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FOR IMMEDIATE RELEASE

**TII NETWORK TECHNOLOGIES REPORTS FIRST QUARTER OF 2006 RESULTS;
*SEQUENTIAL SALES AND OPERATING EARNINGS IMPROVEMENT***

COPIAGUE, NY – MAY 15, 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 months ended March 31, 2006.

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. The Company now reports 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. The three months ended March 31, 2006 and March 25, 2005, contained 13 weeks and 12 weeks, respectively.

Net sales for the first quarter of 2006 were \$9.4 million compared to \$5.2 million for the comparative prior year period, an increase of approximately \$4.2 million or 80.2%. The increase in the 2006 period was primarily due to the expanded territories and products covered under the general supply agreement received from the Company's largest customer in July 2005, increased sales to existing and new customers of recently developed products, including DSL and VoIP products, an additional week of sales due to a thirteen week quarter compared to twelve weeks in the prior year period and the effect of a mild winter. The severe winter during the first quarter of 2005 adversely affected the Telco's ability to install the Company's NIDs and other outside plant products which resulted in lower than normal sales for that quarter.

Gross profit for the first quarter of 2006 was \$3.2 million compared to \$1.4 million for the comparable prior year period, an increase of approximately \$1.8 million or 129.6%, while gross profit margin increased to 33.8% from 26.5%. The increase in gross profit was primarily due to the higher sales levels and gross profit margins. The improved gross profit margin was due to the higher sales levels in conjunction with the Company's primarily fixed overhead cost and an improved sales mix of higher margin products.

Selling, general and administrative expenses for the first quarter of 2006 were \$2.2 million compared to \$1.3 million for the comparable prior year quarter, an increase of approximately \$888,000 or 66.9%. This increase was primarily due to five items representing 71% or \$629,000 of the increase, as follows: stock option expense as a result of SFAS No.123(R) "Share-Based Payment", an additional week of payroll and related expenses, increased marketing resources and efforts associated with the Company's planned introduction of its new multi-service residential gateway, increased professional fees and a credit from the gain on the sale of fixed assets in 2005 which reduced that year's expenses.

During the three months ended March 31, 2006, a provision for income taxes of \$228,000 was recorded at the expected combined Federal and state effective annual tax rate of 40%. This rate differs from the U.S. Federal statutory rate of 34% primarily due to state income taxes and the recording of certain costs that are not deductible from taxable income. The Company's actual cash outlay for income taxes, or current provision, will be approximately 4% of pre-tax income due to the availability of net operating loss carryforwards which will offset a substantial portion of the Company's expected taxable income. No provision for income taxes was recorded in the first quarter of 2005 due to pre-tax losses and the uncertainty of the recoverability of deferred taxes.

Net earnings for the first quarter of 2006 were \$343,000 or \$0.03 per diluted share, compared to net loss of \$53,000 in the year ago quarter.

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Timothy J. Roach, President and Chief Executive Officer, stated: "We are pleased to report the continuation of improvements in our results of operations during the first quarter of 2006. The comparable period sales and operating earnings growth represents further validation of the success of our strategy to maximize the returns from our historic products and customer base while we aggressively pursue new products and markets.

"The communications industry is changing rapidly and so is TII. We believe this environment represents a great opportunity for companies like TII. We intend to continue to pursue our plan 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. A major step in this plan is expected when we demonstrate our new residential gateway system, OutRigger™, this June at the Chicago GlobalComm and the Denver CableTec shows, leading international showcases for the telco and cable industries."

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.

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 and the limited ability of the Company to raise the selling prices of its 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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**TII NETWORK TECHNOLOGIES, INC. AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

	Three months ended	
	March 31, 2006	March 25, 2005
Net sales	\$ 9,428	\$ 5,231
Cost of sales	<u>6,241</u>	<u>3,843</u>
Gross profit	<u>3,187</u>	<u>1,388</u>
Operating expenses:		
Selling, general and administrative	2,215	1,327
Research and development	<u>444</u>	<u>405</u>
Total operating expenses	<u>2,659</u>	<u>1,732</u>
Operating income (loss)	528	(344)
Interest income	44	26
Other (expense) income	<u>(1)</u>	<u>263</u>
Earnings (loss) before income taxes	571	(55)
Provision (benefit) for income taxes	<u>228</u>	<u>(2)</u>
Net earnings (loss)	<u>\$ 343</u>	<u>\$ (53)</u>
Net earnings per common share:		
Basic	<u>\$ 0.03</u>	<u>\$ -</u>
Diluted	<u>\$ 0.03</u>	<u>\$ -</u>
Weighted average common shares outstanding:		
Basic	12,345	11,908
Diluted	13,363	11,908

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**TII NETWORK TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share data)

ASSETS	March 31, 2006 (Unaudited)	December 31, 2005
Current Assets:		
Cash and cash equivalents	\$ 6,307	\$ 5,326
Accounts receivable, net of allowance for doubtful accounts of \$100 at March 31, 2006 and December 31, 2005	3,741	3,506
Inventories	7,534	8,482
Deferred tax assets	566	578
Prepaid expenses and other current assets	100	252
Total current assets	<u>18,248</u>	<u>18,144</u>
Property, plant and equipment, net	4,055	4,031
Deferred tax assets	4,436	4,644
Other assets, net	<u>450</u>	<u>167</u>
TOTAL ASSETS	\$ <u>27,189</u>	\$ <u>26,986</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,392	\$ 1,438
Accrued liabilities	1,268	1,511
Total current liabilities	<u>2,660</u>	<u>2,949</u>
Long term obligation	96	96
Deferred tax liabilities	807	822
Total Liabilities	<u>\$ 3,563</u>	<u>\$ 3,867</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 issued or outstanding	-	-
Common stock, par value \$.01 per share; 30,000,000 shares authorized; 12,391,156 shares issued and 12,373,519 shares outstanding as of March 31, 2006; and 12,361,956 shares issued and 12,344,319 shares outstanding as of December 31, 2005	124	124
Additional paid-in capital	38,441	38,277
Accumulated deficit	<u>(14,658)</u>	<u>(15,001)</u>
	23,907	23,400
Less: Treasury shares, at cost, 17,637 common shares at March 31, 2006 and December 31, 2005	<u>(281)</u>	<u>(281)</u>
Total stockholders' equity	<u>23,626</u>	<u>23,119</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>27,189</u>	\$ <u>26,986</u>

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