascular wellness and rehabilitation program. From December 2009 through July 2010, Mr. Thomsen served as a member of the board of directors and the Audit Committee of SonicWALL, Inc., a developer of security solutions. 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, and has 40 years of financial experience in a variety of companies and as an auditor with a public accounting firm, having started his financial career with Arthur Andersen LLP, a public accounting firm. Mr. Thomsen's experience as a certified public accountant and chief financial officer, his past responsibilities for worldwide financial reporting and other treasury, tax and investor relations matters, as well as his prior participation on two other boards of directors, particularly on the Audit Committee, make him qualified to serve as the Chairman of the Audit Committee of the Company's Board of Directors.

Mr. Levy has been a director since March 2006. He 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. As a securities analyst for greater than 20 years, Mr. Levy became proficient in analyzing business strategies and financial results, having evaluated well over 100 companies. Mr. Levy is currently a member of the board of directors of Allot Communications, a data communications provider for carriers, and also privately held GENBAND Inc., an innovator of IP Infrastructure. From January 2006 to February 2010, he served on the board of directors of Zhone Technologies, Inc., a broadband technology company, and commencing September 2005 as a Board member of Tut Systems, Inc., a technology company providing advanced content processing and distribution products and system integration services, prior to its March 2007 acquisition by Motorola, Inc. In total, Mr. Levy has served on five boards of directors and has been a member of the Audit Committee of each company. Mr. Levy holds a Master degree in Business Administration and a Bachelor of Science degree in Materials Engineering from Rensselaer Polytechnic Institute. Mr. Levy provides a unique perspective to the Board of Directors and to its Audit Committee as a result of his investment banking experience related to the telecommunications industry and his analytical skills. The Company benefits from his knowledge of financial markets, business strategies and competitive data analysis.

Mr. Marini has been a director since October 1996. Mr. Marini is the founder and Managing Director of Noventi Ventures, a Silicon Valley-based early stage technology venture capital firm begun in March 2002. He also serves as Chairman of Marini Investments, 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. Over the last decade he has been primarily managing venture capital investments in technology companies. This activity entails evaluating business plans, making investment decisions, assisting management in the formulation and execution of

operating plans and strategic plans involving all facets of company operations. It also includes continuous evaluation of the performance of management teams, directing management changes and helping in recruiting executives for portfolio companies. Further, it requires the identification, evaluation and execution of exit strategies, such as acquisitions by other companies or initial public offerings. He has directed investments in over 15 companies, some of which have been acquired by market leaders such as BEA Systems, Cisco, HP and Symantec. Prior to this, Mr. Marini has had broad operating experience. At Logitech International SA he managed engineering, operations and finance as the company grew from inception to over \$200M in annual revenues, effected an initial public offering and expanded manufacturing and development in North America, Asia and Europe and sales presence in over 30 countries worldwide. At FutureTel (1998-1999) and No Hands Software (1993-1994) he managed rapid product development, decisive restructuring, new markets and product entries. Private board of director memberships include TES S.p.A. from September 1994 to January 2012; Ecrio Inc. since March 1999; Minerva Networks, Inc. beginning May 2003; Neato Robotics, Inc. since December 2006; Aurora Algae, Inc. commencing in January 2007; Cosmo Industrie S.p.A. from December 2007 to December 2011, Windspire Energy, Inc. beginning December 2008 and Lumenergi, Inc. beginning August 2011. Other past public board service includes Logitech International SA and Advanced Gravis Computer Technology Ltd. Mr. Marini holds a Computer Science Laureate degree from the University of Pisa, Italy. Overall, Mr. Marini brings experience with a wide variety of company situations both as a general management executive and as active board member and investor. These qualifications provide a solid basis for serving as a director of a technology company dealing with issues of growth, product and marketing strategy, international expansion and merger and acquisition activities.

Mr. Singer serves as the Company's Chief Executive Officer and Chairman of the Board, a position he has held since October 2001. Prior to that, he served as the Company's non-executive Chairman of the Board from February 2001 until October 2001, and he has been a director of the Company since August 1999. 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, Inc., 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 Ph.D. in Experimental Psychology from Vanderbilt University. He currently serves as the Co-Chairman of the Midwest Council of TechAmerica (formerly AeA) and has served on the Standing Advisory Group for the Public Company Accounting Oversight Board and Advisory Board for the MMM program at Kellogg School of Business. From March 2009 until September 2010 he also served on the board of directors of Westell Technologies, Inc., a leading provider of broadband products, gateways and conferencing services, and was Chair of Westell's Compensation Committee. In 2006, Mr. Singer was appointed to the board of directors of ISCO International, a provider of spectrum conditioning solutions to wireless and cellular providers worldwide, where he also chaired the Compensation Committee until he left the board in 2007. Mr. Singer is a member of the Economic Club of Chicago and currently serves as co-chair of the Technology Nominating Committee. Recently, he served as a Commissioner on Illinois' Economic Recovery Commission, appointed by Governor Quinn to that position. In March 2011, he was appointed by Governor Quinn to the Illinois Broadband Deployment Council. Mr. Singer has 8 patents in telecommunications and is the author of several essays on the telecommunications industry and technology competitiveness. He was awarded the Martin Sandler Achievement Award by the American Israel Chamber of Commerce in 2007 and the Executive Leadership Award by the AeA in 2008. Mr. Singer is a seasoned industry expert with strong knowledge of the Company's business and technology. He provides expertise in business strategy, intellectual property, strategic alliances and business technology.

PROPOSAL #2

ADVISORY VOTE TO APPROVE THE COMPANY'S

NAMED EXECUTIVE OFFICER COMPENSATION

(SAY-ON-PAY)

The Company is requesting that the stockholders approve the Company's named executive officer compensation by a non-binding advisory vote, as required by Section 14A(a)(1) of the Exchange Act and related SEC rules. Although the vote is not binding on the Company or the Board of Directors, the Say-on-Pay vote provides the stockholders with an additional means to express their views about compensation for the named executive officers. The outcome of the vote will be taken into account by the Board of Directors and the Compensation Committee in making future determinations about named executive officer compensation.

The compensation of the Company's named executive officers is described in the Compensation Discussion and Analysis section of this proxy, including the compensation tables that accompany the narrative. The overall objective of the Company's compensation program for named executive officers is to attract, motivate and retain highly-experienced executive officers who will provide leadership for the Company's success and enhance stockholder value. A significant portion of the named executive officers' overall compensation, and all of their non-salary compensation, is performance-based and tied to the achievement of defined goals, with short-term incentive payments made in cash and long-term incentive payments made in stock.

The Board of Directors recommends a vote FOR approval of the Company's named executive officer compensation, as disclosed in this proxy statement.

PROPOSAL #3**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED****PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Grant Thornton LLP, an independent registered public accounting firm, to audit the Company's financial statements for the fiscal year ending December 31, 2012. This appointment is being presented to the stockholders for ratification at the 2012 annual meeting of stockholders.

Before selecting Grant Thornton LLP as the independent registered public accounting firm for the Company for fiscal year 2012, the 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 the Company's financial statements since May 2006. Representatives of Grant Thornton LLP are expected to be present at the 2012 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.

Summary of Fees

The following table summarizes the aggregate fees billed to the Company by Grant Thornton LLP for the Company's 2011 and 2010 fiscal years:

Type of Fees	Fiscal Year	
	2011	2010
	(\$)	(\$)
Audit Fees(1)	596,900	570,675
Audit-Related Fees(2)	28,630	9,630
All Other Fees(3)	24,710	1,500
Total Fees	650,240	581,805

- (1) *Audit Fees* These are fees for professional services for fiscal years 2011 and 2010. The professional services provided included auditing the Company's annual financial statements, reviewing the Company's quarterly financial statements and other services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) *Audit-Related Fees* These are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not reported as Audit Fees above. For fiscal year 2010, services related to auditing the Company's 401(k) and profit-sharing plan were performed. For fiscal year 2011, services related to auditing the Company's 401(k) and profit-sharing plan as well as services related to acquisitions were performed.
- (3) *All Other Fees* These are fees for permissible services that do not fall within the above categories. The fees in both years include payment for a portal, and in fiscal year 2011 the fees include advisory services related to the Company's enterprise resource planning system.

Pre-Approval of Independent Auditor Services and Fees

The Audit Committee reviewed and pre-approved all audit and non-audit fees for services provided to the Company by Grant Thornton LLP and has determined that the firm's provision of such services to the Company

during fiscal year 2011 is compatible with and did not impair Grant Thornton 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 the Company by the 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 the independent registered public accounting firm for the Company is not required by the Company's bylaws or other applicable legal requirement. However, the Board of Directors is submitting the selection of Grant Thornton LLP to the 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 the best interest of the Company and the stockholders. If the selection of Grant Thornton LLP is not approved at the annual meeting, the Audit Committee will investigate the reason for the rejection and reconsider the appointment.

The Board of Directors recommends that stockholders vote FOR the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm.

CORPORATE GOVERNANCE
Board and Committee Meetings

The Board of Directors held a total of seven meetings during fiscal 2011, which includes one subcommittee meeting. The subcommittee was formed by the Board of Directors on an ad hoc basis and was comprised of two members, including the Chairman of the Board. The subcommittee's task was to assure that the final terms of an acquisition satisfied the conditions approved by the full Board of Directors and to give final approval of the transaction to management.

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 the Audit Committee meet the NASDAQ financial literacy requirements. During 2011, each of the directors attended at least 75% of the total number of meetings of the Board of Directors and any committee on which such director served.

Committee	Members During Fiscal 2011	Committee Functions	Date Current Written Charter Adopted	Meetings Held in Fiscal 2011
Audit	Carl A. Thomsen (Chair)	Selects the independent auditors	Originally adopted August 1999; last amended September 21, 2010	8
	Steven D. Levy			
	Giacomo Marini	Oversees the internal financial reporting and accounting controls		
		Consults with and reviews the services provided by independent auditors		
Compensation		Identifies high-risk behaviors that potentially imperil the underlying value of the Company		
	Richard C. Alberding (Chair)	Reviews and makes recommendations to the Board of Directors regarding the compensation and benefits of the Chief Executive Officer		
	Michael W. Davidson (commencing on November 17, 2011)			
	Brian J. Jackman	Reviews and approves compensation and benefits of the other executive officers and key managers		
	John R. Sheehan			