COMTECH TELECOMMUNICATIONS CORP /DE/
Form 424B5
June 17, 2016
TABLE OF CONTENTS
Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-208560

P R O S P E C T U S S U P P L E M E N T

(To Prospectus Dated December 23, 2015)
7,145,000 Shares

Common Stock

We are offering 7,145,000 shares of our common stock.
Our common stock is listed on the NASDAQ Global Select Market under the symbol “CMTL.” The last reported sale price of our common stock on the NASDAQ Global Select Market on June 15, 2016 was $16.44 per share.

Investing in our common stock involves risks. See “Risk Factors” beginning on page S-18 of this prospectus supplement and on page 3 of the accompanying prospectus.
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 14.00	$ 100,030,000
Underwriting Discount(1)	$ 0.70	$ 5,001,500
Proceeds to Comtech Telecommunications Corp. (before expenses)	$ 13.30	$ 95,028,500

(1)
See the section entitled “Underwriting” beginning on page S-52 of this prospectus supplement for a description of compensation payable to the underwriters in connection with this offering.

We have granted the underwriters an option to purchase up to an additional 1,071,750 shares of common stock from us at the public offering price, less underwriting discounts and commissions payable by us, within 30 days from the date of this prospectus supplement.
The underwriters expect to deliver the shares to purchasers on or about June 22, 2016 through the book-entry facilities of The Depository Trust Company.

Citigroup	Jefferies	
BMO Capital Markets	Raymond James	
Northland Capital Markets	Ladenburg Thalmann	Noble Financial Capital Markets
	Santander	

The date of this prospectus supplement is June 16, 2016

TABLE OF CONTENTS

We are responsible for the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any free-writing prospectus we prepare or authorize. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate as of any date other than its date.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes certain matters relating to us and the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, dated December 23, 2015, gives more general information about us and the securities we may offer from time to time under our shelf registration statement, some of which may not apply to this offering and some of which is superseded by the information in this prospectus supplement. If the description of this offering or the securities offered hereby in the accompanying prospectus is different from the description in this prospectus supplement, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

You should read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety, including the additional information described under “Where You Can Find More Information; Incorporation by Reference” in this prospectus supplement, before deciding whether to invest in the securities offered by this prospectus supplement.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of the securities offered by this prospectus supplement.

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted.

The information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement or the accompanying prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important that you read and consider all of the information contained in or incorporated by reference into this prospectus supplement and the information contained in the accompanying prospectus in making your investment decision.

As used in this prospectus supplement, unless stated otherwise or the context otherwise requires, references to “Comtech,” “us,” “we” or “our” refer to Comtech Telecommunications Corp., a Delaware corporation, and its direct and indirect subsidiaries. On February 23, 2016, we completed our acquisition of TeleCommunication Systems, Inc., a Maryland corporation (“TCS”). References to financial results as being “pro forma” refer to pro forma financial results for Comtech, giving effect to, among other things, our acquisition of TCS (the “TCS Acquisition”), prepared using the acquisition method of accounting for business combinations under the guidance in Accounting Standards Codification Topic 805, Business Combinations, and in accordance with Article 11 of Regulation S-X. For further information, see our unaudited pro forma condensed combined financial information included in our Current Report on Form 8-K dated June 13, 2016, which is incorporated by reference into this prospectus supplement.

TABLE OF CONTENTS

PRESENTATION OF FINANCIAL INFORMATION

This prospectus supplement incorporates by reference Comtech's audited consolidated financial statements for the fiscal years ended July 31, 2015, 2014 and 2013 and as of July 31, 2015 and 2014, as well as Comtech's unaudited condensed consolidated interim financial statements for the three months ended October 31, 2015 and 2014 and as of October 31, 2015, the three and six months ended January 31, 2016 and 2015 and as of January 31, 2016 and the three and nine months ended April 30, 2016 and 2015 and as of April 30, 2016. Certain information and footnote disclosures normally included in our audited consolidated financial statements have been omitted from our unaudited condensed consolidated interim financial statements. Our results of operations for such periods are not necessarily indicative of the results of operations to be expected for the full fiscal year. Comtech's historical financial information presented in this prospectus supplement for such dates and as of such periods has been derived from such financial statements. This prospectus supplement also incorporates by reference TCS's audited consolidated financial statements for the fiscal years ended December 31, 2015, 2014 and 2013 and as of December 31, 2015 and 2014. TCS's historical financial information presented in this prospectus supplement has been derived from such financial statements.

This prospectus supplement incorporates by reference unaudited pro forma condensed combined statements of operations for the fiscal year ended July 31, 2015 and the nine months ended April 30, 2016 based on the historical financial statements of Comtech and TCS after giving effect to the TCS Acquisition as if it had occurred on August 1, 2014. The summary unaudited pro forma condensed combined financial information set forth herein is also based on such historical financial statements. The unaudited pro forma condensed combined financial information has been derived by the application of pro forma adjustments based on the historical financial statements of Comtech and TCS after giving effect to the TCS Acquisition.

Unless otherwise indicated, references in this prospectus supplement to "fiscal year" refer to the fiscal year of Comtech, which ends on July 31 of each year. Prior to the TCS Acquisition, TCS's fiscal year ended on December 31 of each year.

Certain numerical figures set out in this prospectus supplement, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this prospectus supplement may vary slightly from the actual arithmetic totals of such information.

NON-GAAP FINANCIAL MEASURES

This prospectus supplement contains a Non-GAAP financial metric titled Adjusted EBITDA, which for the Company represents earnings before interest, income taxes, depreciation and amortization of intangibles and stock-based compensation, acquisition plan expenses, restructuring (benefits) charges related to the wind-down of the microsatellite product line, strategic alternatives analysis expenses, and other non-recurring expenses. We expect to continue to incur expenses similar to the aforementioned items and investors should not infer from our presentation of Adjusted EBITDA that these costs are unusual, infrequent or non-recurring. Adjusted EBITDA is a Non-GAAP operating metric used by management in assessing Comtech's operating results. Comtech'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, including similarly titled measures used by TCS prior to its acquisition by Comtech.

In addition, this prospectus supplement contains a Non-GAAP financial metric titled Adjusted EBITDA for TCS for its fiscal year ended December 31, 2015. Adjusted EBITDA for TCS represents earnings before interest, income taxes, amortization of deferred financing fees and other income (expense), stock based-compensation expense, depreciation and amortization of intangibles (including capitalized software by TCS), and strategic alternatives analysis expenses and other. Adjusted EBITDA is a Non-GAAP operating metric used by Comtech management in assessing TCS's operating results. The Company's definition of Adjusted EBITDA for TCS may differ from the definition of Adjusted EBITDA used by other companies and may not be comparable to similarly titled measures used by other companies, including similarly titled measures used by Comtech or TCS prior to its acquisition by Comtech.

Adjusted EBITDA is also a measure frequently requested by Comtech's investors and analysts. Adjusted EBITDA should only be considered as a supplement, and not a substitute, to GAAP metrics such as net income. Comtech believes that investors and analysts may find Adjusted EBITDA useful, along with other information contained in its SEC filings, in assessing its ability to generate cash flow and service debt.

TABLE OF CONTENTS

INDUSTRY AND MARKET DATA

Unless otherwise indicated, statements in this prospectus concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunity, and market size, growth, and share, are based on information from independent industry organizations and other third-party sources (including industry publications, surveys, and forecasts), data from our internal research, and management estimates.

Management estimates are derived from the information and data referred to above, and are based on assumptions and calculations made by us based upon our interpretation of such information and data, and our knowledge of our industry and the markets in which we operate, which we believe to be reasonable. We have not independently verified any third-party information, and our internal data has not been verified by any independent source.

Furthermore, the information and data referred to above are imprecise. Projections, assumptions, expectations, and estimates regarding our industry and the markets in which we operate and our future performance is also necessarily subject to risk.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus are considered forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) concerning our business, results of operations, economic performance and/or financial condition, based on management's current expectations, plans, estimates, assumptions, statements concerning the future of our industry, product development, business strategy, continued acceptance of our products, market growth, dependence on significant customers and projections.

Any statements contained or incorporated by reference in this prospectus supplement that are not statements of historical fact may be deemed forward-looking statements.

Forward-looking statements generally are identified by the words "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," the negative of these terms, or other similar words or comparable terminology.

Forward-looking statements are subject to change and may be affected by risks and uncertainties and other factors, most of which are difficult to predict and are generally beyond our control. These factors include, among other things:

- risks related to the TCS Acquisition, including our ability to successfully integrate operations and our ability to realize anticipated synergies;

- risks related to business disruptions resulting from the TCS Acquisition, including those relating to maintaining business and operational relationships or retaining key personnel;

- risks related to restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions) in connection with the TCS Acquisition;

- the timing of receipt of, and our performance on, new 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, and changes in prevailing economic and political conditions;

- changes in the price of oil in global markets;

- changes in foreign currency exchange rates;

TABLE OF CONTENTS

- risks associated with legal proceedings and other matters; and

- risks associated with our obligations under the Secured Credit Facility (as defined herein).

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement in light of new information or future events, although we intend to continue to meet our ongoing disclosure obligations under the U.S. securities laws and other applicable laws.

We caution you that a number of important factors could cause our business outlook, actual financial condition or results to differ materially from those expressed in, or implied by, the forward-looking statements, and therefore you should not place too much reliance on them. These factors include, among others, those described herein, under "Risk Factors" in this prospectus supplement and the accompanying prospectus and the risks described in our other filings with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K for the fiscal year ended July 31, 2015 and our Quarterly Reports on Form 10-Q for the quarterly periods ended October 31, 2015, January 31, 2016 and April 30, 2016 which are incorporated by reference in this prospectus supplement.

It is not possible to predict or identify all such factors, and therefore the factors that are noted are not intended to be a complete discussion of all potential risks or uncertainties that may affect forward-looking statements. If these or other risks and uncertainties materialize, or if the assumptions underlying any of the forward-looking statements prove incorrect, our actual performance and future actions may be materially different from those expressed in, or implied by, such forward-looking statements.

TABLE OF CONTENTS

SUMMARY

This summary contains certain information about our business and this offering and highlights selected information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein, including the risks of investing in our common stock discussed under "Risk Factors." This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein include forward looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements."

Our Company

Company Overview

We are a leading provider of advanced communications solutions for both commercial and government customers worldwide. Our solutions fulfill our customers' needs for secure wireless communications in some of the most demanding environments, including those where traditional communications are unavailable or cost-prohibitive, and in mission-critical scenarios where performance is crucial.

During our fiscal year ended July 31, 2015, we generated revenues of $307.3 million, net income of $23.2 million and Adjusted EBITDA of $51.8 million. For the nine months ended April 30, 2016, we generated revenues of $258.6 million, a net loss of $10.4 million and Adjusted EBITDA of $29.2 million. On February 23, 2016 (the first month of our third quarter of our 2016 fiscal year), we completed the acquisition of TCS for approximately $423.6 million (enterprise value). TCS was a leading provider of advanced communication solutions, including mission-critical command and control technologies, safety and security technologies and enterprise technologies. During its fiscal year ended December 31, 2015, TCS generated revenues of $364.4 million, a net loss of $5.4 million and Adjusted EBITDA of $33.7 million.

In connection with the TCS Acquisition, we announced a new organizational structure by which we began managing our combined businesses through two reportable operating segments:

- Commercial Solutions — serves commercial customers and smaller government customers, such as state and local governments, that require advanced communication technologies to meet their needs. This segment also serves certain government customers that have requirements for off-the-shelf commercial equipment. We believe this segment is a leading provider of satellite communications (such as satellite earth station modems and traveling wave tube amplifiers ("TWTA")), public safety systems (such as next generation 911 ("NG911") technologies) and enterprise application technologies (such as a messaging and trusted location-based technologies).

- Government Solutions — serves large government end-users (including those of foreign countries) that require mission-critical technologies and systems. We believe this segment is a leading provider of command and control applications (such as the design, installation and operation of data networks that integrate computing and communications, including both satellite and terrestrial links), ongoing network operation and management support services (including telecom expense management, project management and fielding and maintenance solutions related to satellite ground terminals), troposcatter communications (such as digital troposcatter multiplexers, digital over-the-horizon modems, troposcatter systems, and frequency converter systems) and RF power and switching technologies (such as solid-state high-power broadband amplifiers, enhanced position location reporting system (commonly known as "EPLRS") amplifier assemblies, identification friend or foe ("IFF") amplifiers, and amplifiers used in the counteraction of improvised explosive devices).

TABLE OF CONTENTS

The diagram below illustrates how our advanced technology solutions are organized by our two reportable operating segments:

Anticipated Benefits of the TCS Acquisition

We believe the acquisition of TCS provides us with a number of key strategic and financial benefits including:

- Creates scale and more diversified earnings. The addition of TCS more than doubled the size of our business (as measured by revenue and employee count), established Comtech's position on mobile phone devices and provides us with repeating and/or recurring revenue streams such as cloud-based hosted systems. We believe the contributions from U.S.-based customers of TCS at similar levels going forward will help to diversify our revenue stream and reduce the volatility that was previously associated with our historical exposure to international business conditions and markets.

- Provides entry into commercial markets at growth inflection points. The acquisition of TCS allows us to offer safety and security and enterprise applications technologies. We believe that these technologies are complementary to the satellite-based and wireless technologies that we have historically sold to our traditional defense and commercial customers.

- Enhances position with existing customers and new relationships with large U.S. customers. We believe the acquisition of TCS strengthens our position with existing customers as it provides us with more opportunities to cross-sell safety and security and enterprise technologies to Comtech's historically large international customer base. Additionally, TCS brings new relationships with large U.S. domestic customers, including, among others, Verizon and AT&T, along with longstanding relationships with federal, state and local governments. Importantly, the acquisition of TCS establishes Comtech as a prime contractor on several U.S. government contracts including the Army's Global Tactical Advanced Communications System ("GTACS") and the Defense Information Systems Agency's Custom SATCOM Solutions ("CS2").

TABLE OF CONTENTS

- Provides for meaningful cost synergies and growth prospects. Upon closing the acquisition of TCS on February 23, 2016, we immediately implemented our acquisition integration plan. As of April 30, 2016, we have reduced combined headcount by approximately 5.0%, reduced duplicative public company expenses and eliminated certain unnecessary functions. Additionally, we have consolidated certain back office systems by combining multiple information technology systems and continue to do so. We believe that in the first full year of combined operations (i.e., from February 23, 2016 to February 23, 2017), we will achieve approximately $8.0 million of synergies and expect to achieve cost synergies of an additional $4.0 million over the subsequent twelve months through the integration of certain product line groups and reduction in planned costs for enterprise software systems.

Key Markets and Our Position

We participate in the market for advanced communication technology solutions serving large, growing end markets including:

Commercial Solutions Segment

Communication Technologies

We offer communication technologies with particular expertise in the satellite communications industry, which is undergoing a period of significant growth and rapid technological change. Our Commercial Solutions segment manufactures most of the satellite-based communication equipment we sell to our customers.

The Satellite Industry Association estimates that the Satellite Ground Equipment industry generated revenue of $58.3 billion in 2014 and grew at a rate of 5%. The backdrop of satellite industry growth and rapid technological change will require wide-sweeping deployment and upgrades of ground-based systems, including satellite earth stations, as well as integration of high-performance amplifiers used for high-performance systems and applications. In addition, demanding, high-performance applications of satellite communication technologies, such as satellite-based wireless backhaul, direct-to-home (“DTH”) High Definition (“HD”) and 4K broadcasting, and in-flight connectivity, are proliferating.

We believe that Comtech is well positioned to capitalize on this industry growth and change through sales of our market leading, high performance communication technologies and products, including our Single Carrier per Channel (“SCPC”) satellite modems, solid-state amplifiers, HeightsTM Networking Platform and advanced Very Small Aperture Terminal (“VSAT”) products. Examples of end-market applications that are driving demand for our satellite-based communication technologies include:

- Satellite-Based Cellular Backhaul. Demand for satellite-based cellular backhaul services is anticipated to grow rapidly as a result of the increased penetration of smart cellular phones and both 3G and 4G cellular network upgrades in developing regions of the world. As mobile data penetration expands and mobile data consumption increases, wireless carriers must invest in their mobile network infrastructure. In developing regions of the world and in remote areas where terrestrial network infrastructure is lacking, wireless network operators often backhaul, or transport, their wireless data traffic using satellite-based networking technologies. Northern Sky Research estimates that satellite backhaul equipment and services revenue will grow from $1.4 billion in 2013 to $3.7 billion by 2023, representing a 9.9% compound annual growth rate. Comtech will be well-positioned to serve the high-performance, high availability needs of satellite-based cellular backhaul through sales of our leading SCPC modems and solid-state amplifiers.

- Launch of New, High Throughput Satellites. According to industry research firm Northern Sky Research, more than 100 new High Throughput Satellite (“HTS”) payloads and satellites are expected to launch over the next decade, leading to increasingly complex satellite networks. As service providers work to offer connectivity to these high-speed, high-bandwidth satellites and expand their networks to handle the demand for new HTS applications, we believe they will require new installations and upgrades of equipment.

TABLE OF CONTENTS

- High Definition and Ultra-High Definition Broadcasting. In recent years, consumers have purchased millions of High Definition televisions and more recently, Ultra-High Definition or "4K" televisions. DirecTV has stated that it expects to be broadcasting between 50 and 70 4K channels by 2020. Also, Northern Sky Research projects that there will be over 820 channels of satellite DTH 4K broadcast content by 2025. HD and 4K broadcasting requires a significant amount of satellite bandwidth, which will require satellite service providers to upgrade equipment and find new ways to manage the cost and transmission efficiency of their networks. We believe that these requirements will drive increased demand for new SCPC-based modems, our Ka-frequency based 500 Watt TWTA, our Heights™ products and our new SuperPowerTM TWTAs, which can double TWTA output power and provide direct replacement for bandwidth deficient klystron power amplifiers ("KPAs").

- In-Flight Connectivity. Consumer demand for anytime, anywhere connectivity is rapidly rising. As a result, airlines worldwide are deploying in-flight connectivity and entertainment systems. Based on a 2015 report published by Persistence Market Research, the in-flight WiFi market is expected to expand at a 15% compound annual growth rate from 2015 to 2021. To fulfill the surging demand in this end market, we intend to serve as a key supplier of amplifier components used for in-flight Ku-band connectivity systems.

Safety and Security Technologies

Our Commercial Solutions segment offers safety and security solutions that enable 911 cellular call routing, over the Internet using Voice over Internet Protocol ("VoIP") and across next generation technology. When someone places an emergency call using one of these technologies, our software utilized by the major carriers identifies the call as an emergency call, accesses the user's location information from the wireless network and routes the call to the appropriate public safety jurisdiction.

We intend to continue to invest in and upgrade our 911 capabilities as we believe this market will grow from current levels. We believe our existing customer base has a need for NG911 systems, including 911 text messaging services, advanced data, real-time photos, and other types of information sharing over Internet Protocol ("IP") networks. According to market research firm Frost & Sullivan, spending on Emergency Services IP Network products and services is forecasted to grow at a compound annual growth rate of 33% between 2013 and 2020. In February 2015, the Federal Communications Commission ("FCC") enabled $7 billion of funding for the Commerce Department's FirstNet, a nationwide LTE broadband network for over five million first responders, which encompasses police departments, fire departments, the National Guard, and other emergency service providers using the 700MHz spectrum. Comtech is currently installing a similar LTE 700MHz network, which includes wearable devices and body cameras, for a foreign government's first responders. Our FirstNet opportunities include systems integration, satellite and location infrastructure terminals, and linkage to NG911 Emergency Services IP Networks ("ESInet").

According to market research firm Frost & Sullivan, the NG911 market is expected to grow at a compound annual growth rate of 35% to reach $600 million by 2020. As a result, we have implemented and will continue to implement pilot programs of our market leading U.S. solutions in foreign countries. Our NG911 solutions have been deployed since 2006 and currently serve millions of people. These next generation solutions currently support over 500 public safety answering points ("PSAPs") with production services in over 30 states. Key Enhanced 911 ("E911") capability upgrades include: Text-to-911, indoor location accuracy and multimedia messaging.

Enterprise & Trusted LocationTM Technologies

Our Commercial Solutions segment offers enterprise application technologies including location-based technology, such as Trusted LocationTM, Look4TM, Indoor Location, text messaging platforms, and VirtuMedix®.

TABLE OF CONTENTS

Leveraging our leading location-based technology expertise, we have developed a wide range of commercial solutions to help address mapping, routing, and geolocation, to help reduce cybercrime and fraud, as well as to enhance public safety. According to ABI Research, the market for location-based services is expected to reach $400 million by 2018. Our Trusted LocationTM product is a software-based scoring system that allows providers to accurately determine a mobile device's location and identify fraudulent behavior (e.g., location spoofing) and other security risks, for example during mobile-based financial transactions. Our Look4TM application allows customers to build their own applications that include our location-based technology. Look4TM allows enterprise customers to offer their end-customers functionality such as maps, search, geocoding, routing and navigation using their brand. We believe that enterprise customers are increasingly looking for an alternative to free mapping services that are subject to change by the provider and may not meet the enterprise's privacy and security requirements. Our Indoor Location solution enables the determination of a cell phone user's geospatial position in environments where traditional Global Positioning System ("GPS") / global navigation satellite system and cellular technologies do not work well (such as inside office buildings). There is an FCC mandate that emergency services must incorporate this technology and we believe other markets will follow, utilizing more precise location information in mobile applications as well as in driverless cars and Command, Control, Communications, Intelligence, Surveillance and Reconnaissance (also known as "C4ISR") systems. We provide services to support these applications, and our platform is used to provide "Connected Car" connectivity.

Our text messaging platforms are used by wireless carriers to provide Short-Messaging Service ("SMS") to their end-customers and are also used to communicate with 911 public safety answering points through major network operators. For our installed base of systems, we provide ongoing operational support, including administration of system components, system optimization, and configuration management. Maintenance services include tracking customer support issues, trouble shooting, and developing and installing maintenance releases.

The VirtuMedix® product is a new secure digital health platform that we have developed and is accessible from nearly any personal electronic device, connecting patients and providers to enable virtual healthcare. Changes in health regulations and reimbursement models have created a new market opportunity and we are focusing our marketing and development efforts on capturing a portion of this emerging market.

Government Solutions Segment

Our Government Solutions segment offers integrated satellite equipment and designs, installs and operates data networks that integrate computing and communications (including both satellite and terrestrial links). In addition, our Government Solutions segment provides ongoing network operation and management support services including telecom expense management and project management and fielding and maintenance solutions related to satellite ground terminals and related systems.

Command & Control (C4ISR) Technologies

With persistent threats from state and non-state actors, governments seek to mitigate these threats using information to increase decision-makers' situational awareness. This information is collected through various surveillance platforms, such as radars and unmanned aerial vehicles ("UAVs") and transferred and processed through secure communications networks.

Comtech offers solutions to help close the security gap in an era of information-based, network-centric warfare. U.S. and foreign governments use our over-the-horizon microwave systems to, among other things, transmit radar tracking and air defense information and to connect remote border locations. We also offer satellite transceivers used by militaries to track and communicate with friendly forces and offer cybersecurity and training. Our amplifiers support high capacity U.S. military satellite systems and our broadband solid state amplifier products are a key component in communications systems used to support U.S. special operations forces. In addition, advanced UAVs use our integrated solid state products as part of their data link systems. U.S. and foreign military customers use our solid state amplifiers in a variety of electronic warfare systems such as jamming, broadcasting and deception in addition to simulation, communication, radar, counter measure and IFF systems.

TABLE OF CONTENTS

Moreover, governments around the world have historically allocated large portions of their defense budgets to platform-based programs – for example, the development, acquisition, operation and maintenance of aircrafts and ships. However, with increasing security threats and increasingly constrained budgets, the new capital allocation mentality in the defense industry is that incremental investment in old platform programs is seen as starving funding from data-centric investments which do more to close the security gap. The global C4ISR market, which addresses data-centric needs, exceeded $120 billion in 2014, according to market research firm Research and Markets, and is expected to grow 4% per year through 2019, according to market research firm Technavio.

In addition, the U.S. federal government cybersecurity budget is growing, reaching $14 billion for fiscal 2016, according to the U.S. Office of Management and Budget. Increasing focus by government agencies to protect their online assets has brought the importance of cybersecurity and associated solutions to the forefront. As such, we have developed a number of cybersecurity training solutions to meet the U.S. government's surging demand for qualified personnel. We are proficient in the recruitment and development of cyber professionals and offer our Art of Exploitation training program. This training program covers a clear set of leading methodologies.

Troposcatter Technologies

Over-the-horizon microwave systems, sometimes referred to as troposcatter systems, are extremely reliable and secure. Over-the-horizon microwave communication is a cost-effective, secure alternative to satellite communication as it does not require the leasing of expensive satellite transponder space with its attendant recurring costs. Traditional end-users of our troposcatter equipment have included the U.S. government and foreign governments that utilize our systems to, among other things, transmit radar tracking data, run C4ISR applications, and connect remote border locations. Additionally, energy companies use our systems to enable communication links for offshore oil rigs and other remote locations, as well as for exploration activities. Our over-the-horizon microwave systems, which include our patented forward error correction technology, are able to transmit video and other broadband applications at throughputs of up to 50 megabits per second ("Mbps").

We believe the market for troposcatter technologies is poised for growth. We believe many emerging and developing countries will be required to further develop and upgrade their commercial and defense communications systems. Many of these countries lack the financial resources to install extensive land-based networks, particularly where they have large geographic areas or unfriendly terrain that make the installation of land-based networks more costly. We believe our over-the-horizon microwave technologies often provide affordable and effective solutions to meet the requirements for communications services in these countries and that long-term demand will increase.

Our Modular Tactical Transmission System ("MTTS"), the first truly modular, rapidly deployable transit case-based troposcatter system, which has recently been purchased by the U.S. Army, has been incorporated into the Secret internet protocol router and Non-secure internet protocol router Access Point ("SNAP") family of products used by the U.S. military and called the Tactical Transportable TROPO ("SNAP 3T") or AN/TRC 198(V3). Numerous SNAP 3T terminals have been deployed by the U.S. Army in recent years and we believe that the U.S. Army intends to deploy a significant number of units in the future. We are currently developing next generation troposcatter modems that will provide significant reductions in size, power and weight as compared to currently available models. We believe these next generation modems will facilitate further market expansion over the next several years.

RF Power and Switching Technologies

Our high-power solid-state amplifiers and related technologies are utilized in several critical applications including: electronic warfare, communications, radar, IFF, and medical applications. We believe the demand for our RF power and switching technologies is growing.

TABLE OF CONTENTS

In the electronic warfare marketplace, we support legacy systems and are participating in the migration to small airborne platforms, which require smaller and lighter amplifiers. We expect the U.S. Department of Defense ("DoD") to focus on and develop small airborne platforms, including funding initial proof of concept systems and funding production. Our increasingly data centric world is driving the need for improved data link systems with manned and unmanned platforms. Our solutions increase the flexibility of systems by providing wider bandwidth capabilities to address communication needs.

We also believe that the desire for increased situational awareness of the airspace is driving opportunities for our radar and IFF products, which are used by government customers around the world. Our high power and high reliability gallium nitride ("GaN") amplifier technology is increasingly being used both to update existing radar systems for improved sensitivity and range as well as for new radar installations. In addition to technologies that enhance performance of primary radars, we also supply solutions for IFF systems that provide positive identification of radar targets. Governing bodies are requiring the implementation of spectrum friendly systems which in turn is driving market need for new hardware for our advanced performance systems.

The medical industry is also using our technologies in oncology and hypothermic cancer treatment systems. These systems improve treatment precision, reduce marginal costs and allow for higher insurance reimbursement rates. These increased reimbursement levels are strong incentives to upgrade facilities with the latest available technologies.

Competitive Strengths

We believe we will remain a leading provider of advanced communications solutions for both commercial and government customers worldwide for the foreseeable future due to our competitive strengths including:

We Have Significant Exposure to Large, Growing End Markets

We believe Comtech is well positioned to capitalize on some of the most significant emerging technology trends occurring worldwide and that customers around the world will increasingly turn to us to fulfill their needs for secure wireless communications in some of the most demanding environments, including those where traditional communications are unavailable or cost-prohibitive, and in mission-critical scenarios where performance is crucial. These important emerging technology trends include growth in global wireless penetration and mobile data consumption, proliferation of mobile applications requiring trusted location data, widespread deployment of in-flight connectivity solutions by airlines worldwide, and the rapidly expanding breadth of HD and 4K broadcasting content.

We Believe We Are a Market Leader in the End-Markets That We Serve

Commercial Solutions Segment

Communication Technologies — We believe we are the leading provider of SCPC satellite earth station modems. Many of our key satellite earth station products incorporate Turbo Product Code ("TPC") forward error correction technology and our licensed DoubleTalk® Carrier-in-Carrier® bandwidth compression technology which enable our customers to optimize their satellite networks by either reducing their satellite transponder lease costs or increasing data throughput. We believe we are a leader in the TWTA market and we differentiate our product offerings by our ability to develop the most efficient size, weight and power profile. Our TWTA amplifiers are vital to satellite communication applications such as traditional broadcast, DTH broadcast and satellite newsgathering. We provide solid-state amplifiers that are also used to amplify signals carrying voice, video or data for air-to-satellite-to-ground communications. For example, our amplifiers, when incorporated into an aircraft satellite communication system, can provide passengers with email, Internet access and video conferencing. Certain of our high-powered amplifiers are AS-900 (an airborne quality standard certification) certified. We have received major amplifier production awards for the in-flight connectivity market and we believe we are the leader in this growing segment of the market.

TABLE OF CONTENTS

Public Safety Technologies — We believe that we are a leader in public safety communication technologies used for delivery of 911 calls and estimate that, as of April 30, 2016, we route approximately 50% of all U.S. wireless 911 calls and have an approximate 30% market share for VoIP 911 calls. In addition, as of April 30, 2016, we are responsible for more than 50% of nationwide Text to 911 deployments. We are now one of two companies fulfilling FCC requirements for E911 call-routing to PSAPs for wireless and VoIP network operators. E911 refers to 911 calls for both wireline and wireless telephones that are enhanced to provide location information of the caller. We are focusing our marketing and research and development efforts to meet NG911 system standards. NG911 refers to an IP-based system that allows digital information (e.g., voice, photos, videos, text messages) to flow seamlessly from the public, through the 911 network, and on to the appropriate emergency responders.

Enterprise Technologies — Our SMS Center software has been used by wireless carrier subscribers to send and receive text or data messages to and from wireless devices since 1997. We provide ongoing operational support for our installed base of systems, including administration of system components, system optimization and configuration management. In April 2016, we were issued a U.S. patent for our Location Trust Score technology, a unique process we developed to reliably identify a mobile location by generating a "Location Trust Score." Additionally, we have developed a location-based services platform that we refer to as Location StudioTM. This platform includes Look4TM geo-services which enable customers to build their own applications powered by our location-based technology and a cloud-based positioning engine. We believe the positioning of Location StudioTM is unique in the industry and is an appealing alternative to free consumer-based mapping services which are subject to change by the supplier and which may not meet an enterprise's privacy and security requirements.

Government Solutions Segment

Command and Control Technologies — Since 2006, TCS has been a key supplier to the U.S. Army for SNAP products. We are a prime contractor under two additional, 5-year indefinite delivery, indefinite quantity defense contract vehicles: the Army's Global Tactical Advanced Communications Systems contract with twenty awardees and a maximum value of $10 billion, and the Defense Information Systems Agency's Custom SATCOM Solutions contract with eight awardees and a maximum value of $2.6 billion. In September 2015, TCS was named the awardee of a competitive five-year contract extension (a base plus five option periods) valued at approximately $68 million to provide DoD personnel with curriculum development and training services to support cybersecurity workforce development.

Troposcatter Technologies — We have designed, manufactured and sold over-the-horizon microwave products and systems for approximately forty years and believe we are the leading supplier in this specialized product line. We believe we offer the only available adaptive troposcatter modem operating at 50 Mbps. Our MTTS systems provide a high capacity, beyond-line-of-sight modular communications system designed for easy and rapid deployment. Our MTTS systems also offer seamless compatibility and interoperability with legacy-fielded troposcatter systems currently used by the U.S. military, including all versions of the AN/TRC-170.

RF Power & Switching Technologies — We are one of the largest independent suppliers of broadband, high-power, high-performance RF microwave amplifiers, which reproduce signals with high power and are extremely complex and critical to the performance of the systems into which they are incorporated. Many of these amplifiers are produced in-house by large companies; however, our expertise has created a cost-effective and technologically superior alternative to in-house sourcing. Some of the companies who have outsourced amplifier production to us include Rockwell Collins, Inc., Thales Group, European Aeronautic Defense and Space Company ("EADS"), Telephonics Corporation, Northrop Grumman Corporation, BAE Systems PLC and Raytheon Company. Our amplifiers are also used in oncology treatment systems that allow physicians to give cancer patients higher doses of radiation that are more closely focused on cancerous tissue, thereby minimizing damage to healthy tissue.

TABLE OF CONTENTS

We Believe We Provide Industry Leading Innovation, Capabilities and Solutions

We have established a leading position of technology innovation in our fields through internal and customer-funded research and development activities. Our research and development activity has yielded significant advances and we have recently announced advanced communication solutions based on these investments that are expected to position us for future growth. Examples of our industry-leading innovation include:

Our HeightsTM Networking Platform — An advanced networking platform that combines our most efficient waveforms, compression engines and the ability to provide dynamic bandwidth and power management to meet the demands of customers operating on traditional fixed satellite service systems ("FSS") while providing advantages for customers who plan to transition to HTS systems in the future. Our HeightsTM platform, a successor to our advanced VSAT series of products, is ideally suited for cellular backhaul, universal service obligation networks and other applications that require high performance in a hub-spoke environment.

Our New Line of SuperPowerTM TWTAs — In March 2015, we introduced new breakthrough Ku-band and DBS-band SuperPowerTM TWTAs that can double TWTA output power and provide direct replacement for KPAs in satellite communications uplink applications. Based on positive customer reaction to this new product, we believe this innovation will drive market growth.

Our Gallium Nitride Based Amplifiers — These amplifiers offer an efficient size, weight and power profile and incorporate Gallium Nitride technology into our products which allows us to offer customers more powerful and higher efficiency amplifiers. With continued technology evolution in the GaN semiconductor marketplace, we have been successful in developing solid state products with our GaN semiconductor partners that are achieving power levels of traditional tube amplifier products. We believe this will create opportunities to replace difficult to utilize amplifiers that use antiquated technology and are more expensive to operate.

Our New Trusted Technology Location Solutions — In order to determine a cellular phone user's location, many companies utilize technology that combines wireless network-derived location data with data from the phone's on-board global positioning system receiver. In April 2016, we were issued a U.S. patent for our Location Trust Score technology. This patent grants us important intellectual property protection and licensing opportunities for a unique process that identifies the reliability of a stated mobile location by generating a "Location Trust Score." We believe this technology is a major breakthrough in providing secure, accurate and reliable information. Our Location Trust Score technology is a powerful tool for identifying fraud, preventing "false positive" denials of services, and confirming location compliance for regulated industries.

We Have a Diverse Customer Base that Can Be Further Penetrated and Expanded

We have established longstanding relationships with hundreds of customers worldwide. Our customers inclu