COMTECH TELECOMMUNICATIONS CORP /DE/
Form PRER14A
November 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[X] Preliminary Proxy Statement
[ ] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

COMTECH TELECOMMUNICATIONS CORP.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

68 South Service Road, Suite 230
Melville, New York 11747

_________, 2011

To Our Stockholders:

On behalf of the Board of Directors (the “Board”) and management, I cordially invite you to attend the Fiscal 2011 Annual Meeting of Stockholders (the “Annual Meeting”) of Comtech Telecommunications Corp. (“Comtech” or the “Company.”) The Annual Meeting will be held at 9:00 a.m. on January 18, 2012 at our corporate headquarters located at 68 South Service Road, Melville, New York, 11747. The Notice of Fiscal 2011 Annual Meeting of Stockholders, Proxy Statement and WHITE proxy card are enclosed.

Your Board recommends that you promptly vote FOR Proposals 1, 2, 3, 4, 6, 7 and 8 and “ONE YEAR” for Proposal 5 on the enclosed WHITE proxy card. It is important that your shares are voted at the Annual Meeting. Whether or not you are able to attend in person, the prompt execution and return of the enclosed WHITE proxy card in the envelope provided or submission of your proxy and voting instructions over the Internet or by telephone will assure that your shares are represented at the Annual Meeting. Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Fiscal 2011 Annual
Meeting of Stockholders to be Held on January 18, 2012.

Our Proxy Statement and Fiscal 2011 Annual Report are available at:
www.comtechtel.com/ir.cfm

On behalf of everyone at Comtech, we thank you for your ongoing interest and investment in our company. We are committed to acting in your best interests.

Sincerely,

Fred Kornberg
Chairman, Chief Executive Officer and President

Your vote is extremely important. If you have any questions or require any assistance voting your shares, please contact Comtech’s proxy solicitor:

Innisfree M&A Incorporated
Stockholders May Call Toll-Free: (888) 750-5834

Banks and Brokers May Call Collect: (212) 750-5833

68 South Service Road, Suite 230
Melville, New York 11747

NOTICE OF FISCAL 2011 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE………………… 9:00 a.m. on January 18, 2012

PLACE…………………………….. Comtech Telecommunications Corp.
68 South Service Road (Lower Level Auditorium)
Melville, New York 11747

ITEMS OF BUSINESS……… 1) To elect two persons to serve as members of the Company's Board of Directors for terms expiring at the Company's first annual meeting following the end of its fiscal year ending July 31, 2014.

2) To ratify the selection of our independent registered public accounting firm for the current fiscal year ending July 31, 2012.

3) To approve an amendment to our 2000 Stock Incentive Plan and related actions.

4) To conduct an advisory vote on the compensation of Named Executive Officers as disclosed in this Proxy Statement.

5) To conduct an advisory vote on the frequency of future advisory votes on the compensation of Named Executive Officers.

6) To approve an amendment to our By-Laws authorizing the separation of Chairman of the Board and Chief Executive Officer.

7) To approve an amendment to our By-Laws regarding disclosure of certain derivative positions held by stockholders who desire to nominate persons for election to our Board of Directors.

8) To approve an amendment to our By-Laws establishing a formal procedure for stockholders to bring business before a meeting of stockholders.

9) To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board believes that our candidates and proposals are in your best interests. As such, the Board unanimously recommends that the stockholders vote "FOR" approval of Proposal Nos. 1, 2, 3, 4, 6, 7 and 8, and "ONE YEAR" for Proposal No. 5, to be presented to stockholders at the Fiscal 2011 Annual Meeting of Stockholders using the WHITE proxy card.

| | |
|---|---|
| RECORD DATE………………… | In order to vote, you must have been a stockholder at the close of business on November 21, 2011. |
| ATTENDANCE AT THE MEETING………………………… | Only stockholders of the Company and its invited guests may attend the Annual Meeting. Proof of ownership of Comtech common stock, along with personal identification (such as a driver's license or passport), must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual Meeting in person, you must bring a brokerage statement or other proof of ownership as of the close of business on November 21, 2011 to be admitted to the Annual Meeting. Please note that a street-name stockholder who wishes to vote in person at the Annual Meeting will need to provide a legal proxy from its bank, broker or other holder of record.<br><br>No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting. |
| PROXY VOTING……………… | It is important that your shares be represented at the Annual Meeting regardless of the number of shares you hold in order that we have a quorum, whether or not you plan to be present at the Annual Meeting in person. Please complete, sign, date and mail the enclosed WHITE proxy card in the accompanying envelope (to which you need affix no postage if mailed within the United States) or submit your proxy and voting instructions over the Internet or by telephone. Instructions for voting via the Internet or by telephone are set forth on the enclosed WHITE proxy card.<br><br>Your vote is extremely important. If you have any questions or require any assistance with voting your shares, please contact Comtech's proxy solicitor:<br><br>Innisfree M&A Incorporated<br>Stockholders May Call Toll-Free: (888) 750-5834<br>Banks and Brokers May Call Collect: (212) 750-5833 |

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By Order of the Board of Directors,
Patrick O'Gara
Secretary
__________, 2011

FISCAL 2011 ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

TABLE OF CONTENTS

## ABOUT THE PROXY STATEMENT

What is the purpose of the Annual Meeting?

At the Annual Meeting, our stockholders will be asked to consider and act upon the following matters:

- Election of two persons to serve as members of the Company's Board of Directors for terms expiring at the Company's first annual meeting following the end of its fiscal year ending July 31, 2014;
- Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2012 fiscal year;
- To approve an amendment to our 2000 Stock Incentive Plan and related actions;
- Conduct an advisory vote on the compensation of Named Executive Officers as disclosed in this Proxy Statement;
- Conduct an advisory vote on the frequency of future advisory votes on the compensation of Named Executive Officers;
- To approve an amendment to our By-Laws authorizing the separation of Chairman of the Board and Chief Executive Officer;
- To approve an amendment to our By-Laws regarding disclosure of certain derivative positions held by stockholders who desire to nominate persons for election to our Board of Directors;
- To approve an amendment to our By-Laws establishing a procedure for stockholders to bring business before a meeting of stockholders; and
- Such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Who is entitled to vote at the Annual Meeting?

Only stockholders of record at the close of business on November 21, 2011, the record date for the Annual Meeting, are entitled to receive notice of and vote at the Annual Meeting.

If you hold your shares through a bank, broker or other nominee and intend to vote in person at the Annual Meeting, you will need to provide a legal proxy from your bank, broker or other holder of record.

What are the voting rights of stockholders?

Each share of our Common Stock is entitled to one vote. There is no cumulative voting.

How do stockholders vote?

Stockholders may vote at the Annual Meeting in person or by proxy. Whether or not you plan to attend the Annual Meeting in person, we urge you to vote by doing one of the following:

Vote by Mail: You can vote your shares by mail by completing, signing, dating and returning your WHITE proxy card in the postage-paid envelope provided.

Vote by Telephone: You can also vote your shares by calling the number (toll-free in the United States and Canada) indicated on your WHITE proxy card at any time and following the recorded instructions. If you are a beneficial owner, or you hold your shares in “street name” as described below, please follow the instructions provided by your bank, broker or other holder of record with respect to voting by telephone.

Vote via the Internet: You can vote your shares via the Internet by going to the website address for Internet voting indicated on your WHITE proxy card and following the steps outlined on the secure website. If you are a beneficial owner, or you hold your shares in “street name”, please follow the instructions provided by your bank, broker or other holder of record with respect to voting via the Internet.

Your vote is extremely important. If you have any questions or require any assistance with voting your shares, please contact Comtech’s proxy solicitor:

Innisfree M&A Incorporated
Stockholders May Call Toll-Free: (888) 750-5834
Banks and Brokers May Call Collect: (212) 750-5833

If a stockholder gives a proxy, how are the shares voted?

Proxies received by us will be voted at the Annual Meeting in accordance with the instructions contained on the WHITE proxy card. The proxy card provides a way for you to direct how your shares will be voted.

If you do not give voting instructions on your proxy card, your shares will be voted by the persons named as proxies on your proxy card on each matter in accordance with the recommendation of the Board of Directors or, if no recommendation is made by the Board of Directors, in the discretion of the proxies. The proxies named on the WHITE proxy card are Fred Kornberg, Chairman, Chief Executive Officer ("CEO") and President of Comtech and Michael D. Porcelain, Senior Vice President and Chief Financial Officer ("CFO") of Comtech.

Under the rules that govern brokers and nominees who have record ownership of shares that are held in “street name” for account holders (who are the beneficial owners of the shares), brokers and nominees have the discretion to vote such shares on routine matters, but not on other matters. Accordingly, brokers and nominees will not have discretionary authority to vote on the following matters at the Fiscal 2011 Annual Meeting of Stockholders:

- The election of members to our Board of Directors;
- The approval of an amendment to our 2000 Stock Incentive Plan and related actions;
- The advisory vote on the compensation of Named Executive Officers as disclosed in this Proxy Statement;
- The advisory vote on the frequency of future advisory votes on the compensation of Named Executive Officers; and
- The approval of the three proposed amendments to our By-Laws.

If you hold shares through a broker or nominee and your broker or nominee provides you with opposition proxy materials, brokers will not have discretionary authority to vote on any matters at the Fiscal 2011 Annual Meeting of Stockholders.

If a broker or nominee has not received voting instructions from an account holder and does not have discretionary authority to vote shares on a particular item, a “broker non-vote” occurs.

It is possible that matters other than those described in this Proxy Statement may be brought before stockholders at the Annual Meeting. If we were not aware of the matter a reasonable time before the mailing of this Proxy Statement, the proxies will vote your shares on the matter as recommended by the Board of Directors or, if no recommendation is given, the proxies will vote your shares in their discretion. In any event, the proxies will comply with the rules of the

Securities and Exchange Commission (“SEC”) when acting on your behalf on a discretionary basis.

At the date of this Proxy Statement, we had not received any notice regarding any other matter to come before the Annual Meeting.

Has the Company been notified that a stockholder intends to propose alternative director nominees at the Fiscal 2011 Annual Meeting of Stockholders?

On September 9, 2011, the Company received notice from MMI Investments, L.P. (“MMI”) stating its intention to nominate two individuals for election to the Board at the Annual Meeting.  Based upon MMI’s public filings, the Company believes that MMI, its affiliates and certain other related parties (collectively, also referred to as “MMI”) will solicit proxies or nominate individuals for election as directors at the Annual Meeting.  Nominations by MMI have NOT been endorsed by our Board of Directors.

We urge you NOT to sign or return any proxy card that you may receive from MMI.

What should I do if I receive a proxy card from MMI?

If MMI proceeds with its nominations, you may receive proxy solicitation materials from MMI, including an opposition proxy statement and a proxy card. Your Board unanimously recommends you disregard any proxy cards received from MMI. If you have already voted using the proxy card that you received from MMI, you have every right to change your vote by executing and returning the enclosed WHITE proxy card or by voting by telephone or via the Internet by following the instructions provided on the enclosed proxy card. Only the latest dated proxy you submit will be counted. If you vote against any MMI nominee using the proxy card that you received from MMI, your vote will not be counted as a vote for the Board’s nominees and will result in the revocation of any previous vote you may have cast on the Company’s WHITE proxy card. If you wish to vote pursuant to the recommendation of the Board, you should disregard any proxy card that you receive other than the WHITE proxy card.

Your vote is extremely important.  If you have any questions or require any assistance with voting your shares, please contact Comtech’s proxy solicitor:

Innisfree M&A Incorporated
Stockholders May Call Toll-Free:  (888) 750-5834
Banks and Brokers May Call Collect:  (212) 750-5833

How are proxies changed or revoked?

You may change any vote by proxy or revoke a proxy before it is exercised by filing with the Secretary of Comtech a notice of revocation, by submitting a duly executed later-dated proxy by mail, telephone or via the Internet, or by attending the Annual Meeting and voting in person by ballot.  If you hold shares through a bank or brokerage firm, you must contact that bank or brokerage firm to revoke any prior voting instructions. Attendance at the Annual Meeting will not by itself constitute revocation of a proxy.

If you have previously signed a proxy card that was sent to you by MMI, you may change your vote by marking, signing, dating and returning the enclosed WHITE proxy card in the accompanying postage-paid envelope or by voting by telephone or via the Internet by following the instructions on your WHITE proxy card. Submitting an MMI proxy card after you submit the WHITE proxy card will revoke votes you have made via the Company’s WHITE proxy card.

What should I do if I receive more than one WHITE proxy card or other set of proxy materials from the Company?

If you hold your shares in multiple accounts or registrations, or in both registered and street name, you will receive a WHITE proxy card for each account. If you choose to vote by phone or by Internet, please vote using each WHITE proxy card you receive. Only your latest dated proxy for each account will be voted.

If MMI proceeds with its previously announced alternative nominations, we will likely conduct multiple mailings prior to the Annual Meeting date to ensure stockholders have our latest proxy information and materials to vote. We will send you a new WHITE proxy card with each mailing, regardless of whether you have previously voted. The latest dated proxy you submit will be counted, and, if you wish to vote as recommended by the Board then you should only submit WHITE proxy cards.

Please sign, date and return all WHITE proxy cards you receive from the Company.

How many shares are outstanding and what constitutes a quorum?

At the close of business on November 21, 2011, the record date for the Annual Meeting, _______ shares of Common Stock were outstanding. Stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast must be present at the Annual Meeting in person or by proxy to constitute a quorum for the transaction of business. Withheld votes, "abstentions" and broker non-votes count for purposes of determining whether a quorum is present.

What vote is required to approve each item?

Election of the Two Directors. Assuming the MMI's nominees are in fact proposed for election at the Fiscal 2011 Annual Meeting of Stockholders, there will be more nominees than available positions and, as provided in the Company's By-Laws, directors will be elected on a plurality basis. This means that the two candidates receiving the highest number of "FOR" votes will be elected. A properly executed proxy card marked "WITHHOLD" with respect to the election of a director nominee will be counted for purposes of determining if there is a quorum at the Annual Meeting, but will not be considered to have been voted for or against the director nominee. Withheld votes and broker non-votes will have no effect on the outcome of the election.

Ratification of Selection of Accounting Firm. The ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal 2012 will require the affirmative vote of a majority of the shares voted in person or by proxy.

Approval of Amendment to Our 2000 Stock Incentive Plan. The approval of the amendment to our 2000 Stock Incentive Plan and related actions will require the affirmative vote of a majority of the shares voted in person or by proxy.

Approval (on an advisory basis) of the Compensation of the Named Executive Officers. In order to be approved on an advisory basis, this proposal must receive the affirmative vote of a majority of the shares voted in person or by proxy.

Selection of the Frequency of Future Executive Compensation Advisory Votes. Since Proposal No. 5 is an advisory vote with multiple choices, the provisions of our By-Laws regarding the vote required to "approve" a proposal are not applicable to this matter. Abstentions and broker non-votes will not be counted as expressing any preference. We will consider the frequency that receives the highest number of votes cast by stockholders to be the frequency that has been selected by stockholders. However, because this vote is advisory and non-binding on us or our Board in any way, our Board may decide that it is in our and our stockholders' best interests to hold an advisory vote on executive compensation more or less frequently than the option selected by our stockholders.

Approval of the Three Proposed Amendments to our By-Laws. The approval of the three proposed amendments to our By-Laws will require the affirmative vote of a majority of the outstanding shares entitled to vote thereon.

Other Matters. Approval of any other matter that comes before the Fiscal 2011 Annual Meeting of Stockholders or any adjournment or postponement thereof generally will require the affirmative vote of a majority of the shares voted in person or by proxy although a different number of affirmative votes may be required, depending on the nature of such matter.

It will NOT help elect your Board's nominees if you sign and return proxies sent by MMI, even if you vote "AGAINST" or withhold on their directors using the MMI proxy card. In fact, doing so may cancel any previous vote you cast on the Company's WHITE proxy card. The only way to support your Board's nominees is to vote "FOR" the Board's nominees on the WHITE proxy card.

6

How do withheld votes, abstentions and broker non-votes affect the outcome of a vote?

Withheld votes and broker non-votes with respect to a nominee for election as director will not affect the outcome of the vote, so long as the particular nominee receives more votes than any nominee competing for the particular director seat.

Abstentions and broker non-votes with respect to any matter for which the vote required is a majority of the votes cast (i.e., the ratification of KPMG LLP, the amendment to our 2000 Stock Incentive Plan, and the advisory votes on executive compensation), will not affect the outcome of such vote because abstentions and broker non-votes are not considered to be votes cast under our By-Laws or under the laws of the State of Delaware (our state of incorporation).

The proposals to amend our By-Laws require the affirmative vote of a majority of the outstanding shares entitled to vote thereon, so in these cases, both abstentions and broker non-votes have the same effect as a vote against these proposals.

What are our Board of Directors' recommendations?

The Board of Directors unanimously recommends that you vote on the WHITE proxy card:

- FOR the election of the two nominees proposed by the Company for election as directors;
- FOR the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal 2012;
- FOR the approval of an amendment to our 2000 Stock Incentive Plan and related actions;
- FOR the proposal to approve (on an advisory basis) the compensation of Named Executive Officers as disclosed in this Proxy Statement;
- ONE YEAR for the proposal (on an advisory basis) regarding the frequency of executive compensation advisory votes;
- FOR the approval of the amendment to our By-Laws authorizing the separation of Chairman of the Board and Chief Executive Officer;
- FOR the approval of the amendment to our By-Laws regarding disclosure of certain derivative positions by stockholders who desire to nominate persons for election to our Board of Directors; and
- FOR the approval of the amendment to our By-Laws establishing a formal procedure for stockholders to bring business before a meeting of stockholders.

What should I do if I have questions or require any assistance with voting my shares?

You may contact Comtech's proxy solicitor, Innisfree M&A Incorporated at:

Stockholders May Call Toll-Free (888) 750-5834
Banks and Brokers May Call Collect (212) 755-5833

Other Information

We have enclosed our Annual Report for fiscal 2011 together with this Proxy Statement. No material contained in the Annual Report is to be considered a part of the proxy solicitation material. The Fiscal 2011 Annual Meeting of Stockholders may be adjourned from time to time without notice other than by announcement at the Annual Meeting. Our corporate website address is www.comtechtel.com. The contents of our website are not incorporated by reference into this Proxy Statement.

PRINCIPAL STOCKHOLDERS OF COMTECH TELECOMMUNICATIONS CORP.

This table provides the number of shares owned by principal stockholders who beneficially own more than five percent of our outstanding Common Stock, as of the date stated in the below footnotes.

The information in this table is based upon the latest filings by each principal stockholder of either a Schedule 13D, Schedule 13G or Form 13F as filed by the respective stockholder with the SEC.

We calculate the stockholder's percentage of the outstanding class assuming the stockholder beneficially owned that number of shares on November 21, 2011, the record date for the Fiscal 2011 Annual Meeting of Stockholders.

Unless otherwise indicated, the stockholder had sole voting and sole dispositive power over the shares.

TABLE OF PRINCIPAL STOCKHOLDERS

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| . | . | . |
| . | . | . |
| . | . | . |
| . | . | . |

**** The above table may not be completed until after the record date of November 21, 2011, and will be completed upon the filing of our definitive proxy. ****

## BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The table below shows the beneficial ownership of our Common Stock of each of our current directors, Chief Executive Officer, Chief Financial Officer, and the three other highest paid executive officers (collectively, the Named Executive Officers ("NEOs")) and all directors and executive officers as a group, as of November 21, 2011.

Unless otherwise indicated, our directors and executive officers had sole voting and sole dispositive power over their shares.

### TABLE OF SHARES BENEFICIALLY OWNED BY DIRECTORS AND NAMED EXECUTIVE OFFICERS

| Name | (1) Shares Beneficially Owned on November 21, 2011 | Percent of Class |
|---|---|---|
| Non-employee Directors (listed alphabetically): | | |
| Richard L. Goldberg | · | |
| Edwin Kantor | · | |
| Ira Kaplan | · | |
| Gerard R. Nocita | · | |
| Robert G. Paul | · | |
| | | |
| Named Executive Officers (listed alphabetically): | | |
| Richard L. Burt | · | |
| Fred Kornberg | · | |
| Robert L. McCollum | · | |
| Michael D. Porcelain | · | |
| Robert G. Rouse | · | |
| All Directors and executive officers as a group (11 persons) | · | |

* Less than one percent

(1) Includes the following shares of our Common Stock with respect to which such persons have the right to acquire beneficial ownership within 60 days from November 21, 2011: Mr. Goldberg ____ shares; Mr. Kantor ____ shares; Mr. Kaplan ____ shares; Mr. Nocita ____ shares; Mr. Paul ____ shares; Mr. Burt ____ shares, Mr. Kornberg ____ shares; Mr. McCollum ____ shares, Mr. Porcelain ____ shares; Mr. Rouse ____ shares; and all directors and executive officers as a group ____ shares. We calculated the percentage of the outstanding class beneficially owned by each person and by the group treating their shares subject to this right to acquire within 60 days as outstanding.

**** The above table may not be completed until after the record date of November 21, 2011, and will be completed upon the filing of our definitive proxy. ****

## OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### The Board's Oversight Role

Our Board of Directors oversees the management of our business, in accordance with Delaware General Corporation Law and our Certificate of Incorporation and By-Laws. Members of our Board of Directors are kept informed of our business through discussions with our CEO and other officers, by reviewing materials provided to them, and by participating in regular and special meetings of our Board of Directors and its committees. The Board and its committees also confer, as needed, with independent financial, executive compensation and other advisors. In addition, to promote open discussion among our non-employee directors, those directors meet in scheduled executive sessions without the participation of any member of management, including our CEO.

### Independent Directors

Our Board of Directors has a long-standing commitment to sound and effective corporate governance, the foundation of which is our Board's policy that a substantial majority of our directors should be independent. We have only one director who is an employee of the Company (our Chairman of the Board, Mr. Fred Kornberg, who is also our CEO). Our Board of Directors has determined that all five of our other directors have no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that all of these directors also meet the applicable definition of an "independent director" under the NASDAQ Stock Market Listing Rules.

As discussed in the section entitled "Recent Changes; Significant Corporate Events; and Background to Potential Contested Election," Mr. Gerard Nocita, an independent director whose term of office is expiring at the Company's Fiscal 2011 Annual Meeting of Stockholders, has informed us that he will not stand for re-election due to personal health reasons. As indicated in "Proposal No. 1 - Election of Two Directors," Dr. Stanton Sloane has been nominated by the Board of Directors to fill the vacancy resulting from Mr. Nocita's decision, and your Board has determined that he would qualify as an independent director if he is elected by our stockholders.

### Our Governance Policies and Guidelines

Our Board of Directors has adopted Corporate Governance Policies and Guidelines. These policies and guidelines, in conjunction with the Company's Certificate of Incorporation and By-Laws, and the charters of the committees of the Board of Directors, form the framework for the governance of the Company.

The following is a summary of the key components of our Corporate Governance Policies and Guidelines (which can be found at our web site at http://www.comtechtel.com/directors.cfm):

- Directors should have high professional and personal ethics and values and should have experience in areas of particular significance to the long-term creation of stockholder value.

- Directors must have sufficient time to carry out their duties and limit their service to no more than three other public company boards.

- Each member of our Board of Directors must at all times exhibit high standards of integrity and ethical behavior and adhere to our Standards of Business Conduct. We require directors as well as employees to certify in writing on an annual basis that they have read and will abide by such standards. In addition, Directors must avoid any conflict between their own interests and the interests of the Company in dealing with suppliers, customers, and other third parties, and in the conduct of their personal affairs.

- Unless requested by the Board of Directors to remain, an employee director is expected to resign from the Board of Directors at the time employment terminates.

- The Board of Directors shall hold executive sessions of independent directors as necessary, but at least once a year.

- The Board of Directors shall regularly consider succession plans addressing the potential resignation or unavailability of our CEO, and shall regularly consider and discuss with our CEO his plans addressing the potential resignation or unavailability of the executive officers reporting to our CEO. These plans are discussed by the Board of Directors at least annually.

- Directors are encouraged to talk directly to any member of management regarding any questions or concerns the directors may have. Members of senior management, as appropriate, are invited to attend Board of Director meetings.

- The Board of Directors and each committee of the Board have the authority, at our expense, to retain and discharge independent advisors as the Board of Directors and any such committee deems necessary, including the sole authority to approve the advisors' fees.

  - The Board of Directors, each committee and each individual director shall conduct a self-evaluation annually. The Nominating and Governance Committee shall oversee each such annual self-evaluation.

- Non-employee directors are required to hold an equity ownership interest in Company stock with a market value of at least six times their respective annual cash retainer. Our CEO is required to hold an equity ownership interest in Company stock with a market value of at least six times his annual base salary. All other executive officers are required to hold an equity ownership interest of at least 20,000 shares or shares with a market value of at least two times their respective annual base salary, whichever is less.

- Until applicable equity ownership interest guidelines are met, non-employee directors and executive officers (including our CEO) are required to hold any shares received from the exercise of stock options or the delivery of shares pursuant to a restricted stock-based award or similar awards, less the number of shares used for the payment of any related exercise price and applicable taxes.

- The Nominating and Governance Committee of the Board of Directors shall maintain guidelines for the review, approval or ratification and disclosure of "related person transactions" as defined by SEC rules.

- The Chairperson of the Nominating and Governance Committee (and if different, our Lead Independent Director) shall receive copies of stockholder communications directed to non-management directors.

Recent Changes; Significant Corporate Events; and Background to Potential Contested Election

From time to time, the Board of Directors reviews the Company's Board leadership structure. In September 2011, our Board established the position of Lead Independent Director and appointed Mr. Edwin Kantor to that position. The background and rationale for this leadership structure change, as well as other corporate governance changes and the background to a potential contested election are discussed below.

In October 2009, the Board of Directors reconstituted our Nominating Committee as the Nominating and Governance Committee. There was no specific stockholder concern or other corporate governance matter that led to the establishment of the Nominating and Governance Committee. Rather, the Board of Directors wanted to review best practices and enhance the Board's ability to focus on corporate governance matters. Soon after its formation, our Board adopted: (i) Corporate Governance Policies and Guidelines, (ii) non-equity incentive award limits for senior executives and all employees and (iii) minimum equity ownership interest guidelines for both executive officers (including those that are subsidiary presidents) and non-employee directors. As discussed further below, all of these corporate governance policies and practices have been further enhanced on a continuous basis by the Nominating and Governance Committee.

In connection with the Board's discussions throughout the second half of fiscal 2010 regarding the Company's May 10, 2010 announcement that it would acquire CPI International, Inc. ("CPI"), the members of the Nominating and Governance Committee considered, among other matters, whether the size and complexity of the combined companies required the Board to consider separating the roles of Chairman and CEO, or appointing a lead independent director so that the CEO could focus more on managing the combined businesses. Such discussions continued through the first quarter of fiscal 2011.

On March 2, 2010, at a regularly scheduled meeting of our Board of Directors, the Nominating and Governance Committee reported that, based on the corporate governance enhancements that we had adopted since the Committee's reconstitution, Institutional Shareholder Services Inc. ("ISS" a leading proxy advisory services firm for many of our stockholders) had significantly increased its "Corporate Governance Quotient" ("CGQ") industry score for us by 145% to 64.8. The Nominating and Governance Committee indicated that it would continue to evaluate our policies and review best practices to further enhance our corporate governance.

On June 2, 2010, our Board of Directors engaged an independent investment banking firm to provide financial advice on a variety of matters including performing a complete strategic alternative analysis and evaluating our future prospects. That investment banking firm, which has substantial industry and capital markets experience, had no prior relationship with the Company.

On July 21, 2010, we were advised by the U.S. Army that it had awarded the next generation Blue Force Tracking-2 ("BFT-2") contract to another company whose contract proposal was 50% lower than the total evaluated price of our BFT-2 proposal. We filed a Form 8-K with the SEC on July 21, 2010 because this decision by the U.S. Army was anticipated to significantly impact the future business prospects of our mobile data communications segment. On the day we made the announcement of the U.S. Army's decision, our stock price declined by 31.9% to $21.30. Because of the immediate decline in the price of our stock, CPI's Board of Directors requested that we increase the merger consideration payable to CPI stockholders, since a portion of the merger consideration consisted of Comtech stock. After lengthy discussions, our Board determined that it was not in the best interests of our stockholders to increase the merger consideration payable to CPI. As such, on September 7, 2010, we announced the termination of our merger agreement with CPI and the receipt of $15.0 million in cash from CPI (which we were entitled to pursuant to the merger agreement). In light of these events, the Nominating and Governance Committee determined that, at that time, it would not make any immediate recommendation to the Board concerning a change in our Board's leadership structure.

On September 23, 2010, our Board of Directors met as part of a regularly scheduled meeting and had lengthy discussions in connection with its review of our fiscal year 2010 financial results and our fiscal year 2011 business plan. Our Board considered , among other things, the following:

(i) the difficult business and economic conditions that were affecting our business,

(ii) the mergers and acquisitions environment,

(iii) the potential repositioning of the Company's mobile data communications segment's strategy as a result of the July 21, 2010 announcement, and

(iv) the strategic alternatives analysis conducted by the investment banking firm that had been retained in June.

Based on these deliberations, our Board approved a targeted annual dividend of $1.00 per share, authorized a $100.0 million stock repurchase program and authorized the continued pursuit of appropriate strategic acquisitions that would drive long-term growth and stockholder value.

Throughout fiscal 2011, our Board of Directors continued to focus on the matters discussed at its September 23, 2010 meeting and the Nominating and Governance Committee continued to focus on potential enhancements to our corporate governance structure and our Board's leadership structure. In February 2011, our Board of Directors retained a second investment banking firm to further assist it in reviewing a complete set of strategic alternatives to enhance stockholder value. That investment banking firm has substantial industry and capital markets experience and is familiar with our company through prior relationships. The Board also authorized the retention of separate independent legal counsel to advise the Board concerning corporate governance matters under the Delaware General Corporation Law. Both the first and second investment banking firms continue to be retained as financial advisers to the Board of Directors through today.

On June 2, 2011, the Nominating and Governance Committee met and had a broad discussion of various corporate governance policies and practices (including board leadership structures) that were considered best practices by ISS and Glass Lewis & Co. (another proxy advisory services firm). The Nominating and Governance Committee indicated that it would further evaluate certain corporate governance practices, including the establishment of a lead independent director position, increasing equity ownership interest requirements for our non-employee directors and executive officers (including our CEO), establishing formal holding periods of equity ownership interests for non-employee directors and executive officers (including our CEO) and evaluating whether or not our 2000 Stock Incentive Plan should be amended to prohibit the recycling of shares. The Committee indicated it would report on these matters at a future meeting of the Board. At this meeting, the Committee also discussed and approved various related party transactions (see section entitled “Certain Relationships and Related Transactions.”)

On June 2, 2011, the Board of Directors, based in part on the recommendation of the Nominating and Governance Committee (who had met earlier in the day), concluded that given our CEO's importance to our future success, it was important to continue to combine the roles of Chairman and CEO. The Board believed that a dual Chairman and CEO role would provide, among other benefits: (i) a clear leadership structure during the current challenging business environment and the repositioning of our mobile data communications segment and (ii) the continued ability to operate flexibly and maximize responsiveness to our customers. The Board also determined, based on its evaluation of our CEO's performance, that it was critically important to provide for the CEO's continuity by renewing his employment agreement that was due to expire on July 31, 2011. Accordingly, the Board authorized the Executive Compensation Committee ("ECC") to negotiate an amended and restated employment agreement with our CEO. At this meeting, it was also determined that if the Board of Directors wanted future flexibility to separate the roles of Chairman and CEO, it would require a change in our By-Laws which would require approval by our stockholders (see Proposal No. 6).

At the June 2, 2011 meeting, our Board also discussed our forecasted fiscal year 2011 financial results and our fiscal 2012 preliminary business plan and a wide range of other business matters, including the following:

i) the ongoing difficult business and economic conditions that were affecting our business,

ii) the mergers and acquisitions environment,

iii) the potential repositioning of the Company's mobile data communications segment's strategy as a result of the July 21, 2010 BFT-2 announcement, and

iv) the strategic alternatives analyses conducted by both investment banking firms that had previously been presented to the Board.

Based on those discussions, our Board authorized the continued repurchase of our stock pursuant to the $100.0 million stock repurchase program approved in September 2010, and the pursuit of appropriate acquisitions that would drive long-term stockholder value.

On June 2, 2011, the ECC held a regularly scheduled meeting to discuss, among other matters, what terms of employment it might consider offering our CEO. After extensive discussion, it was the sense of the ECC to consider engaging Steven Hall & Partners, LLC ("Steven Hall"), an independent executive compensation consulting firm, to advise it in connection with that negotiation. Also at this meeting, the ECC had extensive discussions related to the granting of stock options to our NEOs under our 2000 Stock Incentive Plan. Based on these discussions, which are further discussed in the section entitled "Compensation Discussion and Analysis," the ECC decided to materially reduce the value of stock-based awards granted to our NEOs in fiscal 2011.

On June 28, 2011, our Board of Directors held a special meeting to continue to focus on the matters discussed at its June 2, 2011 meeting. At the June 28 meeting, the Board discussed at length the approaching completion of our $100.0 million stock repurchase program that was authorized in September 2010. In that connection, the Board considered a wide range of matters, including, among others, our projected needs for and potential uses of funds for the growth of our business, including with respect to potential acquisitions. Based on these discussions, the Board concluded that, upon the completion of the $100.0 million stock repurchase program, a new $150.0 million stock repurchase program would be authorized and that, upon its adoption, the Company should accelerate the pace of repurchases pursuant to the new authorization.

On June 30, 2011, the ECC held a special meeting to discuss executive compensation including the potential terms of employment that it might consider offering our CEO. At this meeting, the ECC requested that Steven Hall perform an independent comprehensive review of executive compensation (for all of our NEOs, including our CEO) and present such analysis at a future meeting of the ECC.

On July 21, 2011, the ECC held a special meeting to discuss the proposed terms of an agreement with the CEO and to review a preliminary report from Steven Hall concerning the total compensation of our NEOs. Based on this preliminary report, the ECC requested that Steven Hall perform additional analysis and ultimately, as discussed further in the section entitled “Compensation Discussion and Analysis,” the ECC made changes to the performance metrics (e.g., adopted an earnings per share (“EPS”) metric determined in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) that will be utilized in the determination of non-equity incentive plan awards for our CEO and other corporate NEOs in fiscal 2012 ) . At this meeting, the ECC discussed that it believed many of our institutional stockholders and their advisers (such as ISS and Glass Lewis & Co.) did not favor certain employment terms related to severance and other payments, and that these terms should not be included in future NEO agreements.

On August 1, 2011, as discussed in further detail in the section entitled "Compensation Discussion and Analysis," the ECC based on discussions with its independent executive compensation consulting firm, completed its negotiations with our CEO which resulted in an amended and restated employment agreement that provided for:

(i) no increase in his annual base salary,

(ii) a change from a so-called "modified single trigger" to a "double trigger" change-in-control provision, and

(iii) the elimination of the so-called tax "gross-up" provision payable by us if severance and benefits triggered an excess golden parachute excise tax.

On August 4, 2011, our Nominating and Governance Committee met and discussed various corporate governance enhancements that it was considering, including reconsidering the establishment of a lead independent director position. At this meeting, the Committee determined to recommend to the Board of Directors that we adopt increased equity ownership interest guidelines that would require non-employee directors to hold a minimum equity ownership interest in our common stock with a market value of at least six times their respective annual cash retainer and to require our CEO to hold a minimum equity ownership interest in shares of our common stock with a market value at least six times his annual base salary.  The Committee also determined that equity-based compensation awards to our non-employee directors (which was most recently approved at the Fiscal 2009 Annual Meeting of Stockholders) be amended to allow for potential grants of restricted stock or restricted stock units, to better enable non-employee directors to meet the increased ownership guidelines within the time permitted under the guidelines. Because our current stock plan does not provide for the issuance of restricted stock or restricted stock units to non-employee directors, the Committee agreed that it would further evaluate what changes or amendments to our 2000 Stock Incentive Plan would be necessary to effectuate these potential changes and that it would report a final recommendation to the Board of Directors at the September 21, 2011 meeting.

On August 4, 2011, the ECC held a regularly scheduled meeting to consider further adjustments to fiscal 2011 compensation for our NEOs, other than its previous June 2, 2011 decision to reduce fiscal 2011 stock-based awards. At this meeting, the ECC reviewed the performance, in fiscal 2011, of each of the Company's executive officers and subsidiary presidents (who, in certain cases, are not NEOs), the responsibilities and career paths of each of our executive officers, the Company's preliminary fiscal 2011 financial results, prospects for the Company and its individual business units, and discussed alternative designs for compensation plans. At this meeting, our CFO also informed the ECC that he had received suggestions from stockholders who expressed a desire to have our compensation program include GAAP diluted EPS performance metrics, because these stockholders believed that a GAAP diluted EPS metric would better align our CEO's compensation with stockholder interests. The ECC agreed that it would consider these suggestions given that it was considering alternative designs for compensation plans, and that final 2012 non-equity incentive award targets and metrics would be adopted after the fiscal 2012 financial plan was finalized.  In addition, after considering the preliminary report prepared by its independent executive compensation consulting firm, the ECC decided not to give raises in fiscal 2012 to any of our NEOs (other than our CFO whose salary was determined to be significantly below his peers).

Shortly after the August 4, 2011 regular meeting of the Board, Mr. Gerard Nocita, the Chairman of our Audit Committee, spoke with our Chairman and CEO and informed him that, although he had not made a definitive decision, he was considering not standing for re-election at the Fiscal 2011 Annual Meeting of Stockholders due to personal health issues which may prevent him from serving a full term until 2014 if he was so nominated by the Board and if he was subsequently elected by our stockholders. Mr. Nocita indicated that he would further consider his decision over the following few months and that he would speak individually with each member of the Board of Directors.

On September 9, 2011, our Board of Directors received written notice that MMI: (i) intended to nominate its own slate of directors at the Annual Meeting, (ii) had certain concerns about our business, and (iii) wished to meet with representatives of the Company as soon as practicable. Our Board of Directors held a special telephonic meeting to discuss this notice. Because MMI had not had any dialogue or communications with either the Board or members of management prior to September 9, the Board directed our CEO and CFO to meet with MMI representatives and requested that our Nominating and Governance Committee review the qualifications of the potential MMI candidates.

On September 20, 2011, our CEO and CFO met with representatives of MMI as directed by the Board of Directors. At this meeting, MMI did not inform us of any specific operational concerns or any corporate governance concerns that it had other than: (i) its concern that we had lost the BFT-2 contract, (ii) they thought our stock was undervalued, and (iii) that we should immediately put the Company up for sale. It was agreed at this meeting to meet again to continue the conversation and engage in more meaningful dialogue after we released our fiscal 2011 year-end earnings report and filed our Annual Report on Form 10-K with the Securities and Exchange Commission, which was scheduled for September 27, 2011.

On September 21, 2011, the ECC held a regularly scheduled meeting and approved, subject to any practical implementation issues, fiscal 2012 non-equity incentive performance metrics, including the inclusion of specific GAAP diluted EPS goals for our CEO and corporate NEOs. Fiscal 2012 goals include minimum financial performance thresholds that will be considered in determining the amount of the actual non-equity incentive award for fiscal 2012. These performance metrics are discussed further in the section entitled “Compensation Discussion and Analysis.”

On September 21, 2011, the Nominating and Governance Committee met to finalize certain changes to our corporate governance structure and equity ownership interest guidelines that had been previously recommended or were under consideration. During these meetings, the Nominating and Governance Committee recommended to the Board that it adopt, subject to any necessary stockholder approval, the previously discussed matters relating to equity ownership interest guidelines and holding requirements for the non-employee directors and our NEOs. These recommendations included that our 2000 Stock Incentive Plan be amended to allow for potential grants of restricted stock or restricted stock units to non-employee directors. As indicated in “Proposal No. 3 - Approval of Amendment to Our 2000 Stock Incentive Plan and Related Actions,” this amendment requires stockholder approval. At this meeting, and in light of the Board of Directors’ decision (as recommended to it by the Nominating and Governance Committee) on June 2, 2011 to retain the dual Chairman and CEO role, the Committee also recommended to the Board that it establish a lead independent director position. The Nominating and Governance Committee believed that the establishment of a lead independent director position would facilitate the Board’s oversight and stockholder responsiveness roles and preserve the stature of the dual Chairman and CEO role that it believes is important for effective day-to-day leadership of our business. The Committee recommended that the lead independent director responsibilities include the following:

· Presiding at meetings of the Board of Directors in the absence, or upon the request, of the Chairman;

· Presiding at executive sessions of the independent directors, with authority to call additional executive sessions or meetings of the independent directors, and communicating with our CEO, as appropriate, concerning matters arising from such executive sessions;

· Approving Board meeting dates and agendas, as well as information packages provided to directors and, in consultation with the Chairman, recommending matters to be considered by the Board;

· Serving as a liaison between the Board’s independent directors and the CEO and other members of senior management; and

· Evaluating, along with the members of the ECC of the Board of Directors, the performance of the Company’s CEO.

Also, at the September 21, 2011 Nominating and Governance Committee meeting, although Mr. Nocita had not yet made a definitive decision as to whether he would stand for re-election at the Fiscal 2011 Annual Meeting of Stockholders due to his personal health issues, the Committee determined that it would engage a global search firm experienced in director searches to assist the Committee in identifying potential suitable director candidates in the event that Mr. Nocita decided not to stand for re-election. The Committee also believed that a global search firm could assist the Committee in ensuring that all potential candidates (including those identified by MMI) were considered on the basis of uniform standards. Based on prior references and recommendations that it had received, the Committee approved the retention of Spencer Stuart, a leading global search firm that specializes in the recruitment and evaluation of director candidates.

On September 21, 2011, the Board of Directors held its regularly scheduled meeting to approve our fiscal 2011 financial statements and our fiscal 2012 business plan. At this meeting, the Board continued its discussions concerning: (i) the matters covered at its June 2, 2011 and June 28, 2011 meetings, (ii) the complete strategic alternatives analyses conducted separately by its two independent investment banking firms; (ii) the desirability of accelerating the pace of our repurchases of our stock pursuant to our $150.0 million stock repurchase program; and (iii) its view that our stock remains a compelling value. Based on those discussions, it was the sense of the Board that the repurchase program be increased from $150.0 million to $250.0 million and that the annual dividend target be increased from $1.00 per share to $1.10 per share. Because Mr. Robert Paul was unable to attend the September 21, 2011 meetings (both held by the Board and its Committees), the Board delayed its vote until it could consider Mr. Paul's views. At this meeting, the Board also approved the lead independent director position and the equity ownership interest guidelines and related holding requirements that were recommended to it by the Nominating and Governance Committee.

On September 23, 2011, the Board of Directors held a special telephonic meeting to brief Mr. Robert Paul on all of the items discussed at the September 21, 2011 Board of Directors and various Committee meetings. After lengthy discussions, the independent members of the Board nominated Edwin Kantor for the role of Lead Independent Director. Mr. Kantor accepted the position with a term ending on the date of the Fiscal 2013 Annual Meeting of Stockholders (which coincides with the expiration of Mr. Kantor's term as a director). The Board of Directors has revised its Corporate Governance Policies and Guidelines to reflect this change and also adopted a charter for its Lead Independent Director. Both of these documents are posted on our website at www.comtechtel.com. The Board directed that a written consent of directors be prepared, authorizing an increase in our $150.0 million stock repurchase program to $250.0 million, and an increase in our target annual dividend from $1.00 per share to $1.10 per share.
On September 26, 2011, for reasons it has not shared with our Company, MMI reneged on its agreement to meet further with Comtech representatives, and instead, issued a public letter indicating its intention to nominate two individuals (one of its own employees and another individual that is being paid to be a nominee) as directors. Neither MMI nor its director candidates contacted us or any of our Board members with respect to that public announcement, either before or after its release. As discussed further below, although MMI never made additional outreach to us, we subsequently contacted MMI to invite its director nominees to meet with the Nominating and Governance Committee to discuss their qualifications.

On September 27, 2011, we issued our fiscal 2011 year-end earnings report and filed our Annual Report on Form 10-K with the Securities and Exchange Commission, as we had previously told MMI we would do. We also announced that our Board of Directors authorized an increase of our then existing $150.0 million stock repurchase program to $250.0 million, and an increase in our target annual dividend from $1.00 per share to $1.10 per share.

During late September 2011 and throughout October 2011, the Nominating and Governance Committee worked with Spencer Stuart to identify qualified Board of Director candidates. The Board of Directors also made outreach to other individuals whom they believed could potentially be qualified as Board of Director candidates. Members of the Committee and other members of the Board provided input to Spencer Stuart as to the qualifications of candidates that the Board believed would be valuable to the Company. Based on this input, Spencer Stuart identified a large pool of candidates that it believed would be strong candidates for further evaluation by the Nominating and Governance Committee. After reviewing the full list of candidates, the Nominating and Governance Committee identified several candidates that it believed had the most desirable sets of skills, background and experience. Directors, including our Lead Independent Director, thereafter met and interviewed individual candidates. Based on those meetings, it was determined that the full Nominating and Governance Committee and other members of our Board of Directors should meet with certain candidates for additional consideration, including those candidates identified by MMI.

On October 20, 2011, Mr. Kantor, our Lead Independent Director and Chairman of the Nominating and Governance Committee, sent letters to each of the individual MMI nominees inviting them to meet with the Nominating and

Governance Committee to discuss their qualifications as was the process with other potential director candidates. As discussed further below, we did not receive any responses from any of the individual MMI nominees.

On October 27, 2011, MMI wrote a letter to our Lead Independent Director informing him that MMI's nominee candidates were in receipt of his letter inviting MMI's nominees to individually meet with our Nominating and Governance Committee. In its letter, MMI indicated that, at that time, there was no need for our Nominating and Governance Committee to meet with its nominees in the context of assessing their qualifications. However, MMI went on to indicate that its nominees would be glad to meet with the Committee only in the context of a "serious confidential settlement negotiation" and that it would only be appropriate to have candidate interviews after the parties were engaged in the settlement discussions it was requesting.

On November 1, 2011, based on its overall evaluation and director candidate review process and in light of MMI nominees' refusal to engage in candidate interviews without preconditions, our Nominating and Governance Committee recommended that our Board further consider Dr. Stanton D. Sloane as a director nominee. Prior to the Nominating and Governance Committee's search process, Dr. Sloane was not known by any members of the Board or any of our executive officers (including our CEO). Dr. Sloane subsequently interviewed with each member of our Board.

On November 3, 2011, Mr. Kantor, our Lead Independent Director and Chairman of the Nominating and Governance Committee, sent a letter to MMI indicating that it was regrettable that MMI declined to have its director nominees meet with our Nominating and Governance Committee. The letter reminded MMI that the Committee's charter requires that stockholder nominees be evaluated by the Committee on the same basis as other candidates. The letter also indicated to MMI that it should have taken the opportunity to meet with the Committee given MMI's stated concern that it wanted our stockholders to vote for its nominees without having to expend MMI's own funds and that, as a result of its decision, MMI has now imposed the costs of a proxy fight on the other 97% of our stockholders. In response to MMI's request to have a "serious confidential settlement negotiation," Mr. Kantor reminded MMI that MMI had previously agreed, on September 20, 2011, to meet with us after we issued our fiscal 2011 year-end earnings report and filed our Form 10-K with the SEC and that MMI chose not to meet and instead chose to issue a public letter. Nevertheless, because MMI indicated it wished to engage in "serious confidential settlement negotiations," both parties signed a confidential settlement communications agreement and exchanged settlement proposals through their respective attorneys. As of the date of this Proxy Statement and except for our meeting on September 20, 2011, MMI has not met with us and we have not reached a settlement regarding MMI's intention to engage in a proxy fight.

On November 14, 2011, Mr. Nocita informed Mr. Kornberg that he believed his personal health issues would likely persist and he could not, in good-faith, stand for re-election at the Fiscal 2011 Annual Meeting of Stockholders.

On November 14, 2011, our Board unanimously resolved to nominate Dr. Sloane for election as a director at our Annual Meeting for the seat currently occupied by Mr. Nocita. Dr. Sloane is currently President and CEO and a member of the Board of Directors of Decision Sciences International Corporation, a privately-held advanced security and detection systems company. Dr. Sloane is 61 years old and recently served as President and CEO and member of the Board of Directors of SRA International ("SRA"), an information solutions company which, at the time, was a $1.8 billion New York Stock Exchange listed company. Dr. Sloane was President and CEO of SRA from April 2007 until July 2011 during which time he helped sell SRA to a private equity firm. During his four-year leadership tenure, SRA grew significantly. Prior to joining SRA, Dr. Sloane was Executive Vice President of Lockheed Martin's Integrated Systems & Solutions (a $5 billion division with 14,000 persons under his direction) from June 2004 until April 2007. Dr. Sloane began his business career with General Electric Aerospace in 1984 and progressed through engineering, program management, and business development assignments in a variety of GE Aerospace, and subsequently Lockheed Martin, businesses. He also served as an officer in the U.S. Navy from 1976 until 1981. He currently serves on the Board of Shakespeare Theater, a non-profit organization and previously served on non-profit boards for Professional Service Corporation and Tech America. Dr. Sloane holds a bachelor's degree in Professional Studies (Aeronautics) from Barry University, a master's degree in Human Resources Management from Pepperdine University, and a Doctor of Management degree from the Weatherhead Business School at Case Western Reserve University.

Our Board of Directors believes that Dr. Sloane's qualifications to serve on our Board of Directors include his extensive experience and in-depth knowledge of the telecommunications industry which will provide valuable insights for our Board. In making its final determination, the Board of Directors considered the following superior attributes of Dr. Sloane preferable over other candidates due to various factors including:

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the experience of Dr. Sloane, which affords him a unique perspective among our directors and other director candidates;

- the applicability of Dr. Sloane's knowledge, skills and background to the challenging economic environment that currently prevails;
- Dr. Sloane's familiarity with our business and businesses similar to ours; and
- Dr. Sloane's financial acumen and corporate governance experience.

A biography of Dr. Sloane and his qualifications to be a director nominee are included in "Proposal No. 1 - Election of Two Directors."

Executive Sessions of the Independent Directors

The Board requires independent executive sessions of our Board of Directors as necessary, but at least once a year. Independent executive sessions occur without the presence of the Chairman and CEO. Given the combined role of our Chairman and CEO, the Board believes that executive sessions of the Board of Directors and the existence of a Lead Independent Director play important roles in the governance structure of Comtech. In fiscal 2011, the Board of Directors held four independent executive sessions. These sessions included discussion on a wide range of strategic matters and resulted, in part, in changes to the Board leadership structure and various governance improvements which are discussed in the above section entitled “Recent Changes; Significant Corporate Events and Background to Potential Contested Election.”

Board Leadership Structure

The Chairman of the Board is Fred Kornberg (who also serves as our CEO). Edwin Kantor serves as our Lead Independent Director.

As CEO, Mr. Kornberg is responsible for general oversight of our businesses and the various executive management teams that are responsible for our day-to-day operations and he is accountable directly to the full Board of Directors. As Chairman, Mr. Kornberg’s in-depth knowledge of our Company’s strategic priorities and operations enables him to facilitate effective communication between management and the Board and see to it that key issues and recommendations are brought to the attention of the Board. Our Board believes that, in light of our three complementary business segments, this streamlined leadership structure is currently appropriate for our Company as it enhances the ability of our business segments to operate flexibly to maximize responsiveness to our customers. Having the CEO serve as the Chairman also helps to ensure that the CEO understands and can effectuate the recommendations and decisions of the Board.

As Lead Independent Director, Mr. Kantor presides at meetings of the Board in the absence, or upon the request, of the Chairman; presides at executive sessions of the independent directors with authority to call additional executive sessions or meetings of the independent directors (and communicating with our CEO, as appropriate, concerning matters arising from such executive sessions); approves Board meeting dates and agendas, as well as information packages provided to directors, and in consultation with the Chairman, recommends matters for the Board to consider; serves as a liaison between independent directors and the CEO and other members of senior management; and evaluates, along with the members of the Executive Compensation Committee of the Board, the performance of the Company’s CEO.

Five of our six directors are “independent” as defined by NASDAQ Marketplace Rules and we believe our overall Board leadership structure allows the Board to appropriately perform its oversight functions. The five directors determined to be independent are Messrs. Goldberg, Kantor, Kaplan, Nocita and Paul. As indicated in “Proposal No. 1 - Election of Two Directors,” Dr. Sloane would also qualify as an independent director if he is elected by our stockholders.

The Board of Directors Role in Risk Management, Environmental Compliance and Workplace Safety

In connection with its oversight responsibilities, the Board of Directors has established certain committees, including the Audit Committee, Nominating and Governance Committee and Executive Compensation Committee, which periodically assess the various significant risks that we face. These risks include financial, technological, competitive, operational and compensation-related risks. Any such risk oversight that is not specifically assigned to a Committee comes within the purview of the Audit Committee. The Board (and its various Committees) administers its risk oversight responsibilities through our CEO and our CFO who, together with our other NEOs and other management of the Company’s operating subsidiaries, review and assess the operations of the businesses as well as operating management's identification, assessment and mitigation of the material risks affecting our operations. The Board (and its various Committees) also engages outside advisers who help assess risk periodically.

Given social trends and global initiatives to both monitor and reduce a company’s impact on the environment and to ensure workplace safety, our Board of Directors is fully committed to a policy of compliance with all such applicable rules and regulations. To that end, our Board will periodically assess the need for the establishment of other Board level committees. We have a successful track record of maintaining compliance with the various global environmental standards and initiatives that are or could be applicable to our business segments, and a large percentage of our consolidated net sales have historically been for products designed and/or manufactured to the specifications imposed on us ultimately by the U.S. government (including its agencies) and by foreign governments.

Committees of the Board of Directors

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for, among other things, identifying and evaluating candidates for election as members of our Board of Directors and reviewing matters concerning corporate governance policy, including responding to any stockholder concerns about corporate governance, Board of Directors and committee self-evaluations, and any related-party transactions.

Since its October 2009 reconstitution and through July 31, 2011 our Nominating and Governance Committee held seven meetings (including two in fiscal 2011). The Committee also held meetings in August 2011, September 2011 and October 2011 (which occurred in our fiscal 2012). As discussed in the section entitled "Recent Changes; Significant Corporate Events and Background to Potential Contested Election," Mr. Nocita, a current director, has informed us that, due to personal health issues, he will not stand for re-election at our Fiscal 2011 Annual Meeting of Stockholders. As indicated in "Proposal No. 1 - Election of Two Directors," the Board of Directors has nominated Dr. Sloane to fill the vacancy resulting from Mr. Nocita's decision. On the effective date that Mr. Nocita is no longer a director, the Board will select a new Chairman of our Audit Committee and review committee assignments.

In seeking and evaluating prospective members of our Board of Directors, our Nominating and Governance Committee considers the nature and scope of our business activities, and the capacity of our Board of Directors to provide oversight and positive contributions in areas of particular significance to the long-term creation of stockholder value. Areas of experience and capability that our Nominating and Governance Committee particularly believes should be represented on our Board of Directors include operational, accounting and finance, and technology experience related to our business.

The Nominating and Governance Committee identifies nominees first by evaluating the current members of the Board of Directors willing to continue in service. If any member of the Board does not wish to continue in service or if the Nominating and Governance Committee or the Board of Directors decides not to re-nominate a member for re-election, the Nominating and Governance Committee will identify the required skills, background and experience of a new nominee, taking into account prevailing business conditions, and will source relevant candidates and present candidates to the Board of Directors. In connection with the identification of possible new directors, the Nominating and Governance Committee considers the diversity of an individual's professional experience, education, skill and other qualities and attributes as compared to the current Board of Directors.

In evaluating director nominees, the Nominating and Governance Committee generally considers the following factors:

- our needs with respect to the particular competencies and experience of our directors;
- the knowledge, skills and background of nominees, in light of prevailing business conditions and the knowledge, skills, background and experience already possessed by other members of our Board of Directors;
- familiarity with our business and businesses similar or analogous to ours; and
- financial acumen and corporate governance experience.

Our Nominating and Governance Committee also believes that individual candidates should also demonstrate high levels of commitment, adequate availability to actively participate in our Board of Directors' affairs, and high levels of integrity and sensitivity to current business and corporate governance trends. Before recommending a candidate to our Board of Directors, all members of our Nominating and Governance Committee will participate in interviews with the candidate and our Nominating and Governance Committee will seek to arrange meetings between the candidate and other members of our Board of Directors.

Candidates are typically identified by our Board of Directors, including with the assistance of a global search firm experienced in director candidate searches. Our Nominating and Governance Committee will consider individuals recommended by stockholders. A stockholder who wishes to recommend a candidate for consideration by the Nominating and Governance Committee should do so in writing addressed to the Nominating and Governance Committee Chairman at Comtech Telecommunications Corp., 68 South Service Road, Suite 230, Melville, NY 11747. Candidates recommended by stockholders will be considered according to the same standards of perceived Comtech need and potential individual contribution as are applied to candidates from other sources.

Our Board of Directors has determined that each member of our Nominating and Governance Committee is an "independent director," as that term is defined in the NASDAQ Marketplace Rules. Our Nominating and Governance Committee's Charter and our Corporate Governance Policy and Guidelines are available on our website at www.comtechtel.com, under the link for "Board of Directors" in the "Investor Relations" section.

Audit Committee

Our Audit Committee functions include engaging our independent registered public accounting firm, directing investigations into accounting, finance and internal control matters, reviewing the plan and results of audits with our independent registered public accounting firm, overseeing our internal audit function, reviewing our internal accounting controls and approving services to be performed by our independent registered public accounting firm and related fees. During fiscal 2011, our Audit Committee held five meetings.

Our Board of Directors has determined that all members of our Audit Committee are qualified to be members of the Committee in accordance with NASDAQ Marketplace Rules and meet the independence criteria set forth in the rules of the SEC. Our Board of Directors has determined that Messrs. Nocita and Paul qualify as "audit committee financial experts," as defined by SEC rules, based on their education, background and experience. As discussed in the section entitled "Recent Changes; Significant Corporate Events and Background to Potential Contested Election," Mr. Nocita, a current director, has informed us that, due to personal health issues, he will not stand for re-election at our Fiscal 2011 Annual Meeting of Stockholders. As indicated in "Proposal No. 1 - Election of Two Directors," the Board of Directors has nominated Dr. Sloane to fill the vacancy resulting from Mr. Nocita's decision. On the effective date that Mr. Nocita is no longer a director, the Board will select a new Chairman of our Audit Committee and review committee assignments.

Our Audit Committee's Charter is available on our website at www.comtechtel.com on the "Investor Relations" link.

Executive Compensation Committee

Our Executive Compensation Committee (referred to throughout this proxy by name or by "ECC") of our Board of Directors considers and authorizes remuneration arrangements for our executive officers. Our ECC also constitutes our Stock Option Committee which administers our stock option plans. Our ECC held ten meetings during the past fiscal year. Our ECC determines the terms of performance-based awards for our executive officers, and negotiates the terms of any employment agreements with our executive officers. In addition, our ECC monitors the aggregate share usage under our stock incentive programs and potential dilution of the stock option programs, except with respect to the application of our Company's 2000 Stock Incentive Plan to non-employee directors.

From time to time, Steven Hall & Partners, LLC ("Steven Hall"), an independent executive compensation consulting firm, has been retained by our ECC to advise and assist it with respect to certain executive compensation matters. Our ECC has the sole authority to set Steven Hall's compensation and/or to terminate the services of Steven Hall. Steven Hall is independent and provides no services to us other than relating to executive and director compensation.

In June 2011, Steven Hall was specifically retained to assist the ECC in its review and amendment of the CEO's employment agreement and to perform a comprehensive review of executive compensation. Steven Hall was also engaged, since the beginning of fiscal 2011 to assist in the preparation and review of disclosures relating to compensation matters, to advise on alternative designs for compensation plans and to provide additional oversight of the administration of compensation programs. Steven Hall's compensation study and advice was discussed and presented to the ECC in July 2011 and subsequent meetings and ultimately, as discussed further in the section entitled "Compensation Discussion and Analysis," the ECC made changes in the performance metrics used to determine non-equity incentive plan awards for our CEO and other corporate executive officers for fiscal 2012.

Our ECC often requests our CEO and CFO to be present at meetings where executive compensation and corporate and individual performance are discussed and evaluated by the ECC or the Board of Directors. At these meetings and at other times, these executives provide insight, suggestions and recommendations, as requested by the ECC, regarding executive compensation matters. Our ECC also meets with our CEO to discuss his own compensation package, and his recommendations for other executives, but ultimately decisions regarding compensation for our CEO and other executive officers are made by our ECC. Only ECC members are allowed to vote on decisions made regarding executive compensation, and these votes generally take place during the "executive session" portion of our ECC meetings, when members of management are not present. Our CEO, CFO, and other members of our management team may work with Steven Hall to provide it information and to develop proposals and ensure the accuracy of presentations to the ECC.

Our Board of Directors has determined that each member of our ECC is an "independent director," as that term is defined in the NASDAQ Marketplace Rules. Our ECC has adopted a charter which is posted on our web site at www.comtechtel.com.

Executive Committee

Except as limited by law, our Executive Committee has the authority to act upon all matters requiring Board of Directors approval. In practice, our Executive Committee has been tasked with finalizing the logistics and administrative tasks associated with decisions that have been vetted by the full Board of Directors. During fiscal 2011, our Executive Committee held two meetings.

Board of Directors Meetings

Our Board of Directors held seventeen meetings during fiscal 2011, including regularly scheduled and special meetings.

All of our directors attended or participated in 100% of regularly scheduled meetings during fiscal 2011.

All of our directors, other than Mr. Nocita, attended at least 90% of the total number of Board of Directors meetings and the total number of meetings held by committees of our Board of Directors on which each such director served during fiscal 2011. Mr. Nocita attended 88% of the Board of Directors meetings, 90% of the Executive Compensation Committee meetings and 80% of the Audit Committee meetings during fiscal 2011.

Communications with Our Board of Directors

Stockholders may communicate with our Board of Directors, our Lead Independent Director or any other individual director by writing to us at Comtech Telecommunications Corp., Attention: Corporate Secretary, 68 South Service Road, Suite 230, Melville, NY 11747.

Annual Meeting Attendance

Our Board of Directors has adopted a policy which encourages directors, if practicable and time permitting, to attend our annual meetings of stockholders, either in person, by telephone or by other similar means of live communications (including video conference or webcast). All incumbent directors, who were serving as directors at the time, attended our Fiscal 2010 Annual Meeting of Stockholders in person.

## CODE OF ETHICS

We have adopted a written Standards of Business Conduct that applies to our Board of Directors, principal executive officer, principal financial officer, principal accounting officer, controller and to all of our other employees. These standards are a guide to help ensure compliance with our high ethical standards.

A copy of the Standards of Business Conduct is maintained on our website at www.comtechtel.com, under the link "Investor Relations." We intend to post on our website, as required, any amendment to, or waiver from, any provision in our Standards of Business Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and that relates to any element of the standards enumerated in the rules of the SEC.

## COMPENSATION DISCUSSION AND ANALYSIS

Our Executive Compensation Committee ("ECC") determines the compensation of all of our executive officers. This discussion and analysis focuses on our Named Executive Officers ("NEOs") and should be read in conjunction with the "Summary Compensation Table" and other compensation tables in this Proxy Statement.

### Executive Summary

Our executive compensation program is designed to produce long-term business success and is based on a pay for performance philosophy. Our NEOs have historically received pay opportunities through: (i) annual salaries, (ii) stock option awards and (iii) non-equity incentive awards based on the level of pre-tax profit generated and, for employees other than our CEO, based on the achievement of various financial and personal goals. More than 80% of our CEO's average total compensation (and 69% of other NEOs') for the past three fiscal years have been incentive based; thus, if performance objectives, both long-term and short-term, are not achieved, our NEOs will ultimately realize significantly lower pay. Over time, our pre-tax profit and total compensation (including stock option awards and non-equity incentive awards) are expected to trend together and align with long-term stockholder returns, although in any given year there may be some variability. The chart below illustrates the relationship between profit-before tax and total compensation for our NEOs for the three fiscal years ended July 31, 2011.

In determining the fiscal 2011 compensation levels to be awarded to our NEOs, the ECC evaluated our financial results and the performance of our stock. This evaluation considered, among other performance factors, the following:

- Our stock price increased from $21.57 on August 1, 2010 to $26.95 on July 31, 2011. Through July 31, 2011, we paid cash dividends to our stockholders aggregating $20.1 million, or $0.75 per share. Thus, we generated a total one year stock return of approximately 29.4%;
- GAAP earnings per share on a diluted basis increased to $2.22 in fiscal 2011 from $1.91 in fiscal 2010, a 16% increase;
- GAAP operating income increased to 17.6% of consolidated net sales in fiscal 2011 from 13.4% in fiscal 2010; and
    - GAAP profit before tax increased from $97.3 million in fiscal 2010 to $101.8 million in fiscal 2011.

As further discussed below, despite the strength of our fiscal 2011 performance and the significant stockholder value that we created during fiscal 2011, our ECC believed that it was important to award lower total fiscal 2011 compensation to our NEOs. In addition, based on a study that it authorized in June 2011, the ECC modified our fiscal 2012 compensation program and thereafter, our Nominating and Governance Committee recommended and our Board adopted robust minimum equity ownership interest guidelines and related holding requirements that it believes further align our NEOs with our stockholders.

In making the decision to award lower total compensation to our NEOs (including our CEO), our ECC considered the continuing impact to our business of the July 2010 decision by the U.S. Army to award the Blue-Force Tracking-2 ("BFT-2") contract to a competitor, and the U.S. Army's related decision to combine its Movement Tracking System ("MTS") program with the BFT program. While the U.S. Army's decisions did not have an immediate impact on our financial results, they did result in a loss in stockholder value which has not yet been fully recovered. In March 2009, our stock price immediately declined following our disclosure that the U.S. Army had informed us that it did not anticipate placing additional orders for our mobile satellite transceivers. Also, in April 2009, the U.S. Army announced that it intended to seek competitive sources for its next generation BFT-2 program. Ultimately, on July 21, 2010, we announced that the BFT-2 contract was awarded to a competitor that had submitted a bid 50% lower than our proposal and our stock plummeted 31.9% in one day. The apparent impact of these announcements resulted in a cumulative 43.1% negative impact to total stockholder return for the three years ended July 31, 2011 as illustrated below:

Despite our year-over-year increased pre-tax profits and the significant increase in our stock price since July 31, 2010, the ECC believes that total and realizable compensation should align with long-term stockholder value, although in any given year there will be some variability. As such, our ECC took the following actions in June 2011:

- The value of stock-based awards granted to the CEO was reduced by 58% as compared to fiscal 2010;
- The value of stock-based awards granted to the CFO was reduced by 50% as compared to fiscal 2010; and
- The value of stock-based awards granted to other NEOs (who were employed as of the beginning of the year and who remain employed) as a group was reduced by 38% as compared to fiscal 2010.

In June 2011, the ECC concluded that our stock price was significantly and temporarily undervalued and our NEOs should not benefit by receiving the same value of stock-based awards as compared to the prior two fiscal years given our stock's performance as a result of the loss of BFT-2. The ECC also considered that stock-based awards granted to our NEOs for the prior two fiscal years were out-of-the-money and that these previously granted stock-based awards aligned our NEOs with our stockholders' interests. The ECC views stock options as appropriate long-term incentives, as they compensate our NEOs only if they successfully raise our stock price over a long-term period. Our NEOs have not realized any economic value from stock options granted during the past three fiscal years ended July 31, 2011. In addition to the lower value of stock-based awards granted in June 2011, the ECC also awarded lower non-equity incentive awards to our NEOs in fiscal 2011 as compared to fiscal 2010. Thus, when considering the lower value of stock-based awards and non-equity incentive awards, total compensation for the CEO and CFO for fiscal 2011 declined from fiscal 2010 by 16% and 20%, respectively, and total compensation of our other NEOs (who were serving in the previous fiscal year) also declined.

As discussed further below, in June 2011, our ECC engaged an independent executive compensation consultant to prepare an independent comprehensive study of our NEOs' compensation. Based on this study, the ECC's decisions relating to fiscal 2012 goals, and our expected fiscal 2012 financial performance (which includes the financial impact of the BFT-2 loss), non-equity incentive awards for our NEOs (including both our CEO and CFO) are expected to be materially lower (e.g., decrease by more than 50%) in fiscal 2012 as compared to fiscal 2011.

The ECC believes that the decline in stockholder value during the three years ended July 31, 2011 is temporary and that our NEOs and other senior executives are critical to the future success of our business. Despite the decision by the U.S. Army to award the BFT-2 contract to another party and the difficult economic conditions that our businesses currently operate in, our ECC believes that our NEOs' performance in fiscal 2011 was excellent and that our company's operating performance was solid, and improved as compared to fiscal 2010. The ECC believes that the actions that management took in fiscal 2011 to respond to the loss of BFT-2 have so far proven successful. Our ECC believes that management continues to respond to challenging business conditions by positioning Comtech for long-term growth and profitability and to improve long-term returns to stockholders, as evidenced by the following:

- Excluding MTS and BFT program sales and despite challenging business conditions, our core consolidated net sales in fiscal 2011 were approximately $363.8 million as compared to $355.0 million in fiscal 2010.

- Our management team continues to negotiate with the U.S. Army regarding the future direction of the MTS and BFT program. During these discussions, the U.S. Army has informed us that it may require certain MTS and BFT sustaining services for several years, and that it potentially may award to us a new multi-year sustainment contract. We expect that our management will continue to have ongoing discussions with the U.S. Army over the next few months as the U.S. Army determines its ultimate go-forward strategy.

- Our company is able to continue to fund new research and development expenses in areas that have excellent growth opportunities in growth markets.

- Significantly reducing headcount and implementing cost reduction actions in our three operating segments.

- Pursuing acquisition opportunities in a disciplined manner.

- Providing our Board of Directors with the opportunity to authorize a significant return of capital to our stockholders through common stock repurchase programs aggregating $350.0 million (via a $100.0 million program first announced in September 2010, a second $150.0 million program announced in July 2011 and, because of the pace of repurchases, an increase to $250.0 million in September 2011); and an annual dividend program that was initiated at a targeted $1.00 per share in September 2010 and subsequently increased to a targeted $1.10 per share in September 2011.

We recently announced our fiscal 2011 year-end results and have spoken with many investors and stockholders in an effort to communicate our strategies that we expect will drive additional long-term returns for our stockholders. We have been pleased with the results, so far. As illustrated in the graph below, from August 1, 2011 through October 31, 2011 (which represents the performance of our stock for the first quarter of fiscal 2012), our stock price has increased from $26.95 to $33.11, representing a 22.9% stock price appreciation and has significantly outperformed various relevant benchmarks (see page 25 for full names). During this time, our stock yielded a 23.9% total return.

Our ECC believes that its compensation programs (including the changes it has made for fiscal 2012) support our long-term growth strategy and will continue to result in the creation of long-term stockholder value.

For the past ten years (the period of October 31, 2001 to October 31, 2011), our stock has significantly outperformed its peers and relevant benchmarks. During this time frame, as illustrated in the below graph, our total stockholder return has increased 476.6% as compared to the Standard & Poor's ("S&P") 600 Small Cap Index, the Russell 2000 Index, the S&P 500 Index, and the Global Industry Classification Standard ("GICS") 4520, which increased 101.2%, 73.1%, 43.7%, and 36.7%, respectively. Comtech's stock performance over this period represents an average annual total stock return of 19.1%.

Our ECC believes this ten year time frame is an appropriate period over which to measure the historical success of our pay for performance compensation approach because it demonstrates our total performance irrespective of the growth and decline in revenues from our MTS and BFT contracts. Despite our successful long-term track record and superior stockholder return, our ECC believed that given the magnitude of the impact to our business and our stock price from the loss of BFT-2, it was necessary to perform a comprehensive review of our compensation practices.

In June 2011, our ECC engaged Steven Hall, an independent executive compensation consulting firm, to assist it in performing a comprehensive review of our executive compensation. Our ECC also retained Steven Hall to assist in its negotiations of an amended and restated employment agreement with our CEO. On August 1, 2011, the ECC completed its negotiations and authorized us to enter into an amended and restated employment agreement with our CEO, which included more restrictive terms related to change-in-control severance and benefits including:

- a change from a so-called "modified single trigger" to a "double trigger" provision; and
- eliminating the so-called tax "gross-up" provision payable if severance and benefits were to trigger an excess golden parachute excise tax.

Based on the comprehensive review performed by its independent compensation consultant and feedback from our stockholders, the ECC believed it was appropriate to require that our corporate NEOs' (including our CEO's) fiscal 2012 non-equity incentive awards include specific GAAP diluted EPS goals. All of our corporate NEOs' (including our CEO's) fiscal 2012 goals include minimum financial performance thresholds. Based on expected fiscal 2012 financial performance (which includes the financial impact of the BFT-2 loss), non-equity incentive awards for our NEOs are expected to be materially lower (e.g., decrease by more than 50%) in fiscal 2012 as compared to fiscal 2011. Our ECC also decided not to award raises in fiscal 2012 to our NEOs (including our CEO), except for our CFO.

In connection with the changes that the ECC made, our Board of Directors (based on the recommendation of the Nominating and Governance Committee) also adopted robust minimum equity ownership interest guidelines and related holding requirements that it believed would further align our NEOs and non-employee directors with our stockholders.

These changes and other aspects of fiscal 2011 and 2012 compensation are discussed in more detail throughout this "Compensation Discussion and Analysis" section.

Objectives of Our Compensation Program for NEOs

The principal goals of our compensation program for our NEOs are to help us attract, motivate and retain the talent required to develop and achieve our strategic and operating goals, with a view to maximizing stockholder value. We intend for our executive officer compensation program to support our growth-oriented business strategy by motivating and rewarding management activities that create long-term stockholder value.

Our key executive officer compensation objectives are to:

- Attract and retain the key leadership talent required to successfully execute our business strategy;
- Align executive pay with performance, both annual and long-term;
- Ensure internal equity that reflects the relative contribution of each executive officer;
- Strongly link the interests of executives to those of our stockholders and other key constituencies;
- Keep our executive compensation practices transparent;
- Comply with applicable rules and regulations; and
- Administer executive compensation in a cost-effective and tax-efficient basis.

We seek to achieve these goals by placing a major portion of the executives' total compensation at risk, in the form of an annual non-equity incentive plan award and stock option awards. Annual non-equity incentives are intended to motivate and reward the NEO's efforts and contributions to our long-term success. Cash bonuses can be paid separately to reward other accomplishments. Stock options create compensation opportunities intended to align management's long-term interests with those of our stockholders. Such cash and stock-based compensation components have been critical factors in attracting and retaining key employees and are intended to contribute to a high level of executive commitment to our business success.

Our ECC assesses performance of our NEOs in light of business conditions and based on the efforts and effectiveness of each individual NEO as well as their collective efforts. Our ECC also exercises its judgment as to the appropriate sharing between management and stockholders of the benefits of our business success. We also intend that the levels of compensation available to executive officers be fair internally as compared to each other and competitive in the marketplace.

Our compensation program needs to be competitive so that we can retain our executive officers who have demonstrated their leadership, commitment and overall worth to our organization. These executives may be sought by other firms or may have other interests. A competitive program likewise is critical to our ability to attract new executives who share our values and commitment and who have demonstrated the abilities needed to add value to Comtech.

The ECC believes that its compensation program will result in long-term alignment with our stockholders. Although our recent three-year total stockholder returns have been impacted by the loss of the BFT-2 contract, our stockholders have been rewarded with outstanding long-term performance. As illustrated on the chart in the "Executive Summary" caption on page 25, for the past ten years (the period from October 31, 2001 to October 31, 2011), our stock has significantly outperformed its peers and relevant benchmarks. During this time, our total stockholder return has increased 476.6% as compared to the S&P 600 Small Cap Index, the Russell 2000 Index, the S&P 500 Index, and the

GICS 4520 which increased 101.2%, 73.1%, 43.7%, and 36.7%, respectively. Comtech's stock performance over this period represents an average annual return of 19.1%.

As discussed throughout this "Compensation Discussion and Analysis" section, the ECC believes that with the implementation of our strategy and the changes that it made in fiscal 2012, we will be able to achieve positive returns for our stockholders and are on the right track to do so. As illustrated in the graph on page 24, during the first quarter of our fiscal 2012 from August 1, 2011 through October 31, 2011, our stock price has increased from $26.95 to $33.11 or a 23.9% total stockholder return, and has significantly outperformed various relevant benchmarks.

Determination of Compensation Opportunities for NEOs

Overview

In general, our ECC intends that the total compensation opportunity for an executive will be competitive with market levels of compensation. From time to time, our ECC considers compensation information relating to competitive companies in order to gauge market levels of compensation for executive talent.

In making decisions regarding our executive officer compensation, ECC members draw upon their general knowledge and understanding of what executive officers of other companies are earning, particularly in our industry, and which has been derived from publicly available information such as other public company SEC filings and published reports on executive compensation and from the preparation of and participation in benchmark studies. The ECC also has the ability to engage independent advisers.

In June 2011, the ECC retained Steven Hall, an independent compensation consulting firm to:

- Prepare a comprehensive benchmarking survey and analysis for our NEOs' (including our CEO's) compensation;
- Assist the ECC in its review and amendment of the CEO's employment agreement, which was set to expire on July 31, 2011;
- Assist the ECC in the preparation and review of disclosures relating to compensation matters;
- Assist the ECC in consideration of alternative designs for compensation arrangements; and
- Provide additional oversight of the administration of compensation programs.

The ECC intended to and did utilize this independent comprehensive benchmarking study in its consideration of: (i) establishing and authorizing actual fiscal 2011 non-equity incentive award payouts, and (ii) establishing amounts for salary, non-equity incentive award opportunities (including the establishment of specific goals and targets), and stock-based awards for fiscal 2012.

This independent comprehensive benchmark study, which was presented to the ECC in July 2011 and benchmarked compensation of our NEOs against a group of comparable telecommunications equipment companies, is discussed in detail in the section entitled "ECC's Assessment of 2011 and 2012 Independent Comprehensive Review of Executive Compensation" which starts on page 36.

The ECC sets pay opportunities for specific individuals based on the skills, experience and long-term performance of the individual and assessments with respect to the individual's ability to add value to our Company. Our ECC has utilized a "pay-for-performance" policy in developing and allocating compensation elements between long-term and short-term, and allocating between cash and non-cash compensation, which has resulted in significant growth and stockholder value creation when viewed over a number of years.

This pay-for-performance approach has resulted in annual compensation opportunities that have been generally more heavily weighted towards elements that consist of incentive-based compensation opportunities rather than fixed compensation opportunities. Over time, our pre-tax profit and total compensation (including stock option awards and non-equity incentive awards) are expected to trend together, although in any given year there may be some variability.

27

Elements of Compensation Packages

The following elements comprise the cash compensation opportunities for NEOs:

Base Salary – Base salaries paid to our executive officers are intended to be generally competitive with those paid to executives holding comparable positions in the marketplace. Our ECC reviews base salaries each year and, as appropriate, makes upward adjustments based on the ECC's assessment of the executive officer's individual performance, taking into consideration the operating and financial performance of our Company's operations for which the executive is responsible. The ECC also considers the budgeted level of merit increases for all employees generally in determining salary adjustments for executive officers. These adjustments reflect a degree of subjectivity and business judgment on the part of our ECC as to the performance and competitiveness of salary levels for each of our NEO's positions.

Bonuses – Our ECC has the ability to award cash bonuses to our NEOs which are intended to motivate and reward achievement of corporate objectives by creating the potential to earn compensation for achieving subjective or non-specific financial and performance goals. Bonuses (as defined by SEC rules and regulations) include one-time awards such as sign-on bonuses to a newly hired NEO and cash bonuses to a NEO for extraordinary performance. Our ECC does not routinely award annual cash bonuses to NEOs.

Non-equity Incentive Plan Awards – Non-equity incentive plan compensation is intended to motivate our NEOs to achieve annual operating objectives and goals that are designed to enhance long-term stockholder value. Our annual non-equity incentive plan, which is established by the ECC during the early part of any given fiscal year, generally comprises the largest portion of total annual compensation for each NEO, and is intended to qualify as "performance-based" under Section 162(m) of the Internal Revenue Code. Our non-equity incentive plan is subject to the terms and conditions of our 2000 Stock Incentive Plan, which was approved by our stockholders. Our 2000 Stock Incentive Plan was last amended and restated as of June, 2, 2010 and is more fully described in the section entitled "Proposal No. 3 – Approval of Amendment to Our 2000 Stock Incentive Plan and Related Actions."

In its most simplistic terms, our non-equity incentive plan provides our NEOs an annual opportunity to potentially earn compensation based on a maximum amount payable, based on a level of "pre-tax profit" (as defined below) and the achievement of minimum and maximum thresholds for financial performance goals such as GAAP diluted EPS, bookings and cash flow generation that are considered by the ECC. The ECC also establishes specific personal goals for all NEOs other than our CEO. In no instance can an individual non-equity incentive award exceed a predetermined maximum dollar limitation that is based on a percentage of salary, which currently ranges from 300% to 500%.

If applicable pre-tax profits are not positive in any given fiscal year, an individual NEO cannot receive any non-equity incentive payment; and, if minimum financial performance goals (e.g., achieving a specific GAAP diluted EPS target of $X.XX) are not achieved, the NEO will not receive a non-equity incentive award tied to that specific financial performance goal. In all cases, awards potentially payable under our non-equity incentive plan are subject to the full negative discretion of the ECC (except for $285,000 which, based on fiscal 2011 results, was paid to our CEO pursuant to his amended and restated employment agreement). After calculating a potential maximum non-equity incentive plan award for any given fiscal year, the ECC performs a subjective evaluation of performance for each NEO (including our CEO) and can ultimately utilize its business judgment to reduce the maximum award potentially payable by any amount, including to zero.

Our non-equity incentive plan financial goals in fiscal 2011 and fiscal 2012 for all of our NEOs who are subsidiary presidents were based on the level of applicable pre-tax profit, bookings and free cash flow achieved. Our non-equity incentive plan awards in fiscal 2011 for our CFO and our Senior Vice President, Strategy and M&A, were based on the level of company-wide pre-tax profit and free cash flow (both as defined below) achieved. These NEOs were also assigned personal goals. Our non-equity incentive plan award in fiscal 2011 for our CEO was based on the level of company-wide pre-tax profit achieved. As discussed further below, in fiscal 2012, our non-equity incentive plan for our corporate NEOs (including our CEO) was enhanced to include specific minimum targets for GAAP diluted EPS. The ECC believes these measures and goals are appropriate because their achievement should create long-term stockholder value and are aligned with our stockholders' interest, a relationship borne throughout Comtech's history.

The definition of pre-tax profit utilized for the establishment of the non-equity incentive plan pool is similar to pre-tax income determined under U.S. GAAP. However, as further described below, we do make certain adjustments.

Historically, our pre-tax profit measure was calculated and defined to eliminate certain effects including: (i) stock-based compensation recorded pursuant to FASB ASC Topic 718, (ii) the amortization of newly acquired intangibles with finite lives (e.g. the acquisition of intangible assets as part of a business combination that was required to be capitalized and subsequently amortized, and then, only for the first year of an acquisition), (iii) any adjustments required by the adoption of new accounting standards, (iv) certain costs associated with exit or disposal activities accounted for pursuant to FASB ASC Topic 420, (v) expenses associated with the termination of employees under FASB ASC Topic 420, (vi) goodwill impairment, (vii) expenses (e.g. such as investment banking or due-diligence fees) incurred in connection with a completed business combination, and (viii) expenses related to potential or actual change-in-control matters.

In the case of our CEO, pre-tax profit also eliminates the expense of the annual non-equity incentive award potentially payable to our CEO. The ECC utilized the aforementioned pre-tax profit definition in fiscal 2011 and, in connection with the establishment of our annual goals for fiscal 2012, adopted a similar definition. Because pre-tax profit includes all expenses incurred in generating net sales, the ECC believes that the pre-tax profit measure is an appropriately broad financial measure that does not create distorted incentives that might impel undue risk taking. In addition, because our NEOs (including our CEO effective beginning in fiscal 2012) also receive financial goals such as bookings, free cash flow and GAAP diluted EPS, our ECC believes that our non-equity incentive awards will appropriately align with the creation of long-term stockholder value.

In establishing the maximum amounts potentially payable expressed as a percentage of pre-tax profits, the ECC considers prior fiscal years' achievements, known opportunities and business planning for each fiscal year. Significant input is received from our CEO. At the same time the maximum amount potentially payable is determined, the ECC establishes the specific financial and personal performance goals that it assigns to each NEO that it intends to utilize, in part, to conduct a year-end evaluation of the individual performance of each NEO. Our CEO does not receive any specific personal goals but is evaluated on a broad basis by our ECC. Any applicable financial and personal performance goals are summarized on an annual "Goal Sheet" that is acknowledged by each individual NEO (including our CEO). Beginning in fiscal 2012, financial goals were assigned to the CEO and corporate NEOs based on a targeted level of pre-tax profit and GAAP diluted EPS. Fiscal 2012 goals for our corporate NEOs (including our CEO) include minimum financial performance thresholds that will be considered in determining the amount of the actual non-equity incentive award for fiscal 2012. The ECC established these goals at a level it deemed challenging, but with a reasonable likelihood of being achieved, after its review of our fiscal 2012 business plan and taking into consideration both our acquisition strategy and the repurchase of our common stock in fiscal 2012 pursuant to our existing stock repurchase program. Both financial and personal performance goals, for fiscal 2011 and 2012, were generally viewed as challenging but with a roughly even chance of being achieved. Actual consolidated performance targets and goals for any fiscal year are disclosed after the fiscal year has ended and actual consolidated results have been disclosed.

In the past few years, financial performance goals established by the ECC have been based on pre-tax profit (as defined above), free cash flows (as defined below), and new customer orders. Personal performance goals have included objectives related to new product development, new customer wins and the improvement of accounting and financial related controls including those relating to export compliance regulations, and other goals that promote the business success of Comtech. Many of the personal goals represent important steps in the management of our business for its long-term success, which reduces the risk that our annual non-equity incentive program could provide an incentive to favor short-term results over long-term performance.

Our non-equity incentive award payouts for all of our NEOs (including our CEO) are subject to a recoupment policy (often referred to as a “clawback” policy) which would require forfeiture of a specified portion of the annual incentive award under certain circumstances, including if the NEO were to engage in certain activities that would be grounds for termination for cause (including misconduct that would cause us to issue a restatement of our financial statements), or if the employee were to engage in competition with us or other specified activities detrimental to us.

The formulaic application of our non-equity incentive plan awards are described in the below section entitled “Description of the Mechanical Calculation of Our Non-Equity Incentive Plan Awards.”

Description of the Mechanical Calculation of Our Non-equity Incentive Plan Awards

Assuming applicable pre-tax profits are positive, the annual process for determining the actual amount of any non-equity incentive award potentially payable to each NEO is described below:

- A maximum dollar amount potentially payable is first calculated for each NEO. This amount is calculated by simply multiplying the applicable pre-tax profit actually achieved by the applicable maximum pre-tax profit percentage that was established by the ECC at the beginning of the year. This maximum dollar amount is further subject to a dollar limit based on a percentage of salary.

- The ECC then performs an evaluation of each individual NEO's performance (including our CEO, effective for fiscal 2012) using the Goal Sheet, strictly as formulaic guidance, to calculate a potential non-equity incentive award. For NEOs other than the CEO, each financial performance goal is assigned a weight so that the sum represents 75%. Then, the percentage factor for each financial performance goal is decreased or increased proportionally as a function of the actual achievement of each financial goal, from a minimum of 70% up to a maximum of 150%. Achievement of less than 70% of any financial performance goal would result in no credit for that goal. Each personal performance goal is assigned a weight so that the sum represents 25%. The weight assigned to individual personal goals is not adjusted for actual achievement. The maximum aggregate percentage that an NEO could earn is equal to 137.5% which was utilized to determine the maximum pre-tax profit rate that was approved by the ECC early in the fiscal year. The weighted percentage of targeted financial and personal performance goals actually achieved is then divided by 137.5% to arrive at the percentage of the applicable maximum potential payout if the ECC exercised its negative discretion based solely on the Goal Sheet. If the NEO met 150% of all financial goals and 100% of personal goals, this mechanical calculation would result in an amount equal to the maximum dollar amount potentially payable that was originally calculated for each NEO. For fiscal 2012, the weights assigned to the CEO's goals are 50% to pre-tax profit and 50% to GAAP diluted EPS.

- The ECC then considers whether it is appropriate to 1) award the maximum dollar amount of non-equity incentive calculated based solely on the maximum pre-tax profit rate, 2) award the dollar amount of non-equity incentive award based on the strict mechanical calculation derived from the pre-established Goal Sheet, or 3) award a dollar amount of non-equity incentive at any number (including zero) so long as the dollar amount of the award ultimately determined does not exceed the maximum dollar amount potentially payable. In the past, the ECC has elected, in some cases, not to rely strictly on the mechanical calculation based on the Goal Sheet in its evaluation of each NEO. Instead, at year end, the ECC considers positive or negative aspects of performance and other factors that were not considered at the time of the establishment of the original Goal Sheet. Thus, it is possible that an NEO could not achieve any of the original financial and personal performance objectives but still receive an award so long as the amount does not exceed the maximum dollar amount calculated above, or the maximum limitation based on the applicable percentage of salary. At the same time, it is possible that an NEO could achieve 150% of all financial goals and 100% of personal goals, but the ECC could reduce the amount payable to zero based on its discretionary evaluation of a NEO's performance.

We believe that the design of our non-equity incentive plan is preferable to other plans because our plan:

- Affords the ECC the ability to reduce or eliminate a potential award payable to an NEO whose performance lagged after reaching a pre-set mechanically calculated goal level or bonus limit;

- Permits the ECC to disregard the strict mechanical calculations associated with formulaic criteria by using its business judgment to provide for a non-equity incentive award to an NEO for superior work performed in response to changing economic and business conditions, as well as unanticipated work performed as a result of changing dynamics in the market for our products and services; and

- Allows for the ability of the ECC to reward efforts to create stockholder value that may not produce quantifiable tangible results within a fixed or predictable time period, which is important given the long-term characteristics of our business.

In addition to the cash compensation opportunities offered to our NEOs, the ECC believes that it is critical to offer long-term equity incentive awards and other benefits as follows:

Long-term Equity Incentive Awards – The ECC provides a substantial portion of compensation to each of our NEOs in the form of long-term equity incentive awards. Historically (and in fiscal 2011), this component of compensation was provided through grants of stock options under our 2000 Stock Incentive Plan. The ECC believes that stock options align the NEOs' interests with those of our stockholders by providing each NEO with an opportunity to share in the appreciation in the value of our Common Stock. The vesting terms of our stock options provide a strong inducement for our executive officers to remain in long-term service to Comtech. In determining the level of annual grants of stock options, for each respective NEO, our ECC considers the fair value of options as a component of total compensation. Our ECC has historically granted stock options with an exercise price equal to the market price on the date of grant. Fair value of our stock options is based on the Black-Scholes fair value at the grant date, calculated for purposes of FASB ASC Topic 718. Based on the August 2011 recommendation of our Nominating and Governance Committee to our Board of Directors in connection with the adoption of revised equity ownership interest guidelines, non-employee directors and NEOs are required to permanently hold any shares received from the exercise of stock options or the delivery of shares pursuant to a restricted stock-based or similar award, less the number of shares used for the payment of any related exercise price and applicable taxes, until that particular non-employee director or NEO meets their applicable equity ownership interest guideline which is discussed in the below section entitled "Other Policies and Practices Related to Our Compensation Program for Named Executive Officers ("NEOs").

The level of annual grants of stock options, for each respective NEO, is determined by our ECC on an annual basis considering the individual NEO's total compensation package and each individual's overall performance with a view toward maintaining aggregate internal pay equity. The largest individual stock option awards are to our CEO to recognize his impact on our future success and reflect the ECC's desire to encourage his long-term service. Our ECC also believes that our CFO plays a unique and significant role in ensuring the short-term and long-term integrity and oversight of our financial reporting practices. As such, in order to ensure that our CFO remains properly incentivized, he generally receives a higher proportion of his total compensation in the form of his annual long-term equity incentive award, which is intended to focus our CFO on maintaining sound long-term financial reporting practices. Under certain circumstances, our 2000 Stock Incentive Plan allows us to recover an amount equal to any gain realized as a result of the exercise of any stock option, if an NEO engages in detrimental activities.

Our NEOs who are subsidiary presidents generally receive annual stock option awards that historically have had a grant date fair value that is lower in proportion to their total compensation; however, their maximum non-equity incentive plan awards represent a higher proportion. This reflects the ECC's belief that NEOs, who are subsidiary presidents, can more directly impact the annual financial results of the operations they directly oversee. The ECC considers total compensation expense in determining the specific number of awards for any given fiscal year. Our ECC typically grants stock options under the 2000 Stock Incentive Plan with an exercise price equal to 100% of the fair market value, defined as the closing price of our Common Stock on the grant date. Stock options are generally granted to our NEOs on an annual basis on or about the same date that we provide an annual grant to all of our employees. We currently time our annual stock option granting process for continuing employees to occur in June of each fiscal year which aligns with the timing of our annual business planning process.

Our ECC values options as a component of compensation when the options are being granted. Historically, our ECC did not alter the level of its grants based on the built-up value of previously granted options or value realized by executives by exercising previously granted stock options. However, in June 2011, the ECC decided to reduce the value of fiscal 2011 stock-based awards granted to our NEOs (including our CEO) due to the performance of our stock over a three-year period, which reflects the significant impact of the loss of the BFT-2 contract. Also, at the time, the ECC concluded that our stock price was significantly and temporarily undervalued and that our NEOs should not benefit by receiving the same value of stock-based awards as compared to the prior two fiscal years given our stock's performance. The ECC also considered that stock-based awards granted to our NEOs for the prior two fiscal years were out-of-the-money and these previously issued stock-based awards aligned our NEOs with our stockholders. The ECC views stock options as appropriate long-term incentives, as they compensate our NEOs only if they successfully raise our stock price over a long-term period. Our NEOs have not realized any economic value for stock options granted during the past three fiscal years ended July 31, 2011.

Other Annual Compensation and Benefits – Although direct compensation, in the form of salary, non-equity incentive awards and stock-based incentive awards provide most of the compensation to each NEO, we also provide for the following items of additional compensation:

- Retirement savings are provided by our tax qualified 401(k) plan, in the same manner available to U.S. employees. This plan includes an employer matching contribution which is intended to encourage employees (including our NEOs) to save for retirement.

- Health, life and disability benefits are offered to NEOs in the same manner available to all of our U.S. employees. However, our CEO has elected to enroll in a non-Company sponsored healthcare plan. We provide additional life insurance policies for our CEO and each of our NEOs.

- Perquisites are provided at modest levels to NEOs, primarily in the form of an automobile allowance and, for the CEO, a monthly expense allowance. These are intended to recognize senior employee status and provide additional compensation at a relatively low cost.

Historical Mix of Compensation Elements

Over time, our pre-tax profit and total compensation (including both cash-based non-equity incentive awards and non-cash equity-based stock option awards) are expected to trend together over the long-term, although in any given year there may be some variability. This trend, which is illustrated in the chart in the above section entitled "Compensation Discussion and Analysis – Executive Summary," occurs because our ECC utilizes a pay-for-performance approach. Under this approach, in fiscal years that pre-tax profit or GAAP diluted EPS declines, non-equity incentive compensation is likely to decline. Conversely, in fiscal years that pre-tax profit or GAAP diluted EPS increases, non-equity incentive compensation is likely to increase.

In establishing compensation for any given fiscal year, the ECC considers overall internal budgets and global economic conditions; however, our ECC believes that the mix of compensation for any given fiscal year should be heavily weighted (e.g., more than 60%) towards incentive-based compensation. The chart below reflects the mix of total compensation based on fixed and incentive-based amounts, for our NEOs as reflected in the table entitled "Summary Compensation Table – Fiscal 2011."

The increase in the percentage of fixed compensation in fiscal 2011 as compared to the prior two fiscal years is attributable to our ECC's decision to lower the value of fiscal 2011 stock-based awards granted to our NEOs due to our ECC's conclusion that our stock was significantly but temporarily undervalued.

Other Policies and Practices Related to Our Compensation Program for Named Executive Officers ("NEOs")

Employment Agreements

Historically, our ECC has shied away from having employment agreements with our NEOs, except for our CEO. This is a result of its decision to rely on a relatively straight-forward pay-for-performance compensation program, focused on our NEOs' opportunity to share in the success of our growing business and as a means to attract and retain employees. To date, our ECC has relied on our history of fair treatment of NEOs as a basis for not entering into employment agreements, other than with our CEO. Given the unique role that our CEO plays within Comtech, our employment agreement with our CEO is intended to promote careful and complete documentation and understanding of employment terms, prevent uncertainty regarding those terms, promote good disclosure of those terms, help meet regulatory requirements under tax laws and other regulations and discourage frequent renegotiation of the employment terms.

In June 2011, our ECC hired an independent executive compensation consulting firm to advise and assist the Committee in its negotiation of an employment agreement with our CEO whose contract was expiring on July 31, 2011. Our ECC believed that many of our institutional stockholders and their advisors (such as Institutional Shareholder Services Inc. and Glass Lewis & Co.) did not favor "modified single-trigger" and tax "gross-up" terms relating to severance and other payments following a change-in-control. The ECC confirmed this with its independent executive compensation consulting firm. In August 2011, we entered into an amended and restated employment agreement with our CEO which took into account these policy positions. The amended and restated employment agreement governs the terms of the CEO's employment through fiscal 2014. The principal elements of his compensation, which include salary, non-equity incentive and stock-based incentive opportunities, continue at the same levels as in effect under the employment agreement which expired on July 31, 2011. The most significant changes to the CEO's amended and restated employment agreement are as follows:

- The amended and restated agreement eliminates a provision that would have provided for severance and other benefits if, during the two years following a change-in-control, the CEO elected to terminate his employment (referred to as a "modified single-trigger" provision). In its place, the amended and restated agreement provides for severance and other benefits if circumstances constituting "Good Reason" (as defined) arise within two years after a change-in-control and the CEO elects to terminate employment for Good Reason no later than the earlier of two years after the "Good Reason" first arose or 2.5 years after the change-in-control.

- "Good Reason" would arise if the CEO were assigned duties materially inconsistent with, or there occurred any other material adverse change in, his position, authority or responsibilities before the change-in-control. This provision would also be triggered if, after a change-in-control, (i) the CEO is not the most senior executive officer of the ultimate parent entity of the group that includes Comtech or that parent entity is no longer a publicly held company, or (ii) the CEO is required by the board of directors of the surviving entity to implement a significant business strategy or policy, such as a material acquisition or disposition of assets, change in capitalization, or reduction in force, which was not approved by a majority of the pre-change-in-control Comtech directors and was not approved by the CEO in his capacity as a director. Good Reason also would arise if, after a change-in-control, the CEO's compensation were materially reduced, including if his annual non-equity incentive award is paid out at less than 80% of the average of the annual incentive awards for the three fiscal years prior to the change-in-control, or if his workplace were relocated by more than 50 miles.

- The amended and restated agreement eliminates the "gross-up" payable to the CEO if payments under the agreement following a change-in-control were to subject him to the federal golden parachute excise tax. Instead, the amended and restated agreement provides that payments under the agreement would be reduced if doing so, and thereby avoiding the excise tax, would place the CEO in a better after-tax position, but if the excise tax is triggered it will be payable by the CEO without reimbursement by us.

- In response to changes in healthcare laws, provisions giving the CEO certain healthcare benefits following termination were eliminated. The amended and restated agreement provides for continuation of a monthly expense payment (the amount of which is $1,250) which the CEO has been receiving since fiscal 2010. The CEO may use this non-allocated expense payment for any purpose. Following a termination of the CEO, the CEO will be entitled to a lump-sum payment in lieu of continuation of this benefit in the amount of $22,500 for a pre change-in-control termination by us not for cause or by the CEO as a result of breach of the agreement, or $37,500 for a post change-in-control termination by the CEO for Good Reason or by us without cause.

Severance Agreements

We do not have stand-alone severance agreements with any of our NEOs (other than our CEO); however, these NEOs participate in our company-wide severance plan which provides U.S. employees, who are terminated by us without cause, with two weeks of salary continuation if they have less than five years of service, three weeks of salary for more than five years but less than fifteen years of service, and four weeks of salary for fifteen or more years of service. This plan does not provide outplacement services or subsidized medical coverage. The plan gives our ECC the discretion to increase the number of weeks of separation pay that these NEOs may receive.

All of our NEOs (including our CEO) are eligible to receive non-equity incentive plan award payments for the applicable fiscal year equal to the pro-rata portion of the applicable maximum pre-tax profit rate multiplied by the actual amount of pre-tax profit (as defined) during the year of separation for death, disability, or involuntary termination. Severance payments require the execution of a general release in favor of the Company. It has been our practice to negotiate the actual terms of separation with our NEOs at the time of their separation.

Pursuant to the terms of an amended and restated employment agreement effective August 1, 2011, our CEO is entitled to liquidated damages payable if his employment is involuntarily terminated without cause. The liquidated damages would be an amount equal to his base salary, at the rate in effect, for the full unexpired term of the employment period and an amount equal to his incentive compensation for the full fiscal year in which the termination occurred.

As discussed further below, although we do not have stand-alone severance agreements, severance protection, in certain situations, is included in our NEOs change-in-control agreements.

Change-in-Control Agreements

The ECC believes that one of our greatest strengths is our management and workforce, so that an acquirer could be expected to pay more to acquire the Company with the team remaining intact after the acquisition. As such, our change-in-control provisions, currently in effect, require what is commonly called a “double-trigger.” In other words, upon a change-in-control, severance is payable only in the event of involuntary termination without cause or resignation for Good Reason (as defined) by the NEO. In addition, our agreements with our NEOs (other than our CEO) are restrictive in that they enable an acquirer, under certain circumstances, if it wishes to do so, to potentially delay termination for Good Reason by these NEOs due to a change in job duties for a period of one year after the change-in-control.

We believe that change-in-control agreements are important given the protection provided to our NEOs, in the form of severance commitments and improved job security. This protection is intended to provide a number of important benefits to us. First, it permits our NEOs to evaluate a potential change-in-control transaction while relatively free of concern for his or her own situation, minimizing the conflict between his or her own interests and those of our stockholders. Second, change-in-control transactions take time to unfold, and ensuring a stable management team can help to preserve our operations in order to enhance the value delivered to the buyer – and thus the price paid to our stockholders – from a transaction. Third, if a transaction falls through, keeping our management team intact can help us to continue our business without undue disruption. Each of our NEOs is protected by an agreement that provides for change-in-control protection in the event they are terminated by us without cause or by them in specified circumstances (such as for Good Reason) in the two years following a change-in-control. Severance protection is provided under the change-in-control agreements, except for our CEO who receives this protection pursuant to his employment agreement. Severance protection is important to us and is intended to be fair and competitive to aid in attracting and retaining experienced executives. Several years ago, we conducted an assessment of the market competitiveness of our practices and, among other items, determined that it was appropriate to make separation payments based on a level or “tier” to which the NEO is assigned. The assignment of our NEOs to applicable tiers is shown in a table under the heading “Potential Payments Upon Termination or Change-in-Control.”

Pursuant to the terms of an amended and restated employment agreement, effective August 2011, our CEO is only entitled to payments upon resignation within 2.5 years of a change-in-control if the resignation is for “Good Reason” as defined, a “double-trigger” provision.

Indemnification Agreements

We have also entered into indemnification agreements with all of our NEOs and each member of our Board of Directors that provide for indemnification by the Company against certain liabilities incurred in the performance of their duties.

Minimum Equity Ownership Interest Guidelines and Mandatory Holding Periods
As discussed throughout this "Compensation Discussion and Analysis" section, the ECC has made various changes to our compensation program. In connection with these changes, our Board of Directors (based on the recommendation of the Nominating and Governance Committee) also adopted increased minimum equity ownership interest guidelines and related holding requirements for our NEOs and our non-employee directors. The Board believed these changes further align our NEOs and our non-employee directors with our stockholders.

The minimum equity ownership interest guidelines adopted for our CEO, our NEOs and our non-employee directors are as follows:

| Title | Minimum Equity Ownership Interest |
|---|---|
| CEO | 6x annual base salary |
| Non-Employee Directors | 6x annual cash retainer |
| All Other NEOs | Lower of 2x annual base salary or 20,000 shares |

In establishing the guidelines for our CEO and non-employee directors, our Board of Directors considered that these levels are considered to be "robust" under the polices issued by Institutional Shareholder Services Inc. ("ISS"), a leading proxy advisory services firm for many of our institutional stockholders.

Our current NEOs have until the first quarter of fiscal 2015 to meet these guidelines. NEOs that join Comtech or are promoted in the future must satisfy these guidelines within approximately six years of holding such position. As of November 21, 2011, all of our NEOs except for Mr. Rouse, who only rejoined our company in February 2011, have met their applicable guidelines.

As of July 31, 2011, our non-employee directors were required to own 2,500 shares. As of July 31, 2011, all of our non-employee directors, with the exception of Mr. Paul, met these guidelines. In September 2011, the Board of Directors approved the above increased minimum equity ownership interest guidelines and, subject to stockholder approval, that the current annual equity compensation of 15,000 stock options awarded to each non-employee director be modified to include restricted stock units until a non-employee director meets these minimum guidelines. The value of restricted units to be granted to non-employee directors in the future would be limited to the Black Scholes value of 15,000 stock options on the grant date, and the number of stock options would be correspondingly reduced. Thus there would be no change in the aggregate value of equity compensation granted in any given fiscal year. Because our current stock plan does not provide for the issuance of restricted stock or restricted stock units to non-employee directors, the Board also approved an amendment to our 2000 Stock Incentive Plan in order to implement these new requirements. As indicated in "Proposal No. 3 - Approval of Amendment to Our 2000 Stock Incentive Plan and Related Actions," this amendment requires stockholder approval. Regardless of whether or not this amendment is approved by our stockholders, non-employee directors have until the date of the Fiscal 2016 Annual Meeting of Stockholders to meet these new guidelines.

Until applicable minimum equity ownership interest guidelines are met, non-employee directors and executive officers (including our CEO) are now required to hold any shares received from the exercise of any stock options issued in fiscal 2011 or later or the delivery of shares pursuant to a restricted stock-based award, less the number of shares used for the payment of any related exercise price and applicable taxes. Once executive officers or non-employee directors have met their applicable equity ownership interest guideline, they are required to maintain their minimum equity ownership interest holdings through the end date of their employment or directorship position.

The ECC can waive or defer an individual's compliance with the equity ownership interest guidelines if it determines that compliance would impose an undue financial hardship on the individual or if it is not in our best interests to apply these guidelines to that individual. In order to facilitate compliance with the equity ownership interest guidelines, the ECC can determine that a portion of an NEO's annual non-equity incentive plan award may be settled in the form of restricted stock units, with the number of restricted stock units to be granted in lieu of cash based on the fair market value of the Common Stock underlying the restricted stock units at the time of settlement of the awards. To date, the ECC has not settled any portion of a non-equity incentive plan award payment in restricted stock units.

Insider Trading Policy

We recognize that our NEOs and directors may sell shares from time to time in the open market to realize value to meet financial needs and diversify their holdings, particularly in connection with exercises of stock options. All such transactions are required to comply with our insider trading policy. When selling their equity ownership interests, our executives and non-employee directors are encouraged to utilize SEC Rule 10b5-1 trading plans.

Hedging Policy

We have a policy that precludes NEOs and directors from short selling or buying exchange-traded put options or call options associated with our stock, without the advance approval of our ECC. We restrict these transactions because they could serve to “hedge” the NEO’s or director’s risk of owning our stock and otherwise can be highly speculative transactions with respect to our stock.

Tax Deductibility of NEO Compensation

Section 162(m) of the Internal Revenue Code limits the tax deductions for compensation that we may pay to $1.0 million per year for each person who is, at the end of the fiscal year, our CEO or one of the three other most highly compensated officers listed in the “Summary Compensation Table,” but excluding our CFO. Certain forms of compensation are exempt from this deductibility limit, one of which is qualifying “performance-based compensation.” As a matter of policy, we structure our non-equity incentive awards with the intent that they should be substantially deductible without limitation.

Our ECC retains authority to approve non-tax deductible compensation. Our ECC intends to exercise this authority in circumstances in which it concludes these payments enhance our Company’s ability to attract, retain and appropriately reward executives and therefore is in the best interests of our Company and its stockholders.

ECC’s Assessment of 2011 and 2012 Independent Comprehensive Review of Executive Compensation

In June 2011, our ECC engaged Steven Hall, an independent executive compensation consulting firm, to perform a comprehensive review of our executive compensation. Steven Hall was also retained to assist the ECC in its negotiations relating to an amended and restated employment agreement with our CEO.

On August 1, 2011, the ECC completed its negotiations and authorized us to enter into an amended and restated employment agreement with our CEO which included more restrictive terms related to change-in-control severance and benefits including:

- a change from a so-called “modified single trigger” to a “double trigger” provision, and
- eliminating the so-called tax “gross-up” provision payable by Comtech if severance and benefits were to trigger an excess golden parachute excise tax.

The study prepared for our ECC was based on fiscal 2010 amounts and was subsequently updated to reflect fiscal 2011 awards and to assess values realized or realizable from long-term incentives for the NEOs.

For comparison purposes, the survey used a “peer group” of comparable telecommunications equipment companies. The companies were selected first by using the peer group used in fiscal 2010 by Institutional Shareholder Services Inc. an independent proxy advisory firm that we believe provides voting recommendations on proxy proposals to a number of institutions that hold Comtech stock. Because one-third of that peer group had ceased to be independent public companies since that group was identified, our consultant augmented the eight companies remaining in that group with six additional telecommunications equipment companies with comparable revenues and market capitalization.

The companies in the peer group used in the benchmark study and analysis performed were as follows:

| | |
|---|---|
| Arris Group, Inc. | Black Box Corp. |
| Ciena Corp. | EMS Technologies, Inc |

| | |
|---|---|
| F5 Networks, Inc. | Harmonic, Inc. |
| KEMET Corp. | Loral Space & Communications, Inc. |
| NETGEAR, Inc | Polycom, Inc. |
| Powerwave Technologies, Inc | Rogers, Corp. |
| Teledyne Technologies, Inc. | Viasat, Inc. |

For purposes of the benchmark study, the report compared salary, total cash compensation (salary plus annual non-equity incentive) and total remuneration (total cash compensation plus long-term equity-based incentives valued at their grant date).  Compensation for the NEOs (excluding Mr. Rouse, who assumed his current executive duties in February 2011) was benchmarked against that of executives with comparable positions.

The ECC was aware that our compensation program provides for a greater percentage of compensation in the form of the annual non-equity incentive award than most other companies, and relatively lower levels of long-term equity-based incentives than other companies. The benchmarking survey confirmed this, indicating that:

- Fiscal 2010 compensation levels for salaries were generally positioned near median levels, except for the CFO's salary which was substantially below median;
    - Total cash compensation at estimated target levels generally was above the 75th percentile;
- Total remuneration levels, taking into account the grant-date value of annual long-term equity-based incentive awards and based on actual payout levels of annual non-equity incentive plan awards, were generally near the 75th percentile; and
- Many CEOs in the peer group receive long-term incentives in the form of restricted stock as compared to our CEO who receives his long-term incentives solely in the form of stock options.

The ECC believes that annual incentive plans for each comparable company were uniquely designed such that annual incentive targets are not comparable to the targets of other companies' programs or as useful as the comparison of actual or realized total remuneration levels. The ECC recognizes that the total compensation as reported in the "Summary Compensation Table" reflects the grant-date fair value of long-term equity-based awards (a theoretical value determined under GAAP), but actual compensation that our NEOs may realize from such awards will, in fact, align with actual stock performance over the years following the grant. Thus, the ECC believes that, given our stock performance over the past three fiscal years (see chart on page 23 under the caption entitled "Executive Summary"), the actual compensation that our CEO could in fact realize from his equity awards in recent years should reflect the underperformance of our stock due to the loss of the BFT-2 program. In order to confirm its belief, our ECC requested that Steven Hall update its benchmarking study to reflect actual fiscal 2011 compensation and assess values realized or realizable from long-term incentives for the NEOs. As it related to actual compensation, the updated benchmark study noted the following:

- Salaries generally ranged from slightly below the median to the 67th percentile (one of our business unit President's salary was above the 75th percentile);
- Non-equity incentive plan payouts were in the upper two quartiles for four of the five NEOs;
- Long-term incentives (valued at grant date) were in the lowest quartile for all NEOs;
- Total compensation levels fell in a range near median levels for four of the NEOs;
- Our CEO's total compensation (as reported in the "Summary Compensation Table") when compared to CEOs of comparable companies, generally places in the upper quartile; however, when compared to these same CEOs, our CEO's long-term equity-based incentives provided the lowest realized or realizable value for the latest fiscal year, and for the past three fiscal years were at the 32nd percentile of the CEOs in the peer group for value realized and realizable from long-term incentives which aligns with our recent stock performance.

Steven Hall performed additional analyses and supplemented the benchmark study peer group with KVH Industries Inc., Harris Corporation, Hughes Network Systems, LLC and Gilat Satellite Networks Ltd. This additional analysis supported the findings in the benchmark study.

In addition, in reviewing the benchmarking study and additional analyses, the ECC reviewed equity awards granted to our NEOs since August 2006 and found that, as of the end of fiscal 2011, the values realized were very low compared to the grant date fair values that had previously been reported as compensation to the NEOs. Notably, many CEOs in the peer group receive long-term incentives in the form of restricted stock, performance shares, or other types of awards that provide compensation payouts even when stock price fails to appreciate, while all of our equity awards are granted as stock options that will have no realizable value if our stock price fails to appreciate. These results demonstrate that actual realized or realizable compensation from our long-term incentives has been aligned with our actual stock price performance for the past five years. Nevertheless, as discussed below, based on the ECC's assessment of the independent comprehensive review prepared by Steven Hall, the ECC believed that certain changes to our corporate NEOs fiscal 2012 compensation plan should be made.

The following changes were implemented by the ECC in fiscal 2012:

- Weighted pre-tax profit and GAAP diluted EPS performance goals were adopted for our CEO at 50% each, so that the total equaled 100%,

- Adopted minimum thresholds for all financial performance targets for our CEO (as we historically have required for all of our other NEOs), and

- Weighted pre-tax profit and GAAP diluted EPS performance goals for our other corporate NEOs were adopted at 37.5% each, and assigned specific personal goals a weight of 25%, so that the total equaled 100%.

In making these changes, the ECC concluded that the introduction of a GAAP diluted EPS goal, although closely aligned to pre-tax profit, would introduce other elements of corporate performance such as dilution from share issuance, reverse dilution from share repurchases, and tax efficiency and would eliminate any adjustments taken into account in the pre-tax profit definition for purposes of determining annual non-equity incentive based awards. The ECC also believed that a GAAP diluted EPS measure would further align executive compensation with stockholder interests and would take into account the feedback that it had first received in June 2011 from stockholders that a GAAP diluted EPS metric should be adopted as a performance benchmark for our CEO. The ECC established fiscal 2012 goals at a level it deemed challenging, but with a reasonable likelihood of being achieved, after its review of our fiscal 2012 business plan and taking into consideration both our acquisition strategy and the repurchase of our common stock in fiscal 2012 pursuant to our existing stock repurchase program. Non-equity incentive awards for our NEOs are expected to be materially lower (e.g., decrease by more than 50%) in fiscal 2012 as compared to fiscal 2011, due primarily to the financial impact of the loss of the BFT-2 contract which is expected to result in lower revenues and related earnings in fiscal 2012.

The ECC recognizes that compensation levels of our NEOs are, in some respects, above median levels and that the total compensation of our CEO, when compared to CEO's of comparable companies, generally places in the upper quartile. However, the ECC believes that a number of factors make these compensation levels appropriate.

- The management team, and particularly the CEO, has extensive experience and an outstanding track record in the telecommunications equipment industry. The long-term performance of Comtech as measured by profitability and stockholder value has been superior as compared to relevant benchmarks (see below).

- Even in the face of declining consolidated sales (due to the loss of the BFT-2 contract and challenging business conditions), management has delivered solid GAAP diluted earnings per share and high levels of profitability.

- The Company's cash position provides our Board with the opportunity to authorize the repurchase of our stock, pay annual dividends, and make strategic acquisitions. The ECC believes that our NEOs have a superior record of deploying capital productively and integrating acquisitions.

- Our corporate executive team is lean. Our corporate NEOs oversee functions, such as legal, human resources, information technology, investor relations, and administration that, at many companies, have a separate department led by a senior executive officer. As such, benchmark comparisons of actual compensation based on title alone, may not be relevant.

The ECC is mindful that the CEO, over his forty year career with Comtech, has delivered long-term value to stockholders which has been exceedingly good, and is a record matched by few CEOs. As illustrated on the chart under the "Executive Summary" caption on page 25, for the past ten years (the periods of October 31, 2001 to October 31, 2011), our stock has significantly outperformed its peers and relevant benchmarks. During this time frame, our stock price has increased 476.6% as compared to the S&P 600 Small Cap Index, the Russell 2000 Index, the S&P 500 Index, and, the GICS 4520, which increased 101.2%, 73.1%, 43.7% and 36.7%, respectively. Comtech's stock performance over this period represents an average annual return of 19.1%. Total returns for Comtech stock for the past 15 years through July 31, 2011 likewise reflect outstanding performance, with an average annual return of 24.0%. The ECC views the CEO as an exceptional leader for Comtech's future, and has sought to retain him in his role, provide him incentives to grow Comtech and its profitability and reward him for returning long-term value to stockholders.

The ECC believes that our NEOs' fiscal 2011 compensation awards align with long-term stockholder returns and the changes it has made for fiscal 2012 will result in further alignment of NEO compensation with stockholder returns.

Determination of Compensation for Fiscal 2011
Despite the strength of our fiscal 2011 operating performance, the increase in our stock price in fiscal 2011 from $21.57 to $26.95, and our total one year stock return (including dividend payments) of approximately 29.4% that we achieved in fiscal 2011, our ECC believed it was important to lower total compensation awarded to our NEOs in fiscal 2011. In making the decision to award lower total compensation to our NEOs (including our CEO), our ECC considered the continuing impact on our consolidated business of the July 2010 decision by the U.S. Army to award the BFT-2 contract to a competitor, and the U.S. Army's related decision to combine its MTS program with the BFT program. While the U.S. Army's decisions did not have an immediate impact on our financial results, they did result in a loss in stockholder value which has not yet been fully recovered.

In March 2009, our stock price immediately declined following our disclosure that the U.S. Army had informed us that it did not anticipate placing additional orders for our mobile satellite transceivers. Also, in April 2009, the U.S. Army announced that it intended to seek competitive sources for its next generation BFT-2 program. Ultimately, on July 21, 2010, we announced that the BFT-2 contract was awarded to a competitor that had submitted a bid 50% lower than our proposal and our stock plummeted 31.9% in one day.

Total compensation for the CEO and CFO for fiscal 2011 declined from fiscal 2010 by 16% and 20%, respectively, and total compensation of our other NEOs (who were serving in the previous fiscal year and remain employed with Comtech) also declined. In addition, as discussed throughout this "Compensation Discussion and Analysis" section, non-equity incentive awards for our NEOs are expected to be materially lower (e.g., decrease by more than 50%) in fiscal 2012 as compared to fiscal 2011. Over time, our pre-tax profit and total compensation are expected to trend together and align with long-term stockholder returns, although in any given year there may be some variability. The ECC believes that with the implementation of our strategy and the changes that it has made for fiscal 2012, we will be able to achieve positive returns for our stockholders and are on the right track to do so. As illustrated in the graph on page 24, from August 1, 2011 through October 31, 2011 (our first quarter of fiscal 2012), our stock price has increased from $26.95 to $33.11 (which has significantly outperformed various relevant benchmarks) and we provided a 23.9% total stockholder return.

The elements of total fiscal 2011 compensation are discussed below:

2011 Salaries and Bonus Awards

For fiscal 2011, the following salaries were in effect.

| NEO | Salary |
|---|---|
| Fred Kornberg | $715,000 |
| Michael D. Porcelain | 340,000 |
| Robert G. Rouse | 340,000 |
| Robert L. McCollum | 390,000 |
| Richard L. Burt | 355,000 |

In August 2011 (the start of our fiscal 2012), the ECC approved a salary increase for our CFO for fiscal 2012 to $365,000. The increase to our CFO's salary was based on the ECC's review of a benchmarking study which indicated that the CFO's salary was significantly below a comparative benchmarked group. No other NEO, including our CEO, received a salary increase in fiscal 2012. The amount shown above for Mr. Rouse represents his annualized salary had he been employed for the entire year in fiscal 2011. The actual salary paid to Mr. Rouse in fiscal 2011 was $154,308 as he commenced employment on February 9, 2011.

In August 2010 (the start of our fiscal 2011), the salaries for NEOs serving at the beginning of the fiscal year, other than Mr. Burt, were increased from the rates in effect in fiscal 2010. These salary increases ranged from 2.9% to 4.6%, which was consistent with our overall merit and inflationary increases for most of our employees in fiscal 2011. Mr. Burt's salary for fiscal 2011 was restored to the amount earned in fiscal 2009. In fiscal 2010, Mr. Burt's salary was temporarily reduced by approximately 7.5% from fiscal 2009 as part of a cost reduction program at the subsidiary he is responsible for. The salaries in effect for fiscal 2010 reflect the fact that no NEO received a salary increase due to the overall difficult and challenging business conditions that existed at the time.

In fiscal 2011, none of our NEOs received cash bonuses as they are defined by SEC rules.

2011 Non-Equity Incentive Plan Awards

A summary of our non-equity incentive plan awards for fiscal 2011 is listed below:

| Named Executive Officer | Maximum Award Opportunity (in Percent) of Pre-Tax Profit | Actual Award (in Percent) of Pre-Tax Profit | Maximum Award Opportunity (in Dollars) | Actual Award (in Dollars) |
|---|---|---|---|---|
| Fred Kornberg | 3.0000% | 3.0000% | $3,575,000 | $3,370,838 |
| Michael D. Porcelain | 0.6875% | 0.5278% | 1,020,000 | 575,261 |
| Robert G. Rouse | 0.6188% | 0.4894% | 1,020,000 | 210,962 |
| Robert L. McCollum | 2.0625% | 0.8225% | 1,170,000 | 410,000 |
| Richard L. Burt | 2.7500% | 0.4842% | 1,065,000 | 23,449 |

The maximum award opportunities listed in the above schedule were limited based on a percentage of salary of 300% for each NEO, other than our CEO whose percentage limit was equal to 500%.

The maximum award opportunities established for Messrs. Kornberg, Porcelain and Rouse were based on company-wide pre-tax profit and, in the case of Messrs. Porcelain and Rouse, individual performance goals (as discussed below), whereas the opportunities for Messrs. McCollum and Burt were based on the pre-tax profit of the business operations which they are responsible for and individual performance goals. As discussed further below, the actual award in dollars for Mr. Rouse in fiscal 2011 was determined based on the actual achievement of performance goals during the period from the start date of his employment, which was February 9, 2011, through the end of the fiscal year.

Consistent with historical practices, each individual NEO, other than the CEO, also received a Fiscal 2011 Goal Sheet which contained performance goals related to:

- pre-tax profit (as defined above),
- new orders (except for our CFO and Mr. Rouse),
- and/or a “free” cash flow measure for applicable operations supervised, and
- a series of personal goals.

The free cash flow measure utilized in fiscal 2011 approximated cash flows from operations as defined by GAAP, but excludes changes in intercompany accounts and is reduced by the level of capital expenditures incurred by applicable business operations.

As discussed throughout this “Compensation Discussion and Analysis” section, the ECC concluded that annual non-equity incentive awards would be reduced from the levels awarded for fiscal 2010, based on its evaluation of our business results for the year and the recent price performance of our stock. The ECC views our annual incentive program as vital to incentivizing management to grow our core businesses, to offset declining profits relating to our MTS and BFT-1 contracts, and to contain expenses.

In determining the actual amount of awards payable in fiscal 2011 (which are further discussed individually below for each NEO), the ECC relied upon various schedules prepared by our CFO which were presented to the ECC by our CEO. In calculating any GAAP reported financial information, the ECC relied on information audited by the Company's independent registered public accounting firm. The ECC reviewed each NEO's performance in fiscal 2011 with the CEO and in executive session.

The ECC believes that the final award in fiscal 2011 for each of our NEOs reflects their specific individual contribution to our consolidated financial performance and is aligned with the results achieved.

A summary of the determination of the final award payable in fiscal 2011 for each NEO follows:

Fred Kornberg – Mr. Kornberg received a 2011 non-equity incentive award of $3,370,838 which was based on the level of the Company's pre-tax profit and the ECC's evaluation of Mr. Kornberg's overall performance.

Mr. Kornberg's employment agreement in effect for fiscal 2011 entitled him to receive a minimum non-equity incentive award of $285,000 based on our fiscal 2011 results. In early fiscal 2011, the ECC determined that our CEO could earn a total non-equity incentive award for fiscal 2011 equal to 3.0% of pre-tax profit (as defined), less the $285,000, but only to the extent that the amount ultimately payable did not exceed a salary cap.

In using a 3.0% of pre-tax profit formula (the same percentage in his employment agreement and the level in effect since fiscal 2008), our ECC sought to reward our CEO for his overall efforts. The amount of fiscal 2011 pre-tax profit (as defined) for purposes of calculating the CEO's award was $112,361,260. As a result, the CEO was eligible, based on a strict mathematical calculation, to potentially be awarded $3,370,838. The ECC then considered other aspects of the CEO's performance in determining whether to exercise negative discretion to further reduce the amount payable to our CEO.

The ECC considered a wide range of factors relating to our company's overall performance in fiscal 2011 and our CEO's efforts to position our company for future long-term growth. In a period of challenging business conditions and despite the loss of the BFT-2 contract, our company nevertheless grew its GAAP diluted earnings per share in fiscal 2011 by approximately 16% as compared to fiscal 2010. Our stock price also increased from $21.57 on August 1, 2010 to $26.95 on July 31, 2011. For fiscal 2011, we generated a total one year stock return of approximately 29.4%.

Looking to the future, our CEO played an instrumental role in directing our fiscal 2011 research and development efforts so that we are capable of introducing new and innovative products in all three of our business segments and has directed the repositioning of our mobile data communications segment's strategy. Based on these achievements and efforts, the ECC determined that the payment of the calculated annual non-equity incentive award of $3,370,838, representing 3.0% of the applicable pre-tax profits measure, without a downward adjustment was appropriate.

Michael D. Porcelain – Mr. Porcelain received a 2011 non-equity incentive award of $575,261 which was primarily based on the amount of company-wide pre-tax profit achieved in fiscal 2011 and the ECC's overall evaluation of his performance.

In early fiscal year 2011, the ECC established a maximum annual incentive formula for our CFO equal to 0.6875% of company-wide pre-tax profit. The CFO's 2011 Goal Sheet included the following company-wide financial objectives that were considered by the ECC in its evaluation of performance for fiscal 2011:

| Goal | Initial Target | Actual Achievement |
|---|---|---|
| Pre-tax profit (as defined above) (weighted 50%) | $105,000,000 | $108,990,422 |
| Free cash flows (as defined above) (weighted 25%) | 65,000,000 | 87,520,196 |

The CFO received five personal goals for fiscal 2011 which were: 1) achieve no significant accounting deficiencies and adhere to certain internal reporting requirements, 2) reduce corporate costs (excluding certain one-time costs) by a certain percentage from fiscal 2010 levels, 3) establish three formal internal corporate policies, 4) successfully conclude a State Department compliance audit, and 5) complete a confidential strategic goal.

The ECC concluded that Mr. Porcelain achieved all his personal goals except the goal relating to expense reduction which was ultimately achieved in fiscal 2012. The ECC determined that the CFO achieved 105.6% of his fiscal 2011 financial and personal performance goals which represents 76.8% of the CFO's maximum potential payout allowable under the non-equity incentive plan.

Based on the level of actual fiscal 2011 company-wide pre-tax profit achieved and the 0.6875% maximum pre-tax profit rate, the CFO was eligible to receive a maximum fiscal 2011 non-equity incentive award of $749,309. In determining the actual fiscal 2011 non-equity incentive award, the ECC considered the same positive and negative elements as it had for our CEO, as well as other factors, particularly the important contributions the CFO has made including developing, implementing and executing our strategy of returning capital to our stockholders and in ensuring the short-term and long-term integrity and oversight of our financial reporting practices. After considering these factors, the ECC ultimately determined to award Mr. Porcelain a non-equity incentive award based on the formulaic guidance of Mr. Porcelain's actual achievement of fiscal 2011 financial and personal performance goals. This resulted in a fiscal 2011 non-equity incentive award payable to Mr. Porcelain of $575,261 or 0.5278% of company-wide pre-tax profit.

The ECC concluded that the final award, which is lower than the payout for fiscal 2010, was appropriate in light of the CFO's overall contributions to our success.

Robert G. Rouse – Mr. Rouse received a 2011 non-equity incentive award of $210,962, which was based on the amount of company-wide pre-tax profit achieved in fiscal 2011 (during the period in which he was employed with us) and the ECC's overall evaluation of his performance.

Mr. Rouse rejoined the Company in February 2011 and the ECC established a maximum annual incentive formula for Mr. Rouse equal to 0.6188% of company-wide pre-tax profit for the portion of fiscal 2011 remaining after he commenced work.

The 2011 Goal Sheet for Mr. Rouse included the following company-wide financial objectives (which represent the portion of the same financial goals as the CFO that had not yet been achieved as of the date that Mr. Rouse re-joined the Company) that were considered by the ECC in its evaluation of performance for fiscal 2011:

| Goal | Initial Target | Actual Achievement |
|---|---|---|
| Pre-tax profit (as defined above) (weighted 50%) | $46,592,000 | $43,105,252 |
| Free cash flows (as defined above) (weighted 25%) | 25,528,000 | 51,758,000 |

In addition, Mr. Rouse was assigned five personal goals for fiscal 2011, which were: 1) implement company-wide new business development activities with subsidiaries; 2) work with our CEO to implement a repositioning strategy for our mobile data communication segment; 3) meet certain milestones with respect to potential acquisition targets; 4) complete a strategic product plan in coordination with specified business units; and 5) achieve a specified action with respect to investor relations. The ECC concluded that Mr. Rouse achieved all of his personal goals. The ECC determined that Mr. Rouse achieved 108.7% of his fiscal 2011 financial and personal performance goals which represents 79.1% of his maximum potential payout allowable under the non-equity incentive plan.

Based on the level of actual fiscal 2011 company-wide pre-tax profit achieved and the 0.6188% maximum pre-tax profit rate, Mr. Rouse was eligible to receive a maximum fiscal 2011 non-equity incentive award of $266,714. In determining the actual fiscal 2011 non-equity incentive award, the ECC considered the same positive and negative elements as it had for our CEO, as well as other factors, particularly the important contributions that Mr. Rouse made in improving our overall business development activities and addressing strategic plans for our mobile data communications segment. After considering these factors, the ECC ultimately determined to award Mr. Rouse a non-equity incentive award based on the formulaic guidance of Mr. Rouse's actual achievement of fiscal 2011 financial and personal performance goals. This resulted in a fiscal 2011 non-equity incentive award payable to Mr. Rouse of $210,962 or 0.4894% of company-wide pre-tax profit. The ECC believes the award to Mr. Rouse is appropriate in light of his overall contributions to our success.

Robert L. McCollum – Mr. McCollum received a 2011 non-equity incentive award of $410,000 which was primarily based on the level of fiscal 2011 pre-tax profit achieved for the business operations for which he is responsible for and the ECC’s overall evaluation of his performance. In early fiscal 2011, the ECC established a maximum annual incentive formula for Mr. McCollum equal to 2.0625% of pre-tax profit of the business operations for which he is responsible.

Mr. McCollum's 2011 Goal Sheet included financial objectives for his business operations relating to applicable pre-tax profit (as defined above), free cash flows (as defined above) and new customer orders (excluding intercompany orders). Mr. McCollum also received five personal goals for fiscal 2011 which were: 1) complete certain product development designs and generate a specified amount of related revenue, 2) achieve pre-defined levels of sales growth for two specific product lines, 3) develop a new customer with the booking of a specified level of orders, 4) generate a strategic plan for certain product lines in concert with other subsidiaries, and 5) achieve no significant accounting deficiencies and adhere to certain internal reporting requirements. The initial targets and individual level of actual achievement of these goals are not disclosed in this proxy because these matters are confidential business information, the disclosure of which could have an adverse effect on the Company. The ECC determined that Mr. McCollum achieved 78.7% of his fiscal 2011 financial and personal performance goals which represents 57.3% of Mr. McCollum's maximum potential payout allowable under the non-equity incentive plan.

Based on the level of actual fiscal 2011 applicable pre-tax profit achieved and the 2.0625% maximum pre-tax profit rate, Mr. McCollum was eligible to receive a maximum fiscal 2011 non-equity incentive award of $1,028,075. The ECC then considered using its negative discretion solely using the strict mechanical calculation based on the weighting of actual achievement of fiscal 2011 financial and personal performance goals. This calculation would have resulted in a fiscal 2011 non-equity incentive award payable to Mr. McCollum of $588,700 or 1.181% of applicable pre-tax profit. This amount would have reflected a reduction of $439,375 from the maximum amount calculated.

In determining the actual amount of fiscal 2011 non-equity incentive payable, the ECC considered other aspects of Mr. McCollum's performance. This evaluation was primarily based on the CEO's input. The ECC concluded that it would make no other adjustment to the award based on other aspects of performance. However, based on Mr. McCollum's request, the ECC reduced the $588,700 award amount by $178,700 so that the amount of the reduction could be reallocated as incentive awards to other employees who work for operations for which Mr. McCollum is responsible. The $410,000 fiscal 2011 non-equity incentive award represents 0.8225% of pre-tax profits for business operations for which Mr. McCollum is responsible.

Richard L. Burt – Mr. Burt received a 2011 non-equity incentive award of $23,449 which was primarily based on the level of fiscal 2011 pre-tax profit achieved for the business operations for which he is responsible for and the ECC's evaluation of his overall performance. In early fiscal year 2011, the ECC established a maximum annual incentive formula for Mr. Burt equal to 2.75% of pre-tax profit of the operations for which he was responsible.

Mr. Burt's 2011 Goal Sheet included financial objectives for his business operations relating to applicable pre-tax profit (as defined above), free cash flows (as defined above) and new customer orders (excluding intercompany orders). Mr. Burt also received five personal goals in fiscal 2011 which were: 1) achieve a pre-defined level of sales for a specific product; 2) win a production order for a specific product at a pre-defined level; 3) win orders from a specific customer at a pre-defined level; 4) develop a new customer and win a new order over a pre-defined level; and 5) achieve no significant accounting deficiencies and adhere to certain internal reporting requirements. The initial targets and individual level of actual achievement of these goals are not disclosed in this proxy because these matters are confidential business information, the disclosure of which could have an adverse effect on the Company. Overall, the ECC determined that Mr. Burt achieved 24.2% of his fiscal 2011 financial and personal performance goals which represents 17.6% of Mr. Burt's maximum potential payout allowable under the non-equity incentive plan.

Based on the level of actual fiscal 2011 applicable pre-tax profit achieved and the 2.75% maximum pre-tax profit rate, Mr. Burt was eligible to receive a maximum a fiscal 2011 non-equity incentive award of $133,167. The ECC then considered using its negative discretion solely using the strict mechanical calculation based on the weighting of actual achievement of fiscal 2011 financial and personal performance goals. This calculation would have resulted in a fiscal 2011 non-equity incentive award payable to Mr. Burt of $23,499 or 0.4842% of applicable pre-tax profit. In determining the actual amount of fiscal 2011 non-equity incentive payable, the ECC considered other aspects of Mr. Burt's performance. This evaluation was primarily based on the CEO's input. The ECC concluded that it would make no other adjustment to the award based on other aspects of performance. The $23,499 amount awarded to Mr. Burt by the ECC for his 2011 non-equity incentive award reflects a total reduction of $109,718 from the maximum amount payable of $133,167. The ECC believes that this amount appropriately corresponds to Mr. Burt's overall performance in fiscal 2011.

2011 Long-term Incentive Awards

We have historically issued long-term incentive awards, primarily in the form of stock options, to our NEOs at the same time that awards are issued to other employees. Generally, this occurs once a year on a specific date. Throughout any given year, additional stock options may be issued to new employees or for specific reasons such as to promote retention, reward or incentivize performance based on circumstances that existed at the time. In June 2011, our ECC concluded that our stock price was significantly and temporarily undervalued and our NEOs should not benefit by receiving the same value of stock-based awards as compared to the prior two fiscal years given our stock's performance as a result of the loss of BFT-2. In making this determination, our ECC also considered that stock-based awards granted to our NEOs for the prior two fiscal years were out-of-the-money and that these previously granted stock-based awards aligned our NEOs with our stockholders' interest. The ECC views options as appropriate long-term incentives, as they compensate our NEOs only if they successfully raise our stock price over a long-term period. Our NEOs have not realized any economic value from stock options granted during the past three fiscal years ended July 31, 2011.

Ultimately, the ECC substantially lowered the value of stock options awarded in fiscal 2011 to each individual NEO (who was employed at the beginning of fiscal 2011 and remain employed with Comtech) as compared to fiscal 2010 as follows:

- Mr. Kornberg by 58%,
- Mr. Porcelain by 50%,
- Mr. McCollum by 33%, and
- Mr. Burt by 49%.

The number of stock options granted in fiscal 2011 by person and their estimated fair values were as follows:

| Named Executive Officer | Number of Stock Options Granted | Estimated Fair Value at Grant Date |
|---|---|---|
| Fred Kornberg | 100,000 | $ 659,820 |
| Michael D. Porcelain | 45,000 | 296,919 |
| Robert G. Rouse | 45,000 | 316,002 |
| Robert L. McCollum | 27,000 | 178,151 |
| Richard L. Burt | 11,000 | 72,580 |

In June 2011, in connection with the lower value of fiscal 2011 stock option awards as compared to fiscal 2010, the Chairman of the ECC (who is also a member of the Nominating and Governance Committee), recommended to the other members of the Nominating and Governance Committee that they consider recommending to the full Board of Directors that it increase minimum equity ownership interest guidelines and establish related holding requirements for our NEOs and our non-employee directors. These changes were adopted because our Board of Directors believed these changes would further align our NEOs and our non-employee directors with our stockholders.

The number of stock options granted in the above table, with the exception of Mr. Rouse (whose awards are discussed below), represent awards granted in June 2011. The options granted provide for vesting at 20% per year for five years, with a stated expiration date of ten years after grant, subject to accelerated vesting in specified circumstances. At the time of the June 2011 stock options grant, the closing market price per share of our stock was $27.67, which is the exercise price per share of the options shown above. In determining the specific level of grants to each individual NEO, the ECC considered the individual NEO's total compensation package and each individual's overall performance with a view toward maintaining aggregate internal pay equity. Our NEOs who are subsidiary presidents generally receive annual stock option awards that historically have had a grant date fair value that is lower in proportion to their total compensation with their maximum non-equity incentive plan awards representing a higher proportion. This reflects the ECC's belief that NEOs, who are subsidiary presidents, can have a more direct impact on their annual financial results.

In February 2011, upon Mr. Rouse commencing employment, we granted 25,000 stock options to him, exercisable for $28.05 per share, the closing market price per share of our stock at the grant date, with a total grant-date fair value of $184,038. Mr. Rouse also received 20,000 stock options in June 2011. The sign-on stock option grant for Mr. Rouse is included in the "Option Award" column of the fiscal 2011"Summary Compensation Table," and is reflected in the "Grants of Plan-Based Awards Table."

EXECUTIVE COMPENSATION

The table below provides information concerning the compensation of our NEOs for the fiscal years ended July 31, 2011, 2010 and 2009.

Summary Compensation Table - 2011

| Name and Principal Position | Fiscal Year | Salary | Bonus | (2) Option Awards | (3) Non-Equity Incentive Plan Compensation | (4) All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| Fred Kornberg | 2011 | $715,000 | - | $659,820 | $3,370,838 | $163,242 | $4,908,900 |
| Chairman, Chief Executive Officer | 2010 | 695,000 | - | 1,573,845 | 3,475,000 | 100,402 | 5,844,247 |
| and President | 2009 | 695,000 | - | 2,056,088 | 2,366,026 | 75,898 | 5,193,012 |
| Michael D. Porcelain | 2011 | 340,000 | - | 296,919 | 575,261 | 26,760 | 1,238,940 |
| Senior Vice President | 2010 | 325,000 | - | 590,239 | 600,000 | 32,502 | 1,547,741 |
| and Chief Financial Officer | 2009 | 325,000 | - | 899,539 | 270,000 | 24,905 | 1,519,444 |
| Robert G. Rouse (5) | 2011 | 154,308 | - | 316,002 | 210,962 | - | 681,272 |
| Senior Vice President | 2010 | - | - | - | - | - | - |
| Strategy and M&A | 2009 | 44,423 | - | - | - | 51,156 | 95,579 |
| Robert L. McCollum | 2011 | 390,000 | - | 178,151 | 410,000 | 46,390 | 1,024,541 |
| Senior Vice President; | 2010 | 375,000 | - | 265,285 | 520,000 | 44,739 | 1,205,024 |
| President Comtech EF Data Corp. | 2009 | 375,000 | - | 417,524 | 682,113 | 33,465 | 1,508,102 |
| Richard L. Burt | 2011 | 355,000 | - | 72,580 | 23,449 | 43,296 | 494,325 |
| Senior Vice President; President | 2010 | 328,365 | - | 141,677 | - | 29,866 | 499,908 |
| Comtech Systems, Inc | 2009 | 355,000 | - | 48,154 | - | 35,780 | 438,934 |

(1)

Our CEO is our only NEO who has an employment agreement. This agreement was amended and restated in August 2011 and expires on July 31, 2014. The significant provisions of this agreement, including termination provisions, are further described under the headings "Other Policies and Practices Related to Our Compensation Program for NEOs" and "Potential Payments Upon Termination or Change-in-Control."

(2) These amounts represent the aggregate grant date fair value, calculated in accordance with SEC rules, of stock options granted in fiscal 2009, 2010 and 2011. Assumptions used in the calculation of these amounts are discussed in Note 1(j) to our consolidated audited financial statements for the fiscal year ended July 31, 2011, included in our Annual Report on Form 10-K filed with the SEC on September 27, 2011.

(3) Non-equity incentive plan compensation for each fiscal year was paid in the first quarter of the subsequent fiscal year upon final approval by the ECC and the issuance of the Company's annual audited financial statements. Non-equity incentive plan compensation paid in each fiscal year was based on the level of pre-tax profit (as defined) that relates to the business operations that the NEO was directly responsible for and was based on the ECC's subjective evaluation of performance of each NEO (including our CEO). In the case of Messrs. Kornberg, Porcelain and Rouse, the pre-tax profit measure was based on company-wide results. The details of the actual determination and basis of the non-equity incentive plan compensation for each of our NEOs as well as the definition of pre-tax profit are discussed in the section of this Proxy Statement entitled "Compensation Discussion and Analysis."

(4) See "Details of All Other Compensation" table on the following page. Amounts in this table reflect amounts included in each NEOs' IRS Form W-2 for the calendar year 2010.

(5) Mr. Rouse rejoined the Company as our Senior Vice President, Strategy and M&A, in February 2011. He previously served as an executive officer of the Company from 2001 to 2008.

Details of All Other Compensation

| Name | Fiscal Year | 401(k) Matching Contribution | Term Life Insurance | Automobile Allowance | Unused Vacation Time Paid Out | Medical Insurance Allowance | Total "All Other" Compensation |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Fred Kornberg | 2011 | $9,800 | $77,896 | $5,546 | $55,000 | $15,000 | $163,242 |
| | 2010 | 9,800 | 28,476 | 4,011 | 48,115 | 10,000 | 100,402 |
| | 2009 | 2,000 | 26,004 | 5,125 | 42,769 | - | 75,898 |
| | | | | | | | |
| Michael D. Porcelain | 2011 | 9,500 | 1,568 | - | 15,692 | - | 26,760 |
| | 2010 | 9,500 | 1,127 | - | 21,875 | - | 32,502 |
| | 2009 | 4,523 | 1,007 | - | 19,375 | - | 24,905 |
| | | | | | | | |
| Robert G. Rouse | 2011 | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - |
| | 2009 | 2,296 | 414 | 1,839 | 46,607 | - | 51,156 |
| | | | | | | | |
| Robert L. McCollum | 2011 | 9,800 | 15,590 | 6,000 | 15,000 | - | 46,390 |
| | 2010 | 9,800 | 14,516 | 6,000 | 14,423 | - | 44,739 |
| | 2009 | 2,288 | 10,754 | 6,000 | 14,423 | - | 33,465 |
| | | | | | | | |
| Richard L. Burt | 2011 | 9,800 | 16,548 | - | 16,948 | - | 43,296 |
| | 2010 | 9,800 | 16,856 | - | 3,210 | - | 29,866 |
| | 2009 | 3,221 | 16,446 | - | 16,113 | - | 35,780 |
| | | | | | | | |

TABLE OF GRANTS OF PLAN-BASED AWARDS THAT OCCURRED IN FISCAL 2011

| Name | Grant Date | Estimated Future Payouts Under Fiscal 2011 Non-Equity Incentive Plan Awards (1) Threshold | (2) Target | (2) Maximum | (3) All Other Awards: Number of Securities Underlying Options | Exercise or Base Price of Option Awards ($/share) | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|---|---|---|---|
| Fred Kornberg | September 22, 2010 | N/A | $3,575,000 | $3,575,000 | | | |
| | June 2, 2011 | - | - | - | 100,000 | $27.67 | $659,820 |
| Michael D. Porcelain | September 22, 2010 | N/A | 853,355 | 1,020,000 | | | |
| | June 2, 2011 | - | - | - | 45,000 | 27.67 | 296,919 |
| Robert G. Rouse | February 9, 2011 | N/A | 768,020 | 1,020,000 | | | |
| | February 9, 2011 | - | - | - | 25,000 | 28.05 | 184,038 |
| | June 2, 2011 | - | - | - | 20,000 | 27.67 | 131,964 |
| Robert L. McCollum | September 22, 2010 | N/A | 1,170,000 | 1,170,000 | | | |
| | June 2, 2011 | - | - | - | 27,000 | 27.67 | 178,151 |
| Richard L. Burt | September 22, 2010 | N/A | - | 1,065,000 | | | |
| | June 2, 2011 | - | - | - | 11,000 | 27.67 | 72,580 |

(1) Our fiscal 2011 non-equity incentive awards were granted under our 2000 Stock Incentive Plan and in the case of Mr. Kornberg, also included an amount payable under his employment agreement. These awards do not have thresholds (or minimum amounts) payable for a certain level of performance under the plan. As such, the threshold level shown in that table is “N/A” based on the fact that an annual incentive award becomes potentially payable for any positive amount of pre-tax profit.

(2) Our non-equity incentive awards for fiscal 2011 were based on the actual amount of applicable fiscal 2011 pre-tax profit (as defined). Accordingly, a target amount of award was not quantifiable at the time the award was granted. In accordance with SEC Instructions to Item 402(d)(2)(iii) to Regulation S-K, in order to provide a representative estimated amount of annual incentive considered potentially payable at the time the award was granted, target levels shown represent the amounts that would have been payable for fiscal 2011 assuming the applicable pre-tax profits were the same as achieved in fiscal 2010. The maximum amounts reflect a limitation of 300% of base salary for each of our NEOs, except in the case of our CEO whose award was limited to 500%. The target amount in the above table for Mr. Rouse reflects the target rate assuming that he was employed for the entire fiscal year in 2011.

(3) Stock option awards were issued pursuant to our 2000 Stock Incentive Plan.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END - FISCAL 2011

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable (1) | Number of Securities Underlying Unexercised Options (#) Unexercisable (1) | Grant Date (1) | Option Exercise Price | Option Expiration Date |
|---|---|---|---|---|---|
| | | | | | |
| Fred Kornberg | - | 100,000 | 6/2/2011 | $27.67 | 6/2/2021 |
| | 20,000 | 80,000 | 6/2/2010 | 28.84 | 6/2/2020 |
| | 40,000 | 40,000 | 6/2/2009 | 29.61 | 6/2/2014 |
| | 40,000 | 40,000 | 8/5/2008 | 46.69 | 8/5/2013 |
| | 100,000 | - | 8/7/2007 | 42.47 | 8/7/2012 |
| | 90,000 | - | 8/1/2006 | 26.90 | 8/1/2014 |
| | 52,500 | - | 8/2/2005 | 35.90 | 8/2/2012 |
| | 52,500 | - | 8/2/2005 | 35.90 | 8/2/2011 |
| | | | | | |
| Michael D. Porcelain | - | 45,000 | 6/2/2011 | 27.67 | 6/2/2021 |
| | 8,750 | 35,000 | 6/2/2010 | 28.84 | 6/2/2020 |
| | 17,500 | 17,500 | 6/2/2009 | 29.61 | 6/2/2014 |
| | 17,500 | 17,500 | 8/5/2008 | 46.69 | 8/5/2013 |
| | 35,000 | - | 8/7/2007 | 42.47 | 8/7/2012 |
| | 25,000 | - | 8/1/2006 | 26.90 | 8/1/2014 |
| | 10,500 | - | 8/2/2005 | 35.90 | 8/2/2012 |
| | 10,500 | - | 8/2/2005 | 35.90 | 8/2/2011 |
| | 11,998 | - | 8/2/2004 | 13.19 | 8/2/2014 |
| | 1,455 | - | 8/4/2003 | 11.67 | 8/4/2013 |
| | | | | | |
| Robert G. Rouse | - | 20,000 | 6/2/2011 | 27.67 | 6/2/2021 |
| | - | 25,000 | 2/9/2011 | 28.05 | 2/9/2021 |
| | | | | | |
| Robert L. McCollum | - | 27,000 | 6/2/2011 | 27.67 | 6/2/2021 |
| | 3,500 | 14,000 | 6/2/2010 | 28.84 | 6/2/2020 |
| | 5,000 | 5,000 | 6/2/2009 | 29.61 | 6/2/2014 |
| | 10,000 | 10,000 | 8/5/2008 | 46.69 | 8/5/2013 |
| | 5,000 | - | 8/7/2007 | 42.47 | 8/7/2012 |
| | 15,000 | - | 8/1/2006 | 26.90 | 8/1/2014 |
| | 7,500 | - | 8/2/2005 | 35.90 | 8/2/2012 |
| | 7,500 | - | 8/2/2005 | 35.90 | 8/2/2011 |
| | 36,000 | - | 8/2/2004 | 13.19 | 8/2/2014 |
| | 22,500 | - | 8/4/2003 | 11.67 | 8/4/2013 |
| | | | | | |
| Richard L. Burt | - | 11,000 | 6/2/2011 | 27.67 | 6/2/2021 |
| | 300 | 1,200 | 6/2/2010 | 28.84 | 6/2/2020 |
| | 1,500 | 1,500 | 8/5/2008 | 46.69 | 8/5/2013 |
| | 20,000 | - | 8/7/2007 | 42.47 | 8/7/2012 |
| | 20,000 | - | 8/1/2006 | 26.90 | 8/1/2014 |
| | 15,000 | - | 8/2/2005 | 35.90 | 8/2/2012 |

| | | | | |
|---|---|---|---|---|
| 15,000 | - | 8/2/2005 | 35.90 | 8/2/2011 |
| 52,419 | - | 8/2/2004 | 13.19 | 8/2/2014 |
| 28,028 | - | 8/4/2003 | 11.67 | 8/4/2013 |

(1) Each option granted from August 1, 2005 to June 2, 2009 vests as to 25% of the underlying shares on each of the first and second anniversaries of the grant date, and as to the remaining 50% of the underlying shares on the third anniversary of the grant date. Each option granted prior to August 1, 2005 and subsequent to June 2, 2009 vests as to 20% of the underlying shares on each of the first five anniversaries of the grant date. The options granted are subject to accelerated vesting in the event of a change-in-control, except in limited circumstances.

TABLE OF OPTION EXERCISES THAT OCCURRED IN FISCAL 2011(1)

| Name of Executive Officer | Number of Shares Acquired on Exercise | (2) Value Realized on Exercise |
|---|---|---|
| Fred Kornberg | - | - |
| Michael D. Porcelain | 12,635 | $196,986 |
| Robert G. Rouse | - | - |
| Robert L. McCollum | 9,000 | $226,710 |
| Richard L. Burt | - | - |

(1) No awards of restricted stock, restricted stock units or other full-value awards vested during fiscal 2011 and none were outstanding at fiscal year-end.

(2) Amounts reflect the difference between the exercise price of the options and the market value of the shares acquired upon exercise. Market value for Mr. McCollum is based on the actual selling price of shares sold on the date of exercise. Market value for Mr. Porcelain was based on the closing price on the NASDAQ Global Select Market on the date of exercise because Mr. Porcelain did not sell the shares acquired.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

In the event of a change-in-control, we are required to make payments upon termination of our CEO under the terms of his employment agreement. In the case of our other NEOs, we are required to make similar payments under their respective change-in-control agreements.

Under his employment agreement as in effect in fiscal 2011, our CEO was entitled to payments upon an involuntary termination by Comtech without cause or his resignation within two years after a change-in-control for any reason. Regarding this post-change-in-control resignation provision, the CEO's employment agreement was modified in August 2011 to provide that, following a change-in-control, severance and other benefits would be payable upon the CEO's resignation only if circumstances constituting "Good Reason" (as defined) arise within two years after a change-in-control and the CEO elects to terminate employment for Good Reason no later than the earlier of two years after the "Good Reason" first arose or 2.5 years after the change-in-control. Thus, beginning in fiscal 2012, the CEO's right to post-change-in-control severance and benefits is "double triggered."

For NEOs other than the CEO, both in fiscal 2011 and going forward, severance and benefit payments would be made only on a "double-triggered" basis. In other words, upon a change-in-control, severance would be payable only upon an involuntary termination without cause, a resignation by the NEO for "Good Reason" (as defined), or if we terminate the NEO at the direction of the acquirer within 90 days before a change-in-control. Our agreement with each of our NEOs other than our CEO is more restrictive than our CEO's agreement, in that it enables an acquirer, under certain circumstances, if it wishes to do so, to potentially delay termination for Good Reason by these NEOs due to a change in job duties for a period of one year after the change-in-control. The amounts potentially payable are based on a level or "tier" to which the NEO is assigned. The ECC assigned our NEOs to the following tiers:

| Title | Tier | Summary of Severance Payable |
|---|---|---|
| CEO | 1 | For fiscal 2011, cash equal to 2.5 times the sum of annual base salary and the average of annual incentive compensation payable for the three fiscal years prior to the change-in-control. For fiscal 2012, the severance multiplier would be the greater of 2.5 or the number of years remaining under the terms of the employment agreement.<br><br>24 months of medical and life insurance |
| All Other NEOs | 2 | Cash equal to 2.5 times the sum of the annual base salary in effect at termination (or in effect immediately prior to the change-in-control, if greater) and the average of annual incentive award and/or bonus paid or payable for the three fiscal years prior to the termination of employment |

Mr. Kornberg’s employment agreement in effect on July 31, 2011 (applicable to a fiscal 2011 termination) provided for the following:

- In the event of termination of the agreement by us before a change-in-control, liquidated damages payable to Mr. Kornberg would include salary payable through the end of the term of the agreement and an amount equal to his incentive compensation for the full fiscal year as if he had remained employed for the complete fiscal year.

- Although Mr. Kornberg is no longer eligible to receive a tax “gross-up” (pursuant to his amended and restated agreement signed on August 1, 2011), as of July 31, 2011, his employment agreement in effect at the time entitled him to a tax “gross-up” in the event that the amounts previously payable to Mr. Kornberg in connection with a change-in-control and his termination were subject to the excess golden parachute excise tax.

All of our NEOs, other than our CEO, have change-in-control agreements that provide for the following:

- The NEO’s right to terminate his employment for “Good Reason” may be delayed during the first year after a change-in-control in the case of an assignment to him of any duties inconsistent in any material adverse respect with his position, authority or responsibilities immediately prior to the change-in-control, if (i) Fred Kornberg continues to serve as the most senior executive officer relating to our businesses, and if (ii) the change in the NEO’s position or duties that otherwise would constitute Good Reason results from the assignment to an executive-level position, with an executive title, and with full-time substantive duties and responsibilities of a nature similar to his prior duties and responsibilities, and with the NEO either reporting to Mr. Kornberg in his capacity as the senior officer or reporting to the officer to whom the NEO was reporting at the time of the change-in-control, which officer himself or herself reports to Mr. Kornberg.

- With respect to the NEO’s annual incentive award for the fiscal year in progress at the date of his qualifying termination and his annual incentive award for any previously completed year for which a final annual incentive award has not yet been determined, awards will vest as follows: (i) any award based on pre-set performance goals based on the level of actual achievement of such performance goals through the earlier of the end of the performance period or the date of termination; and (ii) any discretionary award as of the date of termination based on a level consistent with the level of annual incentives (as a percentage of base salary) of other executives of comparable rank whose annual incentives are based on pre-set performance goals, but in an amount not less than the pro rata amount of the NEO’s average prior years’ annual incentive amount referred to above.

- For a period of up to one year following the 24-month protected period after the change-in-control, termination of the NEO’s employment by us not for cause or by the NEO for Good Reason would entitle him to receive a severance benefit of 1.5 times the sum of his base salary and his average annual incentive awards under the 2000 Stock Incentive Plan actually paid or payable for performance in the three fiscal years preceding the year in which the change-in-control occurs.

- “Good Reason” will arise if there occurs a material reduction in the NEO’s annual incentive award actually paid below 80% of the annual incentive actually paid for the year before a change-in-control or a material reduction in the value of his base salary or