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May 6, 2016

South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 E. Capitol Ave.  
Pierre, South Dakota 57501-5070

**RECEIVED**  
**MAY 13 2016**  
**SOUTH DAKOTA PUBLIC**  
**UTILITIES COMMISSION**

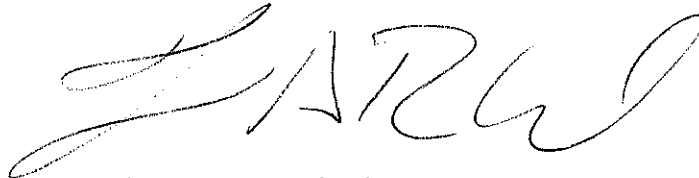
**Re: NOTICE OF ACQUISITION**

Dear Sir or Madam:

Enclosed please find an Original and one (1) copy of the Notice of Acquisition of Comtech Telecommunications Corp. ("Comtech") and TeleCommunication Systems, Inc. ("TCS") and its wholly owned subsidiary, NextGen Communications, Inc. Please date-stamp the extra copy of the Notice and return it to our office in the enclosed postage-prepaid envelope.

Please do not hesitate to contact me should you have any questions.

Sincerely,



Thomas H. Rowland

*Counsel for Comtech Telecommunications Corp. and  
TeleCommunication Systems, Inc.*

THR/ac  
enclosures

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**Re: NOTICE OF ACQUISITION**

Dear Sir or Madam:

By this letter, NextGen Communications, Inc. ("NextGen") and its parent company TeleCommunication Systems, Inc. ("TCS") provide the South Dakota Public Utilities Commission ("Commission") notice of an Agreement and Plan of Merger in which Comtech Telecommunications Corp. ("Comtech") has acquired, through a merger of TCS with and into a wholly-owned subsidiary of Comtech, control of all TCS assets, including its wholly owned subsidiary, NextGen, and including all other regulated telecommunications assets in South Dakota and other jurisdictions.

**I. Introduction**

On November 22, 2015 Comtech and TCS entered into an Agreement and Plan of Merger ("Agreement") whereby Comtech agreed to purchase all outstanding shares of capital stock of TCS (the "Acquisition"). The Acquisition was consummated on February 23, 2016. As a result of Acquisition, Comtech acquired control over all assets of TCS located in South Dakota and other jurisdictions.

## II. Parties

### A. TeleCommunication Systems, Inc. and NextGen Communications, Inc.

TeleCommunication Systems, Inc. (“TCS”) is a Maryland corporation headquartered at 275 West Street, Annapolis, MD 21401. TCS develops and delivers highly reliable and secure wireless communication technology. TCS delivers cellular network computing services that include public safety solutions for 9-1-1 call delivery, precision location platforms, and applications that include navigation, locator applications and text messaging, as well as secure wireless communications systems and professional services, including cybersecurity operations and training. Customers use TCS’ “mobile cloud” software functionality through connections to and from network operations centers. TCS conducts business with the U.S. federal government as a prime contractor under major technology contract vehicles, as well as state, local and foreign government entities.

NextGen Communications, Inc. (“NextGen”) is the wholly-owned subsidiary of TCS. NextGen is located at 275 West Street, Suite 400, Annapolis, MD 21401. On December 23, 2015 the Commission granted NextGen certification authorizing the provision of local exchange services and interexchange long distance services in South Dakota.<sup>1</sup>

NextGen aggregates and transports emergency local, VoIP, telemetric, PBX, and mobile E9-1-1 traffic, manages and transmits location and calling number data, and provides call routing management for the delivery of emergency calls to Public Service Answering Points (PSAPs) throughout South Dakota. NextGen's services are used by large wireless carriers, VoIP providers, cable TV system operators who provide telecommunications services and/or VoIP, telemetric operators, PBX users, and mobile voice service providers. NextGen does not provide

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<sup>1</sup> *In the Matter of the Application of NextGen Communications, Inc. for a Certificate of Authority to Provide Local Exchange Services and Interexchange Long Distance Services in South Dakota*, TC15-062 (Dec. 23, 2015).

long distance voice toll services or local exchange voice dial tone services to residential or business customers.

**B. Comtech Telecommunications Corp.**

Comtech is a Delaware corporation headquartered in Melville, New York. Comtech designs, develops, produces and markets innovative products, systems and services for the provision of advanced telecommunications solutions. Comtech conducts business through three complementary segments: telecommunications transmission, mobile data communications and RF microwave amplifiers. Comtech sells its products to a diverse customer base in the global commercial and government communications markets. Comtech believes it is a leader in most of the market segments that it serves. Two of the company's existing subsidiaries, Comtech Mobile Datacom Corporation and Comtech EF Data Corp., hold FCC satellite earth station licenses. Biographies of the principal Comtech management team can be viewed at the following website address: <http://www.comtechtel.com/manage.cfm>.

Typhoon Acquisition Corp. ("Merger Sub") is a Maryland corporation and wholly-owned subsidiary of Comtech that was newly formed by Comtech for the purpose of conducting a tender offer for outstanding shares of capital stock of TCS pursuant to the Agreement. Upon completion of the Acquisition, Merger Sub was merged with and into TCS, with TCS being the surviving corporation. Thus, as a result of the merger, TCS is a wholly-owned subsidiary of Comtech.

**III. Designated Contacts**

The designated contacts for all correspondence in relation to this Notice should be sent to:

Counsel:

Thomas H. Rowland

Kevin D. Rhoda  
Rowland & Moore LLP  
200 West Superior Street, Suite 400  
Chicago, Illinois 60654  
(312) 803-1000, Ext. 31  
[tom@telecomreg.com](mailto:tom@telecomreg.com)  
[krhoda@telecomreg.com](mailto:krhoda@telecomreg.com)

#### **IV. Description of Transaction**

Pursuant to an Agreement and Plan of Merger among TCS, Comtech and Merger Sub, Merger Sub commenced on December 7, 2015 a tender offer to purchase all of the outstanding shares of common stock of TCS for \$5.00 per share in cash (the "Offer"). A copy of the Agreement can be viewed at the U.S. Security and Exchange Commission's website: [https://www.sec.gov/Archives/edgar/data/23197/000157104915009516/t1502751\\_ex2-1.htm](https://www.sec.gov/Archives/edgar/data/23197/000157104915009516/t1502751_ex2-1.htm).

The Acquisition was consummated on February 23, 2016.

Comtech is a publicly-traded corporation on the NASDAQ Global Market under the ticker symbol CMTL. The only entity that holds more than ten percent (10%) of Comtech's equity is First Eagle Investment Management, L.L.C. ("FEIM"), a U.S. investment management company based in New York City that is an adviser to the First Eagle Funds. FEIM holds approximately 10.1% of Comtech's outstanding shares, and is located at 1345 Avenue of the Americas, 48th Floor New York, NY 10105.

#### **V. Public Interest Considerations**

Applicants submit that the transaction is in the public interest. The transaction combined two enterprises that have demonstrated a long-standing commitment to excellence in a competitive marketplace. NextGen does not provide long distance voice toll services or local exchange voice dial tone services to residential or business customers. Comtech expects that the acquisition will enable the companies to better meet the local and national needs of enterprises,

wholesale buyers, and other customers. Customers of the combined company will benefit from the extensive telecommunications experience and expertise of the combined company. The financial, technical, and managerial resources that Comtech brings to NextGen are expected to enhance the ability of NextGen to flourish in the enterprise telecommunications market-place. Further, the complimentary networks and services of Comtech and NextGen will enhance their ability to efficiently serve their customers and offer a more competitive set of service offerings.

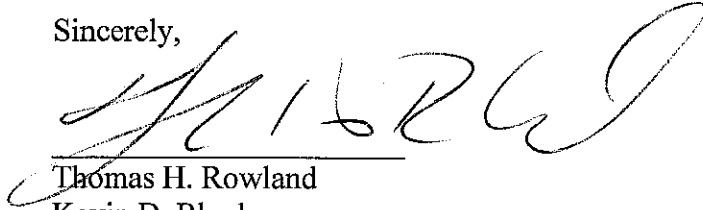
NextGen will continue to provide high-quality cellular network computing services that include public safety solutions for 9-1-1 call delivery without interruption and without immediate change in rates, terms or conditions. The only change from a customer's perspective is that NextGen is now owned by Comtech.

Comtech will continue to develop the technologies and services currently provided by NextGen, which will benefit the existing customers that rely on NextGen for the array of wireless communications products and services it provides, including the provision of transmission capacity using the facilities covered by FCC Licenses. Thus, the Acquisition will not adversely affect the operation of NextGen and there are no anticipated negative economic impacts related to jobs and facilities in South Dakota as a result of the Acquisition. Accordingly, the parties respectfully submit that the transaction serves the public interest, convenience and necessity.

**VI. Conclusion**

Please do not hesitate to contact the undersigned should you have any questions related to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "THOMAS H. ROWLAND", written over a horizontal line.

Thomas H. Rowland  
Kevin D. Rhoda

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[tom@telecomreg.com](mailto:tom@telecomreg.com)  
[krhoda@telecomreg.com](mailto:krhoda@telecomreg.com)

*Counsel for Comtech and TeleCommunication Systems, Inc.*