



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION ) ORDER  
OF TELECOMMUNICATION SYSTEMS, INC. AND )  
COMTECH TELECOMMUNICATIONS CORP. FOR )  
APPROVAL TO ACQUIRE ALL REGULATED )  
TELECOMMUNICATIONS ASSETS IN NEW JERSEY ) DOCKET NO. TM16020121

**Parties of Record:**

**Thomas H. Rowland Esq, Rowland & Moore, LLC, on behalf of Petitioners**  
**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**

**BY THE BOARD:**

On February 12, 2016, Comtech Communications Corp. ("Comtech"), and TeleCommunication Systems, Inc. ("TCS"), (collectively, the "Petitioners") submitted a verified joint petition ("Petition") to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1 requesting Board approval of an Agreement and Plan of Merger in which Comtech will acquire, through a merger of TCS with and into a wholly-owned subsidiary of Comtech, control of all TCS assets including all regulated telecommunications assets in New Jersey and other jurisdictions. Following the proposed transaction, NextGen Communications, Inc. d/b/a Maryland NextGen Communications ("NextGen"), a wholly-owned subsidiary of TCS, will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

**BACKGROUND**

TeleCommunication Systems, Inc. ("TCS") is a Maryland corporation headquartered in Annapolis, Maryland. The Petition states that TCS develops and delivers 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 including cybersecurity operations and training.

NextGen aggregates and transports emergency local, VoIP, telemetric, PBX, and mobile E9-1-1 traffic, manages and transmits location and calling number data, provides call routing management for the delivery of emergency calls to Public Service Answering Points throughout New Jersey. The Petition states that 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 service providers. NextGen does not provide long distance voice toll services or local exchange voice dial tone services to residential or business customers. In New Jersey, NextGen is authorized to provide local exchange, and interexchange telecommunications services. See I/M/O the Petition of NextGen Communications, Inc. for Approval to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE10050373, Order dated August 18, 2010.

Comtech is a Delaware corporation headquartered in Melville, New York. According to the Petition, Comtech designs, develops, produces and markets products, systems and services for the provision of advanced telecommunications solutions and sells its services to commercial and government communications markets. Typhoon Acquisition Corp. ("Merger Sub") is a Maryland corporation and a wholly-owned subsidiary of Comtech that was a newly formed by Comtech for the purpose of conducting a tender offer for outstanding shares of capital stock of TCS pursuant to the agreement.

## **DISCUSSION**

The Petition states that 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. If consummated, the offer will be followed by a merger of Merger Sub with and into TCS, with TCS, the holder of the FCC Licences, surviving the merger as a wholly-owned subsidiary of Comtech. The Petition states that the only entity that holds more than ten percent of Comtech's equity is First Eagle Investment Management, L.L.C., a U.S. investment management company based in New York City.

Pursuant to N.J.S.A. 48:2-51.1(a), "the [B]oard shall evaluate the impact of [an] acquisition [of control of a public utility] on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates." In evaluating this Petition, the Board must be "satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1" as set forth above. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

Petitioners assert that approval of the proposed transaction will serve the public interest. The transaction will bring together two enterprises that have demonstrated a long standing commitment to excellence in a highly competitive marketplace. Comtech expects that the acquisition will enable the companies to better meet the local, national and global needs of enterprises, wholesale buyers, and other customers. Petitioners aver that 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 will bring to NextGen are expected to enhance the ability of NextGen to flourish in the enterprise telecommunications market-place. Further, the complementary 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.

Petitioners also note that the acquisition will be conducted in a manner that will be transparent to customers and will not result in any immediate change of carrier for customers and in no event will result in the discontinuance, reduction, loss, or impairment of service to customers. Also, petitioners state that there are no anticipated economic impacts related to jobs and facilities in New Jersey as a result of the proposed transfer.

By letter to the Board dated February 25, 2016, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments indicating that it "does not oppose Board approval of the requests contained in the Joint Petition." (Letter from Rate Counsel to the Board at 2.)

### **FINDINGS AND CONCLUSIONS**

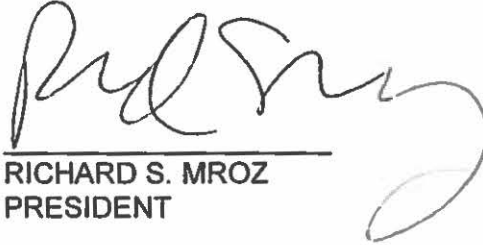
After careful review of this matter and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioners' New Jersey customers will continue to receive the same services from the same entities at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transactions will strengthen Petitioners' competitive posture in the telecommunications market by giving the Petitioners access to additional resources. In addition, the Board is persuaded that there will not be any adverse impact to employees of NextGen in New Jersey.

Accordingly, the Board **FINDS** that the proposed transaction is consistent with the applicable law and is not contrary to the public interest and will have no material impact on the rates of current customers, or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the proposed transaction.


This Order shall be effective March 28, 2016.

DATED: 3-18-16

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



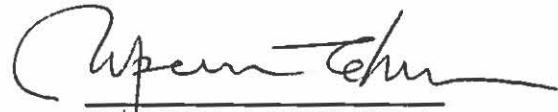
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IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities



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