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

- Revenues up 52%
- Operating Earnings up 49%

Melville, New York, March 6, 2000 --- Comtech Telecommunications Corp. (Nasdaq: CMTL) today reported net income of \$662,000 or \$0.13 per share, operating earnings from continuing operations of \$1.0 million, and sales of \$13.7 million for the second quarter of its 2000 fiscal year. The quarter ended on January 31, 2000.

A year earlier, in the second quarter of its 1999 fiscal year, Comtech had net income of \$1.8 million or \$0.40 per share, inclusive of a non-recurring tax benefit of \$1.4 million. Operating earnings from continuing operations totaled \$702,000 and sales were \$9.1 million in the same period.

Applying a 35% effective tax rate and eliminating the \$1.4 million tax benefit, pro forma net income for the year-earlier quarter amounted to \$244,000 or \$0.05 per share.

For the first six months of fiscal 2000, the Company reported net income of \$1.2 million or \$0.23 per share, operating earnings from continuing operations of \$1.9 million, and sales of \$ 25.5 million. This compares with net income of \$2.2 million or \$0.56 per share, inclusive of the non-recurring tax benefit, operating earnings of \$1.3 million, and sales of \$17.8 million in the previous year's first half.

Applying a 35% effective tax rate and eliminating the non-recurring tax benefit, pro forma net income for the year earlier half amounted to \$529,000 or \$0.12 per share. Reference is made to the attached tables for further information.

Backlog as of January 31, 2000 was \$30.8 million, compared to \$49.3 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 second quarter and first half of the current fiscal year increased by 52% and 43% respectively over the year-earlier totals. Operating earnings from continuing operations increased by 49% in this year's second quarter compared to last year's, and 46% in the first half. Pro forma net income increased 171% in the second quarter compared to last year's and 126% in the half.

The non-recurring gain of \$1.4 million or \$0.32 per share in the second quarter and first half 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 carryforward. 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 carryforward.

Fred Kornberg, President and Chief Executive Officer, said the sales and earnings gains of fiscal 2000 have been driven primarily by Comtech's telecommunications transmission segment, 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 year."

Commenting on the status of the Company's contract with the U. S. Army for mobile data communications services, Mr. Kornberg said the operational readiness evaluation and Army personnel training are expected to be completed by April 2000, with initial orders 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 market segment positions in Europe, South America and the Mid East," he said. "Overall, we're making excellent progress in the execution of our strategy."

In late February 2000 the Company successfully completed a public offering of 2,300,000 shares of its common stock at a price of \$17.50 per share. In early March the Company sold an additional 345,000 shares pursuant to the Underwriters over

allotment option at the same price per share. 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 - newest and fastest growing of all - 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.

