GLENAYRE TECHNOLOGIES INC
Form 10-Q
November 08, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2006

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________ to__________

Commission File Number 0-15761

GLENAYRE TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	**98-0085742**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
825 8th Avenue, 23rd Floor, NY, NY	**10019**
(Address of Principal Executive Offices)	(Zip Code)

(770) 283-1000

(Registrant s Telephone Number, Including Area Code)

NOT APPLICABLE

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of Exchange Act. (Check one):

Large Accelerated Filer o Accelerated Filer þ Non-Accelerated Filer o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of Exchange Act) Yes o No þ

The number of shares outstanding of the Registrant s common stock, par value $.02 per share, at October 23, 2006 was 69,103,808 shares.

Glenayre Technologies, Inc. and Subsidiaries

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Glenayre Technologies, Inc.

We have reviewed the condensed consolidated balance sheet of Glenayre Technologies, Inc. and subsidiaries as of September 30, 2006, and the related condensed consolidated statements of operations for the three month and nine month periods ended September 30, 2006 and 2005, the condensed consolidated statement of stockholders equity for the nine month period ended September 30, 2006, and the condensed consolidated statements of cash flows for the nine month periods ended September 30, 2006 and 2005. These financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Glenayre Technologies, Inc. and subsidiaries as of December 31, 2005, and the related consolidated statements of operations, stockholders equity, and cash flows for the year then ended not presented herein, and in our report dated March 15, 2006 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2005, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Atlanta, Georgia
November 6, 2006

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (Unaudited)	December 31, 2005
	(In thousands, except share and per share amounts)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 64,150	$ 78,803
Restricted cash	2,295	10,602
Accounts receivable, net of allowances for doubtful accounts of $601 and $489 at September 30, 2006 and December 31, 2005, respectively	51,884	28,056
Current portion of long-term receivable	2,163	6,076
Inventories, net	18,041	15,620
Prepaid expenses and other current assets	18,764	11,099
Total Current Assets	157,297	150,256
Restricted cash	22,248	29,727
Property, plant and equipment, net	66,586	62,340
Long-term receivable	6,754	6,560
Goodwill	2,382	
Intangible assets	58,874	59,642
Deferred income taxes	2,858	
Other assets	5,172	6,883
TOTAL ASSETS	$ 322,171	$ 315,408
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	$ 35,916	$ 28,990
Accrued and other liabilities	40,026	38,001
Income taxes payable	8,411	9,489
Deferred income taxes	233	215
Deferred revenue	4,038	9,003
Loans from employees	1,127	1,132
Current portion of long-term debt	20,131	14,700
Accrued liabilities, discontinued operations	108	2,174
Total Current Liabilities	109,990	103,704
Other non-current liabilities	3,694	2,230
Loans from employees	3,752	4,113

Long-term debt		51,938		61,868
Pension and other defined benefit obligations		34,042		29,281
Deferred income taxes		9,805		8,462
Accrued liabilities, discontinued operations				61
Total Liabilities		213,221		209,719
Minority interest in subsidiary company		871		886
Commitments and contingencies Stockholders Equity:				
Preferred stock, $.01 par value; authorized: 5,000,000 shares, no shares issued and outstanding				
Common stock, $.02 par value; authorized: 200,000,000 shares, issued and outstanding: 2006 69,080,297 shares; 2005 68,063,799 shares		1,382		1,361
Contributed capital		366,940		364,376
Profits interests		4,105		1,123
Accumulated deficit		(264,651)		(260,874)
Cumulative translation adjustment, net of tax		303		(1,183)
Total Stockholders Equity		108,079		104,803
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	322,171	$	315,408

See Notes to Condensed Consolidated Financial Statements.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,	
	2006	**2005**
	(In thousands, except per share amounts)	
REVENUES:		
Product sales	$ 73,412	$ 67,720
Service revenues	23,921	29,193
Total Revenues	97,333	96,913
COST OF REVENUES:		
Cost of sales	58,426	51,849
Cost of services	17,254	19,470
Total Cost of Revenues	75,680	71,319
GROSS MARGIN	21,653	25,594
OPERATING EXPENSES:		
Selling, general and administrative expense	17,723	16,646
Research and development expense	3,375	3,462
Amortization of intangible assets	2,038	1,710
Total Operating Expenses	23,136	21,818
OPERATING INCOME (LOSS)	(1,483)	3,776
OTHER INCOME (EXPENSES):		
Interest income	1,071	729
Interest expense	(1,567)	(1,549)
Gain on currency swap, net	318	125
Transaction gain (loss), net	213	(109)
Other income (expenses)	(94)	23
Total Other Expenses	(59)	(781)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM	(1,542)	2,995
Provision for income taxes	1,434	404
Minority interests		

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM		(2,976)		2,591
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX		4,029		(48)
INCOME BEFORE EXTRAORDINARY ITEM		1,053		2,543
Extraordinary gain net of taxes of $0		6,920		
NET INCOME	$	7,973	$	2,543
INCOME (LOSS) PER WEIGHTED AVERAGE COMMON SHARE (1):				
Income (loss) from continuing operations	$	(0.04)	$	0.04
Income (loss) from discontinued operations		0.06		(0.00)
Extraordinary gain		0.10		
Net income per weighted average common share	$	0.12	$	0.04
INCOME (LOSS) PER COMMON SHARE ASSUMING DILUTION (1):				
Income (loss) from continuing operations	$	(0.04)	$	0.04
Income (loss) from discontinued operations		0.06		(0.00)
Extraordinary gain		0.10		
Net income per weighted average common share	$	0.12	$	0.04

(1) Income per weighted average common share amounts are rounded to the nearest $0.01; therefore, such rounding may impact individual amounts presented.

See Notes to Condensed Consolidated Financial Statements.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended September 30,	
	2006	**2005**
	(In thousands, except per share amounts)	
REVENUES:		
Product sales	$ 199,801	$ 111,807
Service revenues	73,951	45,782
Total Revenues	273,752	157,589
COST OF REVENUES:		
Cost of sales	157,566	75,671
Cost of services	53,459	29,794
Total Cost of Revenues	211,025	105,465
GROSS MARGIN	62,727	52,124
OPERATING EXPENSES:		
Selling, general and administrative expense	53,935	35,746
Research and development expense	12,171	10,444
Amortization of intangible assets	5,818	2,276
Total Operating Expenses	71,924	48,466
OPERATING INCOME (LOSS)	(9,197)	3,658
OTHER INCOME (EXPENSES):		
Interest income	3,151	1,830
Interest expense	(4,541)	(2,061)
Gain (loss) on currency swap, net	(2,059)	387
Transaction gain (loss), net	1,153	(1,409)
Other income (expense), net	(88)	55
Total Other Expenses	(2,384)	(1,198)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST, DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM	(11,581)	2,460
Provision for income taxes	2,625	567
Minority interests	(114)	
	(14,092)	1,893

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM				
INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX		3,395		350
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM		(10,697)		2,243
Extraordinary gain net of taxes of $0		6,920		
NET INCOME (LOSS)	$	(3,777)	$	2,243
INCOME (LOSS) PER WEIGHTED AVERAGE COMMON SHARE (1):				
Income (loss) from continuing operations	$	(0.21)	$	0.03
Income from discontinued operations		0.05		0.01
Extraordinary gain		0.10		
Income (loss) per weighted average common share	$	(0.06)	$	0.03
INCOME (LOSS) PER COMMON SHARE ASSUMING DILUTION (1):				
Income (loss) from continuing operations	$	(0.21)	$	0.03
Income from discontinued operations		0.05		0.01
Extraordinary gain		0.10		
Income (loss) per weighted average common share	$	(0.06)	$	0.03

(1) Income per weighted average common share amounts are rounded to the nearest $0.01; therefore, such rounding may impact individual amounts presented.

See Notes to Condensed Consolidated Financial Statements.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY
(In thousands)
(Unaudited)

	Common Stock		Contributed	Profits		Accumulated Other Comprehensive Income	Comprehensive Income
	Shares	Amount	Capital	Interests	Deficit	(Loss)	(Loss)
Balance, January 1, 2006	68,064	$ 1,361	$ 364,376	$ 1,123	$ (260,874)	$ (1,183)	
Net loss					(3,777)		$ (3,777)
Foreign currency translation						1,486	1,486
Shares issued for ESP Plan and option exercises	1,016	21	1,463				
Stock compensation expense			1,101				
Profits interests				2,982			
Total comprehensive loss, net of tax							$ (2,291)
Balances, September 30, 2006	69,080	$ 1,382	$ 366,940	$ 4,105	$ (264,651)	$ 303	

See Notes to Condensed Consolidated Financial Statements.

GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2006	**2005**
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (3,777)	$ 2,243
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Extraordinary gain	(6,920)	
Depreciation and amortization	16,367	7,903
Stock compensation expense	1,032	42
Compensation expense on profits interests in EDC, LLC	1,340	950
Unrealized loss (gain) on currency swap	2,059	(387)
Foreign currency transaction (gain) loss	(1,153)	962
Gain on adjustment to discontinued operations accrual and related tax payable	(3,949)	(302)
Minority interest	(114)	
Other	500	119
Changes in operating assets and liabilities, net of effects of business dispositions and acquisitions:		
Restricted cash	913	(900)
Accounts receivable	(4,421)	(20,892)
Inventories	151	(4,730)
Prepaids and other current assets	(6,043)	(3,646)
Long-term receivable	4,383	7,543
Other assets	(763)	(253)
Accounts payable	(36)	12,179
Deferred revenue	(4,965)	5,213
Accrued liabilities and income taxes payable	(3,764)	24,264
Pension and other defined benefit plans	1,462	(2,449)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(7,698)	27,859
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(11,940)	(4,118)
Maturities of short-term securities		12,180
Asset and share purchase of EDC operations, net of cash acquired	(5,561)	(69,948)
Release (increase) in restricted cash	16,500	(16,500)
NET CASH USED IN INVESTING ACTIVITIES	(1,001)	(78,386)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowing, net of costs		45,444
Proceeds from employee loans	469	
Repayment of long-term borrowing	(8,135)	

Proceeds from sale of LLC interest in subsidiary	99	772
Repayment of employee loans	(1,156)	
Issuance of common stock	1,483	696
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(7,240)	46,912
EFFECT OF EXCHANGE RATE CHANGES ON CASH	1,286	(750)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,653)	(4,365)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,803	82,691
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 64,150	$ 78,326
Depreciation and amortization included in net cash (used in) provided by operating activities:		
Depreciation included in cost of sales	$ 8,090	$ 3,879
Depreciation included in selling, general and administrative expense	1,703	775
Depreciation included in research and development expense	756	973
Amortization of intangible assets	5,818	2,276

SUPPLEMENTAL INFORMATION OF NON-CASH ACTIVITIES:

During the nine months ended September 30, 2006, we purchased a printer under a capital lease for approximately $1.1 million.

See Notes to Condensed Consolidated Financial Statements.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Amounts in Thousands, Except per Share Amounts)
(Unaudited)

1. Business and Basis of Presentation

Glenayre Technologies, Inc. and its wholly owned and controlled majority owned subsidiaries (collectively referred to as we, us, our, Glenayre or the Company) is an international company operating in the entertainment and communications industries. The Company has two reportable business segments: Entertainment Distribution Company, LLC (EDC) and Glenayre Messaging (Messaging). The EDC segment provides pre-recorded products and distribution services to the entertainment industry. The Messaging segment is an established global provider of network-based messaging and communication systems and software that enable applications including voice messaging, multimedia messaging and other enhanced services.

The accompanying unaudited condensed consolidated financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. We believe all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The results for the interim periods are not necessarily indicative of results for the full year. These interim financial statements should be read in conjunction with the consolidated financial statements of the Company and accompanying notes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2005.

The financial statements include the accounts of Glenayre and its wholly owned as well as controlled majority owned subsidiaries and have been prepared from records maintained by Glenayre and its subsidiaries in their respective countries of operation. The ownership interest of minority investors is recorded as minority interest. All significant intercompany accounts and transactions are eliminated in consolidation. The Company does not have any equity or cost method investments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain items in the prior period consolidated financial statements have been reclassified to conform to the current presentation.

The cost of revenues for the nine months ended September 30, 2006 reflect a reclassification of $3.0 million from cost of product to cost of services for EDC relating to the period ended June 30, 2006.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued
(Tabular Amounts in Thousands, Except per Share Amounts)
(Unaudited)

2. Recently Adopted Accounting Standards

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued Statement of Accounting Standard (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R), which is a revision of SFAS 123. SFAS 123R supersedes Accounting Principals Board (APB) Opinion No. 25 *Accounting for Stock Issued to Employees* (APB 25) and amends FASB Statement No. 95, *Statement of Cash Flows*. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. We adopted SFAS 123R on January 1, 2006. Prior to adoption of SFAS 123R, we accounted for share-based payments to employees using APB 25 s intrinsic value method and consequently recognized no compensation cost for employee stock options. Had the adoption of SFAS 123R occurred in prior periods, the impact of that standard would have approximated the impact of SFAS 123 as described in the disclosure of pro forma net income and earnings per share in Note 16.

On January 1, 2006 we adopted SFAS No. 151, *Inventory Cost,* an amendment of Accounting Research Bulletin No. 43, Chapter 4 (SFAS 151). SFAS 151 requires abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) to be recognized as current period charges. In addition, SFAS 151 requires the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The adoption of the new standard did not have a material impact on the Company s financial position or results of operation.

We also adopted on January 1, 2006 SFAS No. 154, *Accounting Changes and Error Corrections* (SFAS 154). SFAS 154 requires retroactive application of a voluntary change in accounting principle to prior period financial statements unless it is impracticable. SFAS 154 replaced APB Opinion No. 20, *Accounting Changes* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements.* The adoption of the provisions of SFAS 154 did not have a material impact on the Company s results of operations or financial condition.

3. Impact of Recently Issued Accounting Standards

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of FAS 109, *Accounting for Income Taxes* (FIN 48), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We will adopt FIN 48 as of January 1, 2007, as required. The cumulative effect of adopting FIN 48 will be recorded in retained earnings and other accounts as applicable. We have not determined the effect the adoption of FIN 48 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157) which defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States and expands disclosure about fair value measurements. The statement is effective for us beginning on January 1, 2008. We are still assessing the potential impact of the adoption of SFAS 157.

GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued
(Tabular Amounts in Thousands, Except per Share Amounts)
(Unaudited)

In September 2006, the FASB also issued SFAS 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS 158). This statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. We will initially recognize the funded status of our defined benefit postretirement plan and provide the required disclosures as of the end of our fiscal year ending December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer s fiscal year-end statement of financial position is effective for our fiscal year ending December 31, 2009. We have not determined the effect, if any, the adoption of SFAS 158 will have on our financial position and results of operations.

4. Acquisitions

The results of EDC s and Blackburn s operations, discussed below, are included in the condensed consolidated financial statements since their acquisition dates.

(a) EDC Acquisition

On May 31, 2005, we acquired the U.S. and central European CD and DVD manufacturing and distribution operations from Universal Music Group (Universal). The transaction was accounted for under the purchase method of accounting in accordance with SFAS No. 141, *Business Combinations* (SFAS 141). The purchase price of approximately $129.2 million (as set forth in the table below), using the May 31, 2005 Euro to U.S. dollar exchange rate of 1.2474, consisted of $81.6 million cash paid at closing, $39.8 million in deferred payments to Universal and $7.8 million for various contingent payments and transaction costs. The purchase price was subject to post-closing adjustments associated with the contingent purchase price discussed below. Of the cash purchase price paid at closing, $30.5 million was for the U.S. operations, 35.5 million ($44.3 million) was for the central European operations, and the balance constituted transaction expenses. The purchase price was allocated to the related tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date.

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GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued
(Tabular Amounts in Thousands, Except per Share Amounts)
(Unaudited)

Under the purchase method of accounting, the assets and liabilities acquired from Universal were recorded on our balance sheet at their respective fair values as of the date of the acquisition. We have finalized our purchase price allocation and do not expect any further material adjustments to values assigned to the assets acquired and assumed liabilities. The following table summarizes the fair values at acquisition:

	December 31, 2005	Adjustment	September 30, 2006
Current assets	$ 53,406	$	$ 53,406
Spare parts	4,569	(1,532)	3,037
Property, plant & equipment	55,549	351	55,900
Long-term receivable from Universal	20,667		20,667
Other assets	1,056		1,056
Customer relationships	65,383	2,484	67,867
Goodwill		2,382	2,382
Accounts payable and accrued expenses	(28,548)		(28,548)
Deferred tax liability	(9,176)	(1,062)	(10,238)
Long-term liabilities	(35,933)	(374)	(36,307)
Total	$ 126,973	$ 2,249	$ 129,222

The additional purchase price adjustments recorded during the nine months ended September 30, 2006 included $1.6 million relating to the fair value of the profits interests awarded to the seller and the investment banker as part of the acquisition, $1.1 million of additional deferred tax liabilities, $0.5 million of additional contingent purchase price payable to the seller and $141,000 of additional transaction costs.

During the first quarter of 2006, in accordance with plans adopted at the EDC acquisition date, we terminated nine employees resulting in estimated severance cost of approximately $325,000. During the second quarter of 2006 this estimate was increased by $50,000. The total severance cost of $375,000 is an adjustment of the purchase price and consequently increased intangible assets in the accompanying unaudited condensed consolidated balance sheet at September 30, 2006. We paid approximately $298,000 of the severance cost during the nine months ended September 30, 2006. The remaining severance cost is recorded in accrued liabilities in the accompanying unaudited condensed consolidated balance sheet at September 30, 2006.

Universal Contingent Purchase Price

Pursuant to the terms of EDC s acquisition of Universal s central European CD and DVD manufacturing and distribution operations, we must pay Universal a percentage of the profits earned on the revenue derived from two third party distribution services agreements assumed in the acquisition. Profit is defined as earnings before interest and taxes. We reached an agreement with Universal in June 2006 clarifying the terms of this agreement. As clarified, such arrangement extends through December 31, 2007.

GLENAYRE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued
(Tabular Amounts in Thousands, Except per Share Amounts)
(Unaudited)

The contingent consideration included in the purchase price totals 4.6 million ($5.79 million) consisting of 3.4 million ($4.3 million) for actual consideration from the date of purchase through September 30, 2006 and 1.2 million ($1.5 million) for estimated consideration due for the remaining 15 months ended December 31, 2007, using the May 31, 2005 Euro to U.S. dollar exchange rate of 1.2474. Additional adjustments to the purchase price will be recorded in future periods when the amounts become probable and determinable. Included in accrued liabilities in the unaudited condensed consolidated balance sheet at September 30, 2006 are approximately 343,000 ($435,000) for consideration earned but not paid as of September 30, 2006, and 1.2 million ($1.5 million) for the estimated amount payable for the 15 months ended December 31, 2007, using the September 30, 2006 Euro to U.S. dollar exchange rate of 1.2688.

During the third quarter of 2006, the estimated consideration was adjusted downward by 663,000 ($841,000) based upon revised projections, using the September 30, 2006 Euro to U.S. dollar exchange rate of 1.2688. In accordance with SFAS 141 s guidance on a contingency based on earnings, the adjustment is accounted for as part of the purchase price allocation resulting in the elimination of the goodwill balance associated with central European operations of 514,000 ($652,000) and reduction in the customer relationships intangible of 149,000 ($189,000). The estimated consideration will be adjusted quarterly as projections change until the obligation becomes final at December 31, 2007.

EDC Profits Interests

As part of the EDC acquisition, we issued profits interests to certain key employees, Universal, and the Company s financial advisor, that will entitle these parties to up to 30% of EDC s distributed profits after the Company has received a return of its equity capital contribution and certain internal rate of return hurdles and other profitability conditions have been met. No payments were required from these parties to acquire the profits interests. These profits interests do not carry any voting rights.

The estimated fair value of the profits interests at the date of grant represents the present value of estimated future cash flows to those profits interests. The fair value of the profits interests granted to Universal and the financial advisor was included in the acquisition costs of EDC.

The profits interests issued to members of management are accounted for as compensation expense and are included in selling, general and administrative expenses in the unaudited condensed consolidated statements of operations. Compensation expense included in EDC s results for the nine months ended September 30, 2006 and 2005, was $1.3 million and $950,000, respectively. Compensation expense is recorded according to a vesting schedule of one-third immediately upon grant and two-thirds ratably in each of the two years after grant.

At September 30, 2006 and December 31, 2005, $4.1 million and $1.1 million, respectively, were included in contributed capital in our condensed consolidated balance sheets as follows:

	September 30, 2006	December 31, 2005
Vested	$ 3,701	$ 710
Unvested	404	413
Total	$ 4,105	$ 1,123

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Intangible Assets

Intangible assets are comprised of supply agreements and contractual and non-contractual customer relationships arising from the acquisition of Universal s U.S. and central European manufacturing and distribution operations. The supply agreements and customer relationships include 10-year manufacturing and distribution services supply agreements with Universal, two third party distribution supply agreements with automatic renewal terms and relationships with several central European customers for CD and DVD manufacturing services. The fair value assigned to the agreements was based on the present value of estimated future cash flows. The intangible value of the U.S. and international manufacturing and distribution agreements with Universal is being amortized over the 10-year terms of the agreements. The intangible value of the other international customer agreements and the international third party customer relationships are being amortized over five years.

During the third quarter of 2006, as previously discussed above under Universal Contingent Purchase Price, the gross carrying value of the customer relationship intangibles and goodwill allocated to the central European operations were adjusted 149,000 ($189,000) and 514,000 ($652,000), respectively, based upon revised projections of this contingent obligation, which eliminated the goodwill in Germany. Until the final obligation under this contingency is known, there will be quarterly adjustments that could impact intangible assets and goodwill.

As of September 30, 2006, acquired intangible assets and related amortization, using the September 30, 2006 Euro to U.S. dollar exchange rate of 1.2688, are as follows:

		September 30, 2006		**December 31, 2005**	
	Useful Lives	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Intangible assets subject to amortization:					
Customer relationship intangibles	5-10 years	$ 68,603	$ 9,729	$ 63,335	$ 3,693
Intangible assets not subject to amortization:					
Goodwill		$ 2,382	$	$	$

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The weighted average useful life of intangible assets subject to amortization is 9.2 years. The amortization expense for the nine months ended September 30, 2006 and 2005 was $5.8 million and $2.3 million, respectively. The estimated amortization expense for the remaining current year and the next five years is as follows:

For the three months ending December 31, 2006	$2,030
For the years ending December 31, 2007	8,121
2008	8,121
2009	8,121
2010	6,778
2011	5,819

Goodwill

In connection with the EDC acquisition, we recorded goodwill in the amount of $2.4 million. As discussed previously, the goodwill allocated to the central European operations was eliminated during the third quarter of 2006 as part of the purchase price allocation adjustment to the Universal contingent purchase price. No goodwill was recorded at December 31, 2005, because the valuation was preliminary at that time. Goodwill allocated to U.S. operations is expected to be deductible for income tax purposes. There were no indicators of impairment at September 30, 2006. The measurement date for impairment will be October 1 of each fiscal year.

Pro Forma Information

The pro forma financial information for the third quarter and the first nine months of fiscal 2005 includes the business combination accounting effect on historical Glenayre and EDC (but excluding the Blackburn acquisition discussed below) revenues, adjustments to depreciation on acquired property, amortization expense on intangible assets and acquisition costs reflected in Glenayre s and EDC s historical statements of operations for periods prior to the acquisition. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place on the first day of the applicable period presented. In addition, the pro forma amounts are not necessarily indicative of operating results in future periods.

The following unaudited pro forma consolidated results of operations of the Company for three and nine months ended September 30, 2005 assume that the EDC acquisition was completed as of January 1, 2005:

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Total revenues	$ 96,913	$ 273,636
Net income (loss) from continuing operations	$ 2,591	$ (126)
Net income (loss) from discontinued operations	$ (48)	$ 350
Net income	$ 2,543	$ 224
Basic net income per share	$ 0.04	$ 0.00

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(b) Blackburn Acquisition

On July 21, 2006, EDC acquired the shares of Deluxe Global Media Services Blackburn Limited (Blackburn), a subsidiary of The Rank Group Plc, for a purchase price of 3.0 million ($5.6 million) in cash, including closing costs, using the July 21, 2006 British pound to U.S. dollar exchange rate of 1.8465. Blackburn, located in Blackburn, England, is the largest CD replicator in the U.K. Its customer base includes Universal Music Group, its largest customer, as well as Demon Music Group, Sanctuary Records Group and Warner Music Group. As part of EDC s international supply agreement with Universal, Blackburns s Universal volumes were scheduled to revert to EDC in 2007.

This transaction increases our customer base, expands our geographic reach and allows us to further capitalize on our 10-year agreement with our largest client, Universal, by accelerating the reversion of their U.K. volumes. In addition, it allows us to avoid capital expenditures in our Hanover, Germany location that would have been required to accommodate this volume in 2007.

Under the purchase method of accounting, the assets and liabilities acquired were recorded on our balance sheet at their respective fair values as of the date of the acquisition. We have finalized our purchase price allocation and do not expect any further material adjustments to values assigned to the assets acquired and assumed liabilities. The following table summarizes the estimated fair values at the acquisition date, and the subsequent allocation of the excess over the purchase price.

	Estimated Fair Value**	Allocation	Adjusted Value
Accounts receivable	$ 18,457	$	$ 18,457
Inventory	2,282		2,282
Prepaids and other current assets	1,035		1,035
Property, plant and equipment **	3,937	(3,937)	
Deferred tax asset	2,926		2,926
Spare parts **	961	(961)	
Accounts payable and other accrued liabilities	(11,362)		(11,362)
Long-term liabilities	(857)		(857)
Extraordinary gain		(6,920)	(6,920)
	17,379	(11,818)	5,561
Purchase price	(5,561)		(5,561)
	$ 11,818	$ (11,818)	$

** The fair values for property, plant and equipment and spare parts were not obtained, as

there was not sufficient purchase price to be allocated to these categories. The seller s net book value at the time of acquisition has been used as the estimated fair value for these non-current assets. These net book values may not be representative of the estimated fair values.

In accordance with SFAS 141, the excess was allocated as a pro rata reduction of the amounts assigned with the remaining excess recorded as an extraordinary gain in our condensed consolidated statements of operations for the three months and nine months ended September 30, 2006.

We plan to reorganize the Blackburn operations to integrate them with the existing EDC operations in Europe. In connection therewith, we expect to incur 748,000 ($1.4 million) in costs over the next several quarters associated with the integration activities. Plans affecting the integration have been completed and approved by management, resulting in adjustments to the purchase price allocation for the acquired assets and assumed liabilities.

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5. Currency Rate Swap

We entered into a cross-currency rate swap agreement with a commercial bank on May 31, 2005. Our objective is to manage foreign currency exposure arising from a U.S. subsidiary loan to its German subsidiary and is therefore for purposes other than trading. The loan is denominated in Euros and repayment is due on demand, or in any event by May 31, 2010. In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), as amended, the currency swap does not qualify for hedge accounting. Consequently, we report the foreign currency exchange gains or losses attributable to changes in the US$/ exchange rate on the currency swap in earnings.

The gain (loss) on the currency rate swap was approximately $318,000 and ($2.1) million for the three months and nine months ended September 30, 2006, respectively. The gain on the currency rate swap was approximately $125,000 and $387,000 for the three months and nine months ended September 30, 2005, respectively. At September 30, 2006, the currency rate swap was in a net loss position of $1.3 million and was included as a non-current liability in our condensed consolidated balance sheet.

6. Accounts Receivable

Accounts receivable related to continuing operations consisted of:

	September 30, 2006	December 31, 2005
Trade receivables	$ 52,485	$ 28,545
Less: allowance for doubtful accounts	(601)	(489)
Total	$ 51,884	$ 28,056

7. Inventories

Inventories, net of reserves, related to continuing operations consisted of:

	September 30, 2006	December 31, 2005
Raw materials	$ 12,893	$ 10,647
Work in process	2,319	1,390
Finished goods	2,829	3,583
Total	$ 18,041	$ 15,620

At September 30, 2006 and December 31, 2005, reserves related to continuing operations were approximately $3.3 million and $2.8 million, respectively.

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8. Estimated Warranty Costs and Deferred Revenue

Messaging products generally include a one-year warranty. Consequently, a provision for estimated warranty costs is recorded at the time of sale. Factors affecting the warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim.

The following is a summary of activity of the continuing operations warranty obligation for the nine months ended September 30, 2006 and 2005:

	2006	2005
Balance at January 1st	$ 423	$ 573
Provision (release) for warranty obligations	92	46
Warranty release	(105)	
Settlements of warranty obligation	(8)	(45)
Balance at March 31st	$ 402	$ 574
Provision (release) for warranty obligations	(32)	82
Settlements of warranty obligation	(16)	(74)
Balance at June 30th	$ 354	$ 582
Provision (release) for warranty obligations	(41)	223
Settlements of warranty obligation	(45)	(168)
Balance at September 30th	$ 268	$ 637

Post installation extended warranty and support services, known as Glenayre Care, are available for Messaging products and services. One year of Glenayre Care is generally included in the price of the product. A portion of the product revenue (an amount equal to the fair value of the Glenayre Care) is deferred when the product is sold and ratably recognized into revenues over the support period. Once this service period expires, customers generally enter into Glenayre Care agreements of varying terms, which typically require payment in advance of the performance of the extended warranty service. Revenue derived from post-installation support services is recognized ratably over the contracted support period.

Deferred revenue related to support services for new product sales and to the sale of post installation support services was approximately $2.4 million of the $4.0 million of deferred revenue included in the unaudited condensed consolidated balance sheet at September 30, 2006 and $2.9 million of the $9.0 million at December 31, 2005.

EDC provides its customers with a fixed credit as compensation for defective products. Revenue for CD and DVD products are recorded net of the fixed credit.

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9. Discontinued Operations

In May 2001, the Company began exiting its Wireless Messaging (Paging) business. As a result, we recorded the Paging segment as a disposal of a segment starting in the second quarter of 2001 in accordance with APB Opinion No. 30, *Reporting the Results of Operations*. The operating results of the Paging segment have been classified as a discontinued operation for all periods presented in the unaudited condensed consolidated statements of operations. Additionally, all of the Paging segment assets are reported at their estimated net realizable value in the unaudited condensed consolidated balance sheet as of September 30, 2006. All business transactions related to the Paging segment, with the exception of existing contractual obligations, ceased in May 2002, the end of the transition period. Results for discontinued operations consist of the following:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2006	2005	2006	2005
Income (loss) on discontinued operations before income taxes	$ (55)	$	$ (415)	$ 491
Income tax benefit (expense)	4,084	(48)	3,810	(141)
Income (loss) from discontinued operations	$ 4,029	$ (48)	$ 3,395	$ 350

In the third quarter of 2006, we recorded a net increase in the loss on disposal of approximately $55,000 related to increased tax contingencies offset by the reduction in customer deposit obligation and estimated contract obligations. The income tax benefit in the third quarter of 2006 reflects the release of a reserve for international business taxes of $4.1 million due to the receipt of clearance by the applicable foreign country s taxing authority. In the nine months ended September 30, 2006 we recorded a net increase in the loss on disposal of approximately $415,000 related to foreign currency exchange rate fluctuations offset slightly by liquidation of assets and a reduction in estimated contact obligations. The income tax benefit was primarily related to the release of foreign income tax contingencies as previously discussed.

In the first quarter of 2005, we recorded a net decrease in the loss on disposal of approximately $63,000. This decrease included income of $74,000 primarily due to settlement payments received from Pilot Pacific Properties, Inc. and its associated companies. This income was offset by adjustments to the original estimates, related primarily to international office closures, of $11,000. In the second quarter of 2005, as a result of our review of the estimated liabilities and future commitments related to the discontinued operations, we recorded (1) a net decrease in the loss on disposal of $428,000 (2) income of $53,000 primarily due to a settlement and previously reserved accounts receivable receipts and (3) additional reductions of $375,000 primarily related to the release of a reserve for the Lynnview Ridge litigation (see Note 14). In the third quarter of 2005, no change was recorded in the loss on disposal except for the recurring addition for accretion in contingent tax provisions.

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10. Long-Term Debt

Long-term debt consisted of:

	September 30, 2006	December 31, 2005
Senior Secured Credit Facility	$ 41,500	$ 41,500
Payable to Universal undiscounted	32,584	39,440
Capital Leases	1,072	170
Employee Loans	4,879	5,245
Subtotal	80,035	86,355
Less: Unamortized Discount	(3,087)	(4,542)
Total Debt	76,948	81,813
Less: Current Portion	(21,258)	(15,832)
Total Long-Term Debt	$ 55,690	$ 65,981

Total scheduled principal payments for all long-term debt are as follows:

2006 (Remaining three months)	$ 6,984
2007	23,334
2008	24,608
2009	11,999
2010	10,325
2011	1,050
Thereafter	1,735
Total	$ 80,035

Senior Secured Credit Facility

In May 2005, to fund a portion of the purchase price for the EDC acquisition and provide for working capital needs, EDC obtained a Senior Secured Credit Facility (the facility) from Wachovia Bank, National Association for an aggregate principal amount of $56.5 million consisting of a term loan of $46.5 million, and a revolving credit loan of $10.0 million. On June 21, 2006, the facility was amended to extend the revolving credit loan for one year, modify the applicable leverage and fixed charge coverage ratios, and move all required principal payment dates from June 30th to December 31st of each year. The term loan expires December 31, 2010, and the revolving credit loan expires May 31, 2007. The amendment also released the $16.5 million cash collateral that we deposited with the lender on the closing date of the EDC acquisition. Substantially all of EDC s assets are pledged as collateral to secure obligations under this facility. Scheduled principal payments are included in the table above. The weighted average interest rate of

outstanding debt under the facility was 8.62% at September 30, 2006. At September 30, 2006, no drawings were made against the $10.0 million revolving credit loan.

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11. Income Taxes

The differences in the consolidated income tax provision from continuing operations and the amount computed using the U.S. federal statutory income tax rate is set forth below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Income tax (benefit) federal U.S. statutory rate	$ (539)	$ 1,049	$ (4,053)	$ 861
State income tax (benefit) net of federal benefit	(264)	(68)	(832)	(240)
Increase (decrease) in valuation allowance	553	(1,026)	4,249	(1,084)
Foreign taxes at rates other than U.S. statutory rates	1,434	477	2,625	615
Profits interest awards	181	49	469	331
Deductible amortization		(99)		
Other non deductibles	55	25	145	65
Minority interest in earnings of subsidiary	14	(3)	22	19
Income tax provisions	$ 1,434	$ 404	$ 2,625	$ 567

We account for income taxes under the liability method in accordance with SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). At September 30, 2006, the U.S. net deferred tax assets were fully reserved by a valuation allowance. Pursuant to SFAS 109, a valuation allowance should be recognized to reduce the deferred tax assets to the amount that is more likely than not to be realized as offsets to the future taxable income. We assessed whether the net deferred asset at September 30, 2006 was realizable and determined that the entire amount should be reserved due to significant U.S. net operating losses and our inability to project future taxable income. The foreign pretax income (loss) from operations for the three months ended September 30, 2006 and September 30, 2005 was approximately $7.0 million and $1.5 million, respectively.

At December 31, 2005, we have realized U.S. federal net operating losses (NOLs) of $276.9 million and foreign NOLs of $45.1 million. Of the $276.9 million realized U.S. NOLs, $243.5 million will begin to expire in 2019. The remaining $33.4 million of U.S. NOLs were related to the 1997 acquisitions of Open Development Corporation and Wireless Access, Inc., which start expiring in 2006. Our ability to offset future income with these acquired NOLs is subject to restriction in the United States Internal Revenue Code of 1986, as amended.

Income taxes payable includes $4.5 million and $7.5 million at September 30, 2006 and December 31, 2005, respectively, for probable and estimable exposure for tax filing positions in various jurisdictions. At September 30, 2006 and December 31, 2005, the above amounts included $4.0 million and $5.5 million respectively, of transfer pricing exposure in various foreign jurisdictions. We received tax clearance from a foreign country s taxing authority for the potential liability of $4.1 million for international business tax of which $1.9 million was included in the $7.5 million December 31, 2005 balance. The remaining $2.3 million was included in accrued liabilities, discontinued operations on the condensed consolidated balance sheet at December 31, 2005.

An unrecorded tax loss contingency arose in 2005 related to overhead costs incurred in the U.S. that were allocated to certain foreign subsidiaries. It is possible, if such subsidiaries were subjected to an audit, that the tax authorities in these foreign jurisdictions will object to the charges. If we are unsuccessful in defending our position, tax expense could increase by as much as $1.0 million over the amounts currently accrued. We believe that the chance of disallowance is more than remote, but less than likely.

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12. Employee Benefit Plans

Net pension and post-retirement benefit costs consisted of the following components:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Service cost	$ 240	$ 15	$ 711	$ 44
Interest cost on APBO	292	32	869	95
Amortization of prior service costs	(64)	(64)	(191)	(191)
Amortization of actuarial loss	8	22	24	67
	$ 476	$ 5	$ 1,413	$ 15

The September 30, 2006 and 2005 amounts include pension benefit costs assumed in May 2005 in connection with the EDC acquisition. The amortization of prior service cost decreases the post-retirement benefit costs due to an amendment of a Messaging plan that reduced the number of participants by changing eligibility provisions.

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13. Stockholders Equity

Income (loss) from continuing operations per Common Share

The following table sets forth the computation of income (loss) from continuing operations per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Numerator:				
Net income (loss) from continuing operations	$ (2,976)	$ 2,591	$ (14,092)	$ 1,893
Denominator:				
Denominator for basic income (loss) from continuing operations per share weighted average shares	68,951	67,210	68,628	67,031
Effect of dilutive securities		3,044		2,199
Denominator for diluted income (loss) from continuing operations per share	68,951	70,254	68,628	69,230
Income (loss) from continuing operations per weighted average common share (1)	$ (0.04)	$ 0.04	$ (0.21)	$ 0.03
Income (loss) from continuing operations per common share assuming dilution (1)	$ (0.04)	$ 0.04	$ (0.21)	$ 0.03
Dilutive securities not included above due to anti-dilutive effect	778		1,632	
Anti-dilutive securities not included above:				
Stock options (2)	6,387	3,094	2,933	4,943

(1) Loss per weighted average common share amounts are rounded to the nearest $.01; therefore, such rounding may impact individual amounts

presented.

(2) Increase in anti-dilutive securities is the result of stock options issued in conjunction with the acquisitions of EDC and Blackburn.

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Restricted Stock Units

Restricted stock units (RSU s) issued to directors are non-cash transactions. For the nine months ended September 30, 2006, approximately 39,000 shares were issued to directors upon the vesting of RSU s valued at approximately $64,000, based on the grant date fair value.

;

$

165,000

$

n/a

n/a

Equity-Based Awards

Equity-based awards are designed to motivate our named executive officers to achieve our long-term business objectives and meaningfully relate our named executive officers compensation to our performance, particularly by aligning such compensation with long-term increases in stockholder value. The performance-based restricted stock units portion of the equity-based awards is also designed to reward the executive officers for the achievement of their objectives for the relevant annual fiscal period in which our performance determines the ultimate number of restricted stock units awarded in connection with such grant.

Pursuant to our Amended and Restated 2001 Stock Incentive Plan, we grant awards of stock options and restricted stock units on an annual basis to our employees above a defined organizational level. The ranges for the sizes of awards under this program increase as the level within our organizational structure increases, and individual awards can vary within each of those ranges or, in the plan administrator s discretion, can be outside those ranges. We generally award stock options and restricted stock units to our named executive officers in accordance with this program, except that prior to 2006, awards of stock options and restricted stock units to Mr. Green were made on a negotiated basis as part of his employment agreements rather than on an annual basis. The awards to our named executive officers are made on the same date that stock options and restricted stock units are awarded to other employees eligible to participate in our long-term incentive program. The grant date typically is in February or early March of each year, on a date following our earnings announcement relating to the prior fiscal year and the publication of our earnings guidance for the then-current fiscal year (although we have not provided earnings guidance in 2008). The grant date of the stock options is either the date on which the Compensation Committee approves the grant or a future date whereby the number of shares of common stock subject to the stock option granted is based on a pre-established formula. The exercise price of these stock options is the closing price of our common stock on the date of grant.

Awards of stock options and performance-based restricted stock units were made in 2007 to each of our named executive officers in accordance with our long-term incentive program. The awards for the named executive officers were authorized by our Compensation Committee and made under our Amended and Restated 2001 Stock Incentive Plan.

Our Compensation Committee determined the number of shares underlying stock options and targeted number of restricted stock units to be granted to each of the named executive officers based on a variety of factors, including the individual officer s contributions and expected future contributions to our success, prior equity grants and current equity ownership, the perceived need to provide an incentive for the officer to continue service with us over the long-term, input from Mr. Green for the named executive officers other than himself, and competitive data and input from Deloitte, in its role as outside executive compensation advisor. As part of its deliberations, the Compensation Committee reviewed the competitive benchmarks regarding stock option and restricted stock unit awards made to executive officers. The competitive benchmarks were used to assess the competitiveness and the reasonableness of the awards, both on a stand-alone basis and in the context of the other primary elements of the named executive officer s compensation, and the ratio of the equity-based compensation to the named executive officer s total compensation. The Compensation Committee also considered the potential dilutive effect on stockholders of the issuance of stock options and restricted stock units that may be exercised for or converted into shares of our common stock. In determining Mr. Green s equity compensation grant in 2007, our Compensation Committee also considered the value of Mr. Green s existing equity-based awards as of that time in order to ensure that Mr. Green continued to have sufficient incentive-based compensation for retention and motivational purposes.

Based on the factors above, the Compensation Committee then set a grant date value of the stock options and a grant date target value of the restricted stock unit awards. The following table sets forth these amounts for the stock options and restricted stock units granted in February 2007:

	Grant Date Target Value of Stock Options	Grant Date Target Value of Restricted Stock Units
Judson C. Green	$ 1,750,000	$ 3,500,000(1)
David B. Mullen	$ 547,500	$ 547,500
Jeffrey L. Mize	$ 412,500	$ 412,500
John K. MacLeod	$ 525,000	$ 525,000
Amreesh Modi	$ 300,000	$ 300,000

(1) As noted below, the grant date target value of Mr. Green s restricted stock unit award in the table above represents the maximum potential amount of such award, and is only subject to downward adjustment. The target amount of Mr. Green s restricted stock unit award was actually 50% of the grant date target value in the table above.

The number of stock options awarded is calculated by dividing the grant date value of the stock options by the option value, where the option value is determined based on the market price using a binomial pricing model as applied by our Chief Financial Officer in accordance with generally accepted accounting principles in the United States and as reflected in our consolidated financial statements. The number of restricted stock units awarded is determined by dividing the grant date target value of restricted stock units by the closing price of our common stock on the date of grant, subject to adjustment as described below.

The stock options and restricted stock units were granted on March 1, 2007, which is the same date on which we granted stock options and restricted stock units to our other employees eligible to participate in our long-term incentive program. The exercise price of the stock options granted to all of the named executive officers was the closing price of our common stock on the date of grant. The stock options granted in 2007 to the named executive officers expire eight years after the date of grant.

All grants made to our named executive officers in 2007 are subject to time vesting provisions that are intended to encourage them to remain employed by us. For stock options, 25% of the stock options vest after one year from March 1, 2007, and the remainder of the stock options vest monthly in equal portions over the subsequent thirty-six months. For the restricted stock units, 25% of the restricted stock units vest one year from March 1, 2007 and on each of the three subsequent anniversaries thereof.

In addition, the restricted stock unit grants to our named executive officers were subject to performance vesting provisions that tie compensation to the achievement of future performance goals and align compensation with long term increases in stockholder value. The performance goals related specifically to goals for net income and revenue growth, subject to adjustment for certain one-time or unusual items, over the prior fiscal year. Our Compensation Committee adopted a formula for the executive officers other than Mr. Green under which the restricted stock unit award could be adjusted to be less than or greater than the target amount depending on whether, and the extent to which, the goals were met or exceeded, for a range of 0% to 200% of the target amount. For Mr. Green, the Compensation Committee adopted a formula under which the restricted stock unit award could be adjusted to be less than the maximum amount depending on whether, and the extent to which, the goals were not met, for a range of 0% to 100% of the maximum amount, where the target amount represented 50% of the maximum amount.

For both Mr. Green and the other executive officers, the target amount of revenue was $749.7 million and the target amount of net income was $127.6 million. These target amounts were based on the financial goals set in connection with the Board of Directors consideration and approval of our annual operating plan for 2007.

Under the formulas for both Mr. Green and the other executive officers, revenue is defined as revenue as reported under GAAP, but (i) excluding revenues from acquisitions other than our acquisition of Traffic.com, and (ii) excluding revenues from any business unit divested in 2007. Under the formula for Mr. Green, net income is defined as net earnings, after tax, as determined under GAAP, but excluding all Extraordinary Items (other than earnings/losses from the acquisition of Traffic.com), where Extraordinary Items has the meaning set forth in Exhibit E of our Amended & Restated 2001 Stock Incentive Plan (i.e., all items of gain, loss or expense for the fiscal year determined to be extraordinary or unusual in nature or infrequent in occurrence or related to a corporate transaction (including, without limitation, a disposition or acquisition) or related to a change in accounting principle, all as determined in accordance with standards established by Opinion No. 30 of the Accounting Principles Board). Under the formula for executive officers other than Mr. Green, net income is defined as net earnings, after tax, as determined under GAAP, but (1) excluding all extraordinary and/or one time items, (2) excluding earnings/losses from acquisitions (other than the acquisition of Traffic.com), and (3) excluding earnings/losses from any business unit divested in 2007. In the event that the actual average U.S. Dollar-to-Euro exchange rate for 2007 differed from the exchange rate assumed in setting our annual operating plan for 2007, the calculated net income and revenue amounts would be adjusted to reflect the assumed rate.

Under the formulas for both Mr. Green and the other executive officers, the restricted stock unit award is subject to adjustment based on our revenue and net income for 2007. More specifically, if the target amounts of revenue and net income, as

described above, were to be met, then the restricted stock units would be set at the target amounts. The formula further defines threshold and maximum levels of revenue and net income. The threshold and maximum levels of revenue are $637.2 million and $862.2 million, respectively. The threshold and maximum levels of net income are $89.3 million and $165.9 million, respectively. A payout is determined for each of revenue and net income, and then the two payouts are added together. At the threshold level of revenue, the payout is 25% of the target amount and at the maximum level of revenue the payout is 100% of the target amount. For results in between the threshold amount and the target amount or between the target amount and the maximum amount, the percentage of payout would be interpolated on a linear basis. For executive officers other than Mr. Green, for results below the threshold level, the percentage would be set at an amount below 25% determined in the Committee s discretion with input from Mr. Green. At the threshold level of net income, the payout is 25% of the target amount and at the maximum level of net income the payout is 100% of the target amount. For results in between the threshold amount and the target amount or between the target amount and the maximum amount, the percentage of payout would be interpolated on a linear basis. For the executive officers other than Mr. Green, for results below the threshold level, the percentage would be set at an amount below 25% determined in the Committee s discretion with input from Mr. Green. For Mr. Green, the Compensation Committee retained the discretion to reduce the size of the payout award beyond that resulting from the application of the formula.

On February 27, 2008, the Compensation Committee applied the formulas relating to the performance vesting provisions to determine the actual sizes of the awards for our named executive officers based on our 2007 performance. In making its determinations for fiscal year 2007, the Compensation Committee noted that we had exceeded our 2007 financial objectives after adjustment for the following one-time or unusual items: the change in the foreign exchange rates from the budgeted rate, costs related to our pending acquisition by Nokia and financial results arising out of two acquisitions. More specifically, our revenue and net income for 2007 were $853.4 million and $173.0 million, respectively, and, after being adjusted in accordance with the methodology described above for the impact of (i) our acquisitions of Mapsolute and the assets of Geofactory (ii) the difference between the actual and budgeted foreign exchange rates, and (iii) costs relating to Nokia s pending acquisition of us, were $814.2 million and $170.6 million, respectively. Based on these adjusted amounts, the Compensation Committee calculated the payout based on revenue to be 79% of the target awards and the payout based on net income to be 100% of the target awards, for a total payout of 179% of the target restricted stock unit awards. Set forth below is an illustration of the calculation of the number of restricted stock units awarded:

Calculation of Net Income Payout Percentage			
1.	Net Income	$	173 million
2.	Net Income (as adjusted)	$	170.6 million
3.	Maximum Level of Net Income	$	165.9 million
4.	Net Income Payout Percentage		100%

Calculation of Revenue Payout Percentage			
1.	Revenue	$	853.4 million
2.	Revenue (as adjusted)	$	814.2 million
3.	Threshold and Maximum Levels of Revenue	$	637.2 - $862.2 million
4.	Revenue Payout Percentage (interpolated on a linear basis)		79%
	Total Payout Percentage		179%

The following table shows the percentage of the target amount of restricted stock unit awards ultimately awarded to each of our named executive officers:

	% of Target Amount of Restricted Stock Units Ultimately Awarded
Judson C. Green	89.5%(1)
David B. Mullen	179%
Jeffrey L. Mize	179%
John K. MacLeod	179%
Amreesh Modi	179%

(1) As noted above, the grant date target value of Mr. Green s restricted stock unit award represented the maximum potential amount of such award, and was only subject to downward adjustment. The target amount of Mr. Green s restricted stock unit award was actually 50% of the grant date target value. If the grant date target value of Mr. Green s restricted stock units had been set in a manner in which the maximum potential amount of the award was 200% of the grant date target value and the target amount was 100% of the grant date value like the other named executive officers, the percentage of the target amount of restricted stock units ultimately awarded in the table above would have been 179% like the other named executive officers.

Perquisites and Other Benefits

Each of our named executive officers other than Mr. Green receives a car allowance of $1,000 per month. Our named executive officers also have the opportunity to participate in the NAVTEQ Corporation Deferred Executive Compensation Plan, which is available to all of our employees at the vice president level and above, as well as all other benefits made available generally to our employees, including our Savings and Investment Plan. Under the Deferred Executive Compensation Plan, participants may make elections at a certain time each year to defer up to 100% of their salary and bonus. Once an election is made, it cannot be changed or cancelled. The pre-tax amount is then deducted during the year and invested as directed by the participant in the available investment options. The deferred amount is then paid to the participant either in a lump sum upon termination or equally over a 5 or 10 year period following termination, as specified by the participant at the time of the election. The participant is then taxed on such amounts at the time of distribution. None of the named executive officers participate in this plan.

In addition, pursuant to Mr. Green s employment agreement, Mr. Green is entitled to (i) first class business-related travel anywhere in the United States and business class business-related travel outside of the United States, (ii) a monthly allowance of $3,000 for expenses related to automobile, personal financial advice and membership fees and dues of a Chicago luncheon/dinner club primarily to serve meals in a business environment and (iii) a level-premium term life insurance policy having a death benefit of not less than $3,500,000 payable to the beneficiary designated by Mr. Green during Mr. Green s employment, which policy shall be assigned to Mr. Green upon termination for any reason.

Base Salary and Bonus as a Proportion of Total Compensation

The Company does not have a predetermined formula for allocating total compensation between cash and equity compensation or short-term and long-term compensation. The following table sets forth the base salary and bonus as a proportion of total compensation for each of the named executive officers in 2007:

	Base Salary plus Bonus	Total Compensation (as set forth in the Summary Compensation Table)	Base Salary and Bonus as a Proportion of Total Compensation

Judson C. Green	$	1,749,231	$	4,740,074	36.9%
David B. Mullen	$	645,000	$	1,344,325	48.0%
Jeffrey L. Mize	$	478,462	$	1,454,965	32.9%
John K. MacLeod	$	580,000	$	1,161,807	49.9%
Amreesh Modi	$	465,000	$	1,359,555	45.2%

Tax and Accounting Considerations

Limitation on Deductibility of Certain Compensation for Federal Income Tax Purposes

The Internal Revenue Code precludes publicly traded companies from taking a deduction for compensation in excess of $1 million for the named executive officers. Certain performance-based compensation is specifically exempt from the deduction limit. Our policy is to qualify, to the extent deemed reasonable by our Compensation Committee, the compensation of executive officers for deductibility under applicable tax laws and our incentive plans and awards are designed accordingly. Our Compensation Committee, however, retains the ability to evaluate the performance of our executives, including the CEO, and provide for appropriate compensation even if it may result in the non-deductibility of certain compensation. A portion of Mr. Green s bonus for fiscal year 2007 may not qualify for deductibility under the Internal Revenue Code. Our Compensation Committee, however, felt that retaining discretion to evaluate Mr. Green s performance was necessary and appropriate.

Nonqualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. In February 2006, our Board of Directors adopted the NAVTEQ Corporation Deferred Executive Compensation Plan described above. While the final regulations have not become effective yet, this plan is intended to comply with such law, and we believe we are operating in good faith compliance with the statutory provisions which were effective January 1, 2005.

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in connection with awards granted under our equity incentive plans in accordance with the requirements of Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123(R), Share-based Payment. These rules did not directly influence the design of our long-term equity incentives.

Change of Control and Certain Termination Events

We did not make any payments to any named executive officers in 2007 with respect to any change of control arrangements. We are a party to employment agreements with each of the named executive officers other than Mr. Mize and Mr. Modi that were entered into prior to 2007 which contain provisions regarding payments due to the employee upon certain change of control or termination events. With respect to Mr. Mize and Mr. Modi, we entered into amendments to their respective employment agreements in September 2007 entitling such officers to payments upon certain termination events. We also entered into an amendment to Mr. MacLeod s employment agreement in September 2007 to add additional severance upon certain termination events equal to Mr. MacLeod s pro rata target bonus for the year of termination. These arrangements are described in more detail under Payments upon Termination or Change-in-Control below. We believe these arrangements are an important element in retention of our named executive officers and maintaining benefit levels consistent with competitive practice.

Compensation Committee Report

The information contained in this Compensation Committee Report shall not be deemed to be soliciting material or filed, or incorporated by reference in future filings with the SEC, except to the extent the company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained herein with management and based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2007.

The Compensation Committee
Richard J.A. de Lange (Chairman)
Christopher Galvin

Scott D. Miller

Summary Compensation Table

The following table summarizes the compensation earned in the fiscal years ended December 31, 2006 and 2007 by our principal executive officer, our principal financial officer and our three other most highly paid executive officers who were serving as executive officers at the end of the fiscal year ended December 31, 2007. In this document, we refer to these individuals as our named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards (2)($)	Option Awards (2)($)	Non-Equity Incentive Plan Compensation ($) (1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Judson C. Green	2007	$ 649,231		$ 2,102,341	$ 818,613	$ 1,100,000		$ 69,889(4)	$ 4,740,074
President and	2006	630,000		$ 2,723,476	$ 362,645	$ 567,000		$ 56,169(4)	$ 4,339,290
Chief Executive Officer		$							
David B. Mullen	2007	$ 365,000		$ 329,717	$ 350,858	$ 280,000		$ 18,750(5)	$ 1,344,325
Executive Vice	2006	364,423		$ 166,829	$ 428,865	$ 164,250		$ 18,600(5)	$ 1,142,967
President and Chief Financial Officer		$							
Jeffrey L. Mize	2007	$ 288,462		$ 234,635	$ 199,286	$ 190,000		$ 542,582(6)	$ 1,454,965
Executive Vice	2006	301,738		$ 117,771	$ 184,829	$ 137,368		$ 838,427(6)	$ 1,580,133
President, NAVTEQ Sales		$							
John K.	2007	$ 350,000		$ 286,355	$ 276,298	$ 230,000		$ 19,154(7)	$ 1,161,807
MacLeod	2006	349,231		$ 115,881	$ 247,634	$ 157,500		$ 16,307(7)	$ 886,553
Executive Vice President, Connected Services		$							
Amreesh Modi	2007	$ 300,000	$ 150,000(9)	$ 223,781	$ 171,876	$ 165,000		$ 17,296 (10)	$ 1,027,953
Senior Vice	2006	5,769		$	$	$		$ 800 (10)	$ 6,569
President and Chief Technology Officer		$ (8)	$						

(1) Represents amounts earned in the year indicated, but paid in the following year. Non-equity incentive plan compensation is determined based on achievement of performance objectives, and with respect to Mr. Green, half of his target amount is determined by a formula related to the achievement of certain financial objectives. These performance objectives are more fully described in the Compensation Discussion and Analysis set forth above.

(2) There were no forfeitures of stock or option awards during 2006 or 2007 among the named executive officers included in this table. Assumptions used in the valuation of these awards is included in Note 7 to our Notes to Consolidated Financial Statements beginning on page F-14 of our Annual Report on Form 10-K for the year ended December 31, 2007.

(3) The amount set forth for such perquisites was based on the actual incremental cost incurred by us.

(4) In 2007, the amount represents allowance for business expense ($36,000), life insurance premiums ($27,136) and matching on 401(k) contributions ($6,750). In 2006, the amount represents allowance for business expense ($36,000), life insurance premiums ($13,569) and matching on 401(k) contributions ($6,600).

(5) In 2007, the amount represents allowance for automobiles ($12,000) and matching on 401(k) contributions ($6,750). In 2006, the amount represents allowance for automobiles ($12,000) and matching on 401(k) contributions ($6,600).

(6) In 2007, the amount represents the following in connection with Mr. Mize s expatriate assignment: tax equalization payments ($268,197), cost of living adjustment and expense reimbursements ($251,499) and health insurance premiums ($10,136). Also included in 2007 was allowance for automobiles ($6,000) and matching on 401(k) contributions ($6,750). In 2006, the amount represents the following in connection with Mr. Mize s expatriate assignment: tax equalization payments ($532,124), cost of living adjustment and expense reimbursements ($182,988), reimbursement for school tuition for children ($86,008), health insurance premiums ($21,702) and allowance for automobiles ($15,605). All 2006 amounts set forth herein with respect to Mr. Mize other than Mr. Mize s non-equity incentive plan compensation were originally designated in Euros and have been converted to United States Dollars based on an average Euro to U.S. Dollar exchange rate for 2006 of 1.25724**.**

(7) In 2007, the amount represents allowance for automobiles ($12,000), and matching on 401(k) contributions ($7,154). In 2006, the amount represents allowance for automobiles ($12,000), matching on 401(k) contributions ($4,207) and patent assignment ($100).

(8) Mr. Modi joined us in December 2006.

(9) The amount represents a hiring bonus.

(10) In 2007, the amount represents allowance for automobiles ($12,200), and matching on 401(k) contributions ($5,096). In 2006, the amount represents allowance for automobiles.

2007 Grants of Plan-Based Awards Table

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(1) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($ / Sh)	Grant Date Fair Value of Stock and Option Awards (3)
Judson C. Green President and Chief Executive Officer	3/1/2007								129,920	$ 32.43	$ 1,740,928
	3/1/2007				26,983	53,965	107,930	(2)			$ 1,750,085
David B. Mullen Executive Vice President and Chief Financial Officer	3/1/2007								40,650	$ 32.43	$ 544,710
	3/1/2007				8,445	16,890	33,780	(2)			$ 544,743
Jeffrey L Mize Executive Vice President, NAVTEQ Sales	3/1/2007								30,630	$ 32.43	$ 410,442
	3/1/2007				6,360	12,720	25,440	(2)			$ 412,510
John K. MacLeod Executive Vice President, Connected Services	3/1/2007								38,980	$ 32.43	$ 522,232
	3/1/2007				8,095	16,190	32,380	(2)			$ 525,042
Amreesh Modi Senior Vice President and Chief Technology Officer	1/3/2007							13,040	28,580	$ 32.53	$ 892,404
	3/1/2007								22,280	$ 32.43	$ 298,552
	3/1/2007				4,630	9,260	18,520	(2)			$ 300,302

(1) Represents the range of potential restricted stock units granted as performance-based restricted stock units on March 1, 2007. As described in footnote 2, the actual number of restricted stock units granted was determined in February 2008 by our Compensation Committee.

(2)

The actual number of the restricted stock units awarded to the named executive officers in 2008 in connection with the March 1, 2007 grants were as follows: Mr. Green 96,597; Mr. Mullen 30,233; Mr. Mize 22, 769; Mr. MacLeod 28,980; and Mr. Modi 16,575.

(3) The fair value of the restricted stock awards based on the actual number of restricted stock units awarded (as opposed to the target amount) was as follows: Mr. Green - $3,132,641; Mr. Mullen - $980,456; Mr. Mize $738,399; Mr. MacLeod $939,821; and Mr. Modi - $537,527.

Stock Option and Restricted Stock Unit Awards

See Compensation Discussion and Analysis Equity-Based Awards above for a discussion of our stock option and restricted stock unit awards to our named executive officers.

The options to purchase our common stock are not entitled to any dividends on our common stock. However, our restricted stock unit agreements provide that dividends or other distributions paid on our common stock underlying the restricted stock units will be credited to an account of the holder in the form of additional restricted stock units based on the fair market value of our common stock at that time, and the accrued dividend equivalent will be awarded based on the underlying shares that are earned. We have not declared or paid any dividends on our common stock since the time we began granting restricted stock units.

Employment Agreements

We have entered into written employment agreements with our named executive officers, the terms of which are summarized below.

President and Chief Executive Officer

Judson C. Green, our President and Chief Executive Officer, has an employment agreement with us which was amended and restated as of April 30, 2004. The employment agreement will continue until Mr. Green s death or disability or until otherwise terminated by either party. The employment agreement provides Mr. Green a base salary of $630,000 per annum with a targeted annual bonus of 100% of his base salary. The Board may increase, but not decrease, the base salary from time to time, and once increased, the new base salary may not be decreased. One-half of his bonus is subject to Mr. Green s achievement of applicable financial milestones and objectives established by the Compensation Committee and the other half is subject to Mr. Green s achievement of personal non-financial objectives established by the Compensation Committee. Mr. Green is also entitled to (i) first class business-related travel in the United States, (ii) business class business-related travel outside of the United States, (iii) an allowance of $3,000 per month for expenses related to automobile, personal financial advice and membership fees and dues of a Chicago luncheon/dinner club primarily to serve meals in a business environment and (iv) a level-premium term life insurance policy having a death benefit of not less than $3,500,000 payable to the beneficiary designated by Mr. Green during Mr. Green s employment, which policy shall be assigned to Mr. Green upon termination for any reason. Mr. Green is subject to a non-compete and non-solicitation provision, which will continue for a period of one year beyond the termination of his employment agreement. In addition, whether or not the employment agreement is terminated, if any payments to Mr. Green result in an excise tax being imposed on Mr. Green under Section 4999 of the Internal Revenue Code, Mr. Green is entitled to additional payments such that the net amount retained by Mr. Green, after deducting any such excise tax and any federal, state and local income and employment and excise tax on the additional payment, is the same after-tax position as if no excise tax had been imposed.

Mr. Green s employment agreement provides that Mr. Green is also entitled to payments and benefits, including provisions related to the vesting and expiration of Mr. Green s stock options and restricted stock units, in the event of certain termination events as more fully described below under Payments upon Termination or Change of Control.

In September 2007, we entered into an amendment to Mr. Green s employment agreement. The amendments were primarily related to bring the agreement into compliance with Section 409A. Specifically, the definition of Good Reason was modified to be consistent with Internal Revenue Service regulations. In addition, the employment agreement was amended to specify that severance amounts payable by us that are not exempt

from Section 409A will be further deferred for six months following Mr. Green s separation from service with us. Finally, the timing of payments of certain amounts and benefits was clarified to confirm that such amounts will be paid only at times consistent with Section 409A.

Executive Vice President and Chief Financial Officer

We entered into an employment agreement with David B. Mullen as of December 1, 2002, whereby Mr. Mullen became our Executive Vice President and Chief Financial Officer. The employment agreement terminates on the earlier of Mr. Mullen s resignation, disability, death or termination by the Board of Directors or our CEO with or without cause. Mr. Mullen is entitled to receive a base salary of $330,000 per annum, which may be increased by our Board from time to time with such amount becoming the new base salary to which Mr. Mullen is entitled, and is eligible to receive an annual bonus of 50% of his base salary. The employment agreement also provides that Mr. Mullen shall be entitled to participate in all of our employee benefit programs for which all senior executive employees are generally eligible. Mr. Mullen has agreed to a non-compete and non-solicitation provision which continues for a period of one year beyond the termination of his employment with us.

Mr. Mullen s employment agreement provides that Mr. Mullen is also entitled to payments and benefits in the event of certain termination events as more fully described below under Payments upon Termination or Change of Control.

In September 2007, we entered into an amendment to Mr. Mullen s employment agreement. The amendments were primarily made to bring the agreement into compliance with Section 409A. Specifically, the definition of Good Reason was modified to be consistent with Internal Revenue Service regulations and to include a reduction in base salary (his prior agreement

included a reduction in initial base salary). In addition, the employment agreement was amended to specify that severance amounts payable by us that are not exempt from Section 409A will be further deferred for six months following Mr. Mullen s separation from service with us, and the timing of payments of certain amounts and benefits was clarified to confirm that such amounts will be paid only at times consistent with Section 409A. Finally, the employment agreement was amended to require us to make any severance payments required under their agreements in an undiscounted lump sum. Under his prior agreements, severance amounts due to Mr. Mullen were payable in either a discounted lump sum or twelve equal monthly installments, as determined at our discretion.

Executive Vice President, NAVTEQ Sales

We entered into an employment agreement with Jeffrey L. Mize, our Executive Vice President, NAVTEQ Sales, on February 26, 2001 when he was hired as the Director, Vehicle Application Sales. On March 16, 2003, we entered into an international assignment agreement with Mr. Mize, prior to Mr. Mize becoming an executive officer, in conjunction with his temporary international assignment as the General Manager/Vice President of Vehicle Applications for Europe, located in Frankfurt, Germany. Mr. Mize returned to the United States in 2007. As outlined in the March 16, 2003 agreement, Mr. Mize was entitled to an annual base salary of $190,000 and a sales incentive bonus of up to 35% of his base salary. While located in Europe, Mr. Mize was entitled to an annual base salary of Euro 190,000 and the same bonus potential. Mr. Mize was promoted to Senior Vice President, Vehicle Sales in January 2006 and Executive Vice President, NAVTEQ Sales in January 2008. The Compensation Committee set Mr. Mize s bonus target for the 2007 fiscal year at 50% of his base salary. Mr. Mize is eligible for annual salary increases based on performance and his bonus is determined based on performance criteria approved by the Compensation Committee.

In addition, in connection with the March 2003 agreement and Mr. Mize s international assignment, we agreed to bear certain relocation costs associated with Mr. Mize s assignment to Europe which included (i) moving and storage costs from the United States to Germany and then upon moving back to the United States, (ii) expenses related to a trip for Mr. Mize s family to Germany prior to moving in order to look for a house, (iii) expenses for a resource to assist in selecting a house, (iv) up to $70,000 to apply toward closing costs on the sale of his U.S. residence, (v) certain closing costs on the purchase of a new home in Chicago, Illinois upon Mr. Mize s return to the U.S., (vi) a moving allowance of $15,000 for moving to Germany, (vii) a one-time lump sum payment to offset the increase of Mr. Mize s first year s mortgage interest capped at $7,500 determined and paid upon Mr. Mize s return to the United States, (viii) expenses for two trips to the United States per calendar year for Mr. Mize s family, (ix) a monthly housing differential equal to the actual cost of Mr. Mize s German residence less Mr. Mize s U.S. home mortgage payment (principal and interest), (x) a monthly cost of living allowance of $2,032 (increased from Euro 700), (xi) the incremental cost of private insurance commensurate with Mr. Mize s health and welfare benefits when living in the U.S., (xii) Mr. Mize s children s education expenses and language lessons for Mr. Mize s family, (xiii) a leased vehicle and (xiv) reimbursement for the least expensive residence for up to 120 days if unable to sell U.S. residence prior to moving to Germany. In accordance with the agreement dated March 2003, we also agreed to evaluate any unanticipated costs associated with Mr. Mize s relocation including taxes. As such, Mr. Mize received a tax equalization settlement in 2006 to cover the additional tax burden incurred by Mr. Mize in connection with his international assignment such that Mr. Mize would incur approximately the same level of income and social taxes on his income as if he had not accepted this international assignment. We also agreed to reimburse Mr. Mize for up to ninety days of temporary housing upon his return to the United States, and ultimately reimbursed Mr. Mize approximately $4,000 of such expenses. Mr. Mize is eligible to participate in our employee benefit programs generally for which our senior executive employees are generally eligible, and Mr. Mize has agreed to a non-compete and non-solicitation provision which continues for a period of one year beyond the termination of his employment with us.

On September 27, 2007, we also entered into an amendment to Mr. Mize s employment agreement. The purpose of the amendment was to provide Mr. Mize certain basic severance terms, which terms included the payment or the providing of the following to Mr. Mize by us following a termination without cause or a resignation for good reason : (i) an amount equal to Mr. Mize s then current annual base salary, (ii) any bonus that was earned but unpaid as of the date of Mr. Mize s separation from service with us and a pro-rata portion of the bonus that Mr. Mize would otherwise be eligible to receive for the year Mr. Mize separates from service with us (the amounts described in (i) and (ii) to be payable in an undiscounted lump sum), and (iii) basic medical and insurance benefits for 12 months. In each case, any severance benefits payable under these arrangements are subject to Mr. Mize s execution and delivery of a general release of claims against us and our affiliates. These provisions are more fully described under Payments upon Termination or Change of Control below.

Executive Vice President, NAVTEQ Connected Services

John K. MacLeod is our Executive Vice President, NAVTEQ Connected Services. We have entered into an employment agreement dated as of September 18, 2000 with Mr. MacLeod pursuant to which he is entitled to an annual base salary of $300,000, which may be increased as our Board or chief executive officer may determine from time to time with such increase becoming the new base salary to which Mr. MacLeod is entitled, and a discretionary bonus of up to 50% of his base salary. The employment agreement also provides that Mr. MacLeod shall be entitled to participate in all of our employee benefit programs for which all senior executive employees are generally eligible. Mr. MacLeod has agreed to a non-compete and non-solicitation provision which continues for a period of one year beyond the termination of his employment with us.

Mr. MacLeod s employment agreement provides that Mr. MacLeod is also entitled to payments and benefits in the event of certain termination events as more fully described below under Payments upon Termination or Change of Control.

In September 2007, we entered into an amendment to Mr. MacLeod s employment agreement. The amendments were primarily related to bringing the agreement into compliance with Section 409A. Specifically, the definition of Good Reason was modified to be consistent with Internal Revenue Service regulations and to include a reduction in base salary (his prior agreement included a reduction in initial base salary). The employment agreement was also amended to (i) specify that severance amounts payable by us that are not exempt from Section 409A will be further deferred for six months following Mr. MacLeod s separation from service with us, (ii) clarify the timing of payments of certain amounts and benefits to confirm that such amounts will be paid only at times consistent with Section 409A and (iii) require us to make any severance payments required under their agreements in an undiscounted lump sum (under his prior agreement, severance amounts due to Mr. MacLeod was payable in either a discounted lump sum or twelve equal monthly installments, as determined at our discretion). Finally, Mr. MacLeod s employment agreement was further amended to require us to pay him at such time, if any, that severance payments under his agreement are required, a pro-rata portion of the target bonus that he would otherwise be eligible to receive for the year in which he separates from service with us.

Senior Vice President and Chief Technology Officer

Amreesh Modi is our Senior Vice President and Chief Technology Officer. We have entered into an employment agreement dated as of November 3, 2006 with Mr. Modi pursuant to which he is entitled to an annual base salary of $300,000 and a discretionary bonus of up to 50% of his base salary. Mr. Modi also received a one-time new hire bonus of $150,000. The employment agreement also entitled Mr. Modi to two equity grants under our Amended and Restated 2001 Stock Incentive Plan. The first award was on January 3, 2007 and consisted of an option to purchase 19,050 shares and 8,690 restricted stock units. The second award was also on January 3, 2007 and consisted of an option to purchase 9,530 shares and 4,350 restricted stock units. Mr. Modi is also eligible to participate in certain benefits programs offered by us.

On September 27, 2007, we also entered into an amendment to Mr. Modi s employment agreement. The purpose of the amendment was to provide Mr. Modi certain basic severance terms, which terms included the payment or the providing of the following to Mr. Modi by us following a termination without cause or a resignation for good reason : (i) an amount equal to Mr. Modi s then current annual base salary, (ii) any bonus that was earned but unpaid as of the date of Mr. Modi s separation from service with us and a pro-rata portion of the bonus that Mr. Modi would otherwise be eligible to receive for the year Mr. Modi separates from service with us (the amounts described in (i) and (ii) to be payable in an undiscounted lump sum), and (iii) basic medical and insurance benefits for 12 months. In each case, any severance benefits payable under these arrangements are subject to Mr. Modi s execution and delivery of a general release of claims against us and our affiliates. These provisions are more fully described under Payments upon Termination or Change of Control below.

2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options(#)	Number of Securities Underlying Unexercised Options(#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(#)	Option Exercise Price($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(#)	Market Value of Shares or Units of Stock That Have Not Vested($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested($)
Name	Exercisable	Unexercisable							
Judson C.	1,871,753			$ 1.40	5/15/2012				
Green	36,303	46,675(3)		$ 46.25	5/9/2014				
President		129,920(2)		$ 32.43	3/1/2015				
and Chief						265,357(4)	$ 20,060,989		
Executive									
Officer									
David B.	94,286			$ 5.74	12/22/2013				
Mullen	18,591	809(5)		$ 22.00	8/6/2014				
Executive	22,573	9,295(6)		$ 42.70	2/23/2015				
Vice	10,636	13,674(3)		$ 46.92	3/1/2016				
President		40,650(2)		$ 32.43	3/1/2015				
and Chief						39,426(9)	$ 2,980,606		
Financial									
Officer									
Jeffrey L	7,857			$ 1.40	5/17/2012				
Mize	8,663	377(5)		$ 22.00	8/6/2014				
Executive	11,959	3,987(7)		$ 45.05	12/21/2014				
Vice	6,252	2,843(6)		$ 42.70	2/23/2015				
President,	5,153	6,627(3)		$ 46.92	3/1/2016				
NAVTEQ		30,630(2)		$ 32.43	3/1/2015				
Sales						27,641(10)	$ 2,089,660		
John K.	76,350			$ 1.40	5/15/2012				
MacLeod	21,687	943(5)		$ 22.00	8/6/2014				
Executive	12,162	5,008(6)		$ 42.70	2/23/2015				
Vice	8,408	10,812(3)		$ 46.92	3/1/2016				
President,		38,980(2)		$ 32.43	3/1/2015				
Connected						35,876(11)	$ 2,712,226		
Services									
Amreesh		28,580(8)		$ 34.53	1/3/2015				
Modi		22,280(2)		$ 32.43	3/1/2015				
Senior						29,615(12)	$ 2,238,894		
Vice									
President									
and Chief									
Technology									
Officer									

(1) The market value was computed by multiplying the restricted stock units that have not vested by the December 31, 2007 closing market price of $75.60.

(2) The options became exercisable as to 25% of the unexercised shares on March 1, 2008, and approximately 2.08% of the unexercised shares will continue to vest each month thereafter.

(3) The options became exercisable as to approximately 3.7% of the unexercised shares on January 1, 2008, and approximately 3.7% of the unexercised shares will continue to vest each month thereafter.

(4) The restricted stock units vest as follows: 28,791 restricted stock units on each of March 1, 2008, 2009 and 2010; 24,150 restricted stock units vest on March 1, 2011; and 154,834 restricted stock units vest on April 30, 2008.

(5) The options became exercisable as to 100% of the unexercised shares on January 1, 2008.

(6) The options became exercisable as to approximately 7.1% of the unexercised shares on January 1, 2008, and approximately 7.1% of the unexercised shares will continue to vest each month thereafter.

(7) The options became exercisable as to approximately 8.3% of the unexercised shares on January 1, 2008, and approximately 8.3% of the unexercised shares will continue to vest each month thereafter.

(8) The options became exercisable as to 25% of the unexercised shares on January 3, 2008, and approximately 2.08% of the unexercised shares will continue to vest each month thereafter.

(9) The restricted stock units vest as follows: 1,408 restricted stock units vest on February 1, 2008; 1,793 restricted stock units vest on each of February 15, 2008 and 2009; 1,399 restricted stock units vest on March 1, 2008; 7,558 restricted stock units vest on each of March 1, 2008, 2009, 2010 and 2011; and 1,400 restricted stock units vest on March 1, 2011.

(10) The restricted stock units vest as follows: 655 restricted stock units vest on February 1, 2008; 1,156 restricted stock units vest on December 21, 2008; 512 restricted stock units vest on each of February 15, 2008 and 2009; 679 restricted stock units vest on each of March 1, 2008, 2009 and 2010; 5,692 restricted stock units vest on each of March 1, 2008, 2009 and 2010; and 5,693 restricted stock units vest on March 1, 2011.

(11) The restricted stock units vest as follows: 1,642 restricted stock units vest on February 1, 2008; 966 restricted stock units vest on each of February 15, 2008 and 2009; 1,107 restricted stock units vest on each of March 1, 2008, 2009 and 2010; and 7,245 restricted stock units vest on each of March 1, 2008, 2009, 2010 and 2011.

(12) The restricted stock units vest as follows: 3,259 restricted stock units vest on each of January 3, 2008, and 2009; 3,260 restricted stock units vest on each of January 3, 2010 and 2011; 4,143 restricted stock units vest on March 1, 2008; and 4,144 restricted stock units vest on each of March 1, 2009, 2010 and 2011.

2007 OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Judson C. Green President and Chief Executive Officer	27,427	$ 2,015,801	159,475	$ 5,625,435
David B. Mullen Executive Vice President and Chief Financial Officer		$	4,599	$ 156,830
Jeffrey L. Mize Executive Vice President, NAVTEQ Sales		$	3,002	$ 149,702

John K. MacLeod Executive Vice President, Connected Services	62,000	$	3,199,020	3,714	$	127,148
Amreesh Modi Senior Vice President and Chief Technology Officer		$			$	

NAVTEQ Corporation Deferred Executive Compensation Plan

Our named executive officers have the opportunity to participate in the NAVTEQ Corporation Deferred Executive Compensation Plan, which is available to all of our employees at the vice president level and above, as well as all other benefits made available generally to our employees, including our Savings and Investment Plan. Under the Deferred Executive Compensation Plan, participants may make elections at a certain time each year to defer up to 100% of their salary and bonus. Once an election is made, it cannot be changed or cancelled. The pre-tax amount is then deducted during the year and invested as directed by the participant in the available investment options. The deferred amount is then paid to the participant either in a lump sum upon termination or equally over a 5 or 10 year period following termination, as specified by the participant at the time of the election. The participant is then taxed on such amounts at the time of distribution. None of the named executive officers participate in this plan.

Payments upon Termination or Change-in-Control

Nokia Merger Agreement

On October 1, 2007, we entered into an Agreement and Plan of Merger (Nokia Merger Agreement) with Nokia Inc., a Delaware corporation (Parent), North Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Parent (Purchaser) and, for certain purposes set forth in the Nokia Merger Agreement, Nokia Corporation, a corporation organized and existing under the laws of the Republic of Finland. Subject to the terms and conditions of the Nokia Merger Agreement, Purchaser will be merged with and into us (the Nokia Merger), each outstanding share of our common stock, par value $0.001 per share, will be converted into the right to receive $78.00 in cash, without interest, and we will survive the Nokia Merger as a wholly-owned subsidiary of Parent. All unvested options to purchase common stock will accelerate and vest in full immediately prior to the consummation of the Nokia Merger, including those held by the named executive officers. Option holders will receive a cash payment for each option held equal to the excess of $78.00 over the applicable option exercise price, less taxes. Each outstanding restricted stock unit granted by us will be converted automatically into restricted stock units with respect to a number of Nokia shares equal to the product of the number of shares subject to the restricted stock units and the equity exchange ratio (which is $78.00 per share merger consideration divided by the closing price for a Nokia share on the business day before the effective time). If the Nokia Merger Agreement is completed, the acquisition will constitute a change in control for purposes of Mr. Green s employment agreement.

The foregoing description of the Nokia Merger Agreement and the Nokia Merger does not purport to be complete and is qualified in its entirety by reference to the Nokia Merger Agreement filed as Exhibit 2.1 to our Current Report on Form 8-K dated October 1, 2007, which is incorporated herein by reference.

Employment Agreements

President and Chief Executive Officer

We have an employment agreement with Judson C. Green, our President and Chief Executive Officer dated April 30, 2004, as amended. Pursuant to that agreement, if prior to the date he attains age 65: (i) Mr. Green s employment is terminated by us without cause (as defined in the agreement), (ii) Mr. Green terminates his employment as a result of a material breach of the agreement by us or for good cause (which includes a

significant reduction of his duties and responsibilities and a material reduction of his annual base salary or target bonus opportunity) or (iii) Mr. Green terminates his employment for any reason during the 30-day period commencing on the six-month anniversary after a change of control, then Mr. Green will be entitled to the following:

- severance pay, payable in a lump sum within 10 days following the date of termination of his employment, in an amount equal to two years of his then-current annual base salary and two times his then current target bonus;

- continuation of participation in our health and welfare benefit plans for a period of two years after the date of termination of his employment, to the extent the terms of such plans so permit, followed by COBRA continuation coverage, followed by the continuation of health benefits until he and his spouse commence Medicare, at a cost to Mr. Green of the COBRA premium charged to former employees from time to time;

- immediate vesting of all of Mr. Green s stock options, restricted stock units and other equity awards (while Mr. Green has a contractual right to the immediate vesting of stock options, the Nokia Merger Agreement provides for immediate vesting of all options held by all NAVTEQ option holders);

- vesting of a pro-rata amount of Mr. Green s non-equity incentive awards, based upon the target payout and the number of days worked in the applicable performance period (Mr. Green currently does not have any such non-equity incentive awards other than his bonus);

- immediate payment of all earned cash long-term incentive awards for which the performance period has ended (Mr. Green does not have any such earned cash long-term incentive awards) and all of Mr. Green s stock options will be exercisable until the expiration date of such stock options (the provision of the Nokia Merger Agreement that provides for the cashing-out of

all outstanding NAVTEQ stock options effectively renders this provision of Mr. Green s agreement inapplicable);

- all accrued and unpaid annual base salary, accrued and unused vacation and any earned and unpaid annual bonus (such bonus to be received when such bonus would have been paid to him had his employment not been terminated), and any unreimbursed business expenses incurred through the date of such termination of his employment; and

- reimbursement for federal excise taxes due under the so-called golden parachute rules and for related income tax liabilities arising from such reimbursement, such that Mr. Green would be placed in the same after-tax position had such excise taxes not applied.

In addition, Mr. Green would be entitled to terminate his employment agreement and receive the payments and benefits set forth above if he fails to be elected and continue as a director of our Board, other than as a result of his voluntary resignation.

In the event Mr. Green s employment terminates due to his death or disability, Mr. Green shall be entitled to all accrued and unpaid base salary, accrued and unused vacation, any bonus earned and unpaid and any unreimbursed business expenses. Mr. Green or his beneficiary is also entitled to receive any death or disability benefit or welfare benefit to which Mr. Green is entitled under our benefit plans, including COBRA continuation and the retiree health benefit described below. Further, in the event of Mr. Green s death or disability, all stock options, restricted stock units and other equity awards shall immediately fully vest, a pro rata amount of non-equity incentive awards shall vest based upon target payout and the number of days worked in the performance period, all stock options shall be exercisable for eighteen months, in the case of death, and twelve months, in the case of disability, and all earned cash long-term incentive awards for which the performance cycle has ended shall be immediately payable (as noted above, Mr. Green does not currently have any such awards).

Upon Mr. Green s retirement (or other voluntary termination of employment) at any time at or after attaining age 55, or at any time upon a termination of Green s employment due to his death or disability, Mr. Green and his spouse shall each be entitled to continuation of health benefits until they commence Medicare at a cost to Mr. Green of the COBRA premium then charged to former employees. Mr. Green is currently age 55.

Mr. Green is subject to a non-compete and non-solicitation provision, which will continue for a period of one year beyond the termination of his employment agreement. The payments to Mr. Green described above are not conditioned on compliance with the non-competition restrictions.

Executive Vice President and Chief Financial Officer

Pursuant to our employment agreement with David B. Mullen, our Executive Vice President and Chief Financial Officer, dated as of December 1, 2002, as amended, in the event that Mr. Mullen is terminated by us without cause or voluntarily terminates his employment for good reason, he is entitled to:

- cash severance in an amount equal to his base salary;

• a pro rata target bonus for the year of termination; and

• continued participation in our welfare benefit programs for 12 months.

Mr. Mullen has agreed to a non-compete and non-solicitation provision, which continues for a period of one year beyond the termination of his employment agreement. The severance payments are subject to compliance with these provisions.

Executive Vice President, NAVTEQ Sales

Pursuant to our employment agreement with Jeffrey L. Mize, our Executive Vice President, NAVTEQ Sales, dated as of February 26, 2001, as amended, in the event Mr. Mize is terminated by us without cause or voluntarily terminates his employment for good reason, he is entitled to:

• cash severance in an amount equal to his base salary;

• a full target bonus for any completed year for which bonuses have not yet been paid;

• a pro rata target bonus for the year of termination; and

• continued participation in our welfare benefit programs for 12 months.

Executive Vice President, NAVTEQ Connected Services

Pursuant to our employment agreement with John K. MacLeod, our Executive Vice President, NAVTEQ Connected Services, dated as of September 18, 2000, as amended, in the event that Mr. MacLeod is terminated by us without cause or voluntarily terminates his employment for good reason, he is entitled to:

• cash severance in an amount equal to his base salary;

• a pro rata target bonus for the year of termination; and

• continued participation in our welfare benefit programs for 12 months.

MacLeod s severance will be reduced on a dollar for dollar basis by the amount of any compensation received by Mr. MacLeod upon his obtaining employment with another employer. Mr. MacLeod has agreed to a non-compete and non-solicitation provision which continues for a period of one year beyond the termination of his employment with us. The severance payments are subject to compliance with these provisions.

Senior Vice President and Chief Technology Officer

Pursuant to our employment Agreement with Amreesh Modi, our Senior Vice President and Chief Technology Officer, dated as of November 3, 2006, as amended, in the event Mr. Modi is terminated by us without cause or voluntarily terminates his employment for good reason, he is entitled to:

- cash severance in an amount equal to his base salary;
- any bonus that was earned but unpaid as of the date of Mr. Modi s separation from service with us;
- a pro-rata target bonus for the year of termination; and
- continued participation in our welfare benefit programs for 12 months.

In the case of each named executive officer other than Mr. Green, all severance payments and benefits are subject to the named executive officer s execution and delivery of a general release of claims against NAVTEQ and its affiliates.

Estimated Termination and Change in Control Payments

The following table contains estimates of the payments and benefits due to our named executive officers upon termination of employment or a change in control. All calculations in this table assume a hypothetical termination date of December 31, 2007, the last day of our most recently completed fiscal year. Except as otherwise noted, all terms are as defined in the respective employment agreements of each named executive officer. The amounts shown in the table below do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment, such as continuation of health care benefits through the end of the month of the termination of employment.

Name	**Lump sum cash severance payment**	**2007 Fiscal Year Bonuses**	**Continuation of Welfare Benefits**	**Accelerated Vesting of Equity Awards**	**Tax Gross-Up Payment**	**Total**
Judson Green						
• Termination by us for cause		$ 1,100,000(1)				$ 1,100,000
• Resignation by the executive without good cause		$ 1,100,000(1)	(2)			$ 1,100,000
•		$ 1,100,000(1)	(2)	$ 27,039,547(3)		$ 28,139,547

Termination due to death or disability												
• Termination by us without cause, by the executive with good cause or due to a NAVTEQ breach (assuming no change in ownership or effective control under IRS rules)	$	2,600,000(4)	$	1,100,000(1)	$	28,000(2)(5)	$	27,039,547(3)			$	30,767,547
• (1) Termination by us without cause, by the executive with good cause or due to a NAVTEQ breach (assuming the termination is materially related to a change in ownership or effective control); or (2) termination for any reason in the seventh month after a change of control	$	2,600,000(4)	$	1,100,000(1)	$	28,000(2)(5)	$	27,039,547(3)	$	14,314,000(6)	$	45,081,547

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David B. Mullen								
•	Termination by us without cause or by the executive for good reason	$	365,000(7)	$	219,000(8)	$	14,000(9)	$	598,000
Jeffrey L. Mize								
•	Termination by us without cause or by the executive for good reason	$	300,000(7)	$	150,000(8)	$	14,000(9)	$	464,000
John K. MacLeod								
•	Termination by us without cause or by the executive for good reason	$	350,000(7)	$	210,000(8)	$	14,000(9)	$	574,000
Amreesh Modi								
•	Termination by us without cause or by the executive for good reason	$	300,000(7)	$	150,000(8)	$	14,000(9)	$	464,000

(1) Under the terms of his employment agreement, Mr. Green s bonus is deemed earned as of the end of the fiscal year. Accordingly, if his employment were to terminate for any reason on the last day of the fiscal year, his bonus for that year would be deemed earned and would be payable to him. The amount shown reflects his actual bonus for the 2007 fiscal year.

(2) In this case, Mr. Green and his spouse are also entitled to purchase continued medical coverage under our group health plan until they commence Medicare coverage. The amount they would be required to pay us for such continued coverage would be equal to the premium charged to our former employees for COBRA continuation coverage from time to time. At present, our group-health plan is at least partially self-insured. Accordingly, the cost to us of providing continued medical coverage to Mr. Green and his spouse could potentially exceed the amounts paid by them for such coverage. While we have not calculated the actuarially expected cost of providing such continued coverage, to the extent such cost exceeds the amount paid by Mr. Green and/or his spouse, we have concluded that any incremental cost would not be material to us.

(3) The amount shown represents the intrinsic value of his otherwise unvested equity and incentive awards as of December 31, 2007 based on the fair market value of our stock on such date.

(4) The amount shown represents the sum of two times the sum of Mr. Green s 2007 base salary and 2007 target bonus.

(5) The amount shown represents the estimated cost to us to continue the group health coverage of Mr. Green and his spouse until each of them commences coverage under Medicare.

(6) The amount shown represents the payment required to place Mr. Green in the same after-tax position had the excise tax under Section 4999 of the Code (the so-called golden parachute excise tax) not applied. This excise tax is implicated by changes in ownership or effective control, as defined in IRS rules. The Nokia Merger would constitute a change in our ownership or effective control for purposes of these rules. The IRS presumes that a severance event is materially related to a change in ownership or effective control if it occurs within one year of the transaction and may also argue that later severance events are related to the transaction.

(7) The amount shown represents one year of the executive s 2007 base salary.

(8) The amount shown represents the executive s full 2007 target bonus. No pro-ration would apply in the event of a termination on the last day of our fiscal year.

(9) The amount shown reflects the estimated value of one year s continued participation in our welfare benefit plans.

2007 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (7)	Option Awards ($)(7)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings($)	All Other Compensation ($)	Total ($)
Christopher Galvin(1)	$ 87,750	$ 91,026	$ 27,385				$ 206,161
Richard J. A. de Lange(2)	$ 87,750	$ 91,840	$ 28,919				$ 208,509
Andrew Green(3)	$ 68,500	$ 84,871	$ 17,168				$ 170,539
William L. Kimsey(4)	$ 87,125	$ 91,026	$ 27,385				$ 205,536
Scott D. Miller(5)	$ 89,875	$ 91,529	$ 27,924				$ 209,328
Dirk-Jan van Ommeren(6)	$ 74,125	$ 91,840	$ 28,919				$ 194,884

(1) Mr. Galvin had 4,709 restricted stock units and options to purchase an aggregate of 7,441 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. Galvin were $21.97, $20.72 and $20.92 for the grants made on October 20, 2004, May 11, 2005 and May 9, 2006, respectively.

(2) Mr. de Lange had 4,888 restricted stock units and options to purchase an aggregate of 11,026 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. de Lange were $12.73, $20.72 and $20.92 for the grants made on August 6, 2004, May 11, 2005 and May 9, 2006, respectively.

(3) Mr. Green had 4,029 restricted stock units and options to purchase an aggregate of 3,250 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. Green were $22.72 and $20.92 for the grants made on March 16, 2006 and May 9, 2006, respectively

(4) Mr. Kimsey had 4,709 restricted stock units and options to purchase an aggregate of 7,441 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. Kimsey were $21.97, $20.72 and $20.92 for the grants made on October 20, 2004, May 11, 2005 and May 9, 2006, respectively.

(5) Mr. Miller had 4,972 restricted stock units and options to purchase an aggregate of 9,224 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. Miller were $12.73, $20.72 and $20.92 for the grants made on August 6, 2004, May 11, 2005 and May 9, 2006, respectively.

(6) Mr. van Ommeren had 4,888 restricted stock units and options to purchase an aggregate of 11,026 shares of our common stock as of December 31, 2007. The grant date fair values of the options to purchase shares of our common stock granted to Mr. van Ommeren were $12.73, $20.72 and $20.92 for the grants made on August 6, 2004, May 11, 2005 and May 9, 2006, respectively.

(7) Assumptions used in the valuation of these awards is included in Note 7 to our Notes to Consolidated Financial Statements beginning on page F-14 of our Annual Report on Form 10-K for the year ended December 31, 2007.

Board of Directors Compensation

During the annual period commencing on May 22, 2007, the date of our last annual meeting of stockholders, we paid each member of our Board of Directors, other than those who are our employees or employees of our affiliates, an annual retainer of $60,000 for service on the Board and $1,500 for each Board meeting attended by the member in excess of four meetings for such year. Each member of our Board of Directors serving on one of our committees received an additional annual fee of $7,500 for each committee upon which the member served during the most recent annual period. In addition, the Audit Committee chairman receives

an additional annual fee of $10,000 and the chairman of any other committee receives an additional annual fee of $5,000. We also awarded restricted stock units valued at an amount equal to $125,000 to each member of our Board of Directors, other than those who are our employees or employees of our affiliates, on the date of the last annual meeting of stockholders. The restricted stock units vest on the first anniversary of the date of grant, but will not be distributed to the director until the fifth anniversary of the date of grant or, if earlier, the director s date of resignation or termination from the Board. We also reimburse members of our Board of Directors for travel, lodging and other reasonable out-of-pocket expenses incurred in attending Board and committee meetings.

Compensation Committee Interlocks and Insider Participation

The current members of our Compensation Committee are Mr. de Lange, Mr. Galvin and Mr. Miller. None of these individuals were at any time during or prior to fiscal year 2007 an officer or employee of ours, or had any relationship requiring disclosure under Item 404 (Transaction with Related Persons, Promoters and Certain Control Persons) of Regulation S-K, but Mr. de Lange was an employee of Koninkljke Philips Electronics N.V. (Philips) prior to retiring in 2002, most recently as Chairman and Chief Executive Officer of the board of management of Philips Electronics Nederland B.V. Philips was our majority stockholder prior to our initial public offering in 2004. In addition, none of our executive officers serves 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.

PART IV

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

SECURITY OWNERSHIP OF NAVTEQ

The following table sets forth information regarding the beneficial ownership of our common stock as of April 1, 2008, by the following individuals, entities or groups:

• each person or entity who we know beneficially owns more than five percent of our outstanding common stock;

• each of the named executive officers;

• each director and nominee; and

• all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the shares. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to stock options and restricted stock units held by that person that are currently exercisable or vested, or will become exercisable or vested, within 60 days after April 1, 2008, are deemed outstanding, while the shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them.

Applicable percentage ownership in the following table is based on 98,926,845 shares of common stock outstanding as of April 1, 2008. Unless otherwise indicated, the address for each stockholder listed in the table is c/o NAVTEQ Corporation, 425 W. Randolph Street, Chicago, Illinois 60606.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF SHARES BENEFICIALLY OWNED
Five Percent Stockholders:		
Paulson & Co. Inc. 590 Madison Avenue New York, NY 10022	9,757,400(1)	9.9%
Directors and Named Executive Officers:		
Richard J. A. de Lange	13,747(2)	*
Christopher Galvin	9,496(3)	*
Judson C. Green	2,066,960(4)	2.0%
Andrew J. Green	5,262(5)	*

William L. Kimsey	9,496(6)	*
Scott D. Miller	31,608(7)	*
Dirk-Jan van Ommeren	13,747(8)	*
David B. Mullen	182,859(9)	*
Jeffrey L. Mize	63,083(10)	*
John K. MacLeod	131,800(11)	*
Amreesh Modi	21,178(12)	*
Total of all Directors and Executive Officers	2,696,014	2.7%

* Less than 1%.

(1) Beneficial ownership information is based on information contained in a report on Schedule 13G filed on February 14, 2008 by Paulson & Co. Inc. According to this schedule, all securities reported are owned by Paulson s advisory clients, none of which to Paulson s knowledge owns more than 5% of our common stock.

(2) Includes options to purchase 8,734 shares of our common stock held by Mr. de Lange exercisable within 60 days of April 1, 2008 and 3,668 restricted stock units vesting within 60 days of April 1, 2008.

(3) Includes options to purchase 5,032 shares of our common stock held by Mr. Galvin exercisable within 60 days of April 1, 2008 and 3,668 restricted stock units vesting within 60 days of April 1, 2008.

(4) Includes options to purchase 1,912,026 shares of common stock held by Mr. Green (Judson) exercisable within 60 days of April 1, 2008 and 154,834 restricted stock units vesting within 60 days of April 1, 2008.

(5) Includes options to purchase 1,642 shares of common stock held by Mr. Green (Andrew) exercisable within 60 days of April 1, 2008 and 3,472 restricted stock units vesting within 60 days of April 1, 2008.
(6) Includes options to purchase 5,032 shares of our common stock held by Mr. Kimsey exercisable within 60 days of April 1, 2008 and 3,668 restricted stock units vesting within 60 days of April 1, 2008.
(7) Includes options to purchase 6,750 shares of our common stock held by Mr. Miller exercisable within 60 days of April 1, 2008 and 3,668 restricted stock units vesting within 60 days of April 1, 2008.
(8) Includes options to purchase 8,734 shares of our common stock held by Mr. van Ommeren exercisable within 60 days of April 1, 2008 and 3,668 restricted stock units vesting within 60 days of April 1, 2008.
(9) Includes options to purchase 164,602 shares of common stock held by Mr. Mullen exercisable within 60 days of April 1, 2008.
(10) Includes options to purchase 53,031 shares of common stock held by Mr. Mize exercisable within 60 days of April 1, 2008.
(11) Includes options to purchase 128,709 shares of common stock held by Mr. MacLeod exercisable within 60 days of April 1, 2008.
(12) Includes options to purchase 16,025 shares of common stock held by Mr. Modi exercisable within 60 days of April 1, 2008.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2007, regarding the number of shares of common stock that may be issued under our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	6,813,327	$ 16.95	7,010,768
Equity compensation plans not approved by security holders			
Total	6,813,327	$ 16.95	7,010,768

The number of securities remaining available for future issuance under equity compensation plans set forth above represents shares available for issuance under our Amended and Restated 2001 Stock Incentive Plan.

Item 13. Certain Relationships and Related Transactions.

Director Independence

In accordance with the listing standards of the New York Stock Exchange (NYSE), a majority of the members of a listed company s board of directors must qualify as independent, as affirmatively determined by the board of directors. Our Board of Directors has adopted Guidelines With Respect to Board Determinations of the Absence of Material Relationships Between NAVTEQ and its Directors in connection with assessing whether a director satisfies the applicable NYSE requirements with respect to being independent. These standards are available on our website at *www.navteq.com* under Investor Relations Corporate Governance .

Our Board of Directors has affirmatively determined that Mssrs. Galvin, Andrew Green, Kimsey, Miller, de Lange and van Ommeren, representing a majority of our directors, are independent within the meaning of the NYSE listing standards. In making this determination, the Board concluded, in accordance with our guidelines for determining independence, that there were no relevant transactions or relationships between any of these directors, or any of their family members, and us, our senior management or our independent auditors.

The Board of Directors has also determined that all of the members of the Audit Committee (Mr. Kimsey (Chairman), Mr. Miller and Mr. van Ommeren) are independent under the applicable rules of the NYSE and the SEC and that all of the members of the Compensation Committee (Mr. Galvin (Chairman), Mr. de Lange and Mr. Miller) and the Nominating and Governance Committee (Mr. Galvin (Chairman), Mr. de Lange and Mr. Miller) are independent under the applicable rules of the NYSE.

Transactions with Related Persons

Since January 1, 2007, there were not any transactions, nor are there currently any proposed transactions, in which we were or are to be a participant and the amount involved exceeds $120,000, and in which any related person had or will have a direct or indirect material interest. For the purposes of this paragraph, related person means (i) any of our directors or executive officers, (ii) any of our nominees for director, (iii) any immediate family member of one of our directors or executive officers, or of any of our nominees

for director, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer or nominee for director, and any person (other than a tenant or employee) sharing the household of such director, executive officer or nominee for director or (iv) a security holder that owns 5% or more of our common stock or an immediate family member of such security holder, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder, and any person (other than a tenant or employee) sharing the household of such security holder.

Review, Approval or Ratification of Transactions with Related Persons

Our policies with respect to the review, approval or ratification of transactions with certain related persons are embodied in the following written policies that we maintain: (i) Corporate Governance Guidelines, (ii) Code of Ethics and Business Conduct and (iii) Guidelines With Respect to Board Determinations of the Absence of Material Relationships Between NAVTEQ and its Directors.

Pursuant to our Corporate Governance Guidelines, directors may not enter into a transaction with us without first disclosing the transaction and obtaining advance approval by the Board, which approval must be obtained with such director recusing himself or herself from the consideration and approval of any such transaction. In addition, directors must disclose to us, and we must disclose to directors, any business relationships between directors and us, and any potential conflicts of interest, as soon as such party becomes aware thereof.

In addition, under our Code of Ethics and Business Conduct, covered persons, their family members and related entities shall not personally benefit, directly or indirectly, from any NAVTEQ purchase or sale, or derive any other personal gain from any other NAVTEQ activity except when the transaction has been fully disclosed to and pre-approved by our Board of Directors. Similarly, no covered person may direct, or seek to direct, any NAVTEQ business to any business enterprise in which the covered person or his or her family member has a meaningful ownership interest or serves in a leadership capacity, without the approval of our Board of Directors. For purposes hereof, (i) covered person shall mean our directors, officers and employees, and (ii) family members shall mean a covered person s spouse or life partner and children of a covered person, any relative, by blood or marriage, of a covered person residing in the same household, and any company, limited partnership, limited liability company, trust or other entity that is directly or indirectly controlled by that covered person and/or any immediate family member of that covered person.

Our Code of Ethics and Business Conduct also provides that covered persons, their family members and related entities must not profit, directly or indirectly, from such person s position at NAVTEQ, to our detriment or at our expense. Covered persons must also avoid any activity or personal interest that creates, or appears to create, a conflict between his or her interests and the interests of NAVTEQ. A covered person who becomes aware of his or her own personal interest or the personal interest of a family member or another covered person, which is, or may reasonably be viewed as, in conflict with that of NAVTEQ must present the situation and nature of the possible conflict to the compliance officer for appropriate consideration. The covered person must then refrain from further action until the situation has been approved by the compliance officer, after consultation with our Board. Our compliance officer is our general counsel or other person designated by our Board from time to time, except in the case of potential violations of the code by our general counsel, in which case the chairman of our Audit Committee is the compliance officer.

Finally, under our Guidelines With Respect to Board Determinations of the Absence of Material Relationships Between NAVTEQ and its Directors, our Board of Directors must conclude, in the course of determining director independence, that there is no relationship between the director and us that would present, or appear to present, any conflict of interests to us.

Our Corporate Governance Guidelines and Code of Ethics and Business Conduct do not have specific standards to be applied in connection with the approval of transactions with related persons, but rely on the judgment of our Board of Directors or the compliance officer, as the case may

be, with respect thereto. Our Guidelines With Respect to Board Determinations of the Absence of Material Relationships Between NAVTEQ and its Directors does contain certain standards which are available on our website at www.navteq.com under Investor Relations-Corporate Governance.

Item 14. Principal Accountant Fees and Services.

Audit Fees

The aggregate fees billed for the years ended December 31, 2006 and December 31, 2007 for professional services rendered by KPMG LLP, our independent registered public accounting firm, for the audit of our annual financial statements and review of financial statements included in our Forms 10-Q or services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements for such fiscal years equaled $1,329,000 and $1,540,000, respectively.

Audit-Related Fees

There aggregate fees billed for the years ended December 31, 2006 and December 31, 2007, for assurance and related services by KPMG LLP that are reasonably related to the performance of the audit or review of our financial statements not reported under Audit Fees above equaled $0 and 34,000, respectively.

Tax Fees

The aggregate fees billed for the years ended December 31, 2006 and December 31, 2007 for professional services rendered by KPMG LLP for tax compliance, tax advice, and tax planning equaled $1,000 and $0, respectively, and consisted of assistance in the preparation of tax returns, and general tax research and planning.

All Other Fees

The aggregate fees billed for the years ended December 31, 2006 and December 31, 2007 for products and services provided by KPMG LLP other than the services reported above under Audit Fees, Audit-Related Fees and Tax Fees equaled $2,000 and $2,000, respectively, and consisted of the licensing of accounting research tools.

Pre-Approval Policy

Our Audit Committee Charter provides that the Audit Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for us by our independent auditor, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, which are approved by the Committee prior to the completion of the service. The Committee may also form and delegate authority to sub-committees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting. In accordance with the pre-approval policy, the Audit Committee has designated Mr. Kimsey as the sole member of a subcommittee with the authority to grant pre-approvals for audit and permitted non-audit services other than the annual audit plan for audit services; provided that Mr. Kimsey is required to present such approvals to the Audit Committee at its next regularly scheduled meeting. All of the services obtained from our independent auditors described above were pre-approved by either the Audit Committee or Mr. Kimsey as the sole member of the subcommittee.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 28, 2008

NAVTEQ CORPORATION

By: /s/ Judson C. Green
Judson C. Green
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Date
/s/ Judson C. Green Judson C. Green President, Chief Executive Officer and a Director (Principal Executive Officer)	April 28, 2008
/s/ David B. Mullen David B. Mullen Executive Vice President and Chief Financial Officer (Principal Financial Officer)	April 28, 2008
/s/ James D. Murphy James D. Murphy Vice President and Corporate Controller (Principal Accounting Officer)	April 28, 2008
*	April 28, 2008

Richard J.A. de Lange
Director

*	April 28, 2008

Christopher Galvin
Director

*	April 28, 2008
Andrew J. Green Director	
*	April 28, 2008
William L. Kimsey Director	
*	April 28, 2008
Scott D. Miller Director	
*	April 28, 2008
Dirk-Jan van Ommeren Director	

*By:	/s/ Judson C. Green	April 28, 2008
	Judson C. Green, as Attorney-in-Fact	

EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement between NAVTEQ Corporation and Amreesh Modi dated November 3, 2006.
10.2	Amendment to Letter of Employment of Amreesh Modi dated September 27, 2007.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.