CalAmp Corp.
Form 10-K
April 28, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2011

COMMISSION FILE NUMBER: 0-12182

CALAMP CORP.

(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-3647070 (I.R.S. Employer Identification No.)
1401 N. Rice Avenue Oxnard, California (Address of principal executive offices)	93030 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 987-9000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

$.01 par value Common Stock	Nasdaq Global Select Market
(Title of Class)	(Name of each exchange on which registered)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X].

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X].

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 [X] No [ ].

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant as of August 28, 2010 was approximately $67,120,000. As of March 31, 2011, there were 28,128,304 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on July 28, 2011 are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K. This Proxy Statement will be filed within 120 days after the end of the fiscal year covered by this report.

PART I

ITEM 1. BUSINESS

THE COMPANY

CalAmp Corp. ("CalAmp" or the "Company") develops and markets wireless communications solutions that deliver data, voice and video for critical networked communications and other applications. The Company's two business segments are Wireless DataCom, which serves utility, governmental and enterprise customers, and Satellite, which focuses on the North American Direct Broadcast Satellite ("DBS") market.

WIRELESS DATACOM

The Wireless DataCom segment provides wireless communications technologies, products and services to the wireless networks and mobile resource management markets for a wide range of applications including:

- Optimizing and automating electricity distribution and ancillary utility functions;
- Facilitating communication and coordination among emergency first-responders;
- Increasing productivity and optimizing activities of mobile workforces;
- Improving management control over valuable remote and mobile assets; and
- Enabling novel applications in a wirelessly connected world.

CalAmp has expertise in designing and providing solutions involving various combinations of private and public (cellular infrastructure) networks, narrow-band and broad-band frequencies, licensed and unlicensed radio spectrum, and mobile and fixed-remote communications. The Company's Wireless DataCom segment is comprised of a Wireless Networks business and a Mobile Resource Management ("MRM") business, as described further below.

Wireless Networks

CalAmp's Wireless Networks business provides products and systems to state and local governmental entities and industrial/utility/transportation enterprises for deployment where the ability to communicate with mobile personnel or to command and control remote assets is crucial. The Company's wireless technology solutions play a strategic role in support of North American Homeland Security initiatives and electrical grid modernization.

Municipal, county and state governments, public safety agencies and emergency first-responders rely on CalAmp solutions for public safety mobile communications. CalAmp designs and builds multi-network wireless systems that permit first-responder fire, police and Emergency Medical Services personnel to access data and communicate remotely with colleagues, dispatchers and back-office databases.

Utilities, oil and gas, mining, railroad and security companies rely on CalAmp products for wireless data communications to and from outlying locations, permitting real-time monitoring, activation and control of remote equipment. Applications include remotely measuring freshwater and wastewater flows, pipeline flow monitoring for oil and gas transport, automated utility meter reading, remote internet access and perimeter monitoring. CalAmp is among the leaders in the application of wireless communications technology to Smart Grid power distribution automation for electric utilities.

Mobile Resource Management (MRM)

CalAmp's MRM business addresses the need for location awareness and control of assets on the move. MRM wireless solutions typically include Global Positioning System ("GPS") location, cellular data modems and programmable events-based notification firmware as key components, allowing customers to know where and how their assets are performing, no matter where those mobile assets are located. Commercial organizations, vehicle finance companies, city and county governments, and a wide range of other enterprises rely on CalAmp products and systems to optimize delivery of services and protect valuable assets. Applications include fleet management, asset tracking, student and school bus tracking and route optimization, stolen vehicle recovery, remote asset security, remote start, and machine-to-machine communications. In addition to functioning as an OEM supplier of location and communications hardware for MRM applications, CalAmp is a total solutions provider of turn-key systems incorporating location and communications hardware, cellular airtime and Web-based remote asset management tools and interfaces.

SATELLITE

The Satellite segment develops, manufactures and sells DBS outdoor customer premise equipment for digital and high definition satellite TV reception. CalAmp's DBS products have been sold primarily to the two U.S. DBS system operators, EchoStar and DirecTV, for incorporation into complete subscription satellite television systems.

The Company's DBS reception products are installed at subscriber premises to receive television programming signals transmitted from orbiting satellites. These DBS reception products consist principally of outdoor electronics that receive, process, amplify and switch satellite television signals for distribution over coaxial cable to multiple set-top boxes inside the home that can acquire, recognize and process the signal to create a picture.

MANUFACTURING

Electronic devices, components and made-to-order assemblies used in the Company's products are generally obtained from a number of suppliers, although certain components are obtained from sole source suppliers. Some devices or components are standard items while others are manufactured to the Company's specifications by its suppliers. The Company believes that most raw materials are available from alternative suppliers. However, any significant interruption in the delivery of such items, particularly those that are sole source materials or components, could have an adverse effect on the Company's operations.

For the past several years, the Company has outsourced printed circuit board assembly to contract manufacturers in the Pacific Rim. Historically, the Company has performed final assembly and final test of its satellite products and some Wireless DataCom products at its principal facility in Oxnard, California. However, the Company is currently transitioning its principal satellite products to full turn-key production by off-shore contractors. The Company performs additional final assembly and tests on other Wireless DataCom products at its facility in Waseca, Minnesota. Printed circuit assemblies are mounted in various metal and plastic housings, electronically tested, and subjected to additional environmental tests prior to packaging and shipping.

A substantial portion of the Company's components, and substantially all printed circuit board assemblies and housings, are procured from foreign suppliers and contract manufacturers located primarily in mainland China, Taiwan, and other Pacific Rim countries. Any significant shift in U.S. trade policy toward these countries, or a significant downturn in the economic or financial condition of, or any political instability in, these countries, could cause disruption of the Company's supply chain or otherwise disrupt the Company's operations, which could adversely impact the Company's business.

ISO 9001 INTERNATIONAL CERTIFICATION

The Company became registered to ISO 9001:1994 in 1995. The Company upgraded its registration to ISO 9001:2000 in 2003 and upgraded once again to ISO 9001:2008, in 2010. ISO 9001:2008 is the widely recognized international standard for quality management in product design, manufacturing, quality assurance and marketing. The Company believes that ISO certification is important to its business because most of the Company's key customers expect their suppliers to have and maintain ISO certification. Registration assessments are performed by Underwriters Laboratories Inc. ("UL") according to the ISO 9001:2008 International Standard. The Company continually performs internal audits to ensure compliance with this quality standard. In addition, UL performs an annual external Compliance Assessment, with the next assessment scheduled for July 2011. The Company has maintained its ISO certification through each Compliance Assessment. Every three years, UL performs a full system Recertification Assessment. The next Recertification Assessment is scheduled for July 2013.

RESEARCH AND DEVELOPMENT

Each of the markets in which the Company competes is characterized by rapid technological change, evolving industry standards, and new product features to meet market requirements. During the last three years, the Company has focused its research and development resources primarily on satellite DBS products, wireless communication systems for utilities, public safety and industrial monitoring and controls for mobile and fixed location IP data communication applications, and cellular tracking products and services for mobile resource management applications. The Company has developed key technology platforms that can be leveraged across many of its businesses and applications. These include communications technology platforms based on proprietary licensed narrowband UHF and VHF frequency radios and modems, standards-based unlicensed broadband wireless IP router/radio modems, and cellular network based tracking units. In addition, development resources have been allocated to broadening existing product lines, reducing product costs and improving performance through product redesign efforts.

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Research and development expenses in fiscal years 2011, 2010 and 2009 were $11,125,000, $10,943,000 and $12,899,000, respectively. During this three year period, the Company's research and development expenses have ranged between 10% and 13% of annual consolidated revenues.

SALES AND MARKETING

The Company's revenues are derived mainly from customers in the United States, which represented 91%, 93% and 89% of consolidated revenues in fiscal 2011, 2010 and 2009, respectively.

The Wireless DataCom segment sells its products and services through dedicated direct and indirect sales channels with employees distributed across the U.S. The sales and marketing functions for the MRM business are managed out of our Carlsbad and Irvine, California offices. The sales and marketing functions for the Wireless Networks business are managed out of our Waseca, Minnesota and Atlanta, Georgia offices. In addition, the Wireless DataCom segment's sales and marketing activities are supported internationally with presence in Canada, France, Israel and the United Kingdom.

The Satellite segment has historically sold its products primarily to the two DBS system operators in the U.S. for incorporation into complete subscription satellite television systems. The sales and marketing functions for the Satellite segment are located at the Company's corporate headquarters in Oxnard, California.

Customers that accounted for 10% or more of consolidated annual sales in any one of the last three years are as follows:

		Year Ended February 28,		
Customer	Segment	2011	2010	2009
EchoStar	Satellite	31.0%	48.6%	15.7%
DirecTV	Satellite	-	-	10.3%

EchoStar and DirecTV serve the North American DBS market. The Company believes that the loss of Echostar as a customer could have a material adverse effect on the Company's financial position and results of operations. During fiscal years 2010 and 2011 the Company did not make any sales to DirecTV because of pricing and competitive pressures. In light of these factors, at the present time it is uncertain when, or if, the Company will resume product shipments to DirecTV.

COMPETITION

The Company's markets are highly competitive. In addition, if the markets for the Company's products grow, the Company anticipates increased competition from new companies entering such markets, some of whom may have financial and technical resources substantially greater than those of the Company. The Company believes that competition in its markets is based primarily on performance, reputation, product reliability, technical support and price. The Company's continued success in these markets will depend in part upon its ability to continue to design and manufacture quality products at competitive prices.

Wireless DataCom

The Company believes that the principal competitors for its wireless products include Motorola, GE-MDS, Freewave, Sierra Wireless, GenX, Procon GPS, Novatel Wireless-Enfora and Xirgo.

Satellite

The Company believes that the principal competitors for its DBS products include Sharp, Wistron NeWeb Corporation, Microelectronics Technology and Pro Brand. Because the Company is typically not the sole source supplier of its satellite products, it is exposed to increased price and margin pressures in this business.

BACKLOG

The Company's products are sold to customers that do not usually enter into long-term purchase agreements, and as a result, the Company's backlog at any given date is not generally significant in relation to its annual sales. In addition, because of customer order modifications, cancellations, or orders requiring wire transfers or letters of credit from international customers, the Company's backlog at any point in time may not be indicative of sales for any future period.

INTELLECTUAL PROPERTY

At February 28, 2011, the Company had 19 U.S. patents and 11 foreign patents in its Wireless DataCom business. In addition to its awarded patents, the Company has 5 patent applications in process.

Trademarks

CalAmp and Dataradio are federally registered trademarks of the Company.

EMPLOYEES

At February 28, 2011, the Company had approximately 380 employees and approximately 60 contracted production workers. None of the Company's employees are represented by a labor union. The contracted production workers are engaged through independent temporary labor agencies.

EXECUTIVE OFFICERS

The executive officers of the Company are as follows:

NAME	AGE	POSITION
Richard Gold	56	Director and Chief Executive Officer
Michael Burdiek	51	President and Chief Operating Officer
Garo Sarkissian	44	Vice President, Corporate Development
Richard Vitelle	57	Vice President, Finance, Chief Financial Officer and Corporate Secretary

RICHARD GOLD joined the Company in February 2008 and was appointed President and Chief Executive Officer in March 2008. In April 2010, Mr. Gold relinquished the title of President but retained the title of CEO in conjunction with the promotion of Mr. Burdiek to President and COO. Mr. Gold has been a director of the Company since December 2000 and served as Chairman of the Board from July 2004 to February 2008. Prior to joining the Company, Mr. Gold was a Managing Director of InnoCal Venture Capital, a position he held since May 2004. From December 2002 until May 2004, he served as President and Chief Executive Officer of Nova Crystals, Inc., a supplier of optical sensing equipment. He was Chairman of Radia Communications, Inc., a supplier of wireless communications semiconductors, from June 2002 to July 2003. Prior to this, he was the President and Chief Executive Officer of Genoa Corp. and Pacific Monolithics, Inc., and Vice President and General Manager of Adams Russell Semiconductor. He began his career as an engineer with Hewlett-Packard Co.

MICHAEL BURDIEK joined the Company as Executive Vice President in June 2006 and was appointed President of the Company's Wireless DataCom segment in March 2007. Mr. Burdiek was appointed Chief Operating Officer in June 2008 and was promoted to President and COO in April 2010. Prior to joining the Company, Mr. Burdiek was the President and CEO of Telenetics Corporation, a publicly held manufacturer of data communications products. From 2004 to 2005, he worked as an investment partner and advisor to the Kasten Group in the private equity sector. From 1987 to 2003, Mr. Burdiek held a variety of technical and general management positions with Comarco, Inc., a publicly held company, most recently as Senior Vice President and General Manager of Comarco's Wireless Test Systems unit. Mr. Burdiek began his career as a design engineer with Hughes Aircraft Company.

GARO SARKISSIAN joined the Company as Vice President, Corporate Development in October 2005 and was appointed an executive officer in July 2006. Prior to joining the Company, from 2003 to 2005 he served as Principal and Vice President of Business Development for Global Technology Investments (GTI), a private equity firm. Prior to GTI, from 1999 to 2003, Mr. Sarkissian held senior management and business development roles at California Eastern Laboratories, a private company developing and marketing radio frequency (RF), microwave and optical components. Mr. Sarkissian began his career as an RF engineer in 1988 and developed state-of-the-art RF power products over a span of 10 years for M/A Com (Tyco) and NEC.

RICHARD VITELLE joined the Company as Vice President, Finance, Chief Financial Officer and Corporate Secretary in July 2001. Prior to joining the Company, he served as Vice President of Finance and CFO of SMTEK International, Inc., a publicly held electronics manufacturing services provider, where he was employed for a total of 11 years. Earlier in his career Mr. Vitelle served as a senior manager with Price Waterhouse.

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The Company's executive officers are appointed by and serve at the discretion of the Board of Directors.

AVAILABLE INFORMATION

The Company's primary Internet address is www.calamp.com. The Company makes its Securities and Exchange Commission ("SEC") periodic reports (Forms 10-Q and Forms 10-K) and current reports (Forms 8-K) available free of charge through its website as soon as reasonably practicable after they are filed electronically with the SEC.

Materials that the Company files with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at www.sec.gov that contains reports, proxy and information statements, and other information regarding the Company that the Company files electronically with the SEC.

ITEM 1A. RISK FACTORS

The following list describes several risk factors which are unique to our Company:

The Company is dependent on a significant customer, the loss of which could have a material adverse effect on the Company’s future sales and its ability to grow.

EchoStar accounted for about one-third of the Company’s consolidated revenues for fiscal 2011. The loss of EchoStar as a customer, deterioration in its overall business, or a decrease in its volume of sales, could result in decreased sales for us and could have a material adverse impact on our ability to grow our business. A substantial decrease or interruption in business from this key customer could result in write-offs or in the loss of future business and could have a material adverse effect on the Company’s business, financial condition or results of operations.

We do not currently have long-term contracts with customers and our customers may cease purchasing products at any time, which could significantly harm our revenues.

We generally do not have long-term contracts with our customers. As a result, our agreements with our customers do not currently provide us with any assurance of future sales. These customers can cease purchasing products from us at any time without penalty, they are free to purchase products from our competitors, they may expose us to competitive price pressure on each order and they are not required to make minimum purchases. Any of these actions taken by our customers could have a material adverse effect on the Company’s business, financial condition or results of operations.

Because the markets in which we compete are highly competitive and many of our competitors have greater resources than us, we cannot be certain that our products will continue to be accepted in the marketplace or capture increased market share.

The market for our products is intensely competitive and characterized by rapid technological change, evolving standards, short product life cycles, and price erosion. We expect competition to intensify as our competitors expand their product offerings and new competitors enter the market. Given the highly competitive environment in which we operate, we cannot be sure that any competitive advantages currently enjoyed by our products will be sufficient to establish and sustain our products in the market. Any increase in price or other competition could result in erosion of our market share, to the extent we have obtained market share, and could have a negative impact on our financial condition and results of operations. We cannot provide assurance that we will have the financial resources, technical expertise or marketing and support capabilities to compete successfully.

Information about the Company’s competitors is included Part I, Item 1 of this Annual Report on Form 10-K under the heading "COMPETITION".

Our business is subject to many factors that could cause our quarterly or annual operating results to fluctuate and our stock price to be volatile.

Our quarterly and annual operating results have fluctuated in the past and may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control. Some of the factors that could affect our quarterly or annual operating results include:

- the timing and amount of, or cancellation or rescheduling of, orders for our products;
- our ability to develop, introduce, ship and support new products and product enhancements and manage product transitions;
- announcements, new product introductions and reductions in the price of products offered by our competitors;
- our ability to achieve cost reductions;
- our ability to obtain sufficient supplies of sole or limited source components for our products;
- our ability to achieve and maintain production volumes and quality levels for our products;
- our ability to maintain the volume of products sold and the mix of distribution channels through which they are sold;
- the loss of any one of our major customers or a significant reduction in orders from those customers;
- increased competition, particularly from larger, better capitalized competitors;
- fluctuations in demand for our products and services; and
- telecommunications and wireless market conditions specifically and economic conditions generally.

Due in part to factors such as the timing of product release dates, purchase orders and product availability, significant volume shipments of products could occur close to the end of a fiscal quarter. Failure to ship products by the end of a quarter may adversely affect operating results. In the future, our customers may delay delivery schedules or cancel their orders without notice. Due to these and other factors, our quarterly revenue, expenses and results of operations could vary significantly in the future, and period-to-period comparisons should not be relied upon as indications of future performance.

Because some of our components, assemblies and electronics manufacturing services are purchased from sole source suppliers or require long lead times, our business is subject to unexpected interruptions, which could cause our operating results to suffer.

Some of our key components are complex to manufacture and have long lead times. Also, our DBS outdoor receiver housings, subassemblies and some of our electronic components are purchased from sole source vendors for which alternative sources are not readily available. In the event of a reduction or interruption of supply, or degradation in quality, it could take up to six months to begin receiving adequate supplies from alternative suppliers, if any. As a result, product shipments could be delayed and revenues and results of operations could suffer. Furthermore, if we receive a smaller allocation of component parts than is necessary to manufacture products in quantities sufficient to meet customer demand, customers could choose to purchase competing products and we could lose market share. Any of these events could have a material adverse effect on the Company’s business, financial condition or results of operations.

If we do not meet product introduction deadlines, our business could be adversely affected.

In the past, we have experienced design and manufacturing difficulties that have delayed the development, introduction or marketing of new products and enhancements and which caused us to incur unexpected expenses. In addition, some of our existing customers have conditioned their future purchases of our products on the addition of new product features. In the past, we have experienced delays in introducing some new product features. Furthermore, in order to compete in some markets, we will have to develop different versions of existing products that operate at different frequencies and comply with diverse, new or varying governmental regulations in each market. Our inability to develop new products or product features on a timely basis, or the failure of new products or product features to achieve market acceptance, could adversely affect our business.

If demand for our products fluctuates rapidly and unpredictably, it may be difficult to manage the business efficiently, which may result in reduced gross margins and profitability.

Our cost structure is based in part on our expectations for future demand. Many costs, particularly those relating to capital equipment and manufacturing overhead, are relatively fixed. Rapid and unpredictable shifts in demand for our products may make it difficult to plan production capacity and business operations efficiently. If demand is significantly below expectations, we may be unable to rapidly reduce these fixed costs, which can diminish gross margins and cause losses. A sudden downturn may also leave us with excess inventory, which may be rendered obsolete if products evolve during the downturn and demand shifts to newer products. Our ability to reduce costs and expenses may be further constrained because we must continue to invest in research and development to maintain our competitive position and to maintain service and support for our existing customer base. Conversely, in the event of a sudden upturn, we may incur significant costs to rapidly expedite delivery of components, procure scarce components and outsource additional manufacturing processes. These costs could reduce our gross margins and overall profitability. Any of these results could adversely affect our business.

Because we currently sell, and we intend to grow the sales of, certain of our products in countries other than the United States, we are subject to different regulatory policies. We may not be able to develop products that comply with the standards of different countries, which could result in our inability to sell our products and, further, we may be subject to political, economic, and other conditions affecting such countries, which could result in reduced sales of our products and which could adversely affect our business.

If our sales are to grow in the longer term, we believe we must grow our international business. Many countries require communications equipment used in their country to comply with unique regulations, including safety regulations, radio frequency allocation schemes and standards. If we cannot develop products that work with different standards, we will be unable to sell our products in those locations. If compliance proves to be more expensive or time consuming than we anticipate, our business would be adversely affected. Some countries have not completed their radio frequency allocation process and therefore we do not know the standards with which we would be required to comply. Furthermore, standards and regulatory requirements are subject to change. If we fail to anticipate or comply with these new standards, our business and results of operations will be adversely affected.

Sales to customers outside the U.S. accounted for 9%, 7%, and 11% of CalAmp’s total sales for the fiscal years ended February 28, 2011, 2010 and 2009, respectively. Assuming that we continue to sell our products to foreign customers, we will be subject to the political, economic and other conditions affecting countries or jurisdictions other than the U.S., including in Africa, the Middle East, Europe and Asia. Any interruption or curtailment of trade between the countries in which we operate and our present trading partners, changes in exchange rates, significant shift in U.S. trade policy toward these countries, or significant downturn in the political, economic or financial condition of these countries, could cause demand for and sales of our products to decrease, or subject us to increased regulation including future import and export restrictions, any of which could adversely affect our business.

Additionally, a substantial portion of our components and subassemblies are currently procured from foreign suppliers located primarily in Hong Kong, mainland China, Taiwan, and other Pacific Rim countries. Any significant shift in U.S. trade policy toward these countries or a significant downturn in the political, economic or financial condition of these countries could cause disruption of our supply chain or otherwise disrupt operations, which could adversely affect our business. In addition, if the Chinese government allows the value of its currency to rise vis-à-vis the U.S. dollar, our product housings and subassemblies that are sourced in China could become more expensive, putting pressure on our profit margins.

We may not be able to adequately protect our intellectual property, and our competitors may be able to offer similar products and services that would harm our competitive position.

Other than in our Satellite products business, which currently does not depend upon patented technology, our ability to succeed in wireless data communications markets may depend, in large part, upon our intellectual property for some of our wireless technologies. We currently rely primarily on patents, trademark and trade secret laws, confidentiality procedures and contractual provisions to establish and protect our intellectual property. However, these mechanisms provide us with only limited protection. We currently hold 30 patents. As part of our confidentiality procedures, we enter into non-disclosure agreements with all employees, including officers, managers and engineers. Despite these precautions, third parties could copy or otherwise obtain and use our technology without authorization, or develop similar technology independently. Furthermore, effective protection of intellectual property rights is unavailable or limited in some foreign countries. The protection of our intellectual property rights may not provide us with any legal remedy should our competitors independently develop similar technology, duplicate our products and services, or design around any intellectual property rights we hold.

We may be subject to infringement claims that may disrupt the conduct of our business and affect our profitability.

We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others, even though we take steps to assure that neither our employees nor our contractors knowingly incorporate unlicensed copyrights, trade secrets or other intellectual property into our products. It is possible that third parties may claim that our products and services infringe upon their trademark, patent, copyright, or trade secret rights. Any such claims, regardless of their merit, could be time consuming, expensive, cause delays in introducing new or improved products or services, require us to enter into royalty or licensing agreements or require us to stop using the challenged intellectual property. Successful infringement claims against us may materially disrupt the conduct of our business and affect profitability.

Availability of radio frequencies may restrict the growth of the wireless communications industry and demand for our products.

Radio frequencies are required to provide wireless services. The allocation of frequencies is regulated in the United States and other countries throughout the world and limited spectrum space is allocated to the various wireless services. The growth of the wireless communications industry may be affected if adequate frequencies are not allocated or, alternatively, if new technologies are not developed to better utilize the frequencies currently allocated for such use.

Industry growth has been and may continue to be affected by the availability of licenses required to use frequencies and related costs. Over the last several years, network deployments for public safety mobile broadband data communications has been slowed due to the unavailability of the portion of the 700MHz spectrum intended for public safety use. Demand for our products may continue to be adversely affected so long as the rules for utilizing such spectrum, which are determined by governmental agencies, remain unclear.

We depend to some extent upon wireless networks owned and controlled by others, unproven business models, and emerging wireless carrier models to deliver existing services and to grow.

If we do not have continued access to sufficient capacity on reliable networks, we may be unable to deliver services and our sales could decrease. Our ability to grow and achieve profitability partly depends on our ability to buy sufficient capacity on the networks of wireless carriers and on the reliability and security of their systems. Some of our wireless services are delivered using airtime purchased from third parties. We depend on these third parties to provide uninterrupted service free from errors or defects and would not be able to satisfy our customers' needs if they failed to provide the required capacity or needed level of service. In addition, our expenses would increase and profitability could be materially adversely affected if wireless carriers were to significantly increase the prices of their services. Our existing agreements with the wireless carriers generally have one-year terms. Some of these wireless carriers are, or could become, our competitors, and if they compete with us, they may refuse to provide us with airtime on their networks.

Our business could be adversely impacted by the interruption, failure or corruption of our proprietary Internet-based systems that are used to configure and communicate with the wireless tracking and monitoring devices that we sell.

Our Mobile Resource Management business depends upon several Internet-based systems that are proprietary to our Company. These applications, which are hosted by a Tier 1 Data Center and are connected via access points to cellular networks, are used by our customers and by us to configure and communicate with wireless devices for purposes of determining location, speed or other conditions, and to deliver configuration code or executable commands to the devices. If these Internet-based systems failed or were otherwise compromised in some way, it could adversely affect the proper functioning of the wireless tracking and monitoring devices that we sell, and could result in damages being incurred by us as a result of the temporary or permanent inability of our customers to wirelessly communicate with these devices.

New laws and regulations that impact our industry could increase costs or reduce opportunities for us to earn revenue.

Except as described below under "Governmental Regulation," we are not currently subject to direct regulation by the Federal Communications Commission ("FCC") or any other governmental agency, other than regulations applicable to Delaware corporations of similar size that are headquartered in California. However, in the future, we may become subject to regulation by the FCC or another regulatory agency. In addition, the wireless carriers that supply airtime and certain hardware suppliers are subject to regulation by the FCC, and regulations that affect them could increase our costs or reduce our ability to continue selling and supporting our services.

CalAmp's products are subject to mandatory regulatory approvals in the United States and other countries that are subject to change, making compliance costly and unpredictable.

CalAmp's products are subject to certain mandatory regulatory approvals in the United States, Canada and other countries in which it operates. In the United States, the FCC regulates many aspects of communication devices, including radiation of electromagnetic energy, biological safety and rules for devices to be connected to the telephone network. In Canada, similar regulations are administered by Industry Canada. Although CalAmp has obtained necessary FCC and Industry Canada approvals for all products it currently sells, there can be no assurance that such approvals can be obtained for future products on a timely basis, or at all. In addition, such regulatory requirements may change or the Company may not in the future be able to obtain all necessary approvals from countries other than Canada or the United States in which it currently sells its products or in which it may sell its products in the future.

The FCC and Industry Canada may be slow in adopting new regulations allowing private wireless networks to deliver higher data rates in licensed frequency bands for public safety applications. This could adversely affect demand for private networks as traditional private network users may opt for public network connections for all or part of their wireless communication needs. This could have a material adverse effect on the Company's business, results of operations and financial condition since the Company's Wireless Networks data products are currently used in private networks.

Reduced consumer or corporate spending due to the global economic downturn that began in 2008 and other uncertainties in the macroeconomic environment have affected and could continue to adversely affect our revenues and cash flow.

We depend on demand from the consumer, original equipment manufacturer, industrial, automotive and other markets we serve for the end market applications of our products. Our revenues are based on certain levels of consumer and corporate spending. If the significant reductions in consumer or corporate spending as a result of uncertain conditions in the macroeconomic environment continue, our revenues, profitability, ability to make debt payments and cash flow could be adversely affected.

Our ability to make payments of principal and interest on our indebtedness depends upon our future financial performance and ability to generate positive operating cash flows, which is subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated operations, many of which are beyond our control.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to, among other things:

- refinance or restructure all or a portion of our indebtedness;
- obtain additional financing in the debt or equity markets;
- sell selected assets or businesses;
- reduce or delay planned capital expenditures; or
- reduce or delay planned operating expenditures.

Such measures might not be sufficient to enable us to service our debt, and, if not, we could then be in default under the applicable terms governing our debt, which could have a material adverse effect on us. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms, if at all.

Rises in interest rates could adversely affect our financial condition.

An increase in prevailing interest rates could have an immediate effect on the interest rates charged on our variable rate bank debt with Square 1 Bank, which rise and fall, subject to a minimum monthly interest payment, upon changes in interest rates on a periodic basis. Any increased interest expense associated with increases in interest rates affects our cash flow and could affect our ability to service our debt.

Risks Relating to Our Common Stock and the Securities Market

Anti-takeover defenses in our charter and under Delaware law could prevent us from being acquired or limit the price that investors might be willing to pay for our common stock in an acquisition.

Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years from the time the person became an interested stockholder, unless specific conditions are met. In addition, we have in place various protections which would make it difficult for a company or investor to buy the Company without the approval of our Board of Directors, including a stockholder rights plan, authorized but undesignated preferred stock and provisions requiring advance notice of board nominations and other actions to be taken at stockholder meetings. All of the foregoing could hinder, delay or prevent a change in control and could limit the price that investors might be willing to pay in the future for shares of our common stock.

The trading price of shares of our common stock may be affected by many factors and the price of shares of our common stock could decline.

As a publicly traded company, the trading price of our common stock has fluctuated significantly in the past. The future trading price of our common stock may be volatile and could be subject to wide price fluctuations in response to such factors, including:

- actual or anticipated fluctuations in revenues or operating results;
- failure to meet securities analysts' or investors' expectations of performance;
- changes in key management personnel;
- announcements of technological innovations or new products by CalAmp or its competitors;
- developments in or disputes regarding patents and proprietary rights;
- proposed and completed acquisitions by us or our competitors;
- the mix of products and services sold;
- the timing, placement and fulfillment of significant orders;
- product and service pricing and discounts;
- acts of war or terrorism; and
- general economic conditions.

Our stock price has been highly volatile in the past and could be highly volatile in the future.

The market price of our stock has been highly volatile due to the risks and uncertainties described in this Annual Report, as well as other factors, including:

- substantial volatility in quarterly revenues and earnings due to our current dependence on a small number of major customers;
- comments by securities analysts; and
- our failure to meet market expectations.

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Over the two-year period ended February 28, 2011, the price of CalAmp common stock as reported on The Nasdaq Stock Market ranged from a high of $3.77 to a low of $0.37. The stock market has from time to time experienced extreme price and volume fluctuations that were unrelated to the operating performance of particular companies. In the past, companies that have experienced volatility have sometimes subsequently become the subject of securities class action litigation. If litigation were instituted on this basis, it could result in substantial costs and a diversion of management's attention and resources.

Lack of expected dividends may make our stock less attractive as an investment.

We intend to retain all future earnings for use in the development of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Generally, stocks that pay regular dividends command higher market trading prices, and so our stock price may be lower as a result of our dividend policy.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's principal facilities, all leased, are as follows:

Location	Square Footage	Use
Oxnard, California	98,000	Corporate office, Satellite segment offices and manufacturing plant
Carlsbad, California	11,000	Wireless DataCom offices
Irvine, California	7,000	Wireless DataCom offices
Atlanta, Georgia	6,000	Wireless DataCom offices
Chaska, Minnesota	4,000	Product design facility
Waseca, Minnesota	34,000	Wireless DataCom offices and manufacturing plant
Montreal, Quebec, Canada	8,000	Wireless DataCom offices

ITEM 3. LEGAL PROCEEDINGS

We are not currently involved in any material pending legal proceedings.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock trades on the NASDAQ Global Select Market under the ticker symbol CAMP. The following table sets forth, for the last two years, the quarterly high and low sale prices for the Company's Common Stock as reported by NASDAQ:

	LOW	HIGH
Fiscal Year Ended February 28, 2011		
1st Quarter	$ 1.96	$ 3.60
2nd Quarter	2.00	2.68
3rd Quarter	2.34	3.00
4th Quarter	2.46	3.39
Fiscal Year Ended February 28, 2010		
1st Quarter	$ 0.37	$ 1.22
2nd Quarter	0.71	2.27
3rd Quarter	1.91	3.61
4th Quarter	2.46	3.77

At March 31, 2011 the Company had approximately 1,800 stockholders of record. The number of stockholders of record does not include the number of persons having beneficial ownership held in "street name" which are estimated to approximate 6,200. The Company has never paid a cash dividend and has no current plans to pay cash dividends on its Common Stock. The Company's bank credit agreement prohibits payment of dividends without the prior written consent of the bank.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended February 28,				
	2011	2010	2009	2008	2007
	(In thousands except per share amounts)				
OPERATING DATA					
Revenues	$ 114,333	$ 112,113	$ 98,370	$ 140,907	$ 211,714
Cost of revenues	84,775	89,723	60,244	122,412	166,279
Gross profit	29,558	22,390	38,126	18,495	45,435
Operating expenses:					
Research and development	11,125	10,943	12,899	15,710	12,989
Selling	10,503	9,542	8,959	10,633	6,765
General and administrative	8,858	10,523	12,087	14,966	9,792
Intangible asset amortization	1,132	1,367	4,429	6,418	3,463
Write-off of acquired in-process research and development	-	-	-	310	6,850
Impairment loss	-	-	44,736	71,276	