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FOR IMMEDIATE RELEASE

**TII NETWORK TECHNOLOGIES REPORTS 2005 TRANSITION YEAR END RESULTS;
NEW PRODUCT INTRODUCTIONS CONTRIBUTE TO REVENUE GROWTH;
COMPANY ANNOUNCES NEW VOIP PRODUCT FOR CABLE INDUSTRY**

COPIAGUE, NY – APRIL 3, 2006 – TII Network Technologies, Inc. (Nasdaq: TIII), a leading provider of telecommunications network protection and management products, today announced its results of operations for the three and six months ended December 31, 2005 and December 31, 2004.

In December, 2005, TII changed its fiscal year end from the last Friday in June to December 31, effective December 31, 2005. This change was made to align the Company's reporting period with the budgetary and reporting periods of the Company's largest customers and provide an easier comparison of the Company's reported results with those of other companies. In the future, the Company will report on a calendar year basis with a December 31 year end, and its first three fiscal quarters ending on March 31, June 30 and September 30.

Net sales for the three months ended December 31, 2005 were \$8.9 million compared to \$7.1 million for the comparative prior year period, an increase of approximately \$1.8 million or 26.0%. Net sales for the six months ended December 31, 2005 were \$19.9 million compared to \$14.0 million for the comparative prior year period, an increase of \$5.9 million or 42.2%. The increases over the prior year comparative periods were due to the receipt of initial stocking orders under the expanded general supply agreement received from the Company's largest customer in July 2005, a general increase in sales due to the expanded territories covered under this new agreement and increased sales to existing and new customers of recently developed products, including DSL and VoIP products.

Gross profit for the three months ended December 31, 2005 was \$3.1 million compared to \$2.1 million for the comparative prior year period, an increase of approximately \$1.0 million or 46.8%, while gross profit margins for those periods were 34.3% and 29.4%, respectively. Gross profit for the six months ended December 31, 2005 was \$6.8 million compared to \$4.2 million for the comparative prior year period, an increase of approximately \$2.6 million or 62.0%, while gross profit margins for those periods were 34.2% and 30.1%, respectively. The increase in gross profits for the comparative periods is primarily due to the higher sales levels. The improved gross profit margins during those periods was primarily due to both the higher sales levels and the Company's relatively low variable overhead cost structure as a result of the high percentage of outsourced production and an improved sales mix of higher margin products.

Selling, general and administrative expenses for the three months ended December 31, 2005 increased \$782,000 or 51.1% to \$2.3 million from \$1.5 million in the similar prior year period. Selling, general and administrative expenses for the six months ended December 31, 2005 increased \$1.4 million or 50.4% to \$4.2 million from \$2.8 million, in the similar prior year period. These increases were primarily due to the following factors: initial ramp-up of marketing efforts associated with the Company's planned introduction of its new multi-service residential gateway, increased sales and marketing expenses associated with the Company's entrance into new markets, professional fees associated with changing the Company's fiscal year-end to December 31, an increase in sales-related expenses due to the higher sales levels and stock option expense as a result of the adoption of SFAS No. 123R "Share-Based Payment."

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In the quarter ended December 31, 2005, management reassessed the valuation allowance previously established against deferred tax assets. Factors considered included: historical results of operations, dependence on one customer for greater than fifty percent of sales, volatility in the telecommunications market and the Company's ability to project earnings based on current operations. Based on an analysis of these factors, management concluded that it was more likely than not that a portion of the deferred tax assets would be realized and, accordingly, reduced the valuation allowance resulting in an income tax benefit of approximately \$4.4 million.

Net earnings for the three months ended December 31, 2005, excluding the \$4.4 million income tax benefit, were \$59,000, compared to \$254,000 or \$0.02 per diluted share, in the year ago period. Net earnings for the six months ended December 31, 2005, excluding the tax benefit, were \$1.6 million or \$0.12 per diluted share, compared to \$851,000 or \$0.07 per diluted share, in the year ago period.

Timothy J. Roach, President and Chief Executive Officer, stated: "We are pleased to report the significant improvements in our results of operations during these reporting periods. This strong performance reflects a confirmation of our strategic objectives to develop and introduce new products to our current Telco customers, as well as to new customers beyond our historic focus. These results also reflect the additional sales from the five year extension and expansion of our agreement with our largest customer.

"One of our goals during 2005 was to develop and introduce products into the growth segments of the Telco and MSO markets – products that address our customers needs when deploying DSL, VoIP, broadband-over-powerline and fiber optic networks. We are particularly pleased with the acceptance of the products we have introduced and expect them to continue their strong performance during 2006.

"As part of our strategy to diversify and expand our products and customer base into MSO markets, today, we are announcing the introduction of another new Voice over Internet Protocol ("VoIP") product into the cable television industry. Our proprietary Switchable Voice NID ("SVN") is a network interface device that allows speedy, lower-cost installation of telephone, Internet and video services. The SVN is particularly attractive to customers of a cable company who want to keep their current phone number when switching to VoIP service. Among its many advantages, TII's SVN allows the cable company to make this installation with only one service call, saving the cable company the significant expense of the second service call and avoiding the inconvenience to the customer who may otherwise have to be available a second day to enable the VoIP service to be connected.

"The SVN has been approved by two cable companies and is currently being evaluated by a third. We have already received initial orders of over \$1 million and expect the acceptance and deployment of the SVN to accelerate during the year.

"This is an exciting and dynamic time in the communications business, with rapidly changing technology, fierce competition among the service providers and dramatic changes in services. As network specialists, our plan is to leverage our extensive experience and capabilities by continuing to make investments in new technologies, products and distribution channels as we position our Company for long-term sustainable growth."

About TII Network Technologies, Inc.

TII Network Technologies, Inc., designs, produces and markets network protection and management products, including lightning and surge protection products, network interface devices ("NIDs"), DSL, VoIP and other station electronics products and a multi-service residential gateway system.

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Certain statements in this Report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this Report, words such as "may," "should," "seek," "believe," "expect," "anticipate," "estimate," "project," "intend," "strategy" and similar expressions are intended to identify forward-looking statements regarding events, conditions and financial trends that may affect the Company's future plans, operations, business strategies, operating results and financial position. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause the Company's actual results, performance or achievements to differ materially from those described or implied in the forward-looking statements. These factors include, but are not limited to: exposure to increases in the cost of the Company's products, including increases in the cost of the Company's petroleum-based plastic products; dependence for products and product components from Pacific Rim contract manufacturers, including on-time delivery that could be interrupted as a result of third party labor disputes, political factors or shipping disruptions, quality control and exposure to changes in costs and changes in the valuation of the Chinese Yuan; dependence on, and ability to retain, its "as-ordered" general supply agreements with its largest three customers and win new contracts; continued dependence on the traditional copper-based telephone operating company ("Telco") market which has been declining over the last several years due principally to the impact of alternate technologies and competition from multi-system operators; the level of inventories maintained by the Company's customers; the ability to market and sell products to new markets beyond its principal market – the copper-based Telco market; the ability to timely develop products and adapt its existing products to address technological changes, including changes in its principal market; weather and similar conditions, particularly the effect of hurricanes or typhoons on the Company's manufacturing, assembly and warehouse facilities in Puerto Rico and the Pacific Rim; competition in the Company's traditional Telco market and new markets the Company is seeking to penetrate; potential changes in customers' spending and purchasing policies and practices; general economic and business conditions, especially as they pertain to the Telco industry; dependence on third parties for certain product development; risks inherent in new product development and sales, such as start-up delays and uncertainty of customer acceptance; the ability to attract and retain technologically qualified personnel; the ability to fulfill its growth strategies; the ability to maintain listing of the Company's Common Stock on the NASDAQ Capital market and the availability of financing on satisfactory terms.

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-- **Statistical Tables Follow** --

**TII NETWORK TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Net sales	\$ 8,888	\$ 7,053	\$ 19,921	\$ 14,005
Cost of sales	<u>5,843</u>	<u>4,979</u>	<u>13,102</u>	<u>9,796</u>
Gross profit	<u>3,045</u>	<u>2,074</u>	<u>6,819</u>	<u>4,209</u>
Operating expenses:				
Selling, general and administrative	2,310	1,528	4,170	2,772
Research and development	697	291	1,075	582
Total operating expenses	<u>3,007</u>	<u>1,819</u>	<u>5,245</u>	<u>3,354</u>
Operating earnings	38	255	1,574	855
Interest expense	(1)	(1)	(3)	(4)
Interest income	40	22	73	36
Other expense	<u>(4)</u>	<u>(3)</u>	<u>(5)</u>	<u>(5)</u>
Earnings before income taxes	73	273	1,639	882
(Benefit) provision for income taxes (1)	<u>(4,386)</u>	<u>19</u>	<u>(4,337)</u>	<u>31</u>
Net earnings (1)	<u>\$ 4,459</u>	<u>\$ 254</u>	<u>\$ 5,976</u>	<u>\$ 851</u>
Net earnings per common share (1):				
Basic	<u>\$ 0.36</u>	<u>\$ 0.02</u>	<u>\$ 0.49</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.02</u>	<u>\$ 0.46</u>	<u>\$ 0.07</u>
Weighted average common shares outstanding:				
Basic	12,263	11,908	12,229	11,908
Diluted	13,265	12,602	13,001	12,538

(1) The three and six month results ended December 31, 2005 include a \$4.4 million income tax benefit (\$0.33 and \$0.34 per diluted share, respectively) from a reduction in the Company's deferred tax valuation allowance.

TII NETWORK TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	<u>December 31,</u> 2005	<u>June 24,</u> 2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,326	\$ 4,529
Accounts receivable, net	3,506	3,906
Inventories	8,482	8,899
Deferred tax assets	578	-
Other current assets, net	<u>252</u>	<u>404</u>
Total current assets	<u>18,144</u>	<u>17,738</u>
Property, plant and equipment, net	4,031	4,229
Deferred tax assets	4,644	-
Other assets, net	<u>167</u>	<u>182</u>
TOTAL ASSETS	<u>\$ 26,986</u>	<u>\$ 22,149</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,438	\$ 3,733
Accrued liabilities	<u>1,511</u>	<u>1,563</u>
Total current liabilities	<u>2,949</u>	<u>5,296</u>
Long term obligation	96	-
Deferred tax liabilities	<u>822</u>	<u>-</u>
Total Liabilities	<u>\$ 3,867</u>	<u>\$ 5,296</u>
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value \$1.00 per share; 1,000,000 shares authorized; Series D Junior Participating, no shares outstanding	-	-
Common stock, par value \$.01 per share; 30,000,000 shares authorized; 12,361,956 shares issued and 12,344,319 shares outstanding as of December 31, 2005; and 12,178,733 shares issued and 12,161,096 shares outstanding as of June 24, 2005	124	122
Additional paid-in capital	38,277	37,989
Accumulated deficit	<u>(15,001)</u>	<u>(20,977)</u>
	23,400	17,134
Less: Treasury shares, at cost, 17,637 common shares at December 31, 2005 and June 24, 2005	<u>(281)</u>	<u>(281)</u>
Total stockholders' equity	<u>23,119</u>	<u>16,853</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 26,986</u>	<u>\$ 22,149</u>