

COMTECH TELECOMMUNICATIONS CORP /DE/
Form DEF 14A
November 23, 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.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- 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):

- 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:

- 5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number,

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:

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

November 23, 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 10:30 a.m. on January 13, 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 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 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 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 13, 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..... 10:30 a.m. on January 13, 2012

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

- ITEMS OF BUSINESS.....
- 1) To elect Ira S. Kaplan and Stanton D. Sloane 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 enclosed 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.

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 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 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

By Order of the Board of Directors,
Patrick O'Gara
Secretary
November 23, 2011

FISCAL 2011 ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

TABLE OF CONTENTS

	Page
<u>ABOUT THE PROXY STATEMENT</u>	3
<u>PRINCIPAL STOCKHOLDERS OF COMTECH TELECOMMUNICATIONS CORP.</u>	8
<u>BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	9
<u>OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	10
<u>CODE OF ETHICS</u>	21
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	22
<u>EXECUTIVE COMPENSATION</u>	45
<u>TABLE OF GRANTS OF PLAN-BASED AWARDS THAT OCCURRED IN FISCAL 2011</u>	47
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END - FISCAL 2011</u>	48
<u>TABLE OF OPTION EXERCISES THAT OCCURRED IN FISCAL 2011</u>	49
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	49
<u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u>	52
<u>TABLE OF DIRECTOR COMPENSATION FOR FISCAL 2011</u>	53
<u>EXECUTIVE COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	54
<u>EXECUTIVE COMPENSATION COMMITTEE REPORT</u>	55
<u>AUDIT COMMITTEE REPORT</u>	56
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	57
<u>VOTING OF PROXIES AND OTHER MATTERS</u>	58
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	58
<u>PROPOSAL NO. 1 - ELECTION OF TWO DIRECTORS</u>	59

PROPOSAL NO. 2 - RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 66

PROPOSAL NO. 3 - APPROVAL OF AMENDMENT TO OUR 2000 STOCK INCENTIVE PLAN AND RELATED ACTIONS 67

PROPOSAL NO. 4 - PROPOSAL TO APPROVE (ON AN ADVISORY BASIS) COMPENSATION OF THE NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE PROXY STATEMENT 79

<u>PROPOSAL NO. 5 - PROPOSAL REGARDING THE FREQUENCY (ON AN ADVISORY BASIS) OF EXECUTIVE COMPENSATION ADVISORY VOTES</u>	82
<u>PROPOSAL NO. 6 - APPROVAL OF AMENDMENT TO OUR BY-LAWS AUTHORIZING THE SEPARATION OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER</u>	83
<u>PROPOSAL NO. 7 - APPROVAL OF AMENDMENT TO ARTICLE II, SECTION 8 OF OUR BY-LAWS RELATING TO STOCKHOLDER NOMINATION FOR ELECTION AS A DIRECTOR</u>	84
<u>PROPOSAL NO. 8 - APPROVAL OF AMENDMENT TO ADD NEW ARTICLE II, SECTION 9 TO OUR BY- LAWS RELATING TO STOCKHOLDER PROPOSALS</u>	87
<u>OTHER BUSINESS</u>	89
<u>FISCAL 2012 STOCKHOLDER PROPOSALS AND NOMINATIONS</u>	89
<u>HOUSEHOLDING</u>	89

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 Ira S. Kaplan and Stanton D. Sloane 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.

When are the proxy materials first being sent or given to stockholders?

The Notice of the Annual Meeting, Proxy Statement and form of proxy or voting instruction card are being mailed starting on November 23, 2011.

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 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 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 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 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 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.

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.

Is the Company aware of any stockholder intending to propose alternative director nominees at the Annual Meeting?

No. On September 9, 2011, the Company received a notice from MMI Investments, L.P. (“MMI”) stating its intention to nominate two individuals for election to the Board at the Annual Meeting. However, on November 18, 2011, MMI announced that it decided to withdraw its nomination of such two individuals. No nomination proposals from any other stockholders have been received.

What should I do if I receive more than one proxy card?

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

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, 20,357,087 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. The two director nominees will be elected by a plurality of the votes cast. That means that the nominees receiving the greatest number of “FOR” votes will be elected as directors, even if the number of votes received is less than a majority of the votes present at the Annual Meeting.

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.

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 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) 750-5833

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