



March 10, 2011

Comtech Telecommunications Corp. Announces Results for the Second Quarter of Fiscal 2011 and Declares \$0.25 Per Share Quarterly Cash Dividend

MELVILLE, N.Y., March 10, 2011 (GLOBE NEWSWIRE) -- Comtech Telecommunications Corp. (Nasdaq:CMTL) today reported its operating results for the three and six months ended January 31, 2011.

Net sales for the second quarter of fiscal 2011 were \$162.8 million compared to \$171.1 million for the second quarter of fiscal 2010. The period-over-period decrease in net sales is attributable to lower net sales in both our mobile data communications and RF microwave amplifiers segments, offset, in part, by higher net sales in our telecommunications transmission segment.

GAAP net income was \$16.1 million, or \$0.52 per diluted share, for the second quarter of fiscal 2011 compared to \$16.3 million, or \$0.51 per diluted share, for the second quarter of fiscal 2010.

Net sales for the six months ended January 31, 2011 were \$341.0 million compared to \$304.9 million for the six months ended January 31, 2010. The period-over-period increase in net sales is attributable to higher net sales in both our telecommunications transmission and mobile data communications segments that were offset, in part, by lower sales in our RF microwave amplifiers segment.

GAAP net income was \$41.8 million, or \$1.32 per diluted share, for the six months ended January 31, 2011 compared to \$25.4 million, or \$0.81 per diluted share, for the six months ended January 31, 2010.

Comtech also announced today that its Board of Directors declared a quarterly cash dividend of \$0.25 per share payable on May 20, 2011 to shareholders of record at the close of business on April 21, 2011. The dividend is the Company's third quarterly dividend. While future dividends will be subject to Board approval, the Board of Directors is currently targeting annual dividend payments aggregating \$1.00 per share.

In commenting on the Company's performance, Fred Kornberg, President and Chief Executive Officer, stated, "Although market conditions remain challenging, we posted solid results in the second quarter."

Mr. Kornberg added, "We continue to focus our acquisition efforts on a number of opportunities that we believe would complement our existing businesses and that would align with our long-term strategy."

Selected Fiscal 2011 Second Quarter Financial Metrics and Other Items

- At January 31, 2011, the Company had \$593.3 million of cash and cash equivalents. Net cash provided by operating activities was \$44.2 million for the six months ended January 31, 2011 compared to \$28.0 million for the six months ended January 31, 2010.
- During the six months ended January 31, 2011, the Company repurchased 1,628,848 shares of its common stock under its \$100.0 million stock repurchase plan in open-market transactions for an aggregate cost of \$46.8 million (including transaction costs) with an average price per share of \$28.73.
- Backlog as of January 31, 2011 was \$199.6 million. Bookings for the three and six months ended January 31, 2011 were \$95.0 million and \$202.5 million, respectively, compared to \$82.3 million and \$202.9 million for the three and six months ended January 31, 2010, respectively.
- Earnings before interest, taxes, depreciation and amortization, ("Adjusted EBITDA"), was \$32.3 million and \$78.7 million for the three and six months ended January 31, 2011, respectively, versus \$33.7 million and \$55.1 million for the three and six months ended January 31, 2010, respectively.
- The Company's effective tax rate for the three months ended January 31, 2011 reflects net discrete tax benefits of approximately \$0.6 million, which primarily relates to the passage of legislation that included the retroactive extension of the federal research and experimentation credit from December 31, 2009 to December 31, 2011.
- In January 2011, an independent audit of Comtech's compliance of International Traffic in Arms Regulations ("ITAR") was

completed and the results of that audit were provided to the Enforcement Division of the Office of Defense Trade Controls Compliance ("DDTC") of the U.S. Department of State. The audit found no violations of ITAR, that the Company has taken numerous steps to significantly improve export control processes and that the Company made demonstrable efforts in developing an export compliance program. Such audit was previously requested by the DDTC in connection with previously reported violations.

Conference Call

The Company has scheduled an investor conference call for 8:30 AM (ET) on Friday, March 11, 2011. Investors and the public are invited to access a live webcast of the conference call from the investor relations section of the Comtech web site at www.comtechtel.com. Alternatively, investors can access the conference call by dialing (800) 862-9098 (domestic) or (785) 424-1051 (international) and using the conference I.D. of "Comtech." A replay of the conference call will be available for seven days by dialing (402) 220-1116. In addition, an updated investor presentation, including earnings guidance, will be available on the Company's web site shortly after the conference call.

About Comtech

Comtech Telecommunications Corp. designs, develops, produces and markets innovative products, systems and services for advanced communications solutions. The Company believes many of its solutions play a vital role in providing or enhancing communication capabilities when terrestrial communications infrastructure is unavailable, inefficient or too expensive. The Company conducts business through three complementary segments: telecommunications transmission, mobile data communications and RF microwave amplifiers. The Company sells products to a diverse customer base in the global commercial and government communications markets. The Company believes it is a market leader in the market segments that it serves.

Cautionary Statement Regarding Forward-Looking Statements

Certain information in this press release contains forward-looking statements, including but not limited to, information relating to the Company's future performance and financial condition, plans and objectives of the Company's management and the Company's assumptions regarding such future performance, financial condition, and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under the Company's control which may cause its actual results, future performance and financial condition, and achievement of plans and objectives of the Company's management to be materially different from the results, performance or other expectations implied by these forward-looking statements. These factors include the nature and timing of receipt of, and the Company's performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales, rapid technological change, evolving industry standards, frequent new product announcements and enhancements, changing customer demands, changes in prevailing economic and political conditions; risks associated with the Company's legal proceedings and other matters; risks associated with the Company's MTS and BFT contracts; risks associated with the Company's obligations under its revolving credit facility; and other factors described in the Company's filings with the Securities and Exchange Commission ("SEC").

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2011	2010	2011	2010
Net sales	\$ 162,811,000	171,132,000	340,971,000	304,948,000
Cost of sales	<u>101,901,000</u>	<u>107,631,000</u>	<u>215,827,000</u>	<u>191,673,000</u>
Gross profit	<u>60,910,000</u>	<u>63,501,000</u>	<u>125,144,000</u>	<u>113,275,000</u>
Expenses:				
Selling, general and administrative	23,175,000	22,909,000	47,190,000	44,628,000

Research and development	10,467,000	11,431,000	21,218,000	22,755,000
Amortization of intangibles	2,004,000	1,765,000	3,891,000	3,529,000
Merger termination fee, net	--	--	(12,500,000)	--
	<u>35,646,000</u>	<u>36,105,000</u>	<u>59,799,000</u>	<u>70,912,000</u>
Operating income	25,264,000	27,396,000	65,345,000	42,363,000
Other expenses (income):				
Interest expense	2,090,000	1,966,000	4,153,000	3,933,000
Interest income and other	<u>(626,000)</u>	<u>(178,000)</u>	<u>(1,320,000)</u>	<u>(413,000)</u>
Income before provision for income taxes	23,800,000	25,608,000	62,512,000	38,843,000
Provision for income taxes	<u>7,704,000</u>	<u>9,275,000</u>	<u>20,760,000</u>	<u>13,478,000</u>
Net income	<u>\$ 16,096,000</u>	<u>16,333,000</u>	<u>41,752,000</u>	<u>25,365,000</u>
Net income per share:				
Basic	<u>\$ 0.59</u>	<u>0.58</u>	<u>1.51</u>	<u>0.90</u>
Diluted	<u>\$ 0.52</u>	<u>0.51</u>	<u>1.32</u>	<u>0.81</u>
Weighted average number of common shares outstanding — basic	<u>27,209,000</u>	<u>28,250,000</u>	<u>27,664,000</u>	<u>28,236,000</u>
Weighted average number of common and common equivalent shares outstanding — diluted	<u>32,983,000</u>	<u>34,080,000</u>	<u>33,403,000</u>	<u>34,069,000</u>
Dividends declared per issued and outstanding common share as of the applicable dividend record date	<u>\$ 0.25</u>	<u>--</u>	<u>0.50</u>	<u>--</u>

**COMTECH TELECOMMUNICATIONS CORP.
AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets

	January 31, 2011	July 31, 2010
Assets	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$ 593,338,000	607,594,000
Accounts receivable, net	80,864,000	135,840,000
Inventories, net	79,947,000	73,562,000
Prepaid expenses and other current assets	7,356,000	8,876,000
Deferred tax asset	<u>13,843,000</u>	<u>14,947,000</u>
Total current assets	775,348,000	840,819,000
Property, plant and equipment, net	30,491,000	33,727,000
Goodwill	137,354,000	137,354,000
Intangibles with finite lives, net	49,670,000	48,091,000
Deferred financing costs, net	4,515,000	4,675,000

Other assets, net	1,185,000	1,896,000
Total assets	<u>\$ 998,563,000</u>	<u>1,066,562,000</u>

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 23,391,000	77,844,000
Accrued expenses and other current liabilities	41,784,000	53,398,000
Dividends payable	6,699,000	--
Customer advances and deposits	18,889,000	12,780,000
Interest payable	1,531,000	1,531,000
Income taxes payable	<u>5,521,000</u>	<u>8,666,000</u>
Total current liabilities	97,815,000	154,219,000

Convertible senior notes	200,000,000	200,000,000
Other liabilities	6,307,000	2,518,000
Income taxes payable	4,729,000	5,220,000
Deferred tax liability	<u>3,464,000</u>	<u>2,973,000</u>
Total liabilities	312,315,000	364,930,000

Commitments and contingencies

Stockholders' equity:

Preferred stock, par value \$.10 per share; shares authorized and unissued 2,000,000	--	--
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Common stock, par value \$.10 per share; authorized 100,000,000 shares; issued 28,634,650 shares and 28,542,535 shares at January 31, 2011 and July 31, 2010, respectively	2,863,000	2,854,000
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Additional paid-in capital	350,787,000	347,514,000
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Retained earnings	<u>379,587,000</u>	<u>351,449,000</u>
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	733,237,000	701,817,000
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Less:

Treasury stock, at cost (1,839,785 shares and 210,937 shares at January 31, 2011 and July 31, 2010, respectively)	<u>(46,989,000)</u>	<u>(185,000)</u>
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Total stockholders' equity	<u>686,248,000</u>	<u>701,632,000</u>
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Total liabilities and stockholders' equity	<u>\$ 998,563,000</u>	<u>1,066,562,000</u>
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COMTECH TELECOMMUNICATIONS CORP.

AND SUBSIDIARIES

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

(Unaudited)

Three Months Ended January 31,		Six Months Ended January 31,	
2011	2010	2011	2010

Reconciliation of GAAP Net Income to Adjusted EBITDA⁽¹⁾:

GAAP net income	\$ 16,096,000	16,333,000	41,752,000	25,365,000
Income taxes	7,704,000	9,275,000	20,760,000	13,478,000

Net interest expense and other	1,464,000	1,788,000	2,833,000	3,520,000
Amortization of stock-based compensation	1,351,000	1,650,000	2,859,000	3,426,000
Depreciation and other amortization	<u>5,686,000</u>	<u>4,683,000</u>	<u>10,511,000</u>	<u>9,349,000</u>
Adjusted EBITDA	<u>\$ 32,301,000</u>	<u>33,729,000</u>	<u>78,715,000</u>	<u>55,138,000</u>

(1) Represents earnings before interest, income taxes, depreciation and amortization of intangibles and stock-based compensation. Adjusted EBITDA is a non-GAAP operating metric used by management in assessing the Company's operating results. The Company's definition of Adjusted EBITDA may differ from the definition of EBITDA used by other companies and may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is also a measure frequently requested by the Company's investors and analysts. The Company believes that investors and analysts may use Adjusted EBITDA, along with other information contained in its SEC filings, in assessing its ability to generate cash flow and service debt.

ECMTL

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