

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

COMTECH TELECOMMUNICATIONS CORP /DE/

CIK: **23197** | IRS No.: **112139466** | State of Incorporation: **DE** | Fiscal Year End: **0731**

Type: **8-K** | Act: **34** | File No.: **000-07928** | Film No.: **111179536**

SIC: **3663** Radio & tv broadcasting & communications equipment

Mailing Address

68 SOUTH SERVICE ROAD
SUITE 230
MELVILLE NY 11747

Business Address

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SUITE 230
MELVILLE NY 11747
6319627000

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

November 4, 2011
(October 31, 2011)

Date of Report
(Date of earliest event reported)

0-7928

Commission File Number



(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

11-2139466

(I.R.S. Employer Identification Number)

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

(Address of Principal Executive Offices) (Zip Code)

(631) 962-7000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On October 31, 2011, Comtech Telecommunications Corp. (the “Company”) entered into an amendment to its Line of Credit Agreement, dated as of June 24, 2009 (as amended, restated, supplemented or modified, from time to time, the “Credit Agreement”).

Among other things, this amendment amends the Credit Agreement to:

- increase the basket amount for repurchases of the Company’s equity securities to \$600.0 million from \$300.0 million,
- reduce the minimum Fixed Charge Coverage Ratio to 1.50:1.00 from 2.00:1.00,
- increase the Maximum Consolidated Total Indebtedness/Consolidated Adjusted EBITDA Ratio to 4.00:1.00 from 2.50:1.00,
- establish a Minimum Consolidated Net Worth requirement of \$200.0 million, and
- establish a Minimum Consolidated Senior Secured Indebtedness/Consolidated Adjusted EBITDA Ratio of 3.00:1.00.

There was no change in the number of Permitted Acquisitions allowable under the Credit Agreement and this amendment now provides for the Company, for purposes of calculating Adjusted EBITDA to determine compliance with financial condition covenants, to include the consolidated EBITDA of a Target, as defined in the amendment.

In connection with this amendment, the Company also entered into a Security Agreement with the lenders in which the Company and certain of its subsidiaries granted to the lenders a first priority perfected security interest in their assets.

The foregoing summary of this amendment and the Security Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and is qualified in its entirety by, the amendment, which is Exhibit 10.1 hereto, and the Security Agreement, which is Exhibit 10.2 hereto. The amendment and the Security Agreement are incorporated by reference into this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Fifth Amendment, dated as of October 31, 2011, to the Credit Agreement, dated as of June 24, 2009 (as amended, restated, supplemented or modified, from time to time).
10.2	Security Agreement, dated October 31, 2011, to the Credit Agreement, dated as of June 24, 2009 (as amended, restated, supplemented or modified, from time to time).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Comtech Telecommunications Corp. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMTECH TELECOMMUNICATIONS CORP.

Dated: November 4, 2011

By: /s/ Michael D. Porcelain_____

Name: Michael D. Porcelain

Title: Senior Vice President and
Chief Financial Officer

FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS FIFTH AMENDMENT, dated as of October 31, 2011 (this "Amendment") to the Credit Agreement, dated as of June 24, 2009 (as amended, restated, supplemented or modified, from time to time, the "Credit Agreement"), by and among **COMTECH TELECOMMUNICATIONS CORP.**, a Delaware corporation (the "Company"), the Lenders party thereto and **CITIBANK, N.A.**, a national banking association, as Administrative Agent for the Lenders.

WHEREAS, the Company has requested that the Lenders amend certain provisions of the Credit Agreement, and the Required Lenders have agreed to amend such provisions of the Credit Agreement, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

1. Amendments.

(a) The following definitions in Section 1.01 of the Credit Agreement are hereby amended and restated in their entirety to provide as follows:

"Basket Amount" shall mean, \$600,000,000 (including any premium paid or discount received in connection therewith but excluding Transaction Costs), with respect to repurchases of Equity Securities other than the Replacement Convertible Notes.

"Consolidated Adjusted EBITDA" shall mean, on any date of determination, Consolidated EBITDA, plus any premium paid with respect to repurchases of convertible Equity Securities minus any discount received in connection with any repurchases of convertible Equity Securities, and plus, without duplication, with respect to any Person whose assets or stock was acquired pursuant to a Permitted Acquisition involving an aggregate purchase price (calculated in accordance with the definition of Permitted Acquisition) in excess of \$10,000,000 (a "Target") during the Company's four fiscal quarters ending on or most recently ended prior to the date of determination, the Target's Consolidated EBITDA for the Target's four fiscal quarters ending on or most recently ended prior to the date of determination, as if it were acquired on the first day of such fiscal period, as calculated based upon the Target's (i) audited financial statements prepared by a nationally-recognized firm of independent certified public accountants, or (ii) audited financial statement prepared by a firm of independent certified public accountants which is not nationally recognized or an accounting review of the Target's financial performance acceptable, in the case of this clause (ii), to the Administrative Agent in its sole discretion. A Target's Consolidated EBITDA, for purposes of determining Consolidated Adjusted EBITDA, shall be determined by the Company, and shall be acceptable to the Administrative Agent, in its reasonable discretion, based upon such Target's financial statements for the period of determination, which shall be determined on a quarterly basis or such other basis requested by the Administrative Agent, in its reasonable discretion.

"Excess Equity Repurchases" shall mean all cash repurchases of Equity Securities (including any premium paid or discount received in connection

therewith but excluding Transaction Costs) in excess of the Basket Amount during the term of this Agreement.

“Fixed Charge Coverage Ratio” shall mean the ratio of (A) Consolidated Adjusted EBITDA minus Consolidated Unfunded Capital Expenditures to (B) (i) all payments of principal on Consolidated Funded Debt except for any Indebtedness that is paid in connection with a Permitted Acquisition provided that such Indebtedness is paid prior to or simultaneously with such Permitted Acquisition and excludes any payments to repurchase convertible Equity Securities (but not Replacement Convertible Notes) up to the Basket Amount plus (ii) cash interest paid on a Consolidated basis plus (iii) cash taxes paid on a Consolidated basis plus (iv) Excess Dividends plus (v) Excess Equity Repurchases. All of the foregoing categories shall be calculated (without duplication) over the four fiscal quarters ended on or most recently ended prior to the date of determination thereof except as expressly set forth above with respect to the determination of the amount in clause (iv) and (v) above.

“Loan Documents” shall mean, collectively, this Agreement, the Notes, the Guaranties, the Pledge Agreement, the Hedging Agreements, the Security Agreement, and each other agreement executed in connection with the transaction contemplated hereby or thereby or in connection with any Banking Services provided by the Administrative Agent, any Lender or any of their Affiliates, as each of the same may hereafter be amended, restated, supplemented or otherwise modified, from time to time.

“Obligations” shall mean all obligations, liabilities and indebtedness of the Company and the Guarantors to the Lenders, the Issuing Lender and the Administrative Agent, whether now existing or hereafter created, absolute or contingent, direct or indirect, due or not, whether created directly or acquired by assignment or otherwise, including, without limitation, all obligations, liabilities and indebtedness of the Company and the Guarantors arising under this Agreement, the Notes or any other Loan Document including, without limitation, all obligations, liabilities and indebtedness of the Company with respect to the principal of and interest on the Loans, reimbursement of Letters of Credit, obligations under any Hedging Agreement, and Banking Service Obligations and all fees, costs, expenses and indemnity obligations of the Company and the Guarantors hereunder or under any other Loan Document (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, and interest that, but for the filing of petition in bankruptcy with respect to the Company or any Guarantor, would accrue on such obligations, whether or not a claim is allowed against the Company or such Guarantor for such interest in the related bankruptcy proceeding.

order: (b) The following definitions are hereby added to Section 1.01 of the Credit Agreement in their appropriate alphabetical

“Banking Services” means each and any of the following bank services provided to the Company or a Guarantor at the written request of the Company or a Guarantor by the Administrative Agent, any Lender or any of their Affiliates: (a) commercial credit, purchase or debit cards (b) cash management or related services (including, without limitation, controlled disbursement, ACH

transactions, return items and interstate depository network services), and (c) foreign exchange transactions.

“Banking Services Obligations” means any and all obligations of the Company and the Guarantors, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

“Consolidated Net Worth” shall mean (a) total Consolidated assets of the Company and its Subsidiaries less (b) the total Consolidated liabilities of the Company and its Subsidiaries, in each case determined in accordance with Generally Accepted Accounting Principles applied on a consistent basis.

“Consolidated Senior Secured Indebtedness” shall be defined as all Indebtedness (excluding Subordinated Indebtedness) of the Company and its Subsidiaries (including without limitations the Loans and reimbursement obligations with respect to Letters of Credit hereunder) which is secured by lien on any income, capital stock, real or personal property or other asset of the Company and its Subsidiaries, provided that, for purposes of determining Consolidated Senior Secured Indebtedness, Indebtedness shall not be deemed to include any cash secured Commercial Letter of Credit or cash secured Standby Letter of Credit.

“Existing Guarantors” Comtech Antenna Systems, Inc., Comtech Systems, Inc., Comtech EFData Corp., Comtech PST Corp., Comtech Mobile Datacom Corporation, Comtech Xicom Technology, Inc., Comtech Tiernan Video Inc., Comtech AeroAstro, Inc., ARMER Communications Engineering Services, Inc., Comtech Communications Corp., Comtech Systems International, Inc., Comtech Tolt Technologies, Inc. and Tiernan Radyne Comstream, Inc.

“Fifth Amendment Effective Date” shall mean October 31, 2011.

“Replacement Convertible Notes” shall mean Convertible Senior Notes to be issued by the Company in an aggregate amount up to \$300,000,000 in accordance with Section 7.01(q) hereof.

“Replacement Indenture” shall mean any indenture delivered in connection with the Replacement Convertible Notes.

“Security Agreement” shall mean the Security Agreement in the form attached hereto as Exhibit F, to be executed and delivered on the Fifth Amendment Effective Date by the Company and each Guarantor, as such Security Agreement may be amended to add any Subsidiary required to become a Grantor thereunder pursuant to Section 6.12 hereof, as the same may hereafter be further amended, restated, supplemented or otherwise modified from time to time.

(c) Clause “(a)” of the definition of the term “Indebtedness” in Section 1.01 of the Credit Agreement is hereby amended by adding the text “or the Replacement Convertible Notes” immediately following the text “Convertible Notes”.

(d) Section 3.10 of the Credit Agreement is hereby amended to add a new subsection (b) thereto which provides as follows:

“(b) All proceeds of collateral received by the Administrative Agent after an Event of Default has occurred and is continuing and all or any portion of the Loans shall have been accelerated hereunder pursuant to Section 8.01, shall upon election by the Administrative Agent or at the direction of the Required Lenders be applied, first, to pay any fees, indemnities, or expense reimbursements then due to the Administrative Agent or the Issuing Lender, ratably, from the Company (other than in connection with Banking Services or Related Hedging Agreements), second, to pay any fees or expense reimbursements then due to the Lenders from the Company (other than in connection with Banking Services or Related Hedging Agreements), ratably, third, to pay interest due and payable in respect of any Loans, ratably, fourth, to pay any unreimbursed Standby LC Disbursements, ratably, fifth, to pay to the Administrative Agent such amount as is necessary to ensure that the Administrative Agent has sufficient cash to equal 102% of the Aggregate Letters of Credit Outstanding on such date, which amount shall be held as cash collateral for such Obligations, sixth, to pay the principal on the Loans and any amounts owing with respect to Related Hedging Obligations, ratably, seventh, to pay any amounts owing with respect to Banking Services, ratably, eighth, to the payment of any other Obligation due to the Administrative Agent, the Issuing Lender or any Lender by the Company, ratably, and ninth, to the Company or as the Company shall direct.”

- (e) Section 6.03(g) of the Credit Agreement is hereby amended and restated in its entirety to provide as follows:

“simultaneously with the delivery thereof to the Trustee (under and as defined in the Indenture or the Replacement Indenture, as the case may be), copies of all notices delivered by the Company to such Trustee pursuant to the Indenture or the Replacement Indenture; and”

- as follows: (f) The first sentence of Section 6.12 of the Credit Agreement is hereby amended and restated in its entirety to provide

“The Company shall give the Administrative Agent written notice of the creation, establishment or acquisition, in any manner of any new Subsidiary of the Company not existing on the Fifth Amendment Effective Date, promptly following the creation, establishment or acquisition of such Subsidiary and, in any event, simultaneously with the delivery of the certificate prepared and signed by the Chief Financial Officer in accordance with Section 6.03(c) hereof.”

- as follows: (g) The third sentence of Section 6.12 of the Credit Agreement is hereby amended and restated in its entirety to provide

“In addition, each new Domestic Subsidiary of the Company shall execute a joinder agreement within ten (10) days after the creation, establishment or acquisition of such Domestic Subsidiary with respect to the Guaranty and the Security Agreement, pursuant to which such Domestic Subsidiary becomes a “Guarantor” and “Grantor” under the Guaranty and the Security Agreement, respectively, and, in connection therewith, shall provide to each Lender the supporting documents referred to in clauses (i), (ii) and (iii) of Section 5.01(e) hereof, in each case with respect to such Domestic Subsidiary.”

- thereof: (h) Section 6.12 of the Credit Agreement is hereby further amended by adding the following sentence at the end

“Notwithstanding anything to the contrary herein, in accordance with the terms and conditions of that certain Letter Agreement dated as of August 10, 2010 among the Administrative Agent, the Lenders and the Company, neither the Company nor Comtech CPI Electron Devices Corp. or Comtech CPI Microwave Corp. (each, an “Excluded Subsidiary” and collectively, the “Excluded Subsidiaries”) shall be required to comply with this Section 6.12 and to execute a Pledge Agreement, with respect to the Company, or a joinder agreement (as described above), with respect to each Excluded Subsidiary, provided that all such documents and other agreements and information required to be delivered pursuant to this Section 6.12 with respect to the Excluded Subsidiaries shall be delivered to Administrative Agent as soon as possible and in any event within 10 days following the date that any Excluded Subsidiary shall have assets in excess of \$1,000 and (b) the Company shall not be required to deliver an opinion of counsel with respect to Angels Acquisition Corp. until such Domestic Subsidiary shall have assets in excess of \$1,000.”

(i) Section 7.01 of the Credit Agreement is hereby further amended by (i) replacing the period at the end of clause (p) thereof with the text “or” and (ii) by adding a new clause “(q)” immediately following clause (p) thereof as follows:

“(q) up to \$300,000,000 of Replacement Convertible Notes issued by the Company pursuant to a Replacement Indenture provided that (i) the Convertible Notes shall have been converted to Equity Securities or repurchased by the Company in accordance with the terms hereof prior to the date of issuance of the Replacement Convertible Notes, (ii) no Default or Event of Default shall have occurred and shall then be continuing or would occur as a result thereof, (iii) the Company shall deliver evidence to the Administrative Agent that it will be in compliance, on a proforma basis, with the financial covenants described in Section 7.12 hereof after giving effect to the issuance of the Replacement Convertible Notes, including calculations demonstrating the Company’s compliance therewith, (iv) the terms and conditions of the Replacement Convertible Notes and the Replacement Indenture shall be satisfactory to Administrative Agent and its counsel, such approval not to be unreasonably withheld, (v) the maturity date of the Replacement Convertible Notes shall not occur prior to the Revolving Credit Commitment Termination Date, (vi) the Replacement Convertible Notes shall be unsecured obligations of the Company, and (vii) the Company shall execute such documents and agreements that the Administrative Agent shall reasonably require.”

(j) Section 7.12(a) is hereby amended and restated in its entirety to provide as follows:

“(a) Minimum Consolidated Adjusted EBITDA. Permit Consolidated Adjusted EBITDA to be less than \$50,000,000, at the end of any fiscal quarter, as determined on a rolling four fiscal quarters basis, commencing with the fiscal quarter ending October 31, 2011 and for each fiscal quarter thereafter, provided that this covenant shall only be tested during such period when Consolidated Total Indebtedness is less than \$200,000,000.

“(b) Minimum Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio, at the end of any fiscal quarter, commencing with the fiscal quarter ending October 31, 2011, to be less than 1.50:1.00.

(c) *Maximum Consolidated Total Indebtedness/Consolidated Adjusted EBITDA*. Permit the ratio of Consolidated Total Indebtedness to Consolidated Adjusted EBITDA to be greater than 4.00:1.00, at the end of any fiscal quarter, at any time commencing with the fiscal quarter ending October 31, 2011 and for each fiscal quarter thereafter.

(d) *Minimum Consolidated Net Worth*. Permit Consolidated Net Worth to be less than \$200,000,000, at the end of any fiscal quarter, commencing with the fiscal quarter ending October 31, 2011.

(e) *Minimum Consolidated Senior Secured Indebtedness/Consolidated Adjusted EBITDA*. Permit the ratio of Consolidated Senior Secured Indebtedness to Consolidated Adjusted EBITDA to be greater than 3.00:1.00, at the end of any fiscal quarter, at any time commencing with the fiscal quarter ending October 31, 2011 and for each fiscal quarter thereafter.

Compliance with all of the financial covenants contained in this Section 7.12 shall be determined by reference to the consolidated financial statements of the Company and its Subsidiaries delivered to the Administrative Agent in accordance with Section 6.03 hereof. All defined terms relating to accounting terms or to financial ratios or to the financial performance of the Company shall be determined and measured on a Consolidated basis.

(k) Section 7.16 of the Credit Agreement is hereby amended and restated in its entirety to provide as follows:

“Amend, modify or supplement the Indenture or the Replacement Indenture in any manner which would result in the Convertible Notes or the Replacement Convertible Notes, or any portion of the Convertible Notes or the Replacement Convertible Notes, becoming due and payable in cash before the Revolving Credit Commitment Termination Date, provided, however, that for the avoidance of doubt, any cash amount being paid in respect of any Equity Securities and permitted by Section 7.13 hereof and any cash being paid in respect of any optional repurchase of Convertible Notes with respect to the Basket Amount shall not be prohibited hereby.”

(l) Section 8.01(e) of the Credit Agreement is hereby amended and restated in its entirety to provide as follows:

“the occurrence of an “Event of Default” or of a “Fundamental Change” pursuant to the terms of the Indenture or a Replacement Indenture or any other default in the performance or compliance in respect of any agreement or condition relating to any Indebtedness of the Company, any Guarantor or any of their respective Subsidiaries in excess of \$7,500,000 individually or in the aggregate (other than the Notes), if the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder or obligee thereof (or a trustee on behalf of such holder or obligee) to cause such Indebtedness to become due prior to the stated maturity thereof and such Indebtedness shall not be paid when due;”

(m) Clause “(e)” of Section 10.04 is hereby amended and restated in its entirety to provide as follows:

“(e) (i) reduce the percentage specified in the definition of Required Lenders or amend or modify any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination granting consent hereunder or (ii) change Section 3.10 in a manner that would alter the manner in which payments are shared or payments are applied”

(n) Exhibit F attached hereto is hereby added as Exhibit F to the Credit Agreement. Schedule I to the Credit Agreement is hereby amended and restated in its entirety to provide as set on Schedule I attached hereto.

2. Conditions to Effectiveness.

This Amendment shall become effective upon receipt by the Administrative Agent of (a) this Amendment duly executed by the Company, the Guarantors and the Required Lenders, (b) the Security Agreement, substantially in the form attached hereto as Exhibit F, duly executed and completed by the Company and the Guarantors, along with financing statements on form UCC-1 describing the collateral covered by the Security Agreement, (c) a Joinder Agreement, substantially in form attached hereto as Exhibit 1, duly executed by Angels Acquisition Corp., (d) a Secretary’s Certificate for the Company and each Guarantor with resolutions authorizing the execution and delivery of the Security Agreement and this Amendment, in form and substance satisfactory to the Administrative Agent, (e) UCC financing statement, tax and judgment lien searches evidencing that the Company’s and each Guarantor’s accounts receivable, inventory, equipment and all other assets of the Company and each Guarantor are free and clear of all Liens except Permitted Liens, (f) all fees required to be paid pursuant to the fee letter dated the date hereof and executed by the Agent and the Company, shall have been paid in full, and (g) such other documents, instruments or agreements that the Administrative Agent shall reasonably require with respect thereto.

3. Miscellaneous.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings as defined in the Credit Agreement.

Except as expressly amended and waived hereby, the Credit Agreement shall remain in full force and effect in accordance with the original terms thereof.

The amendments set forth above are limited specifically to the matters set forth above and for the specific instances and purposes given and do not constitute directly or by implication a waiver or amendment of any other provision of the Credit Agreement or a waiver of any Default or Event of Default, whether now existing or hereafter arising, which may occur or may have occurred.

The Company hereby (i) represents and warrants that (a) after giving effect to this Amendment, the representations and warranties made by the Company and each of its Subsidiaries pursuant to the Credit Agreement and the other Loan Documents to which each is a party are true and correct in all material respects as of the date hereof with the same effect as though such representations and warranties had been made on and as of such date, unless any such representation or warranty is as of a specific date, in which case, as of such date and (b) after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing and (ii) confirms that the liens, heretofore granted, pledged and/or assigned to the Administrative Agent for the Lenders shall not be impaired, limited or affected in any manner whatsoever by reason of this Amendment.

The Company hereby further represents and warrants that the execution, delivery and performance by the Company of this Amendment and the Credit Agreement (as amended by this

Amendment), (a) have been duly authorized by all requisite corporate action, (b) will not violate or require any consent (other than consents as have been made or obtained and which are in full force and effect) under (i) any provision of law applicable to the Company, any applicable rule or regulation of any Governmental Authority, or the Certificate of Incorporation or By-laws of the Company, (ii) any order of any court or other Governmental Authority binding on the Company or (iii) any agreement or instrument binding on the Company. Each of this Amendment and the Credit Agreement (as amended hereby), constitutes a legal, valid and binding obligation of the Company.

This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one Amendment. This Amendment shall become effective when duly executed counterparts hereof which, when taken together, bear the signatures of each of the parties hereto shall have been delivered to the Administrative Agent.

This Amendment shall constitute a Loan Document.

This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[next page is signature page]

IN WITNESS WHEREOF, the Company, the Administrative Agent and the Lenders have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

CITIBANK, N.A., as Administrative Agent and as a Lender

By: _____
Name: Stuart N. Berman
Title: Vice President

JPMORGAN CHASE BANK, N.A., as a Lender

By: intentionally left blank _____
Name:
Title:

BANK OF AMERICA, N.A., as a Lender

By: _____
Name:
Title:

MANUFACTURERS AND TRADERS TRUST COMPANY, as a Lender

By: _____
Name:
Title:

NEW YORK COMMERCIAL BANK, as a Lender

By: _____
Name:
Title:

**COMTECH TELECOMMUNICATIONS
CORP.**

By: _____
Name: Michael Porcelain
Title: CFO

Each of the undersigned, not as a party to the Credit Agreement but as a Guarantor under the Guaranty, dated June 24, 2009, hereby (a) accepts and agrees to the terms of the foregoing, (b) acknowledges and confirms that all terms and provisions contained in the Loan Documents to which it is a party are, and shall remain, in full force and effect in accordance with their respective terms, (c) reaffirms and ratifies all the representations and covenants contained in each Loan Document in all material respects to which it is a party; and (d) represents, warrants and confirms the non-existence of any offsets, defenses, or counterclaims to its obligations under any of the Loan Documents to which it is a party.

COMTECH SYSTEMS, INC.
COMTECH ANTENNA SYSTEMS, INC.
COMTECH EFDATA CORP. (successor-by-merger to Comtech AHA Corporation)
COMTECH PST CORP.
COMTECH MOBILE DATACOM CORPORATION
COMTECH XICOM TECHNOLOGY, INC.
COMTECH COMSTREAM, INC. (f/k/a Comtech Tiernan Video, Inc.)
COMTECH TOLT TECHNOLOGIES, INC.
COMTECH SYSTEMS INTERNATIONAL, INC.
COMTECH COMMUNICATIONS CORP.
ARMER COMMUNICATIONS ENGINEERING SERVICES, INC.
TIERNAN RADYNE COMSTREAM, INC.
COMTECH AEROASTRO, INC.

By: _____
Name: Michael Porcelain
Title: CFO

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of October 31, 2011, by and among each of the entities identified on the signature page hereto under the heading “Grantor” (each a “Grantor” and, collectively, the “Grantors”) and **CITIBANK, N.A.**, as Administrative Agent for the ratable benefit of the Credit Parties from time to time party to the Credit Agreement referred to below (in such capacity, the “Secured Party”).

RECITALS

A. Comtech Telecommunications Corp., a Delaware corporation (the “Company”) Citibank, N.A., as Administrative Agent and the lenders party thereto have entered into a Credit Agreement, dated as of June 24, 2009 (as the same has and may be hereinafter amended, modified, restated or supplemented from time to time, the “Credit Agreement”) pursuant to which the Company will receive loans and other financial accommodations from the Credit Parties and will incur Obligations (as hereinafter defined).

B. To induce the Credit Parties to continue to extend credit to the Company on and after the date hereof as provided in the Credit Agreement, each Grantor desires to grant the Credit Parties security and assurance in order to secure the payment and performance of all Obligations and to that effect to grant the Secured Party a first priority perfected security interest in its assets and, in connection therewith, to execute and deliver this Agreement.

Accordingly, the parties hereto hereby agree as follows:

DEFINITIONS

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Uniform Commercial Code as in effect in the State of New York (the “UCC”).

(b) The following terms shall have the meanings set forth below:

“Affiliate” has the meaning assigned to such term in the Credit Agreement.

“Agreement” means this Agreement and shall include all amendments, modifications and supplements hereto and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative.

“Bankruptcy Code” shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“Business Day” has the meaning assigned to such term in the Credit Agreement.

“Capital Lease” has the meaning assigned to such term in the Credit Agreement.

“Collateral” means the following property of each Grantor, wherever located, and whether now owned or hereafter acquired or arising, and in each case, excluding any Excluded Assets:

- (i) Accounts;
- (ii) Chattel paper, including Electronic Chattel Paper;

- (iii) Goods, including all Inventory and Equipment and any accessions thereto;
- (iv) Instruments, including Promissory Notes;
- (v) Investment Property;
- (vi) Documents;
- (vii) Deposit Accounts;
- (viii) Commercial Tort Claims, if any, identified on Schedule A;
- (ix) Letter-of-Credit Rights;
- (x) General Intangibles, including Payment Intangibles and Software;
- (xi) Supporting Obligations;
- (xii) to the extent not listed above, all other personal property; and
- (xiii) to the extent not listed above as original collateral, proceeds and products of the foregoing.

“Commitments” has the meaning assigned to such term in the Credit Agreement.

“Credit Party” means, collectively, the Administrative Agent, the Issuing Lender and each of the Lenders.

“Default” has the meaning assigned to such term in the Credit Agreement.

“Event of Default” has the meaning assigned to such term in the Credit Agreement.

“Excluded Assets” means:

- (a) any General Intangible only to the extent and for so long as (i) the terms of such General Intangible, or any requirement of law applicable thereto, validly prohibit the creation by such Grantor of a Lien in such General Intangible in favor of the Secured Party (after giving effect to Sections 9-406(d), 9-407(a), 9-408(a) or 9-409 of the UCC (or any successor provision or provisions) or any other applicable law (including the Bankruptcy Code) or principles of equity);
- (b) motor vehicles and other assets subject to certificates of title;
- (c) any equity interests in or held by any Non-Domestic Subsidiary or any assets held by any Non-Domestic Subsidiary unless otherwise required pursuant to Section 6.12 of the Credit Agreement;
- (d) leasehold mortgages; and
- (e) Letter of Credit Rights and Commercial Tort Claims not in excess of \$250,000.

“Lender” has the meaning assigned to such term in the Credit Agreement.

“Letter of Credit” has the meaning assigned to such term in the Credit Agreement.

“Liens” has the meaning assigned to such term in the Credit Agreement.

“Loan Documents” has the meaning assigned to such term in the Credit Agreement.

“Loans” has the meaning assigned to such term in the Credit Agreement.

“Material Adverse Effect” has the meaning assigned to such term in the Credit Agreement.

“Obligations” has the meaning assigned to such term in the Credit Agreement.

“Permitted Liens” has the meaning assigned to such term in the Credit Agreement.

“Person” has the meaning assigned to such term in the Credit Agreement.

(c) **Terms Generally.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. Except as otherwise herein specifically provided, each accounting term used herein shall have the meaning given to it under Generally Accepted Accounting Principles. The term “including” shall not be limited or exclusive, unless specifically indicated to the contrary. The word “will” shall be construed to have the same meaning in effect as the word “shall”. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole, including any exhibits and schedules referenced herein, all of which are by this reference incorporated into this Agreement.

I. SECURITY

SECTION 1.01. Grant of Security. As security for the Obligations, each Grantor hereby transfers, assigns and grants to the Secured Party for the ratable benefit of the Credit Parties a security interest in the Collateral.

SECTION 1.02. Release and Satisfaction. Upon the termination of this Agreement pursuant to Section 6.01 hereof, the Secured Party shall deliver to each Grantor, upon request therefor and at such Grantor’s expense, releases and satisfactions of all financing statements, notices of assignment and other registrations of security as set forth in Section 6.01 hereof.

II. REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Representations and Warranties With Respect to Security. Each Grantor hereby represents and warrants to the Secured Party for the ratable benefit of the Credit Parties as follows:

(a) **Name.** Each Grantor’s exact legal name, state of incorporation or organization and organizational number is set forth on Schedule A.

(b) **Ownership of Collateral.** Each Grantor owns all of its personal property and assets, including, without limitation, the Collateral, free and clear of all Liens, other than the Permitted Liens.

(c) **Trademarks, Patents and Copyrights.** Schedule A sets forth a complete list of all patents, trademarks, copyrights, applications therefor, and other similar General Intangibles which each Grantor owns or has the right to use as of the date of this Agreement. No Grantor has any knowledge of any assertions or claims challenging the validity of any of the foregoing. The business of each Grantor as now conducted does not, to the knowledge of any Grantor, conflict with any patents, patent rights, licenses, trademarks, trademark rights, trade names, trade name rights or copyrights of others. No

Grantor has any knowledge of any infringement of any General Intangible of any Grantor that would be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect.

(d) **Accounts.** Schedule A sets forth a list identifying the chief executive office or principal place of business of each Grantor and all addresses at which each Grantor maintains books or records relating to its Accounts as of the date of this Agreement.

(e) **Inventory.** Schedule A sets forth a list identifying all addresses where each Grantor maintains its Inventory as of the date of this Agreement. No Grantor's Inventory is currently maintained or will be maintained with any bailee that issues negotiable warehouse receipts or other negotiable instruments therefor.

(f) **Equipment.** Schedule A sets forth a list identifying all the addresses where the Equipment of each Grantor is located.

(g) **Trade Names.** Except as set forth on Schedule A, each Grantor has not done during the five years prior to this Agreement, and does not currently do, business under fictitious business names or trade names. No Grantor has been known under any other name during such five year period. Each Grantor will only change its name or do business under any other fictitious business names or trade names during the term of this Agreement after giving not less than thirty (30) Business Days' prior written notice to the Secured Party.

(h) **Third Party Locations.** Except as set forth on Schedule A, no Collateral is in the possession of, or under the control of, any Person other than a Grantor or the Secured Party.

(i) **Commercial Tort Claims.** To each Grantor's knowledge, other than as set forth on Schedule A, no Grantor holds any Commercial Tort Claim as of the date hereof where such Grantor's claim is in excess of \$250,000 or its recovery hereunder could reasonably be expected to be greater than \$250,000.

(j) **Enforceability of Security Interests.** Upon the execution of this Agreement by each Grantor and the filing of financing statements properly describing the Collateral and identifying such Grantor and the Secured Party in the applicable jurisdiction required pursuant to the UCC, security interests and liens granted to the Secured Party under Section 1.01 hereof shall constitute valid, perfected and first priority security interests and liens in and to the Collateral of such Grantor, other than Collateral which may not be perfected by filing under the Uniform Commercial Code, and subject to Permitted Liens, in each case enforceable against all third parties and securing the payment of the Obligations.

III. COVENANTS OF GRANTORS

SECTION 3.01. Records; Location of Collateral. So long as a Grantor shall have any Obligation to the Secured Party: (a) such Grantor shall not change the jurisdiction of its incorporation or organization or move its chief executive office, principal place of business or office at which is kept its books and records (including computer printouts and programs) from the locations existing on the date hereof and listed on Schedule A; (b) a Grantor shall not establish any offices or other places of business at any other location; (c) a Grantor shall not move any of the Collateral to any location other than those locations existing on the date hereof and listed on Schedule A, except for (i) Collateral which in the ordinary course of such Grantor's business is in transit between such locations listed on Schedule A or otherwise in transit in the ordinary course of business and (ii) Collateral aggregating less than \$250,000 in fair market value outstanding at any one time; or (d) a Grantor shall not change its corporate name in any respect, unless, in each case of clauses (a), (b) (c) and (d) above, (i) a Grantor shall have given the Secured Party thirty (30) Business Days' prior written notice of its intention to do so, identifying the new location and providing such other information as the Secured Party deems necessary, and (ii) a Grantor shall have delivered to the Secured Party such documentation, reasonably satisfactory to the Secured

Party and as required by the Secured Party, to preserve the Secured Party's security interest in the Collateral.

SECTION 3.02. Commercial Tort Claims. Each Grantor shall promptly notify the Secured Party upon obtaining any Commercial Tort Claim in excess of \$250,000 or its recovery hereunder could reasonably be expected to be greater than \$250,000 after the date hereof against any third party and, upon request of the Secured Party, shall promptly enter into an amendment to this Agreement and do such other acts or things as may be requested by the Secured Party to give the Secured Party a first priority perfected security interest in any such Commercial Tort Claim.

SECTION 3.03. Other Collateral. Each Grantor shall promptly notify the Secured Party upon acquiring or otherwise obtaining any Collateral after the date hereof (i) consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights, Electronic Chattel Paper, Documents or Instruments and (ii) having a value greater than \$100,000 individually or in the aggregate.

SECTION 3.04. Further Actions.

(a) ***Promissory Notes and Tangible Chattel Paper.*** If any Grantor shall at any time hold or acquire any Promissory Notes or Tangible Chattel Paper in excess of \$250,000 individually or in the aggregate, such Grantor shall forthwith endorse, assign or deliver the same to the Secured Party accompanied by instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

(b) ***Deposit Accounts.*** At the request of the Secured Party, following the occurrence and continuance of an Event of Default, each Grantor will cause each depository bank where such Grantor maintains a Deposit Account to execute an agreement pursuant to which the depository bank agrees to comply, without the further consent of such Grantor, at any time, with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such Deposit Account or agree to the Secured Party becoming the customer of the depository bank with respect to such Deposit Accounts, with such Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such deposit account.

(c) ***Investment Property.*** If any Grantor shall, at any time following the occurrence and continuance of an Event of Default hold or acquire any Certificated Securities, such Grantor shall forthwith endorse, sign and deliver the same to the Secured Party accompanied by such instruments of transfer assignment duly executed in blank as Secured Party may from time to time specify. If any security is now or hereafter acquired by any Grantor are uncertificated and are issued to the Grantor or its nominee directly by the issuer thereof, such Grantor shall immediately notify the Secured Party thereof and at the Secured Party's request and option, pursuant to an agreement reasonably satisfactory to the Secured Party either (a) cause the issuer to agree to comply without further consent of such Grantor or such nominee, at any time with instructions from the Secured Party as to such Securities or (b) arrange for the Secured Party to become the registered owner of the securities. If any Securities, whether certificated or uncertificated or other Investment Property now or hereafter acquired by the Grantor are held by any Grantor or its nominee through a Securities Intermediary or Commodity Intermediary, the Grantor shall immediately notify the Secured Party thereof and at the Secured Party's request and option, pursuant to an agreement reasonably satisfactory to the Secured Party either (i) cause such Securities Intermediary or Commodity Intermediary, as the case may be, to agree to comply, in each case, without further consent of such Grantor or such nominee, at any time with Entitlement Orders or other instructions from the Secured Party to such Securities Intermediary as to such Securities or other Investment Property, or to apply any value distributed on account of any Commodity Contract as directed by the Secured Party to such Commodity Intermediary or (ii) in the case of Financial Assets or other Investment Property held through a Securities Intermediary, arrange for this Secured Party to become the Entitlement Holder with respect to such Investment Property, with such Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such Investment Property. The Secured Party shall

not give any such Entitlement Order or instructions or directions to any such issuers, Securities Intermediary or Commodity Intermediary and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Grantor, unless an Event of Default has occurred and is continuing.

(d) ***Collateral in the Possession of Third Parties.*** If any Collateral is at any time in the possession of any person or entity other than a Grantor or the Secured Party (a “Third Party”), the Grantor shall promptly notify the Secured Party thereof, and at the Secured Party’s request and option, shall use commercially reasonable efforts to promptly obtain an acknowledgment from the Third Party, reasonably satisfactory to the Secured Party that the Third Party holds such Collateral for the benefit of the Secured Party and such Third Party’s agreement to comply, without further consent of the Grantor, at any time with the instructions of the Secured Party as to such Collateral. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions unless an Event of Default has occurred and is continuing.

(e) ***Electronic Chattel Paper.*** If any Grantor at any time holds or acquired an interest in any Electronic Chattel Paper in any amount in excess of \$250,000 individually or in the aggregate, such Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, shall take such action as the Secured Party may reasonably request to vest in the Secured Party control under Section 9-105 of the UCC of such Electronic Chattel Paper.

(f) ***Letter-of-Credit Rights.*** If any Grantor is, at any time following the occurrence and continuance of an Event of Default, the beneficiary under a Letter of Credit in any amount in excess of \$250,000 individually or in the aggregate, such Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, such Grantor shall, pursuant to an arrangement reasonably satisfactory to the Secured Party, either (i) arrange for the Issuer and any confirmed or other nominated person of such Letter of Credit to consent to an assignment to the Secured Party the proceeds of the Letter of Credit or (ii) arrange for the Secured Party to become the transferee beneficiary of the Letter of Credit, with the Secured Party agreeing in each case that the proceeds of the Letter of Credit are to be applied to satisfaction of the Obligations in such order as the Secured Party may determine.

(g) ***Commercial Tort Claims.*** If any Grantor shall, at any time following the occurrence and continuance of an Event of Default, hold or acquire a Commercial Tort Claim in excess of \$250,000 individually or in the aggregate or its recovery hereunder could reasonably be expected to be greater than \$250,000 individually or in the aggregate, such Grantor shall immediately notify the Secured Party in a writing signed by the Grantor of the particulars thereof and grant to the Secured Party in such writing a security interest therein and all proceeds thereof, all upon the terms of this Agreement with such writing to be reasonably satisfactory to the Secured Party.

(h) ***General.*** Each Grantor further agrees, upon the request of the Secured Party and at the Secured Party’s option, to take any and all other actions as the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party’s security interest in any and all of the Collateral, including without limitation, (i) executing and delivering and where appropriate filing financing statements and amendments relating thereto under the UCC to the extent, if any, that such Grantor’s signature thereon is required therefor, (ii) causing the Secured Party’s name to be noted as Secured Party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or the ability of the Secured Party to enforce, the Secured Party’s security interest in such Collateral, (iii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce the Secured Party’s security interest in such Collateral, (iv) obtaining governmental and other third party waivers, consents and approvals reasonably satisfactory to the Secured Party, including, without limitation, any consent of any licensor, lessor or other persons obligated on Collateral and (v) obtaining waivers from mortgagees and landlords reasonably satisfactory to the

Secured Party. Each Grantor further authorizes the Secured Party to file initial financing statements describing the Collateral, and any amendments thereto.

(i) **Agreement with respect to Government Claims.** Following the occurrence and continuance of an Event of Default, Grantors will cooperate with the Administrative Agent to comply with the Federal Assignment of Claims Act and shall take all action necessary to permit the Administrative Agent to perfect its lien upon Accounts owing from governmental agencies.

SECTION 3.05. Insurance and Assessments. Each Grantor shall at all times maintain insurance covering its assets and its businesses with financially sound and reputable insurance companies or associations in such amounts and against such risks (including, without limitation, hazard, business interruption, public liability and product liability) as are usually carried by companies engaged in the same or similar business. Each such policy of insurance shall further provide for at least thirty (30) days' prior written notice to the Secured Party of any modification or cancellation of such policies and shall name the Secured Party as loss payee and additional insured. Each Grantor shall, if so requested by the Secured Party, deliver to the Secured Party original or duplicate policies of such insurance and, as often as the Secured Party may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, each Grantor shall, at the request of the Secured Party, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of this Agreement and cause the respective insurers to acknowledge notice of such assignment. In the event any Grantor shall fail to purchase or maintain insurance, or pay any tax, assessment, government charge or levy, except as the same may be otherwise permitted hereunder or under the Credit Agreement, or in the event that any lien, encumbrance or security interest prohibited hereby shall not be paid in full or discharged, or in the event such Grantor shall fail to perform or comply with any other covenant, promise or obligation to the Secured Party hereunder, or under the Credit Agreement or any other Loan Document, the Secured Party may, but shall not be required to, perform, pay, satisfy, discharge or bond the same for the account of such Grantor, and all money so paid by the Secured Party, including reasonable attorney's fees, shall be deemed to be Obligations.

SECTION 3.06. Inspection. Upon reasonable notice to a Grantor, the Secured Party may, during such Grantor's normal business hours, examine and inspect any Collateral and may examine, inspect and copy all books and records with respect thereto or relevant to the Obligations; provided, that, unless an Event of Default has occurred and is continuing, such examinations and inspections shall be limited to no more than twice per fiscal year.

SECTION 3.07. Personal Property. The Collateral shall remain personal property at all times. No Grantor shall affix any of the Collateral to real property in any manner which would change its nature from that of personal property to real property or to a fixture.

SECTION 3.08. Maintenance of Corporate Existence. Each Grantor shall preserve and maintain its corporate existence and, except as otherwise permitted pursuant to the Credit Agreement, shall not merge with or into or consolidate with any other entity.

SECTION 3.09. Indemnification. Each Grantor agrees to indemnify the Secured Party and hold it harmless from and against any and all injuries, claims, damages, judgments, liabilities, costs and expenses (including, without limitation, reasonable fees and disbursements of counsel), charges and encumbrances which may be incurred by or asserted against the Secured Party in connection with or arising out of any assertion, declaration or defense of the Secured Party's rights or security interest under the provisions of this Agreement or any other Loan Document, permitting it to collect, settle or adjust Accounts or to deal with account debtors in any way or in connection with the realization, repossession, safeguarding, insuring or other protection of the Collateral or in connection with the collecting, perfecting or protecting the Secured Party's liens and security interests hereunder or under any other Loan Document; provided that the foregoing indemnity will not, as to any indemnified person, apply to losses,

claims, damages, liabilities, judgments or related expenses to the extent arising from the willful misconduct or gross negligence of such indemnified person.

IV. POWER OF ATTORNEY; NOTICES

SECTION 4.01. Power of Attorney. Each Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of such Grantor or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby give said attorneys the power and right, on behalf of the Grantor, without notice to or assent by the Grantor, to (a) endorse the names of such Grantor on any checks, notes, drafts or other forms of payment or security that may come into the possession of the Secured Party or any affiliate of the Secured Party, to sign the Grantor's name on invoices or bills-of-lading, drafts against customers, notices of assignment, verifications and schedules, (b) sell, transfer, pledge, make any arrangement with respect to or otherwise dispose of or deal with any of the Collateral consistent with the UCC and (c) do acts and things which the Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein. The powers granted herein, being coupled with an interest, are irrevocable until all of the Obligations are indefeasibly paid in full and this Agreement is terminated. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Neither the Secured Party nor any attorney-in-fact shall be liable for any act or omission, error in judgment or mistake of law provided the same is not the result of gross negligence or willful misconduct. The Secured Party shall not exercise any of the aforementioned rights in this Section 4.01 unless an Event of Default has occurred and is continuing and has not been waived or cured in accordance with the Loan Documents.

SECTION 4.02. Notices. Following the occurrence and continuance of an Event of Default, the Secured Party may notify account debtors and other persons obligated on any of the Collateral that the Collateral have been assigned to the Secured Party or of its security interest therein and to direct such account debtors and other persons obligated on any of the Collateral to make payment of all amounts due or to become due to a Grantor directly to the Secured Party and upon such notification and at such Grantor's expense to enforce collection of any such Collateral, and to adjust, compromise or settle for cash, credit or otherwise upon any terms the amount of payment thereof. The Secured Party may, at any time following the occurrence and continuance of an Event of Default, notify the Postal Service authorities to change the address of delivery of mail to an address designated by the Secured Party. After making of such a request or the giving of any such notification, each Grantor shall hold any proceeds of collection of accounts, Chattel Paper, general intangibles, instruments and other Collateral received by it as trustee for the Lender without commingling the same with such Grantor and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. The Secured Party shall apply the proceeds of collection of such Collateral received by the Secured Party to the Obligations, in such order as the Secured Party, in its sole discretion, shall determine, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

V. REMEDIES OF SECURED PARTY

SECTION 5.01. Enforcement. Following the occurrence and continuance of an Event of Default, the Secured Party shall have, in addition to all of its other rights under this Agreement and the other Loan Documents by operation of law or otherwise (which rights shall be cumulative), all of the rights and remedies of a secured party under the UCC and shall have the right, to the extent permitted by law, without charge, to enter any Grantor's premises, and until it completes the enforcement of its rights in the Collateral subject to its security interest hereunder and the sale or other disposition of any property subject thereto, take possession of such premises without charge, rent or payment therefor (through self

help without judicial process and without having first given notice or obtained an order of any court), or place custodians in control thereof, remain on such premises and use the same for the purpose of completing any work in progress, preparing any Collateral for disposition, and disposition of or collecting any Collateral. Without limiting the foregoing, upon the occurrence and continuance of an Event of Default, the Secured Party may, without demand, advertising or notice, all of which such Grantor hereby waives (except as the same may be required by law), sell, lease, license or otherwise dispose of and grant options to a third party to purchase, lease, license or otherwise dispose of any and all Collateral held by it or for its account at any time or times in one or more public or private sales or other dispositions, for cash, on credit or otherwise, at such prices and upon such terms as the Secured Party, in its sole discretion, deems advisable. At any such sale the Collateral or any portion thereof may be sold in one lot as an entirety or in separate parcels as the Secured Party in its sole discretion deems advisable. Each Grantor agrees that if notice of sale shall be required by law such requirement shall be met if such notice is mailed, postage prepaid, to such Grantor at its address set forth above or such other address as it may have, in writing, provided to the Secured Party, at least ten (10) days before the time of such sale or disposition. The Secured Party may postpone or adjourn any sale of any Collateral from time to time by an announcement at the time and place of the sale to be so postponed or adjourned, without being required to give a new notice of sale. Notice of any public sale shall be sufficient if it describes the security of the Collateral to be sold in general terms, stating the amounts thereof, the nature of the business in which such Collateral was created and the location and nature of the properties covered by the other security interests or mortgages and the prior liens thereof. The Secured Party may be the purchaser at any such sale if it is public, free from any right of redemption, which such Grantor also waives, and payment may be made, in whole or in part, in respect of such purchase price by the application of the Obligations by the Secured Party. Each Grantor with respect to its property constituting such Collateral, shall be obligated for, and the proceeds of sale shall be applied first to, the costs of taking, assembling, finishing, collecting, refurbishing, storing, guarding, insuring, preparing for sale, and selling the Collateral, including the fees and disbursements of attorneys, auctioneers, appraisers and accountants employed by the Secured Party. Proceeds shall then be applied to the payment, in whatever order the Secured Party may elect, of all of the Obligations. The Secured Party shall return any excess to such Grantor or to whomever may be fully entitled to receive the same or as a court of competent jurisdiction may direct. In the event that the proceeds of any sale or other disposition of the Collateral are insufficient to pay in full the Obligations, such Grantor shall remain liable for any deficiency.

SECTION 5.02. Standards for Exercising Rights and Remedies. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business each Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risk of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Secured Party, to obtain the

services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 5.02 is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the UCC or the Uniform Commercial Code as in effect in other relevant jurisdiction in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section 5.02. Without limitation upon the foregoing, nothing contained in this Section 5.02 shall be construed to grant any rights to each Grantor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 5.02.

SECTION 5.03. Waiver. Each Grantor waives any right, to the extent applicable law permits, to receive prior notice of, or a judicial or other hearing with respect to, any action or prejudgment remedy or proceeding by the Secured Party to take possession, exercise control over, or dispose of any item of the Collateral in any instance (regardless of where such Collateral may be located) where such action is permitted under the terms of this Agreement or any other Loan Document, or by applicable law, or of the time, place or terms of sale in connection with the exercise of the Secured Party's rights hereunder and such Grantor also waives, to the extent permitted by law, any bond, security or sureties required by any statute, rule or otherwise by law as an incident to any taking of possession by the Secured Party of property subject to the Secured Party's Lien. Each Grantor further waives any damages (direct, consequential or otherwise) occasioned by the enforcement of the Secured Party's rights under this Agreement and any other Loan Document including the taking of possession of any Collateral all to the extent that such waiver is permitted by law and to the extent that such damages are not caused by the Secured Party's gross negligence or willful misconduct. These waivers and all other waivers provided for in this Agreement and any other Loan Documents have been negotiated by the parties and each Grantor acknowledges that it has been represented by counsel of its own choice and has consulted such counsel with respect to its rights hereunder.

SECTION 5.04. Other Rights. Each Grantor agrees that the Secured Party shall not have any obligation to preserve rights to any Collateral against prior parties or to proceed first against any Collateral or to marshal any Collateral of any kind for the benefit of any other creditors of such Grantor or any other Person. The Secured Party is hereby granted, to the extent that such Grantor is permitted to grant a license or right of use, a license or other right to use, without charge, labels, patents, copyrights, rights of use, of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature of such Grantor as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and such Grantor's rights under all licenses and any franchise, sales or distribution agreements shall inure to the Secured Party's benefit.

SECTION 5.05. Expenses. Each Grantor agrees that it shall pay on demand therefor all costs and expenses incurred in amending, implementing, perfecting, collecting, defending, declaring and enforcing the Secured Party's rights and security interests in the Collateral hereunder or under the Credit Agreement or any other Loan Document or other instrument or agreement delivered in connection herewith or therewith, including, but not limited to, searches and filings, and the Secured Party's reasonable attorneys' fees.

VI. GENERAL PROVISIONS

SECTION 6.01. Termination; Release. When all the Obligations shall have been paid in full (other than any contingent indemnification obligations not then due and owing) and the Commitments of the Lenders to make any Loan or to issue any Letter of Credit under the Credit Agreement shall have expired or been sooner terminated and all Letters of Credit have been terminated or cash collateralized in accordance with the provisions of the Credit Agreement, this Agreement shall terminate, and until such time, the Secured Party shall retain all security in and title to all existing and future Collateral held by it hereunder. Upon termination of this Agreement or upon any sale, transfer or other disposition of

Collateral or any part thereof in a transaction or series of transactions not prohibited by the provisions of the Credit Agreement, the Secured Party shall cause, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to Grantors, against receipt and without recourse to or warranty by the Secured Party, such of the Collateral or any part thereof to be released (in the case of a release) as may be in possession of the Secured Party and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination financing statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

SECTION 6.02. Remedies Cumulative. The Secured Party's rights and remedies under this Agreement shall be cumulative and non-exclusive of any other rights or remedies which it may have under the Credit Agreement, any other Loan Document or any other agreement or instrument, by operation of law or otherwise and may be exercised alternatively, successively or concurrently as the Secured Party may deem expedient.

SECTION 6.03. Binding Effect. This Agreement is entered into for the benefit of the parties hereto and their successors and assigns. It shall be binding upon and shall inure to the benefit of the said parties, their successors and assigns. No Grantor shall assign or transfer any of its rights or obligations hereunder without the prior written consent of the Secured Party and any attempted assignment shall be null and void.

SECTION 6.04. Notices. Wherever this Agreement provides for notice to either party (except as expressly provided to the contrary), it shall be in writing and given in the manner specified in Section 10.01 of the Credit Agreement. Such notices to each Grantor shall be delivered to the address for notices set forth on Schedule A.

SECTION 6.05. Waiver. No delay or failure on the part of the Secured Party in exercising any right, privilege, remedy or option hereunder shall operate as a waiver of such or any other right, privilege, remedy or option, and no waiver shall be valid unless in writing and signed by an officer of the Secured Party and only to the extent therein set forth.

SECTION 6.06. Modifications and Amendments. This Agreement and the other agreements to which it refers constitute the complete agreement between the parties with respect to the subject matter hereof and may not be changed, modified, waived, amended or terminated orally, but only by a writing signed by the party to be charged.

SECTION 6.07. Several Agreements. This Agreement shall constitute the several obligations and agreements of each Grantor and may be amended, restated, supplemented or otherwise modified from time to time, with respect to any Grantor without the consent or approval of any other Grantor, and no such amendment, restatement, supplement or modification shall be deemed to amend, restate, supplement or modify the obligations of any other Grantor hereunder.

SECTION 6.08. Survival of Representations and Warranties. The representations and warranties of each Grantor made or deemed made herein shall survive the execution and delivery of this Agreement.

SECTION 6.09. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, in such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 6.10. Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY

THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OR CHOICE OF LAWS. EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF NEW YORK, COUNTY OF NEW YORK, COUNTY OF NASSAU OR COUNTY OF SUFFOLK IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH GRANTOR HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY DOCUMENT OR ANY INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH GRANTOR AGREES (i) NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT AND (ii) NOT TO ASSERT ANY COUNTERCLAIM IN ANY SUCH SUIT, ACTION OR PROCEEDING. EACH GRANTOR AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT OR ANY METHOD AUTHORIZED BY THE LAWS OF NEW YORK. EACH GRANTOR AND THE SECURED PARTY EACH IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 6.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which taken together shall constitute one and the same agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the day and year first above written.

CITIBANK, N.A., as Administrative Agent

By: _____
Name: Stuart N. Berman
Title: Vice President

GRANTORS:

COMTECH TELECOMMUNICATIONS CORP.

By: _____
Name: Michael Porcelain
Title: CFO

COMTECH SYSTEMS, INC.
COMTECH ANTENNA SYSTEMS, INC.
COMTECH EFDATA CORP. (successor-by-merger to Comtech AHA Corporation)
COMTECH PST CORP.
COMTECH MOBILE DATACOM CORPORATION
COMTECH XICOM TECHNOLOGY, INC.
COMTECH COMSTREAM, INC. (f/k/a Comtech Tiernan Video, Inc.)
COMTECH TOLT TECHNOLOGIES, INC.
COMTECH SYSTEMS INTERNATIONAL, INC.
COMTECH COMMUNICATIONS CORP.
ARMER COMMUNICATIONS ENGINEERING SERVICES, INC.
TIERNAN RADYNE COMSTREAM, INC.
COMTECH AEROASTRO, INC.
ANGELS ACQUISITION CORP

By: _____
Name: Michael Porcelain
Title: CFO

