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Comtech Telecommunications Posts Strong Gains In Third Quarter Of Fiscal Year 2000

- **Revenues up 48%**
- **Net Income up 95%**

Melville, New York, June 6, 2000 --- Comtech Telecommunications Corp. (Nasdaq: CMTL) today reported net income of \$971,000 or \$0.13 per share, operating earnings from continuing operations of \$968,000 and sales of \$15.5 million for the third quarter of its 2000 fiscal year. The quarter ended on April 30, 2000.

A year earlier, Comtech had net income of \$498,000 or \$0.11 per share. Operating earnings from continuing operations totaled \$837,000 and sales were \$10.5 million in the same period. Applying a 35% effective tax rate, pro forma net income for the third quarter of fiscal 1999 was \$365,000 or \$0.08 per share.

For the first nine months of fiscal 2000, the Company reported net income of \$2.2 million or \$0.38 per share, operating earnings from continuing operations of \$2.9 million, and sales of \$41.0 million. This compares with net income of \$2.7 million or \$0.60 per share, inclusive of a non-recurring tax benefit of \$1.4 million (see explanation below), operating earnings of \$2.1 million, and sales of \$28.3 million in the previous year's first nine months.

Applying a 35% effective tax rate and eliminating the non-recurring tax benefit, pro forma net income for the year-earlier nine months amounted to \$894,000 or \$0.20 per share.

Reference is made to the attached tables for further information.

Backlog as of April 30, 2000 was \$35.3 million, compared to \$43.7 million a year earlier and \$38.6 million on July 31, 1999. The backlog was unusually high in fiscal 1999 as the result of a large order that was reported in the first quarter of that year.

Revenues for the third quarter and first nine months of the current fiscal year increased by 48% and 45% respectively over the year-earlier totals. Operating earnings from continuing operations increased by 16% in this year's third quarter compared to last year's, and 34% in the first nine months. Pro forma net income increased 166% in the third quarter compared to last year's and 143% in the first nine months.

The non-recurring gain of \$1.4 million in the first nine months of fiscal 1999 resulted from a reduction, required by applicable accounting principles, in the Company's valuation allowance against approximately \$4.2 million of its \$11.5 million net operating loss carry-forward. This reduction was appropriate because it was determined to be more likely than not that the Company would generate sufficient taxable income prior to the expiration of the relevant portion of its net operating loss carry-forward.

Fred Kornberg, President and Chief Executive Officer, said the satellite industry served by Comtech is clearly in a period of excellent growth, with demand accelerating not only in traditional markets but also across broader geographical areas such as South America and Asia. Against this background Comtech's telecommunications segment is showing strong gains in sales and earnings, partly offset by a weakness in the radio frequency microwave amplifier segment, which is expected to strengthen later in calendar 2000.

"Net earnings were negatively affected by expenses associated with the start-up of our mobile data communications services segment," Mr. Kornberg said. "Such expenses are expected to continue impacting results for at least the balance of this fiscal year."

"I am pleased to note that this quarter's reported revenue and operating profit from continued operations were the largest in Comtech's history. EPS was 63% higher than in the third quarter of fiscal 1999 on a pro-forma fully taxed basis despite the fact that February's follow-on offering significantly increased the total number of shares outstanding. We continue to run at a rate which will make fiscal 2000 a record year in all respects - revenues, operating profits, and fully taxed EPS."

Last week, after the end of the third quarter, Comtech announced an agreement, which is subject to certain conditions to closing, for the purchase of the business of EFData, the Arizona-based satellite communications division of Adaptive Broadband Corporation. EFData had revenues of approximately \$92 million in the 12 months ended March 31, 2000, and designs, develops and manufactures a wide range of satellite communications products for the transmission of voice, data, facsimile and video.

Mr. Kornberg said today that EFData would bring significant strategic benefits to Comtech in the telecommunications transmission part of its business. Among these are:

- Increased share of the market for modems and transceivers.
- Access to a large customer base.
- A proven sales force that could contribute to the distribution of Comtech's other products.
- Increased manufacturing and research and development capabilities through the integration of EFData and the Comtech Communications Corporation operating unit (both organizations produce satellite communications products and are based in Tempe, Arizona).
- Entry into the high-growth satellite solutions network business.

Commenting on the status of the Company's contract with the U. S. Army for mobile data communications services, Mr. Kornberg said operational readiness evaluation and Army personnel training have been successfully completed. A final report is expected by the end of July, 2000, with initial orders possibly beginning in the fourth quarter of this fiscal year.

"In addition to focusing on our new satellite mobile data communications services business and the implementation of the Army contract, which has a potential total value of \$418.2 million over eight years, we are continuing to strengthen our core business market position in Europe, South America and Asia," he said. "Overall, we're making excellent progress in the execution of our strategy."

A February 2000 follow-on offering of common stock raised net proceeds of approximately \$42 million after underwriting commissions and expenses. Underwriters of the offering were ABN AMRO Rothschild, a division of ABM AMRO Incorporated; Stifel, Nicolaus & Company, and HCFP/Brenner Securities, LLC.

Comtech Telecommunications Corp. is an innovative and increasingly significant player in domestic and global high-technology markets. Through its operating units, Comtech pursues opportunities in three interrelated market segments: telecommunications transmission, RF microwave amplifiers, and mobile data communications services. In each of these segments, growth is driven by increasing demand for telecommunications infrastructure and network and messaging services. The company's specialties include the design and manufacture of advanced products and networks used for transmission of voice, data and video using satellite, over the horizon microwave, terrestrial line of site and other wireless communications systems. More than 250 distinct Comtech products are in service in more than 100 countries.

Certain information contained herein includes information that is forward-looking. The matters referred to in forward-looking statements may be affected by the risks and uncertainties involved in the Company's business. These forward-looking statements are qualified in their entirety by the cautionary statements contained in the Company's Securities and Exchange Commission filings.

