



July 6, 2012

TeleCommunication Systems Acquires Next Generation 9-1-1 Technology Leader, microDATA GIS

Transaction Bolsters TCS' Public Safety Communications Solution Set and Distribution

Note: Comtech Acquired TCS on 2/23/2016

ANNAPOLIS, Md., July 6, 2012 /PRNewswire/ -- TeleCommunication Systems, Inc. (TCS) (NASDAQ:TSYS), a world leader in highly reliable and secure mobile communication technology, today announced it has acquired privately-held microDATA GIS, Inc., a leading provider of Next Generation 9-1-1 (NG9-1-1) software and solutions.

The aggregate acquisition consideration is approximately \$37 million, comprised of \$20 million in cash at closing, plus \$14 million in promissory notes and performance-based earn-out opportunities. TCS is financing the cash portion with an updated bank term loan arrangement (see "About the New Senior Credit Facility" below).

microDATA's technology and expertise expands TCS' end-to-end public safety communication solutions in several ways. As a pioneer in Geographical Information Systems (GIS), microDATA has a mature GIS product and tools suite, comprehensive training programs and large, highly scalable GIS data gathering and consolidation capabilities.

These capabilities are key to the business, because NG9-1-1 solutions require a detailed and comprehensive GIS data set in order to operate. microDATA also adds a comprehensive suite of Public Safety Answering Point (PSAP)-based customer premise equipment, including computer-aided dispatch integration, dashboards and call management products to the TCS suite of solutions. microDATA's three channel alliances with CenturyLink, a second large nationwide operator, and regional operator Cincinnati Bell – all industry leaders in public safety communications – enhance distribution for TCS' public safety solutions. microDATA's market position and history of accomplishments has grown steadily since its inception in 1983 and complements TCS' history of serving the public safety community, including its recent SMS911 and mobile alert solutions. For more information on microDATA, visit www.md-911.com.

NG9-1-1 technology is a significant and growing market, driven by the need for public safety agencies to lower operating costs through conversion to less-expensive IP (Internet protocol)-based systems, and the desire to provide the public with more advanced communications options, such as text-to-911 and other multi-media communications (video, photos, etc.). In a September 2011 report, the Federal Communications Commission (FCC) predicted that state and local governments will spend up to \$1.2 billion over the next 10 years for NG9-1-1 upgrades, with an additional \$1.5 billion spent on recurring connectivity, hosting and operations and maintenance. With the addition of microDATA's assets to its existing capabilities, TCS is now able to offer solutions for the entire ecosystem, creating the opportunity for a stream of recurring software maintenance and network monitoring revenue.

Bruce Heinrich, founder of microDATA, said: "Combining our expertise and technology with TCS' existing 9-1-1 technology and deeper bench of support will provide a winning combination that the industry has yet to experience. We are excited to join forces with TCS, because it is clear that they share our commitment to NENA i3 and our compliant solution roadmap, and we feel we can increase the pace of industry adoption with this visionary partner. Exciting times are ahead!"

microDATA executive Christine Heinrich will lead the newly constituted and TCS wholly-owned subsidiary as vice president of NG9-1-1. microDATA executive Jason Heinrich will become vice president of NG9-1-1 product development. Both will report to Chris Nabinger, senior vice president of TCS' Safety and Security Group.

microDATA expects to generate more than \$20 million in systems and services revenue in CY 2012, with EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of 30- 35%. This is expected to enhance TCS' projected average EBITDA margin. The acquisition is anticipated to be immediately accretive to TCS' GAAP earnings and will be reported as part of TCS' Commercial segment.

"The E9-1-1 business is a foundation stone of our Commercial segment, providing us with stable, growing and recurring revenue and cash flow," said Maurice B. Tose, TCS chairman and CEO. "We know that this business, and particularly Next Generation 9-1-1, has high barriers to entry, because state-level homeland security departments and public safety

jurisdictions have rigorous selection criteria and processes for 9-1-1 equipment procurement. microDATA has been very successful at winning contracts, including with the Department of Defense, using its standards-based solutions that are engineered in a manner that is highly complementary to our technology."

Since deploying the first U.S. [wireless E9-1-1 solution](#) in 1998, TCS has been leading public safety solutions for wireless E9-1-1, NG9-1-1 and E1-1-2. TCS supports half of all U.S. wireless E9-1-1 calls, serving more than 140 million wireless and IP-enabled devices. With the nation's only non-carrier TL 9000-certified wireless and VoIP E9-1-1 Network Operations Center (NOC), TCS' highly-reliable E9-1-1 solutions ensure that a subscriber's emergency call routes to the appropriate PSAP and automatically pinpoints the caller's location information. TCS is an innovator in public safety technology; the company holds over 200 patents, with a total of 30 issued public safety related patents and another 55 pending worldwide.

About the New Senior Credit Facility

TCS also has closed the syndication of a new secured credit facility for up to \$80 million, with a consortium of lenders administered by Silicon Valley Bank, financial partner to technology and life science companies of all sizes worldwide. The facility lending group also includes M&T Bank, and, with this financing, GE Capital Bank has joined TCS' senior lending group. The new term debt interest rate of 4.0% is lower than the loan it replaces.

A new \$45 million secured-term loan facility subsumed TCS' \$19 million term loan balance on June 30, 2012 and funded the cash portion of the microDATA acquisition. In addition, the facility includes continuation of TCS' \$35 million revolving credit line to provide working capital for general corporate purposes, supplementing the company's more than \$50 million of cash and marketable securities.

Tom Brandt, TCS senior vice president and CFO, commented: "Our company's new credit facilities enable flexibility to execute on our corporate objectives. The support we have received from the lending community reflects their confidence in our business model, the strength of our balance sheet and the recognition of our management's prudent outlook for the management of cash flow. Our company's convertible debt is due in about two and a half years, and our company is aware that some equity investors are concerned that refinancing of that debt might have an adverse effect on our equity security holders. Our company believes that during that period, the market will better understand the value of our company, which is entirely focused on secure, highly reliable, wireless communication technology that addresses the needs of major enterprise networks, including those of state, local and federal operations. We are also mindful that the 'sum of the parts' enterprise value illustrated in our investor relations materials suggest that equity investors do not currently discern that value."

Additional details regarding the new credit facilities will be made available on Form 8-K to be filed with the Securities and Exchange Commission.

Conference Call

TCS management will present further details of the acquisition and new senior credit facility on the company's second quarter 2012 conference call scheduled for Thursday, July 26 at 5:00 p.m. Eastern time.

The company's chairman and CEO Maurice B. Tosé and senior vice president and CFO Tom Brandt will host the call. A question and answer session will follow management's presentation.

Date: Thursday, July 26, 2012
Time: 5:00 p.m. Eastern time (2:00 p.m. Pacific time)
Dial-In Number: 1-877-941-2068
International: 1-480-629-9712
Conference ID#: 4550767

The conference call will be broadcast simultaneously and available for replay via the *Investors* section of the company's Web site at www.telecomsys.com.

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios Group at 1-949-574-3860.

A replay of the call will be available after 8:00 p.m. Eastern time on the same day and until August 9, 2012.

Toll-free replay number: 1-877-870-5176
International replay number: 1-858-384-5517
Replay pin number: 4550767

About TeleCommunication Systems, Inc.

TeleCommunication Systems, Inc. (TCS) (NASDAQ: TSYS) is a world leader in highly reliable and secure mobile

communication technology. TCS infrastructure forms the foundation for market leading solutions in E9-1-1, text messaging, commercial location and deployable wireless communications. TCS is at the forefront of new [mobile cloud computing](#) services providing wireless applications for navigation, hyper-local search, asset tracking, social applications and telematics. Millions of consumers around the world use TCS wireless apps as a fundamental part of their daily lives. Government agencies utilize TCS' cyber security expertise, professional services, and highly secure deployable satellite solutions for mission-critical communications. Headquartered in Annapolis, MD, TCS maintains technical, service and sales offices around the world. To learn more about emerging and innovative wireless technologies, visit www.telecomsys.com.

About microDATA, Inc.

In business since 1983, microDATA has built a number of innovative solutions designed to improve the process of handling 9-1-1 emergency calling services, including the impending use of text and video. By combining GIS (Geographic Information Services) technology with Internet Protocol capabilities, the company's core services—and its dedication to i3-compliant NG9-1-1 solutions—offer to the public safety industry a new generation of map-centric solutions that reduce response times, lower infrastructure costs, and ultimately save more lives.

Forward-looking Statements

Except for the historical information contained herein, this news release contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. These statements are subject to risks and uncertainties and are based upon TCS' current expectations and assumptions that if incorrect would cause actual results to differ materially from those anticipated. Risks include without limitation (a) our expectation for a stream of recurring software maintenance and network monitoring revenue; (b) microDATA's expected revenue and EBITDA generation; (c) that we expect the acquisition to be immediately accretive; (d) that we believe the new credit facility adds flexibility to execute on our corporate objectives; (e) that we believe the lending community support reflects confidence in our business model, the strength in our balance sheet and recognition of our management's prudent outlook for the management of cash flow; (f) our expectations for market recognition of the value of our company; and (g) those detailed from time to time in the Company's SEC reports, including the annual report on Form 10-K for the year ended December 31, 2011 and on Form 10-Q for the quarter ended March 31, 2012.

Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update or revise the information in this press release, whether as a result of new information, future events or circumstances, or otherwise.

Media Contact for Comtech Telecommunications Corp.:

Michael D. Porcelain, Senior Vice President and Chief Financial Officer
(631) 962-7103
Info@comtechtel.com