CALIFORNIA AMPLIFIER INC
Form S-4
February 13, 2004

As filed with the Securities and Exchange Commission on February 13, 2004

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

California Amplifier, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**95-3647070**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

1401 North Rice Avenue

Oxnard, California 93030
(805) 987-9000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Fred Sturm

President and Chief Executive Officer
California Amplifier, Inc.
1401 North Rice Avenue
Oxnard, California 93030
(805) 987-9000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With copies to:

Peter F. Ziegler, Esq. **Gibson, Dunn & Crutcher LLP** **333 South Grand Avenue** **Los Angeles, California 90071-3197** **(213) 229-7000**	**Carl R. Sanchez, Esq.** **Deyan P. Spiridonov, Esq.** **Paul, Hastings, Janofsky & Walker LLP** **3579 Valley Centre Drive** **San Diego, California 92130** **(858) 720-2500**

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein and, with respect to the selling stockholders named herein, from time to time after consummation of such merger.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.01 per share	8,318,122(1)	N/A	$136,021(2)	$17.23
Common Stock, par value $0.01 per share	6,644,803(3)	N/A	N/A	N/A(4)

(1) Represents the maximum number of shares of common stock of the registrant that may be issued pursuant to the Agreement and Plan of Merger and Reorganization, dated as of December 23, 2003, among registrant, Mobile Acquisition Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of registrant, Vytek Corporation, a Delaware corporation, and James E. Ousley, as the representative of the stockholders of Vytek Corporation (the Merger Agreement). The maximum number of 8,318,122 equals the sum of (i) 8,200,000 shares, the fixed number of shares of California Amplifier common stock issuable under the Merger Agreement to Vytek stockholders and holders of in-the-money options and warrants, (ii) the product of (a) 1,222,878 the total number of shares of Vytek common stock issuable pursuant to outstanding out-of-the-money options and (b) 0.083151, the common stock exchange ratio, (iii) the product of (a) 6,178, the total number of shares of Vytek common stock issuable pursuant to outstanding out-of-the-money warrants and (b) 0.083151, the common stock exchange ratio and (iv) the product of (a) 63,017 the total number of shares of Vytek Series A Preferred stock issuable pursuant to outstanding out-of-the-money warrants and (b) 0.252732, the Series A exchange ratio.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended. Because there is no market for Vytek s securities and Vytek has an accumulated capital deficit, the proposed maximum aggregate offering price was calculated as one-third of the par value per share of all of the outstanding securities of Vytek as of February 2, 2004.

(3) Represents the number of shares of California Amplifier, Inc. common stock being registered for resale by certain selling stockholders named in this Registration Statement, all of which are issuable in exchange for their shares of Vytek Corporation capital stock in connection with the merger.

(4) No filing fee is required with respect to the resale shares pursuant to Rule 457(f)(5) of the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus may be changed. The Registrant may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and the Registrant is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

California Amplifier, Inc.	Vytek Corporation
1401 North Rice Avenue	12670 High Bluff Drive
Oxnard, California 93030	San Diego, California 92130

February , 2004

Dear Stockholders of California Amplifier and Vytek Corporation:

After careful consideration, the board of directors of each of California Amplifier and Vytek have unanimously approved a merger between California Amplifier and Vytek. Pursuant to the terms of a merger agreement, a wholly-owned subsidiary of California Amplifier will merge with and into Vytek, and Vytek will become a wholly-owned subsidiary of California Amplifier.

As a result of the merger, California Amplifier will issue, or be required to issue in the future, up to approximately 8,318,122 shares of California Amplifier common stock in the aggregate to the holders of Vytek common stock, preferred stock, warrants and options, which includes 8,200,000 shares of California Amplifier common stock in the aggregate to be issued under the merger agreement to holders of Vytek capital stock and in-the-money options and warrants and 118,122 shares of California Amplifier common stock reserved for issuance to holders of out-of-the-money options and warrants that will be assumed by California Amplifier in connection with the merger.

Assuming that the number of outstanding shares of each class and series of Vytek capital stock is the same at the effective time of the merger as it was on February 2, 2004, Vytek stockholders will be entitled to receive the following consideration pursuant to the merger, subject to certain possible working capital and indemnification adjustments: (i) each holder of Vytek common stock will be entitled to receive 0.083151 shares of California Amplifier common stock in exchange for each share of Vytek common stock held by such holder immediately prior to the merger; (ii) each holder of Vytek Series B Convertible Participating Preferred Stock, or Series B Preferred, will be entitled to receive 0.266372 shares of California Amplifier common stock in exchange for each share of Vytek Series B Preferred held by such holder immediately prior to the merger; (iii) each holder of Vytek Series A Convertible Participating Preferred Stock, or Series A Preferred, will be entitled to receive 0.252732 shares of California Amplifier common stock in exchange for each share of Series A Preferred held by such holder immediately prior to the merger; and (iv) each holder of Vytek Series Junior Preferred Stock, or Series Junior Preferred, would receive 0.208161 shares of California Amplifier common stock in exchange for each share of Vytek Series Junior Preferred held by such holder immediately prior to the merger. In addition, pursuant to the merger, all of the options and warrants to purchase shares of Vytek common stock and warrants to purchase shares of Series A Preferred that are not exercised prior to the merger will be assumed by California Amplifier and will be converted into the right to receive, as applicable: (i) 0.083151 shares of California Amplifier common stock for each share of Vytek common stock subject to an outstanding option or warrant or (ii) 0.252732 shares of California Amplifier common stock for each share of Series A Preferred subject to an outstanding warrant. To the extent that in-the-money options and warrants are not exercised prior to the merger and are instead assumed by California Amplifier, the aggregate number of California Amplifier shares into which such in-the-money options and warrants are exercisable, will be reserved for future issuance upon the exercise of such options and warrants. The aggregate number of shares to be issued at the effective time of the merger will be equal to 8,200,000 minus the total shares so reserved. At the closing of the merger, 854,700 shares of the California Amplifier common stock to be issued to Vytek stockholders at the closing of the merger will be placed in an escrow account for up to two years after the closing to indemnify California Amplifier for certain working capital adjustments and certain breaches of Vytek s representations and warranties contained in the merger agreement.

The merger cannot be completed unless the California Amplifier stockholders approve the issuance of shares of California Amplifier common stock pursuant to the merger, and unless the Vytek stockholders adopt the merger agreement and approve a proposal to amend Vytek s certificate of incorporation. The attached joint proxy statement/prospectus provides detailed information concerning California Amplifier, Vytek, the merger and the proposals relating to the merger. Please give all of the information contained in the joint proxy statement/prospectus your careful attention. In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 18 of the joint proxy statement/prospectus.

The board of directors of each of California Amplifier and Vytek has unanimously approved this transaction and concluded that it is advisable and fair to, and is in the best interests of, California Amplifier and its stockholders, and Vytek and its stockholders, respectively.

The board of directors of California Amplifier unanimously recommends that you vote FOR the issuance of shares of California Amplifier common stock pursuant to the merger agreement. The board of directors of Vytek unanimously recommends that you vote FOR the proposal to adopt the merger agreement and FOR the approval of a proposal to amend Vytek s certificate of incorporation.

Stockholders of California Amplifier and Vytek are cordially invited to attend their respective stockholder meetings to vote on the merger-related issues at the following dates, times and places:

For California Amplifier stockholders:	For Vytek stockholders:
, 2004 at a.m., P.T.	, 2004 at a.m., P.T.
Radisson Hotel Oxnard	Vytek Headquarters
600 East Esplanade Drive	12670 High Bluff Drive
Oxnard, California 93030	San Diego, California 92130

Whether or not you plan to attend your respective stockholder meeting, please complete, sign and date the enclosed proxy and return it to your company in the enclosed envelope. We encourage you to attend your respective stockholder meeting. **Your vote is very important regardless of the number of shares you own.**

Sincerely,

Fred Sturm	James E. Ousley
President, Chief Executive Officer and Director	President, Chief Executive Officer and Director
California Amplifier, Inc.	Vytek Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this joint proxy statement/prospectus or the California Amplifier common stock to be issued pursuant to the merger or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated February , 2004 and is first being mailed to California Amplifier stockholders on or about February , 2004.

VYTEK CORPORATION

12670 High Bluff Drive
San Diego, California 92130

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2004

To Our Stockholders:

Notice is hereby given that a special meeting of stockholders of Vytek Corporation, a Delaware corporation, will be held on , 2004, at a.m., Pacific Time, at Vytek s headquarters located at 12670 High Bluff Drive, San Diego, California 92130 for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger and Reorganization, dated as of December 23, 2003, among California Amplifier, Inc., a Delaware corporation, Mobile Acquisition Sub, Inc., or Acquisition Sub, a Delaware corporation and wholly-owned subsidiary of California Amplifier, James E. Ousley, as the representative of the stockholders of Vytek and Vytek, and approve the merger of Vytek with Acquisition Sub pursuant to which, among other things, Vytek will become a wholly-owned subsidiary of California Amplifier;

2. To consider and vote upon a proposal to amend, solely in connection with the merger, Vytek s Amended and Restated Certificate of Incorporation, in order to exempt the merger and related transactions from triggering the liquidation preferences in the Amended and Restated Certificate of Incorporation and to clarify that the merger agreement will govern the distribution of consideration to Vytek stockholders in connection with the merger; and

3. To consider and vote upon such other matters which may properly come before the special meeting or any adjournments or postponements thereof, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

The proposal to adopt the merger agreement is referred to as the ***merger proposal,*** and the proposal to amend Vytek s Amended and Restated Certificate of Incorporation is referred to as the ***certificate amendment.*** Each of these proposals is more fully described in the joint proxy statement/prospectus that accompanies this notice. We encourage you to read the joint proxy statement/ prospectus carefully. ***Approval of the merger proposal is contingent upon stockholder approval of the certificate amendment.***

Only holders of record of Vytek capital stock on , 2004 are entitled to notice of, and to vote at, the special meeting or any adjournments thereof.

Your vote is important. The affirmative vote of (i) the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis, and (ii) the holders of a majority of the outstanding shares of Series A Preferred and Series B Preferred, voting together as a single class, is required to approve the merger proposal. The affirmative vote of (i) the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis, and (ii) the holders of a majority of the outstanding shares of the Series A Preferred, the Series B Preferred, the Series Junior Preferred, and the Vytek common stock, each voting separately as a single class, is required to approve the certificate amendment.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the approval of the merger proposal and approval of the certificate amendment. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting but will effectively be counted as a vote against approval of the merger proposal and approval of the certificate amendment. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors,

James E. Ousley
President, Chief Executive Officer and Director
Vytek Corporation

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

CALIFORNIA AMPLIFIER, INC.

1401 North Rice Avenue
Oxnard, California 93030

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2004

To Our Stockholders:

You are cordially invited to attend the special meeting of stockholders of California Amplifier, Inc. which will be held at a.m., Pacific Time, on , 2004 at the Radisson Hotel Oxnard, 600 East Esplanade Drive, Oxnard, California 93030. At this special meeting, you will be asked to consider and vote on the following proposals:

1. To approve the issuance of up to 8,318,122 shares of California Amplifier common stock to the preferred and common stockholders of Vytek Corporation and the holders of all of the outstanding options and warrants to purchase shares of Vytek common and preferred stock, which will be assumed by California Amplifier in connection with the merger of a wholly-owned subsidiary of California Amplifier with and into Vytek pursuant to the terms of the Agreement and Plan of Merger and Reorganization, dated as of December 23, 2003, among California Amplifier, Inc., Mobile Acquisition Sub, Inc., James E. Ousley, as the representative of the stockholders of Vytek and Vytek; and

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

These proposals are more fully described in the joint proxy statement/ prospectus that accompanies this notice. We encourage you to read the joint proxy statement/ prospectus carefully.

Only California Amplifier stockholders of record at the close of business on , 2004 are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements thereof.

Your vote is important. The affirmative vote of the holders of a majority of the shares of California Amplifier common stock voted at the special meeting is required to approve the share issuance.

To ensure that your shares are represented at the special meeting, you are urged to complete, date and sign the enclosed proxy card and mail it promptly in the postage-paid envelope provided. We encourage you to do this whether or not you plan to attend the special meeting in person. You may revoke your proxy in the manner described in this joint proxy statement/prospectus at any time before it has been voted at the special meeting. It may be possible for you to vote in person at the special meeting even if you have returned a proxy. Please review the joint proxy statement/prospectus for more information.

By Order of the Board of Directors,

Fred Sturm
President, Chief Executive Officer and Director
California Amplifier, Inc.

The information in this joint proxy statement/ prospectus is not complete and may be changed. We may not distribute California Amplifier common stock to Vytek stockholders pursuant to the merger agreement until this registration statement on Form S-4 filed with the Securities and Exchange Commission containing the joint proxy statement/ prospectus is effective.

REFERENCE TO ADDITIONAL INFORMATION

As permitted under the rules of the Securities and Exchange Commission (the SEC), this joint proxy statement/ prospectus incorporates important business and financial information about California Amplifier that is contained in documents filed with the SEC, but that is not included in or delivered with this joint proxy statement/ prospectus. You may obtain copies of these documents, without charge, from the website maintained by the SEC at www.sec.gov, as well as other sources. See Where You Can Find More California Amplifier Information on page 158. You may also obtain copies of these documents, without charge, upon written or oral request to our information agent, Georgeson Shareholder Communications Inc., at (800) 214-4817. You can also obtain documents incorporated by reference in this joint proxy statement/ prospectus by requesting them in writing or by telephone from California Amplifier at the following address and telephone number:

California Amplifier, Inc.

1401 North Rice Avenue
Oxnard, California 93030
(805) 987-9000

If you would like to request documents, please do so by , 2004 in order to receive them before the special meeting.

Except as otherwise specifically noted, we, our, us and similar words in this joint proxy statement/prospectus refer to California Amplifier. Acquisition Sub refers to Mobile Acquisition Sub, Inc., a wholly-owned subsidiary of California Amplifier. We refer to Vytek Corporation as Vytek. All references to shares of our common stock include any associated preferred stock purchase rights.

In Questions and Answers About the Merger below and in the Summary beginning on page 1, we highlight selected information from this joint proxy statement/ prospectus, but we have not included all of the information that may be important to you. To better understand the merger, and for a more complete description of its legal terms, you should carefully read this entire prospectus, including the section entitled Risk Factors on page 18 and the annexes hereto, as well as the documents we have incorporated by reference into this joint proxy statement/ prospectus. See Where You Can Find More California Amplifier Information on page 158.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/ prospectus. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this joint proxy statement/ prospectus. The information contained in this joint proxy statement/ prospectus and the documents incorporated by reference are accurate only as of their respective dates, regardless of the time of delivery of this joint proxy statement/ prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: How is the transaction structured?

A: California Amplifier has formed a wholly-owned subsidiary that will be merged with and into Vytek. If the merger is completed, Vytek will become a wholly-owned subsidiary of California Amplifier and its assets and liabilities will remain intact.

Q: What will Vytek stockholders receive pursuant to the merger?

A: Following the merger, holders of Vytek s common stock, preferred stock and in-the-money options and warrants will have the right to receive a total of 8,200,000 shares of California Amplifier s common stock. When we refer to an in-the-money option or warrant, we mean: (1) in the case of options, an option to purchase shares of Vytek common stock at an exercise price of less than $1.00 per share and (2) in the case of warrants, a warrant issued to Carr America Realty Corporation to acquire 10,210 shares of Vytek common stock and a warrant issued to Carr America Realty Corporation to acquire 122,949 shares of Series A Preferred.

Assuming that the number of each class and series of outstanding shares of Vytek capital stock is the same as it was on February 2, 2004, Vytek stockholders will be entitled to receive the following consideration pursuant to the merger, subject to certain possible working capital and indemnification adjustments: (i) each holder of Vytek common stock will be entitled to receive 0.083151 shares of California Amplifier common stock in exchange for each share of Vytek common stock held by such holder immediately prior to the merger; (ii) each holder of Series B Preferred will be entitled to receive 0.266372 shares of California Amplifier common stock in exchange for each share of Series B Preferred held by such holder immediately prior to the merger; (iii) each holder of Series A Preferred will be entitled to receive 0.252732 shares of California Amplifier common stock in exchange for each share of Series A Preferred held by such holder immediately prior to the merger; and (iv) each holder of Series Junior Preferred will be entitled to receive 0.208161 shares of California Amplifier common stock in exchange for each share of Series Junior Preferred held by such holder immediately prior to the merger. In addition, in the merger, the options and warrants to purchase Vytek common stock and warrants to purchase Series A Preferred that are not exercised prior to the merger will be assumed by California Amplifier and converted into the right to receive, as applicable: (i) 0.083151 shares of California Amplifier common stock for each share of Vytek common stock subject to an outstanding option or warrant or (ii) 0.252732 shares of California Amplifier common stock for each share of Series A Preferred subject to an outstanding warrant.

The exact exchange ratios at which Vytek capital stock will be converted into the right to receive California Amplifier common stock will depend on the precise capital structure of Vytek immediately prior to the effective time of the merger. For a detailed description of the applicable exchange ratios and the underlying material assumptions, please see the section entitled The Merger Agreement Merger Consideration; Determination of the Exchange Ratio beginning on page 54.

Upon the closing of the merger, each Vytek stockholder will be entitled to receive approximately 89.6% of the merger consideration otherwise due to it pursuant to the merger. Exactly 854,700 shares of California Amplifier common stock, or approximately 10.4% of the shares to be issued at the effective time of the merger, will be placed in escrow, pursuant to the escrow agreement that can be found at Exhibit E to the merger agreement, which is attached to this joint proxy statement/ prospectus as *Annex A,* and is described under Other Agreements Escrow Agreement below, to cover potential indemnity claims under the merger agreement. Additionally, if the final working capital of Vytek (as defined in the merger agreement) is less than $4,000,000, California Amplifier may instruct the escrow agent to return that number of shares of California Amplifier common stock equal in value to the dollar amount of such deficiency (calculated in the manner described in the merger agreement).

Q: Will the number of shares of California Amplifier common stock issuable to Vytek stockholders pursuant to the merger vary as the stock price of California Amplifier fluctuates?

A: No. The number of shares of California Amplifier common stock to be issued, or reserved for issuance, pursuant to the merger to holders of Vytek capital stock and in-the-money options and warrants is fixed at 8,200,000. The value of the shares of California Amplifier common stock you receive at the closing could vary materially from the value of those shares on the date of this joint proxy statement/ prospectus or the date of the Vytek special meeting.

Q: What happens to Vytek out-of-the-money options and warrants?

A: California Amplifier will assume all Vytek out-of-the-money options and warrants and will reserve for issuance an additional 118,122 shares of California Amplifier common stock.

Q: Will Vytek stockholders be able to trade California Amplifier common stock that they receive pursuant to the merger?

A: Yes. The California Amplifier common stock issued pursuant to the merger will be registered under the Securities Act and will be listed on The Nasdaq National Market under the symbol CAMP. All shares of California Amplifier common stock that you receive pursuant to the merger or upon exercise of Vytek options or warrants assumed by California Amplifier in the merger will be freely transferable unless you are deemed to be an affiliate of Vytek at the time of the Vytek special meeting or your shares are subject to contractual transfer restrictions. Affiliates of Vytek may, however, be able to freely sell the shares they receive pursuant to the merger, subject to the terms of lock-up agreements with California Amplifier and the existence of an effective registration statement. For more information see Other Agreements Lock-Up Agreements on page 70 and Selling Stockholders on page 142.

Q: Will there be any change to the existing shares of California Amplifier common stock?

A: No. The merger does not result in any changes to the existing shares of California Amplifier common stock. The current stockholders of California Amplifier will continue to be stockholders of California Amplifier after the merger.

Q: Are there risks I should consider in deciding whether to vote for the merger proposal or in favor of the issuance of shares of California Amplifier common stock?

A: Yes. The merger involves a variety of significant risks. You should carefully consider the factors discussed in the section entitled Risk Factors on page 18.

Q: What do Vytek stockholders need to do now?

A: Vytek is asking its stockholders to approve the merger proposal and approve the certificate amendment. After carefully reading and considering the information contained in this joint proxy statement/ prospectus, please complete and sign your proxy card and return it in the enclosed postage-paid return envelope as soon as possible so that your shares may be represented and voted at the Vytek special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, Vytek will count your proxy card as a vote FOR the merger proposal and the certificate amendment.

Q: What do California Amplifier stockholders need to do now?

A: California Amplifier is asking its stockholders to approve the issuance of up to approximately 8,318,122 shares of California Amplifier common stock to holders of Vytek s common and preferred stock and options and warrants to acquire Vytek s common and preferred stock in connection with the merger. After carefully reading and considering the information contained in this joint proxy statement/ prospectus, please complete and sign your proxy card and return it in the enclosed postage-paid return envelope as soon as possible so that your shares may be represented and voted at the California Amplifier special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, California Amplifier will count your proxy card as a vote FOR the proposal to approve the issuance of shares of California Amplifier common stock in connection with the merger.

Q: Do Vytek stockholders have appraisal rights in the merger?

A: Yes. You may seek appraisal of the fair value of your shares of Vytek capital stock by complying with all of the Delaware law procedures explained in the section entitled The Merger Agreement Appraisal Rights on page 58 and in *Annex C*. Generally, in order to exercise appraisal rights, each holder of Vytek capital stock seeking to exercise such holder s appraisal rights must perfect the holder s appraisal rights by:

sending a written demand to Vytek for appraisal in compliance with Delaware law before the vote on the merger;

not voting in favor of the merger proposal; and

continuously holding the Vytek capital stock from the date of the holder s written demand for appraisal through the closing of the merger.

Merely voting against the merger will not perfect the appraisal rights of Vytek stockholders. Since the procedures for perfecting appraisal rights are complicated, you are urged to read *Annex C* in its entirety.

Q: Do California Amplifier stockholders have appraisal rights in the merger?

A: No. California Amplifier stockholders do not have appraisal rights in connection with the share issuance or the merger.

Q: What if the merger is not completed?

A: It is possible that the merger will not be completed. This might happen if, for example, Vytek s stockholders do not approve the merger proposal or the certificate amendment, or if California Amplifier s stockholders do not approve the issuance of shares of California Amplifier common stock in connection with the merger. Should that occur, neither California Amplifier nor Vytek is under any obligation to make or consider any alternative proposal regarding the combination of Vytek and California Amplifier. In certain circumstances, however, either California Amplifier or Vytek may be obligated to pay the other party a termination fee and reimburse the other party for certain expenses, as further described in the section entitled The Merger Agreement Termination Liquidated Damages and Expenses on page 67.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting of California Amplifier or Vytek, as applicable. You can do this in one of three ways:

first, you can send a written notice to the appropriate address below stating that you would like to revoke your proxy;

second, you can complete and submit a later-dated proxy card to the appropriate address below; or

third, you can attend the special meeting of California Amplifier or Vytek, as applicable, and vote in person. Your attendance at the special meeting alone will not revoke your proxy. You must vote at the special meeting in order to revoke your previously submitted proxy.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Shares held in street name are shares held in brokerage accounts or held by other nominees on a stockholder s behalf. Your broker or nominee will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker or nominee regarding how to instruct your broker or nominee to vote your shares. If you do not instruct your broker or nominee, your shares will not be voted.

Q: When and where will the special meetings of California Amplifier and Vytek be held?

A: The California Amplifier special meeting will be held on , 2004, at a.m., Pacific Time, at:

Radisson Hotel Oxnard
600 East Esplanade Drive
Oxnard, CA 93030

The Vytek special meeting will be held on , 2004, at a.m., Pacific Time, at:

Vytek Corporation

12670 High Bluff Drive
San Diego, CA 92130

Q: When do you expect the merger to be completed?

A: The transaction is anticipated to close in the second calendar quarter of 2004, and no integration can begin until after the closing.

Q: Should Vytek stockholders send in their stock certificates now?

A: No. After the merger is completed, Vytek stockholders will receive written instructions for exchanging Vytek stock certificates. Please do not send in your stock certificates with your signed proxy card for the special meeting.

Q: What do I do if I have questions?

A: If you have any questions about the merger or if you need additional copies of this joint proxy statement/ prospectus and you are a California Amplifier stockholder, you should contact:

Georgeson Shareholder Communications Inc.
(800) 214-4817

If you have any questions about the merger or if you need additional copies of this joint proxy statement/ prospectus and you are a Vytek stockholder, you should contact:

Vytek Corporation

12670 High Bluff Drive
San Diego, California 92130
Attention: Alexia Brown, Esq.
Telephone: (858) 554-1400
Fax: (858) 554-1404

SUMMARY

This brief summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that is important to Vytek or California Amplifier stockholders. Stockholders are urged to read carefully the entire document and the other documents referred to and incorporated by reference in this document to fully understand the merger. In particular, stockholders of Vytek should read the documents attached to this joint proxy statement/prospectus, including the Merger Agreement, which is attached as Annex A, as it is the legal document that governs the merger. For a guide as to where you can obtain more information on California Amplifier, see Where You Can Find More California Amplifier Information on page 158.

California Amplifier provided the information in this joint proxy statement/prospectus about California Amplifier and Vytek provided the information in this joint proxy statement/prospectus about Vytek.

The Companies (pages 73 and 123)

CALIFORNIA AMPLIFIER, INC.

1401 North Rice Avenue
Oxnard, California 93030
(805) 987-9000

California Amplifier, Inc. designs, manufactures and markets microwave equipment used in the reception of television programming transmitted from satellites and wireless terrestrial transmission sites, and two-way transceivers used for wireless high-speed Internet (broadband) service. California Amplifier s Satellite business unit designs and markets reception products principally for the Direct Broadcast Satellite, or DBS, subscription television market in the United States, as well as a full line of consumer and commercial products for video and data reception. The Wireless Access business unit designs and markets integrated reception and two-way transmission equipment for broadband data and video applications. California Amplifier is an ISO 9001 certified company.

VYTEK CORPORATION

12670 High Bluff Drive
San Diego, California 92130
(858) 554-1400

Vytek is a provider of technology integration solutions, catering to the needs of enterprises and original equipment manufacturers, or OEMs, in the emerging wireless and mobile computing sector. The company provides integrated solutions leveraging a mix of professional services and proprietary software and hardware platforms. Vytek has a broad array of expertise in wireless technologies, ranging from emerging standards in WiFi (802.11 a/b/g), Bluetooth, Zigbee/802.15.4, and GPRS to specialized technologies such as Project 25/ Land Mobile Radio, Radio Frequency Identification, or RFID, and Paging (Flex/ ReFlex) for next generation devices and products. In addition to its specialty in emerging wireless technologies, Vytek is one of the leading firms in delivering both the embedded computing platform and the complex software (content delivery) systems essential to powering mobile computing.

MOBILE ACQUISITION SUB, INC.

1401 North Rice Avenue
Oxnard, California 93030
(805) 987-9000

Incorporated in Delaware on December 18, 2003, Mobile Acquisition Sub, Inc. is a wholly-owned subsidiary of California Amplifier organized solely for the purpose of functioning as an acquisition vehicle and has not conducted any business operations.

The Reasons for the Merger (pages 39, 40 and 45)

The merger will advance the mutual strategic objectives of the two companies of enhancing their respective leadership positions in the marketplace and strengthen the outlook for both companies. California Amplifier and Vytek share a common vision in the creation of a large scale, industry leading wireless access and mobile solutions provider. California Amplifier s and Vytek s reasons for the merger also include, among other reasons, the following:

The merger would combine two companies with complementary strengths California Amplifier s radio frequency engineering expertise, high volume manufacturing capability, leadership position as a supplier of microwave reception and transmission equipment and strong balance sheet, with Vytek s hardware and software design expertise for wireless access and mobile solutions, diversified customer base arrayed across a number of vertical markets, and a larger, more geographically dispersed sales and marketing force;

the merger may enhance the potential of the combined company to expand its market share and increase the combined company s ability to compete effectively in the wireless access products and mobile solutions market;

the merger may provide the combined company with the opportunity to expand its product offerings, which could expand its customer base to obtain advantages and efficiencies in the marketing, selling and pricing of its products;

the merger may accelerate California Amplifier s and Vytek s expansion into product markets that are anticipated to have higher growth opportunities;

the merger may provide the opportunity for certain operational cost efficiencies for the combined company;

the merger may broaden and expand the support that the combined company may offer to its existing clients;

the merger may increase the efficiency of the sales team of the combined company and allow for stronger relations with the combined company s alliance partners;

the combined company will have an enhanced management team that has the breadth and depth to effectively lead and manage the combined company s growth; and

the combined company s larger business and stockholder base may allow the combined company to attract greater attention in the investment community than either of California Amplifier or Vytek operating alone.

Overall, both California Amplifier and Vytek believe that the merger will provide added value to their respective stockholders. Achieving these anticipated benefits, however, is subject to risk and uncertainty, including the risks discussed in Risk Factors beginning on page 18.

The Merger and the Merger Agreement (pages 36 and 54)

California Amplifier and Vytek have entered into a merger agreement that provides for the merger of Vytek and Acquisition Sub, a wholly-owned subsidiary of California Amplifier. As a result of the merger, Vytek will become a wholly-owned subsidiary of California Amplifier. Holders of Vytek s capital stock will be entitled to receive California Amplifier common stock in exchange for their capital stock in Vytek.

California Amplifier Share Issuance Vote Required (page 30)

The merger agreement and the merger need not be approved by the stockholders of California Amplifier. However, due to the number of shares of California Amplifier common stock to be issued pursuant to the merger, the rules of The Nasdaq National Market require that the issuance of shares of common stock by California Amplifier in connection with the merger be approved by the stockholders of California Amplifier holding a majority of the shares of California Amplifier common stock voted at the California Amplifier special meeting.

Share Ownership of California Amplifier Directors and Officers

As of the close of business on the record date for the special meeting of California Amplifier stockholders, directors and officers of California Amplifier (and their respective affiliates) collectively owned approximately 7.8% of the outstanding shares of California Amplifier entitled to vote at the California Amplifier special meeting.

Recommendation to California Amplifier Stockholders (page 30)

The board of directors of California Amplifier believes that the terms of the merger and the merger agreement are advisable and fair to, and in the best interests of, California Amplifier and its stockholders and unanimously recommends that you vote **FOR** the issuance of shares of California Amplifier common stock to the stockholders of Vytek and the holders of all outstanding Vytek options and warrants, which will be assumed by California Amplifier in accordance with the merger agreement.

Vytek Merger Vote Required (page 33)

The approval of the merger proposal requires the affirmative vote of:

- the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis; and
- the holders of a majority of the outstanding shares of Series A Preferred and Series B Preferred, voting together as a single class.

Vytek Certificate Amendment (pages 33 and 72)

As a closing condition to the merger, Vytek must approve an amendment to its Amended and Restated Certificate of Incorporation in order to exempt the merger and related transactions from triggering the liquidation preferences in the Amended and Restated Certificate of Incorporation and to clarify that the terms of the merger agreement will govern the distribution of consideration to Vytek stockholders in connection with the merger.

Approval of the merger proposal is contingent upon stockholder approval of the certificate amendment. The approval of the certificate amendment requires the affirmative vote of:

- the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis;
- the holders of a majority of the outstanding shares of Series A Preferred voting separately as a single class;
- the holders of a majority of the outstanding shares of Series B Preferred voting separately as a single class;
- the holders of a majority of the outstanding shares of Series Junior Preferred voting separately as a single class; and
- the holders of a majority of the outstanding shares of Vytek common stock voting separately as a single class.

Voting Agreements (page 69)

As of the close of business on the record date for the special meeting of Vytek stockholders, the directors and executive officers of Vytek, and certain stockholders affiliated with them, collectively owned approximately 70% of the outstanding shares of Vytek entitled to vote at the special meeting, including 70% of the outstanding shares of Vytek common stock and preferred stock calculated on an as-if-converted to common stock basis, 91% of the outstanding shares of Series A Preferred and Series B Preferred taken together, 28% of the outstanding shares of Vytek common stock, 91% of the outstanding shares of Series A Preferred, 89% of the outstanding shares of the Series B Preferred, and none of the outstanding shares of Series Junior Preferred.

These directors and officers, along with certain stockholders affiliated with them, have entered into voting agreements with California Amplifier in which they agreed to vote a portion of their shares for the approval of the merger proposal and the approval of the certificate amendment and against any proposals adverse to the merger. As of the record date, approximately 32.6% of the outstanding shares of Vytek common stock and preferred stock, calculated on an as-if-converted to common stock basis, 42.1% of the outstanding shares of Series A Preferred and Series B Preferred taken together, 42.2% of the outstanding shares of Series A Preferred, 41.8% of the outstanding shares of Series B Preferred, 13.7% of the outstanding shares of Vytek common stock and none of the outstanding shares of Series Junior Preferred were subject to such voting agreements.

Recommendation to the Vytek Stockholders (page 32)

The Vytek board of directors believes that the terms of the merger and the merger agreement are advisable and fair to, and in the best interests of, Vytek and its stockholders and unanimously recommends that you vote **FOR** the approval of the merger proposal and the approval of the Vytek certificate amendment.

Assumption of Options and Warrants (pages 56 and 57)

Immediately prior to the merger, each option to purchase shares of Vytek common stock will vest in full. Under the terms of the merger agreement, Vytek has agreed to use its commercially reasonable efforts to facilitate the exercise of all in-the-money options prior to the effective time of the merger. In connection with the merger, California Amplifier will assume all options to purchase shares of Vytek common stock, including the existing Vytek option plan, and all warrants to purchase shares of Vytek capital stock that are outstanding immediately prior to the effective time of the merger.

Each option and warrant that is not exercised and is still outstanding at the effective time, regardless of whether such option or warrant is in-the-money or out-of-the-money, will be converted into the right to receive shares of California Amplifier common stock at the same exchange ratio applicable to the type of Vytek capital stock for which the option or warrant was exercisable prior to the merger. As of February 2, 2004, 1,623,698 options to purchase shares of Vytek common stock remained available for grant under Vytek s existing option plan. As a result of assuming the existing Vytek option plan, California Amplifier will be able to grant options exercisable for up to 135,012 shares of California Amplifier common stock to current Vytek employees.

Risks Related to the Merger (page 18)

The merger of California Amplifier and Vytek involves a variety of significant risks. These risks include, among others, the risk that the revenues of the combined company may be adversely affected should any decline in the demand for its satellite products occur, as currently, the revenues of California Amplifier are heavily derived from sales of outdoor reception equipment used in the U.S. DBS industry, which is dominated by two service providers that control the equipment procurement process. Other risks include:

- California Amplifier and Vytek may be unable to successfully integrate their respective existing business operations;
- the merger could be perceived negatively by key customers;
- the issuance of additional shares of California Amplifier common stock pursuant to the merger may adversely affect California Amplifier s stock price; and
- the combined company may be unable to compete successfully against current and potential competitors.

Please see the section entitled Risk Factors beginning on page 18 for a more complete discussion of the risks related to the merger.

Management and Directors of the Combined Company after the Merger (page 123)

Following the merger, the management team for the combined company will not be significantly different from the current management team of California Amplifier. Tracy Trent, Executive Vice President and Chief Operating Officer of Vytek, will become President of the Vytek Solutions Division of California Amplifier following the merger. Additionally, James E. Ousley, President and Chief Executive Officer of Vytek, will be nominated as a director of California Amplifier in connection with the merger, subject to the corporate governance board nominating procedures of California Amplifier. If none of the current members of California Amplifier s board of directors is removed or resigns, Mr. Ousley s nomination would require California Amplifier to increase the size of its board.

As a condition to the completion of the merger, all of the current directors of Vytek and any executive officers designated by California Amplifier must tender their resignation from Vytek.

Conditions to Completion of the Merger (page 65)

The completion of the merger depends upon a number of conditions being met, including:

- the approval of the merger proposal and approval of the certificate amendment by the requisite vote of Vytek s stockholders;
- the approval of the share issuance by the requisite vote of California Amplifier s stockholders;
- the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- the entry into lock-up agreements by certain stockholders of Vytek, including certain officers and directors of Vytek; and
- other customary contractual conditions specified in the merger agreement.

No Solicitation of Third Party Acquisitions by Vytek (page 62)

With certain exceptions, Vytek has agreed that neither it nor its representatives will (i) directly or indirectly encourage, solicit, participate in or initiate discussions or negotiations with any person or group (other than California Amplifier or Acquisition Sub) concerning any third party acquisition, (ii) provide any non-public information to any person or group related to a third party acquisition or (iii) agree to recommend a third party acquisition to Vytek s stockholders.

Termination of the Merger Agreement (page 66)

California Amplifier and Vytek can mutually agree to terminate the merger agreement without completing the merger. In addition, either California Amplifier or Vytek may terminate the merger agreement upon the occurrence of a number of events, including if:

- the other party fails to comply in any material respect with any of its covenants or agreements contained in the merger agreement and fails to cure such noncompliance within 15 business days of receiving notice of the failure to comply;
- the other party breaches any representation or warranty that results in such party s failure to fulfill a condition to the other party s obligation to effect the merger and fails to cure such breach within 15 business days of receiving notice of the breach;
- the merger is not completed by June 30, 2004; or
- either party s stockholders fail to approve the matters to be voted on in connection with the merger.

California Amplifier may unilaterally terminate the merger agreement upon the occurrence of a number of events, including if:

Vytek s board of directors withdraws or modifies its approval or recommendation of the merger agreement or the merger in a manner adverse to California Amplifier;

Vytek s board of directors submits or recommends a superior proposal to the Vytek stockholders; or

Vytek willfully and deliberately breaches its obligations to California Amplifier with respect to a third party acquisition.

Vytek may unilaterally terminate the merger agreement upon the occurrence of a number of events, including if:

Vytek receives a superior proposal, resolves to accept such proposal, and pays any applicable termination fee; or

California Amplifier s board of directors withdraws or modifies its approval or recommendation of the share issuance in a manner adverse to Vytek.

Termination Liquidated Damages and Expenses (page 67)

If the merger agreement is terminated, under certain circumstances either Vytek or California Amplifier may be required to pay the other party a termination fee. Vytek must pay California Amplifier a termination fee of $2,000,000 if:

Vytek terminates the merger agreement as a result of its receipt and resolution to accept a superior proposal;

California Amplifier terminates the merger agreement because Vytek s board of directors withdraws or modifies its approval or recommendation of the merger agreement or the merger in a manner adverse to California Amplifier;

California Amplifier terminates the merger agreement as a result of Vytek s willful and deliberate breach of its obligations with respect to a third party acquisition;

Either California Amplifier or Vytek terminates the merger agreement because Vytek s stockholders fail to approve the merger proposal and at the time of the Vytek stockholder vote a third party acquisition proposal was publicly disclosed and not withdrawn; or

California Amplifier terminates the merger agreement because Vytek s board of directors submits or recommends a superior proposal to the Vytek stockholders.

Vytek must pay California Amplifier an additional termination fee of $1,000,000 if:

The merger agreement is terminated in one of the ways described above and, within 15 months thereafter, Vytek consummates a third party acquisition.

Vytek must pay California Amplifier a termination fee of $3,000,000 if:

California Amplifier terminates the merger agreement because of Vytek s willful and deliberate breach of its obligations to California Amplifier with respect to a third party acquisition, and (i) California Amplifier is not in material breach of its obligations, (ii) Vytek has received a third party acquisition proposal, and (iii) within 15 months thereafter, Vytek has consummated a third party acquisition.

Vytek must pay California Amplifier a termination fee of $1,500,000 if:

- Either California Amplifier or Vytek terminates the merger agreement because Vytek s stockholders failed to approve the merger proposal other than in the circumstances when a third party acquisition proposal was publicly announced and not withdrawn at the time of the Vytek stockholder meeting.

California Amplifier must pay Vytek a termination fee of $1,500,000 if:

- Either California Amplifier or Vytek terminates the merger agreement because California Amplifier s stockholders failed to approve the issuance of California Amplifier shares pursuant to the merger; or
- Vytek terminates the merger agreement because California Amplifier s board of directors withdraws or modifies its approval or recommendation of the share issuance in a manner adverse to Vytek.

Under certain of the circumstances described above, the terminating party must reimburse the non-terminating party for up to $400,000 of costs, fees and expenses reasonably incurred by the non-terminating party in connection with the merger agreement, the merger and the consummation of the transactions contemplated by the merger agreement. Each of Vytek and California Amplifier will otherwise pay its own legal, accounting and investment banking fees and other expenses related to the merger.

For a more complete discussion of each circumstance in which a termination fee must be paid, see the section entitled The Merger Agreement Termination Liquidated Damages and Expenses on page 67.

Interests of Executive Officers and Directors of California Amplifier and Vytek in the Merger (page 45)

When considering the recommendation of the Vytek board of directors, you should be aware that some directors and officers of Vytek have interests in the merger that may be different from, or in addition to, other Vytek stockholders. These include, among other interests:

- certain Vytek directors and officers are affiliates of entities that beneficially own approximately 61% of Vytek s common stock and preferred stock calculated on an as-if-converted to common stock basis, as of February 2, 2004;
- Vytek officers and directors have rights to indemnification against specified liabilities;
- James E. Ousley, the current President and Chief Executive Officer of Vytek, (i) will be nominated as a director of California Amplifier in connection with the merger, subject to California Amplifier s corporate governance board nominating procedures and (ii) will be entitled to receive severance of $350,000 upon termination of his employment with Vytek, not including any position on the California Amplifier board of directors, if such termination occurs within one year of the effective time of the merger;
- Leonard Fassler, Chairman of the Board of Vytek, will receive a severance payment of $100,000 and an incentive bonus of $200,000 upon completion of the merger;
- Tracy Trent, Executive Vice President and Chief Operating Officer of Vytek, has entered into an employment agreement with California Amplifier to become President, Vytek Solutions Division, of California Amplifier, which is contingent on consummation of the merger;
- Walter Cook, Senior Vice President and Chief Financial Officer of Vytek will (i) receive an incentive bonus of $100,000 upon completion of the merger and (ii) will be entitled to receive severance of $180,000 upon termination of his employment with Vytek if such termination occurs within one year of the effective time of the merger; and
- Alexia Brown, Chief Legal Officer of Vytek, will receive an incentive bonus of $50,000 upon completion of the merger.

The board of directors of Vytek was aware of these interests and took them into consideration when they recommended that Vytek stockholders approve the merger proposal and the certificate amendment.

No directors or officers of California Amplifier have any interests in Vytek different from, or in addition to, other California Amplifier stockholders.

Opinion of California Amplifier s Financial Advisor (page 41)

In deciding to approve the merger and the actions related to the merger, California Amplifier s board of directors considered an opinion from its financial advisor, Ferris, Baker Watts, Incorporated, that, from a financial point of view, the consideration offered pursuant to the merger agreement is fair to the holders of California Amplifier common stock. The full text of this opinion is attached to this joint proxy statement/prospectus as *Annex B* and should be read carefully. Ferris, Baker Watts opinion is directed to California Amplifier s board of directors and does not constitute a recommendation as to how any holder of California Amplifier common stock should vote on any matter relating to the merger, including the issuance of California Amplifier common stock pursuant to the merger agreement.

Interests of California Amplifier s Financial Advisor (page 44)

Pursuant to the terms of Ferris, Baker Watts engagement letter with California Amplifier, California Amplifier has paid Ferris, Baker Watts $200,000 for services rendered and $15,000 for expenses incurred in connection with the delivery of its fairness opinion and has agreed to pay Ferris, Baker Watts an additional fee of approximately $1,260,000, payable in cash upon the closing of the merger, for its financial advisory services in connection with the merger.

Lock-Up Agreements (page 70)

Certain directors, officers and stockholders of Vytek are expected to enter into lock-up agreements with California Amplifier in connection with the merger. The lock-up agreements provide that each person entering into the lock-up agreement will not sell, transfer or otherwise dispose of any of the shares of California Amplifier common stock issued to that person at the closing of the merger for 180 days after the closing of the merger. Under the terms of the lock-up agreements, each stockholder entering into a lock-up agreement may transfer or sell (a) up to 50% of the shares of California Amplifier issued to that stockholder pursuant to the merger during the period beginning 180 days after the closing of the merger, and ending on the date that is 270 days after the closing of the merger and (b) up to an additional 25% of the shares issued to such person at the closing of the merger during the period beginning 270 days after the closing of the merger and ending on the one-year anniversary of the closing of the merger. All restrictions on the sale or transfer of California Amplifier common stock under the terms of the lock-up agreements expire on the one-year anniversary of the closing of the merger. It is within the sole discretion of California Amplifier to release any of the parties to the lock-up agreements from those agreements prior to the expiration of the restrictive periods; provided, however, that in the event California Amplifier sells shares in connection with an underwritten offering registered under the Securities Act, each of the stockholders who has entered into a lock-up agreement will be permitted to participate in that offering pursuant to the terms of a registration rights agreement.

Restrictions on the Ability of Vytek Affiliates to Sell California Amplifier Stock (page 53)

Subject to the provisions of the lock-up agreements, all shares of California Amplifier common stock that Vytek stockholders receive in connection with the merger will be freely transferable unless the holder is considered an affiliate of Vytek prior to the merger or of California Amplifier following the merger for purposes of the federal securities laws. Shares of California Amplifier common stock held by these affiliates may be sold only pursuant to a registration statement or an exemption under the Securities Act. The registration statement, of which this joint proxy statement/ prospectus forms a part, is a registration statement for the resale of the California Amplifier common stock that will be owned after the merger by individuals and entities that are affiliates of Vytek and will not be affiliates of California Amplifier. Those former Vytek affiliates will therefore be able to freely sell the shares they receive pursuant to the merger, subject to the lock-up agreement restrictions and existence of an effective registration statement for the shares. California Amplifier will make copies of this joint proxy statement/ prospectus available to the affiliates who intend to resell the shares of California Amplifier common stock received by them pursuant to the merger and has informed the selling stockholders of the need for delivery of a copy of this joint proxy statement/prospectus to each purchaser of the resale shares prior to or at the time of any sale of the resale shares offered hereby. After the merger (if required by applicable law, rules or regulations), California Amplifier has agreed with Vytek to file a post-effective amendment on Form S-3 to the registration statement of which this joint proxy statement/ prospectus is a part, which post-effective amendment will include a resale prospectus for the benefit of the selling stockholders of the number of shares of California Amplifier common stock received by those selling stockholders pursuant to the merger, and to keep this amendment effective until the earliest of (i) two years after the effective time of the merger, (ii) the date of final sale by the selling stockholders of all shares of California Amplifier common stock registered on the amendment and (iii) the date all shares of California Amplifier registered on the amendment become saleable pursuant to Rule 144 of the Securities Act without registration or limitation.

Escrow Agreement (page 70)

Upon the closing of the merger, California Amplifier will enter into an escrow agreement with James E. Ousley, as the designated representative of the Vytek stockholders, and a commercial bank, or its designee, as escrow agent. Under the terms of the merger agreement and the escrow agreement, 854,700, or approximately 10.4%, of the shares of California Amplifier common stock otherwise issuable to the Vytek stockholders at the closing of the merger will be placed in escrow as security for potential indemnity claims by California Amplifier under the merger agreement and for the payment, if necessary, of any obligation arising out of the working capital adjustment as defined in the merger agreement. The number of escrow shares will be deducted, on a pro rata basis, from the shares of California Amplifier common stock to be received by the Vytek stockholders at the closing of the merger.

The stockholder representative may direct the sale of some or all of the escrow shares, for a price of at least $11.00 per share, and deposit the proceeds received from such sale of the escrow shares into the escrow fund. Subject to any claims by California Amplifier for indemnification or the working capital adjustment, except for an amount equal in value to $2,000,000, all shares of California Amplifier common stock and any cash in the escrow fund will be released to the Vytek stockholders, in accordance with their pro rata portion, 15 months after the closing. All remaining shares of California Amplifier common stock and any remaining cash in the escrow fund will be released to the Vytek stockholders, in accordance with their pro rata portion, two years after the closing, subject to any then pending and unresolved claims for indemnification or the working capital adjustment.

Indemnification by Vytek (page 64)

If the merger agreement is approved and the merger occurs, all holders of Vytek capital stock who have not perfected appraisal rights under Delaware law will be deemed to have agreed to indemnify California Amplifier in certain specified circumstances. Under the merger agreement, after the merger is completed, California Amplifier, Acquisition Sub, Vytek and their respective affiliates, officers, directors, employees, stockholders, representatives and agents, collectively, the purchaser indemnitees, will be indemnified against losses or damages arising out of, or in connection with, any inaccuracy in or breach of any of Vytek s representations, warranties, covenants or agreements contained in the merger agreement. If California Amplifier or any other purchaser indemnitee suffers any losses which are subject to the indemnity, it can recover these losses solely by taking back shares of California Amplifier common stock deposited with the escrow agent or cash in the escrow fund equal in value to the damages suffered by California Amplifier or such other purchaser indemnitee, as applicable.

California Amplifier will not be entitled to indemnification with respect to any matters until the total of all losses to California Amplifier exceeds $100,000. If the total amount of losses exceeds $100,000, then California Amplifier will only be indemnified for those losses in excess of $100,000. Any indemnification claims will be paid from the escrow fund on a pro rata basis with respect to each Vytek stockholder. The maximum amount of losses recoverable by California Amplifier and the other indemnitees is $8,000,000.

California Amplifier will not have any indemnification rights against the stockholders of Vytek beyond the escrow fund, and the escrow fund will be the sole and exclusive remedy of California Amplifier for any breach by Vytek of the merger agreement.

Indemnification by California Amplifier (page 64)

Vytek stockholders and their respective affiliates, officers, directors, stockholders, representatives and agents, collectively, the stockholder indemnitees, are entitled to indemnification in certain specified circumstances. Under the merger agreement, after the merger is completed, Vytek stockholders and the other stockholder indemnitees will be indemnified against losses or damages arising out of, or in connection with, any inaccuracy in or breach of any of California Amplifier s representations, warranties, covenants or agreements contained in the merger agreement.

Vytek stockholders and the other stockholder indemnitees will not be entitled to indemnification with respect to any matters until the total of all losses to such stockholder indemnitees exceeds $100,000. If the total amount of losses exceeds $100,000, then the stockholder indemnitees will only be indemnified for those losses in excess of $100,000. The maximum amount of losses recoverable by Vytek stockholders and the other stockholder indemnitees is $8,000,000.

Material United States Federal Income Tax Considerations (page 48)

The merger is expected to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, also referred to as the Code. Assuming that the merger so qualifies, the stockholders of Vytek will not recognize any gain or loss on the receipt of California Amplifier common stock in exchange for their shares of Vytek capital stock. The stockholders, however, will recognize any gain or loss attributable to the receipt of cash in lieu of a fractional share of California Amplifier common stock.

The parties have obtained opinions of their respective tax counsel, dated as of February 13, 2004, to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code. These opinions have been based on certain assumptions and representations that are forward looking in nature. Any inaccuracy or change in such assumptions or representations could adversely affect the conclusions reached in such opinions. Vytek stockholders should be aware that opinions of counsel as to the status of the merger as a reorganization under Section 368(a) of the Code is not a condition to the closing of the merger and that the parties intend to consummate the merger even if, as of the closing date, such representations and assumptions are not in fact true and accurate, and as a result, the merger does not qualify as a reorganization under Section 368(a) of the Code. In the event that the merger does not so qualify, the merger would be a taxable transaction to Vytek stockholders.

Tax consequences of the merger are complicated and the tax consequences of the merger to you will depend on your particular facts and circumstances. We urge you to consult with your own tax advisor regarding the tax consequences of the merger in light of your particular facts and circumstances.

Forward-Looking Statements May Prove Inaccurate (page 17)

California Amplifier and Vytek have made forward-looking statements in this joint proxy statement/prospectus (and in documents that are incorporated by reference in this joint proxy statement/prospectus) that are subject to risks and uncertainties. Forward-looking statements include the information concerning possible or assumed future results of operations of California Amplifier, Vytek or the combined company. Also, words such as believes, expects, anticipates or similar expressions indicate that a forward-looking statement is being made. Stockholders should note that many factors could affect the future financial results of the combined company, and could cause these results to differ materially from those expressed in forward-looking statements. For a description of these factors that could affect the future financial results of the combined company, see Risk Factors on page 18.

California Amplifier Market Price Information (page 15)

Shares of California Amplifier common stock are quoted on The Nasdaq National Market. On December 23, 2003, the last full trading day prior to the public announcement of the merger, California Amplifier common stock closed at $10.05 per share. On February 10, 2004, California Amplifier common stock closed at $14.30 per share.

Vytek Market Price Information (page 16)

Market prices of Vytek stock are not available, as it is a privately held company.

How the Rights of Vytek Stockholders Differ from California Amplifier Stockholders (page 146)

When Vytek stockholders become California Amplifier stockholders after the merger, their rights will be governed by California Amplifier s certificate of incorporation and bylaws. Those rights differ from the current rights of Vytek stockholders under Vytek s certificate of incorporation and bylaws. In general, preferential rights of the Vytek preferred stock will no longer exist, and all stockholders will have identical rights as holders of California Amplifier common stock. For a description of the differences between the rights of holders of Vytek capital stock and California Amplifier common stock, see Comparison of Rights of Holders of California Amplifier Capital Stock and Holders of Vytek Capital Stock on page 146.

The Special Meeting of California Amplifier Stockholders (page 30)

Time, Date and Place. The California Amplifier Special Meeting will be held on , 2004, at , Pacific Time, at the Radisson Hotel Oxnard, 600 East Esplanade Drive, Oxnard, California 93030.

Purpose of Meeting. At the California Amplifier special meeting, stockholders of California Amplifier will be asked to consider and vote on (i) a proposal for the issuance of California Amplifier common stock in connection with the merger and (ii) a proposal to consider and vote upon such other matters as may properly come before the California Amplifier special meeting, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

Record Date and Voting Power. You are entitled to vote at the California Amplifier special meeting if you owned shares of California Amplifier common stock at the close of business on , 2004, the record date for the California Amplifier special meeting. As of the close of business on February 9, 2004, there were outstanding and entitled to vote 14,903,012 shares of California Amplifier common stock. Each holder of California Amplifier common stock on the record date will be entitled to one vote for each share held.

The Special Meeting of Vytek Stockholders (page 32)

Time, Date and Place. The Vytek special meeting will be held on , 2004, at , Pacific Time, at Vytek s headquarters located at 12670 High Bluff Drive, San Diego, California 92130.

Purpose of Meeting. At the Vytek special meeting, stockholders of Vytek will be asked to consider and vote on (i) a proposal to adopt the merger agreement, (ii) a proposal to approve an amendment to Vytek s Amended and Restated Certificate of Incorporation, the certificate amendment, in order to exempt the merger and related transactions from triggering the liquidation preferences in the Amended and Restated Certificate of Incorporation and to clarify that the terms of the merger agreement will govern the distribution of consideration to Vytek stockholders in connection with the merger and (iii) a proposal to consider and vote upon such other matters as may properly come before the Vytek special meeting, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

The certificate amendment can be found at Exhibit C to the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A*.

Record Date and Voting Power. You are entitled to vote at the Vytek special meeting if you owned shares of Vytek capital stock at the close of business on , 2004, the record date for the Vytek special meeting. As of the close of business on February 2, 2004, there were outstanding and entitled to vote 13,576,150 shares of Vytek common stock, 22,950,784 shares of Series A Preferred, 4,256,406 shares of Series B Preferred and 22,790 shares of Series Junior Preferred. Each holder of Vytek common stock on the record date will be entitled to one vote for each share held. Each holder of Vytek preferred stock on the record date will be entitled to a number of votes equal to the number of shares of Vytek common stock into which such shares of preferred stock could then be converted. For purposes of voting, each share of the Series A Preferred is convertible into shares of Vytek common stock on a 1:1 basis, each share of the Series B Preferred is convertible into shares of Vytek common stock on a 1:1 basis, and each share of Junior Preferred is convertible into shares of Vytek common stock on a 1:1 basis.

Questions about the Merger

If you have any questions about the merger or if you need additional copies of this joint proxy statement/prospectus, you should contact our information agent, Georgeson Shareholder Communications Inc., at (800) 214-4817.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

OF CALIFORNIA AMPLIFIER
(in thousands, except per share data)

You should read the following table in conjunction with California Amplifier s historical consolidated financial statements and related notes and California Amplifier s Management s Discussion and Analysis of Financial Condition and Results of Operations included in California Amplifier s annual reports, quarterly reports and other information on file with the SEC. See Where You Can Find More California Amplifier Information on page 158.

The consolidated statement of operations data for the fiscal years ended February 28, 2003, 2002, and 2001 and the consolidated balance sheet data as of February 28, 2003 and 2002 have been derived from the audited consolidated financial statements of California Amplifier incorporated by reference to California Amplifier s Annual Report on Form 10-K for the year ended February 28, 2003. The consolidated statement of operations data for the fiscal years ended February 28, 2000 and 1999 and the consolidated balance sheet data as of February 28, 2001, 2000 and 1999 are derived from California Amplifier s financial statements not incorporated by reference in this joint proxy statement/prospectus. The consolidated statement of operations data for the nine months ended November 30, 2003 and 2002 and the consolidated balance sheet data as of November 30, 2003 have been derived from the unaudited financial statements of California Amplifier incorporated by reference to California Amplifier s Report on Form 10-Q for the period ended November 30, 2003.

	Nine Months Ended November 30,		Fiscal Year Ended February 28,				
	2003	2002	2003	2002	2001	2000	1999
Consolidated Statement of Operations Data:							
Net revenues	$87,011	$73,973	$100,044	$100,715	$117,129	$79,429	$33,248
Gross profit	11,240	16,577	20,533	22,373	23,001	15,003	9,062
Operating income (loss)	2,996	6,815	8,210	5,259	8,109	1,344	(2,022)
Income (loss) from continuing operations	2,740	4,189	5,160	2,874	4,940	(5,266)	(1,313)
Income (loss) from continuing operations per share:							
Basic	$ 0.19	$ 0.29	$ 0.35	$ 0.21	$ 0.37	$ (0.44)	$ (0.11)
Diluted	$ 0.18	$ 0.28	$ 0.35	$ 0.21	$ 0.35	$ (0.44)	$ (0.11)
Shares used in basic per share calculations	14,760	14,605	14,639	13,727	13,507	12,072	11,782
Shares used in diluted per share calculations	15,128	14,840	14,870	13,979	14,217	12,072	11,782

	November 30,	February 28,				
	2003	2003	2002	2001	2000	1999
Consolidated Balance Sheet Data:						
Working capital	$38,226	$34,687	$30,259	$20,491	$ 4,472	$15,478
Total assets	93,662	89,597	56,688	49,812	51,497	25,549
Total debt	13,249	15,574	4,545	5,144	5,117	1,113
Stockholders equity	61,943	58,623	37,580	29,624	18,281	20,065

UNAUDITED COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE INFORMATION

The following table presents certain unaudited historical per share and combined pro forma per share information of California Amplifier, Vytek and Stellcom, Inc., a wholly-owned subsidiary of Vytek acquired April 3, 2003, or Stellcom, after giving effect to the merger using the purchase method of accounting. Because of Stellcom s materiality in relation to Vytek, the pro forma condensed combined statements of operations included elsewhere in this joint proxy statement/prospectus include Stellcom for the period prior to its acquisition by Vytek. Accordingly, the amounts shown below for Unaudited Pro Forma Combined Per Common Share Information: Net income (loss) basic and Net income (loss) diluted include Stellcom s results of operations.

The pro forma information does not purport to be indicative of the results of future operations or the results that would have occurred had the merger of California Amplifier and Vytek been consummated at the beginning of the periods presented. The information set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of California Amplifier incorporated by reference in this joint proxy statement/prospectus, the respective financial statements and notes thereto of Vytek and Stellcom included in this joint proxy statement/prospectus, and the unaudited pro forma condensed combined consolidated financial information included elsewhere in this joint proxy statement/prospectus. The unaudited pro forma combined and unaudited pro forma equivalent per share information: (i) combine the results of operations of California Amplifier for the year ended February 28, 2003 with the respective results of operations of Vytek and Stellcom for the year ended December 31, 2002; (ii) combine the results of operations of California Amplifier for the nine months ended November 30, 2003, Vytek for the nine months ended September 30, 2003 and Stellcom (which is included in Vytek s results beginning April 3, 2003) for the period from January 1, 2003 to April 2, 2003; and (iii) combine California Amplifier s financial position at November 30, 2003 with Vytek s financial position at September 30, 2003. No cash dividends have ever been declared or paid on the common stock of California Amplifier, Vytek or Stellcom.

The following calculations were used in deriving the per share information:

Book value per share is computed by dividing total stockholders equity by the equivalent number of common shares outstanding as of November 30, 2003 for California Amplifier and as of September 30, 2003 for Vytek.

California Amplifier s unaudited pro forma combined book value per share is computed by dividing pro forma stockholders equity by the pro forma number of shares of common stock that would have been outstanding had the merger been consummated as of November 30, 2003.

Vytek s equivalent unaudited pro forma combined amounts are calculated by multiplying the California Amplifier pro forma combined per share income (loss) amounts and book value by the estimated exchange ratio of approximately 0.083151.

California Amplifier	At and for the Nine Months Ended November 30, 2003	For the Year Ended February 28, 2003
Historical Per Common Share Information:		
Net income basic	$0.19	$ 0.35
Net income diluted	$0.18	$ 0.35
Book value	$4.17	
Unaudited Pro Forma Combined Per Common Share Information:		
Net income (loss) basic	$0.08	$(0.25)
Net income (loss) diluted	$0.07	$(0.25)
Book value	$6.28	

Vytek	At and for the Nine Months Ended September 30, 2003	For the Year Ended December 31, 2002
Historical Per Common Share Information:		
Net loss basic and diluted	$(0.39)	$(3.82)
Book value	$(1.33)	
Equivalent Unaudited Pro Forma Combined Per Common Share Information:		
Net loss basic and diluted	$ 0.01	$(0.02)
Book value	$ 0.52	

MARKET PRICE AND DIVIDEND INFORMATION

California Amplifier Common Stock

California Amplifier s common stock is traded on The Nasdaq National Market under the symbol CAMP. California Amplifier s common stock began trading in December 1983. The following table sets forth the range of high and low sales prices reported on The Nasdaq National Market for California Amplifier common stock for the periods indicated.

	Common Stock Price	
	High	Low
Year ended February 28, 2002:		
First Quarter	$ 7.25	$5.03
Second Quarter	8.50	3.50
Third Quarter	5.72	3.55
Fourth Quarter	7.49	4.30
Year ended February 28, 2003:		
First Quarter	$ 7.24	$4.96
Second Quarter	6.40	3.46
Third Quarter	5.90	3.11
Fourth Quarter	6.49	3.76
Year ended February 28, 2004:		
First Quarter	$ 4.23	$3.07
Second Quarter	4.42	3.07
Third Quarter	11.60	4.05
Fourth Quarter (through February 10, 2004)	16.87	7.40

On December 23, 2003, the last full trading day prior to the public announcement of the merger agreement, the last reported sale price of California Amplifier common stock on The Nasdaq National Market was $10.05 per share. Based on this price for California Amplifier s common stock and the common stock exchange ratio of 0.083151, the equivalent per share price for Vytek s common stock on December 23, 2003 was $0.84 per share. On February 10, 2004, the last reported sale price of California Amplifier common stock on The Nasdaq National Market was $14.30 per share.

Because the market prices of California Amplifier common stock may fluctuate, the market prices per share of the shares of California Amplifier common stock that holders of Vytek capital stock will be entitled to receive pursuant to the merger, as reported on The Nasdaq National Market, may increase or decrease prior to the merger.

Vytek stockholders are urged to obtain current market quotations for California Amplifier common stock.

No assurances can be made as to what the market price of California Amplifier common stock will be at the effective time of the merger. The number of shares to be issued by California Amplifier pursuant to the merger will not fluctuate based on changes in the market price of California Amplifier s common stock. Accordingly, the market value of the shares of California Amplifier common stock that holders of Vytek capital stock will be entitled to receive may vary significantly from the prices shown above.

California Amplifier has not paid any cash dividends on its common stock and currently intends to retain any future earnings for use in its business. Accordingly, California Amplifier does not anticipate that any cash dividends will be declared or paid on its common stock in the foreseeable future. As of February 9, 2004, the most recent practicable date prior to the printing of this joint proxy statement/ prospectus, there were 1,537 record owners of California Amplifier common stock.

Vytek Capital Stock

There is no established public trading market for Vytek capital stock. In the opinion of Vytek management, due to a lack of an established public trading market for shares of Vytek capital stock, transactions in Vytek capital stock of which Vytek is aware have not occurred frequently enough to provide representative prices.

Vytek has never declared or paid any cash dividends on its capital stock. Vytek currently intends to retain any future earnings to finance the growth and development of its business and therefore does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon Vytek s financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors may deem relevant.

For restrictions that currently and materially limit Vytek s ability to pay dividends or that are reasonably likely to materially limit future dividends, other than the sufficiency of current or future earnings, see Comparison of Rights of Holders of California Amplifier Capital Stock and Holders of Vytek Capital Stock Dividends and Stock Repurchases on page 146.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

California Amplifier and Vytek believe this document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of the management of California Amplifier and Vytek, based on information currently available to each company s management. The use of words such as believes, expects, anticipates, intends, plans, estimates, should, likely or similar expressions indicates that a forward-looking stat being made. Forward-looking statements include, among other things, the information concerning possible or assumed future results of operations of California Amplifier or the combined company set forth under:

Summary ;

Risk Factors ;

The Merger ; and

Unaudited Pro Forma Condensed Combined Financial Information.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and stockholder values of California Amplifier, Vytek or the combined company may differ materially from those expressed in the forward-looking statements. Many of the factors that will determine these results and values are beyond California Amplifier s or Vytek s ability to control or predict. Stockholders are cautioned not to put undue reliance on any forward-looking statements. Those statements are made in reliance on the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under Risk Factors on page 18 and note also the following items:

the satisfaction or waiver of the conditions to closing of the merger, including receipt of stockholder approvals;

the ability of the combined company to raise sufficient capital to fund its programs following the merger;

the expected closing date of the merger;

the risk that the merger will not close;

the risk that the merger will not qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code for United States federal income tax purposes;

the risk that California Amplifier will not integrate the acquired business efficiently or successfully;

the risk that California Amplifier will incur unanticipated costs to integrate and restructure the acquired business;

fluctuations in the trading price and volume of California Amplifier common stock;

competitive factors, such as price competition from other products and competition from other companies; and

the cost of complying with current and future governmental regulations.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. California Amplifier and Vytek expressly disclaim any obligation to update or alter forward-looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

You should carefully consider the following risk factors related to the merger and the combined company before you decide whether to vote to approve the merger proposal and the certificate amendment, or to approve the proposed issuance of shares of California Amplifier common stock in connection with the merger. You should also consider the other information incorporated by reference, information included in this joint proxy statement/ prospectus and the additional information in California Amplifier s other reports on file with the SEC. See Where You Can Find More California Amplifier Information on page 158 for where you can find the additional risk factors incorporated by reference.

Risk Factors Relating to the Merger

California Amplifier may not successfully implement its plan for Vytek s business operations after the merger.

The integration of Vytek s operations into California Amplifier s business after the merger may be difficult, time consuming and costly. After completion of the merger, the combined company must successfully, among other things, integrate Vytek s sourcing capabilities into California Amplifier s sourcing and manufacturing capabilities. In addition, the combined company will need to retain Vytek s operating management, key employees, customers, distributors, vendors and other business partners. It is possible that these integration efforts will not be completed as planned, or will be more costly than anticipated, either of which could have an adverse impact on the operations of the combined company.

California Amplifier expects to incur potentially significant merger-related costs in connection with the transaction and the integration of Vytek s operations.

California Amplifier expects to incur charges of approximately $2.4 million in outside costs, including legal, accounting and financial advisory fees, which are expected to be accounted for as purchase related adjustments when the merger is completed. The actual transaction costs may be higher than this estimate. In addition, the combined company expects to incur integration costs associated with the merger. These integration costs could be charged to operations in the fiscal quarter in which they are incurred, which could adversely affect the combined company s financial condition, results of operations and cash flows.

California Amplifier will issue a fixed number of shares pursuant to the merger. The value of the shares of California Amplifier common stock at the time you receive them could be less than at the time you vote in favor of the merger.

In connection with the merger, California Amplifier will issue, or reserve for issuance, up to an aggregate of 8,318,122 shares of common stock, consisting of (i) 8,200,000 shares to be issued at the effective time of the merger and issuable upon the exercise of in-the-money options and in-the-money warrants to purchase Vytek common stock and preferred stock outstanding immediately prior to the effective time of the merger and (ii) up to an additional 118,122 shares issuable upon the exercise of out-of-the-money options and out-of-the-money warrants to purchase Vytek common stock and preferred stock that are outstanding immediately prior to the effective time of the merger. The number of shares of California Amplifier common stock to be issued pursuant to the merger will not be adjusted as a result of any change in the market price of California Amplifier common stock between the date of this joint proxy statement/ prospectus and the date you receive California Amplifier common stock. The market price of the California Amplifier common stock will likely be different on the date you receive such shares than it is today, because of changes in the business, financial condition, results of operations or prospects of California Amplifier, market reactions to our merger, general market and economic conditions and other factors. You are urged to obtain a current market quotation for California Amplifier common stock. See Market Price and Dividend Information on page 15.

Vytek stockholders may receive a lower return on their investment after the merger.

Although California Amplifier and Vytek believe that the merger will create financial, operational and strategic benefits for the combined company and its stockholders, these benefits may not be achieved. The combination of California Amplifier s and Vytek s businesses, even if conducted in an efficient, effective and timely manner, may not result in combined operating efficiencies and financial performance that are better than what each company would have achieved independently if the merger had not occurred. In addition, the issuance of California Amplifier common stock pursuant to the merger may result in a decrease in the market price of California Amplifier common stock.

Vytek s directors and officers may have interests in the merger that differ from, or are in addition to, their interests as Vytek stockholders in recommending the merger to Vytek stockholders.

In considering the recommendation of the Vytek board of directors that Vytek stockholders vote in favor of the merger proposal and the certificate amendment, Vytek stockholders should recognize that some of Vytek s directors and officers have interests in the merger that may differ from, or are in addition to, their interests as Vytek stockholders. These interests include:

current and future employment arrangements;

severance benefits;

conversion and acceleration of stock options; and

indemnification of directors and officers of Vytek against certain liabilities.

These and additional interests are described under the heading Interests of Executive Officers and Directors of California Amplifier and Vytek in the Merger on page 45.

Vytek stockholders will have a reduced ownership and voting interest after the merger.

After completion of the merger, Vytek stockholders will own a smaller percentage of the combined company and its voting stock than they currently own of Vytek. Consequently, Vytek stockholders will be able to exercise a lesser influence over the management and policies of the combined company.

California Amplifier could lose key Vytek personnel necessary to achieve the benefits California Amplifier and Vytek expect as a result of the merger.

Vytek s contribution to the combined company s success will depend in part on the continued service of key Vytek personnel. If a substantial portion of Vytek s operating management or other key employees leave after California Amplifier and Vytek complete the merger, the combined company s business could be adversely affected.

If California Amplifier is required to replace its current credit facility, it could require substantial amounts of cash, which could materially reduce the liquidity and financing available to California Amplifier.

As a condition to closing the merger, California Amplifier has agreed to replace or pay off its current credit facility in the event that it is unable to obtain any necessary consent to the transaction from its commercial bank lenders. If California Amplifier is unable to obtain the necessary consent from its commercial bank lenders and is unable to replace its current credit facility, it could require substantial amounts of cash to pay off its current credit facility that could materially reduce the liquidity and financing available to California Amplifier and could adversely affect its business and financial condition.

There can be no assurance that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code.

California Amplifier and Vytek do not plan to obtain a ruling from the Internal Revenue Service with regard to the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code. Nor is the issuance of an opinion of counsel in that regard a condition to the closing of the merger. Although the parties have obtained opinions of their respective tax counsel, dated as of February 13, 2004, as to the status of the merger as a reorganization under Section 368(a) of the Code, these opinions of counsel were given in reliance on customary representations of the parties and are subject to customary assumptions. Certain of those representations and assumptions are forward-looking in nature and there is no way of determining with any level of certainty that such representations and assumptions will be true and accurate as of the closing date of the merger. For example, although the opinions are based on certain assumptions relating to the number of dissenting shares, there is no way of determining whether or not such assumptions will be accurate. Any inaccuracy or change in the assumptions or representations could adversely affect the conclusions reached in the opinions. Vytek stockholders should be aware that the parties intend to consummate the merger even if, as of the closing date, such representations and assumptions are not in fact true and accurate, and as a result, the merger does not qualify as a reorganization under Section 368(a) of the Code. In the event that the merger does not so qualify, the merger would be a taxable transaction to Vytek stockholders.

Risk Factors and Trends Relating to the Combined Company

The combined company s business will be subject to many factors that could cause its quarterly or annual operating results to fluctuate and its stock price to be volatile.

Each of California Amplifier s and Vytek s quarterly and annual operating results have fluctuated in the past and may fluctuate significantly in the future due to a variety of factors, many of which are outside of their control. If the combined company s quarterly or annual operating results do not meet the expectations of securities analysts and investors, the trading price of its common stock could significantly decline. Some of the factors that could affect the combined company s quarterly or annual operating results include:

- the timing and amount of, or cancellation or rescheduling of, orders for the combined company s products;
- the combined company s ability to develop, introduce, ship and support new products and product enhancements and manage product transitions;
- announcements, new product introductions and reductions in price of products offered by our competitors;
- the combined company s ability to achieve cost reductions;
- the combined company s ability to obtain sufficient supplies of sole or limited source components for its products;
- the combined company s ability to achieve and maintain production volumes and quality levels for its products;
- the combined company s ability to maintain the volume of products sold and the mix of distribution channels through which they are sold;
- the loss of any one of the combined company s major customers or a significant reduction in orders from those customers;
- increased competition, particularly from larger, better capitalized competitors;
- fluctuations in demand for its products and services; and
- telecommunications and wireless market conditions specifically and economic conditions generally.

Due in part to factors such as the timing of product release dates, purchase orders and product availability, significant volume shipments of products could occur at the end of a fiscal quarter. Failure to ship products by the end of a quarter may adversely affect operating results. In the future, the combined company s customers may delay delivery schedules or cancel their orders without notice. Due to these and other factors, the combined company s quarterly revenue, expenses and results of operations could vary significantly in the future, and period-to-period comparisons should not be relied upon as indications of future performance.

Because some of the combined company s key components are from sole source suppliers or require long lead times, the business of the combined company is subject to unexpected interruptions, which could cause its operating results to suffer.

Some of the combined company s key components are complex to manufacture and have long lead times. Also, some of the combined company s components will be purchased from sole source vendors for which alternative sources are not readily available. In the event of a reduction or interruption of supply, or a degradation in quality, as many as six months could be required before the combined company would begin receiving adequate supplies from alternative suppliers, if any. As a result, product shipments could be delayed and revenues and results of operations would suffer. If the combined company receives a smaller allocation of component parts than is necessary to manufacture products in quantities sufficient to meet customer demand, customers could choose to purchase competing products and the combined company could lose market share.

The combined company s lack of product diversification means that any decline in price or demand for the combined company s products would adversely affect its business.

The combined company s satellite and wireless access products will account for a substantial portion of the combined company s revenue and are expected to do so for the foreseeable future. Consequently, a decline in the price of, or demand for, the combined company s satellite or wireless access products, or their failure to achieve or maintain broad market acceptance, could adversely affect the combined company s business.

If the combined company does not meet product introduction deadlines, its business could be adversely affected.

The combined company s inability to develop new products or product features on a timely basis, or the failure of new products or product features to achieve market acceptance, could adversely affect its business. In the past, both California Amplifier and Vytek have experienced design and manufacturing difficulties that have delayed the development, introduction or marketing of new products and enhancements, which caused them to incur unexpected expenses. In addition, some of California Amplifier s existing customers have conditioned their future purchases of the combined company s products on the addition of product features. In the past California Amplifier has experienced delays in introducing new features. Furthermore, in order to compete in some markets, the combined company will have to develop different versions of California Amplifier s and Vytek s existing products that operate at different frequencies and comply with diverse, new or varying governmental regulations in each market.

If demand for the combined company s products fluctuates rapidly and unpredictably, it may be difficult to manage the business efficiently, which may result in reduced gross margins and profitability.

The combined company s cost structure will be based in part on its expectations for future demand. Many costs, particularly those relating to capital equipment and manufacturing overhead, are relatively fixed. Rapid and unpredictable shifts in demand for the combined company s products may make it difficult to plan production capacity and business operations efficiently. If demand is significantly below expectations, the combined company may be unable to rapidly reduce these fixed costs, which can diminish gross margins and cause losses. A sudden downturn may also leave the combined company with excess inventory, which may be rendered obsolete as products evolve during the downturn and demand shifts to newer products. The combined company s ability to reduce costs and expenses may be further constrained because it must continue to invest in research and development to maintain its competitive position and to maintain service and support for its existing global customer base. Conversely, in the event of a sudden upturn, the combined company may incur significant costs to rapidly expedite delivery of components, procure scarce components and outsource additional manufacturing processes. These costs could reduce the combined company s gross margins and overall profitability. Any of these results could adversely affect the combined company s business.

Because the combined company intends to sell some of its products in countries other than the United States, subjecting it to different regulatory schemes, and the combined company will have a significant foreign supply base, the combined company may not be able to develop products that work with the different standards resulting in its inability to sell its products, and, further, it may be subject to political, economic, and other conditions affecting such countries that could result in reduced sales of the combined company s products, which could adversely affect its business.

If the combined company s sales are to grow in the longer term, it must continue to sell its products in many different countries. Many countries require communications equipment used in their country to comply with unique regulations, including safety regulations, radio frequency allocation schemes and standards. If the combined company cannot develop products that work with different standards, it will be unable to sell its products. If compliance proves to be more expensive or time consuming than the combined company anticipates, its business would be adversely affected. Some countries have not completed their radio frequency allocation process and therefore the combined company does not know the standards with which it would be forced to comply. Furthermore, standards and regulatory requirements are subject to change. If the combined company fails to anticipate or comply with these new standards, its business and results of operations will be adversely affected.

Sales to customers outside the U.S. accounted for 9.5%, 17.6% and 24.6% of California Amplifier s total sales for the fiscal years ended February 28, 2003, 2002 and 2001, respectively. Assuming that the combined company continues to sell its products to such customers, it will be subject to the political, economic and other conditions affecting countries or jurisdictions other than the U.S., including Africa, the Middle East, Europe and Asia. Any interruption or curtailment of trade between the countries in which the combined company operates and their present trading partners, change in exchange rates, significant shift in U.S. trade policy toward these countries, or significant downturn in the political, economic or financial condition of these countries, could cause demand for and sales of the combined company s products to decrease, or subject the combined company to increased regulation including future import and export restrictions, any of which could adversely affect its business.

Additionally, a substantial portion of California Amplifier s components and subassemblies are currently procured from foreign suppliers located primarily in Hong Kong, mainland China, Taiwan, and other Pacific Rim countries. Any significant shift in U.S. trade policy toward these countries or a significant downturn in the political, economic or financial condition of these countries could cause disruption of the combined company s supply chain or otherwise disrupt operations, which could adversely affect the business of the combined company.

Because California Amplifier relies on a relatively limited number of customers for a large portion of sales and business, the loss of a major customer could significantly harm the revenue of the combined company.

California Amplifier currently generates a significant portion of sales from a relatively small number of customers. Sales to California Amplifier s four largest customers accounted for approximately 71%, 82% and 65% of total sales in the fiscal years ended February 28, 2003, 2002 and 2001, respectively. The loss of, or a decrease in orders by, one or more of California Amplifier s major customers could adversely affect the combined company s sales, business and reputation.

California Amplifier does not currently have long-term contracts with customers and its customers may cease purchasing products at any time, which could significantly harm the revenues of the combined company.

California Amplifier generally does not have long-term contracts with its customers. As a result, California Amplifier s agreements with its customers do not currently provide the combined company with any assurance of future sales. These customers can cease purchasing products from the combined company at any time without penalty, they are free to purchase products from the combined company s competitors, they may expose the combined company to competitive price pressure on each order and they are not required to make minimum purchases.

Economic conditions could adversely affect the business of the combined company and its ability to raise capital.

The United States was recently in the midst of a general economic downturn, which had a severe negative impact on the worldwide telecommunications, consumer electronics and wireless industries. The rate at which the economy, in general and these industries in particular, recover from the downturn are crucial to the combined company s ability to improve its overall financial performance. If the recovery falters, or the economy slides back into a downturn, the business of the combined company could suffer and the combined company could experience reductions in sales, as well as financial losses, as customers of the combined company attempt to limit their spending. In addition, the adverse impact of any downturn on the capital markets could impair the ability of the combined company to raise capital as needed and impede the ability of the combined company to expand its business.

The combined company s wireless access business is subject to rapid technology changes, evolving standards and government regulation.

The market for broadband wireless Internet access that will be served by the combined company s wireless access business is subject to rapid technological change, frequent new service introductions and evolving industry standards. The future success of the combined company in this market will depend largely on its ability to anticipate or adapt to technological changes and to offer, on a timely basis, products that meet evolving standards. Neither California Amplifier nor Vytek can predict the extent to which competitors using existing or future methods of delivery of Internet access services will compete with the combined company s services. Neither California Amplifier nor Vytek can assure you that:

- existing, proposed or undeveloped technologies will not render the combined company s broadband wireless systems less profitable or less viable;
- the combined company will have the resources to acquire new technologies or to introduce new services that could compete with future technologies; or
- the combined company will be successful in responding to technological changes in a timely and cost effective manner.

Additionally, regulatory changes by the U.S. Federal Communications Commission or by regulatory agencies outside the United States, including changes in the allocation of available frequency spectrum, could significantly affect the combined company s operations by restricting its development efforts, rendering current products obsolete, or increasing the opportunity for additional competition. There can be no assurance that new regulations will not be promulgated that could materially and adversely affect its business and operating results.

Because the markets in which the combined company will compete are highly competitive and many of its competitors will have greater resources than the combined company will have, the combined company cannot be certain that its products will continue to be accepted in the marketplace or capture increased market share.

The market for integrated microwave fixed point reception and transmission products is intensely competitive and characterized by rapid technological change, evolving standards, short product life cycles, and price erosion. The combined company expects competition to intensify as its competitors expand their product offerings and new competitors enter the market. Given the highly competitive environment in which the combined company will operate, it cannot be sure that any competitive advantages currently enjoyed by California Amplifier s or Vytek s products will be sufficient to establish and sustain its products in the market. Any increase in price or other competition could result in erosion of the combined company s market share, to the extent it has obtained market share, and would have a negative impact on its financial condition and results of operations. The combined company cannot provide assurance that it will have the financial resources, technical expertise or marketing and support capabilities to compete successfully.

The combined company faces competition from a variety of companies, which generally vary in size and in the scope and breadth of products and services offered. The combined company also faces competition from customers or prospective customers own internal development efforts. Many of the companies that currently compete with California Amplifier, or may compete in the future with the combined company, have longer operating histories, greater name recognition, larger installed customer bases and significantly greater financial, technical and marketing resources. These competitors may also have pre-existing relationships with the combined company s customers or potential customers. As a result, they may be able to introduce new technologies, respond more quickly to changing customer requirements or devote greater resources to the development, promotion and sale of their products than the combined company can. The combined company s competitors may successfully integrate the functionality of California Amplifier s current reception and transmission products into their products and thereby render the combined company s products obsolete. Further, in the event of a manufacturing capacity shortage, these competitors may be able to manufacture products when the combined company is unable to do so.

The combined company believes that California Amplifier s existing principal competitors for its satellite products business include, and the principal competitors for the combined company s satellite products business will include, Sharp, Wistron NeWeb Corporation, Alps, Winegard and MTI, and that the principal competitors for its wireless access business will include IP Wireless, Motorola, WaveCom Electronics Inc., NextNet and Proxim Corporation. In addition, there have been a number of announcements by other companies, including smaller emerging companies, that they intend to enter market segments adjacent to or addressed by the combined company s products. For information regarding competition in Vytek s business, see Information Concerning Vytek Competition on page 80.

The combined company may not be able to adequately protect its intellectual property, and its competitors may be able to offer similar products and services that would harm its competitive position.

The combined company s ability to succeed in the wireless access business may depend, in large part, upon its intellectual property. California Amplifier and Vytek currently rely primarily on patents, trademark and trade secret laws, confidentiality procedures and contractual provisions to establish and protect their intellectual property. These mechanisms provide California Amplifier with only limited protection. California Amplifier currently holds 20 patents and has 11 patent applications pending, and Vytek currently holds one patent. Both California Amplifier and Vytek, as part of their confidentiality procedures, enter into non-disclosure agreements with all of their executive officers, managers and supervisory employees. Despite these precautions, third parties could copy or otherwise obtain and use the combined company s technology without authorization, or develop similar technology independently. Furthermore, effective protection of intellectual property rights is unavailable or limited in some foreign countries. The combined company s protection of its intellectual property rights may not provide the combined company with any legal remedy should its competitors independently develop similar technology, duplicate its products and services, or design around any intellectual property rights the combined company holds.

The combined company may be subject to infringement claims, which may disrupt the conduct of its business or affect its profitability.

The combined company may be subject to legal proceedings and claims from time to time relating to the intellectual property of others, even though it takes steps to assure that neither its employees nor its contractors knowingly incorporate unlicensed copyrights or trade secrets into its products. It is possible that third parties may claim that the combined company s products and services may infringe upon their trademark, patent, copyright, or trade secret rights. Any such claims, regardless of their merit, could be time consuming, expensive, cause delays in introducing new or improved products or services, require the combined company to enter into royalty or licensing agreements or require the combined company to stop using the challenged intellectual property. Successful infringement claims against the combined company may materially disrupt the conduct of its business or affect profitability. There are currently no legal proceedings or claims for infringement of intellectual property rights pending against California Amplifier or Vytek.

If the combined company s satellite dish manufacturing subcontractor encounters financial or operating difficulties, it could disrupt the supply of dishes and adversely disrupt the combined company s business.

The combined entity expects to follow through with California Amplifier s plan to close its satellite antenna dish manufacturing operations in Wisconsin effective February 28, 2004 and outsource the dish manufacturing to a steel fabrication subcontractor. If this subcontractor encounters financial or operating difficulties, it could disrupt the combined company s supply of dishes and adversely affect its business.

The combined company may engage in future acquisitions that have adverse consequences for its business.

In April 2002, California Amplifier completed the acquisition of the assets and business of Kaul-Tronics, Inc., and in April 2003, Vytek completed the acquisition of Stellcom, Inc. As part of the combined company s business strategy, from time to time, it expects to review opportunities to acquire and may acquire other businesses or products that will complement its existing product offerings, augment its market coverage or enhance its technological capabilities. Although neither California Amplifier nor Vytek has any current agreements or negotiations underway with respect to any material acquisitions other than the merger agreement with Vytek, the combined company may make acquisitions of businesses, products or technologies in the future. However, the combined company cannot be sure that it will be able to locate suitable acquisition opportunities. The acquisitions that California Amplifier or Vytek have completed and that the combined company may complete in the future could result in the following, any of which could seriously harm the combined company s results of operations or the price of its stock: (i) issuances of equity securities of California Amplifier that would dilute the percentage ownership of the current stockholders; (ii) large one-time write-offs; (iii) the incurrence of debt and contingent liabilities; (iv) difficulties in the assimilation and integration of the acquired companies; (v) diversion of management s attention from other business concerns; (vi) contractual disputes; (vii) risks of entering geographic and business markets in which the combined company has no or only limited prior experience; and (viii) potential loss of key employees or customers of acquired organizations.

The combined company s primary operations will be located near known earthquake faults.

The occurrence of an earthquake or other natural disaster in the vicinity of the combined company s primary operations located in Oxnard, California could cause significant damage to its facility that may require the combined company to cease or suspend operations. Although the combined company will continue to carry insurance for earthquake risks, it can provide no assurance that such insurance coverage will be adequate in the event of a catastrophic loss, that earthquake insurance will continue to be available, or that, if available, earthquake coverage will continue to be carried by the combined company in the future.

The combined company depends on senior management and other key personnel. If the combined company lost any of members of its senior management team, its ability to carry out its long-term business strategy could be adversely affected.

The combined company believes its future success largely depends on the expertise of its senior management team. The loss of one or more members of senior management could disrupt the combined company s operations or the execution of its business strategy.

The combined company faces risks associated with a pending SEC investigation.

In May 2001, the SEC opened an investigation into the circumstances surrounding the misstatements in California Amplifier s consolidated financial statements for its 2000 and 2001 fiscal years caused by its former controller, as discussed in Note 12 to California Amplifier s consolidated financial statements for the fiscal year ended February 28, 2003, incorporated by reference in this joint proxy statement/prospectus. California

Amplifier has been, and expects the combined company to continue, cooperating with the SEC in connection with its investigation. As of the date of this joint proxy statement/prospectus, California Amplifier expects that the investigation will be resolved by its entering into a cease and desist order with the SEC with respect to future violations of various provisions of federal securities laws. California Amplifier and the staff of the SEC have exchanged drafts of such an order but no formal approval of this resolution to the investigation has been given by the SEC. The combined company can provide no assurance that the SEC will approve the cease and desist order or that it will be able to avoid the imposition of penalties or other sanctions by the SEC as a result of its investigation. Regardless of the ultimate outcome of the investigation, California Amplifier s business and reputation could be adversely affected.

Cost of licenses to use radio frequencies may restrict the growth of the wireless communications industry and demand for the combined company s products.

Radio frequencies are required to provide wireless services. The allocation of frequencies is regulated in the United States and other countries throughout the world and limited spectrum space is allocated to wireless services. The growth of the wireless communications industry may be affected if adequate frequencies are not allocated or, alternatively, if new technologies are not developed to better utilize the frequencies currently allocated for such use.

Industry growth has been and may continue to be affected by the cost of new licenses required to use frequencies and the related frequency relocation costs. Typically, governments sell these licenses at auctions. Over the last several years, the costs of these licenses and the related frequency relocation costs have increased significantly. The significant cost for licenses and related frequency relocation costs have slowed and may continue to slow the growth of the industry. Growth is slowed because some operators have funding constraints limiting their ability to purchase new licenses, pay the relocation costs or technology to upgrade systems and the financial results for a number of businesses have been affected by the industry s rate of growth. Slowed growth among operators may restrict the demand for the combined company s products.

A failure to rapidly transition or to transition at all to newer digital technologies could adversely affect the combined company s business.

The combined company s success, in part, will be affected by the ability of the combined company s wireless business to continue its transition to newer digital technologies, and successfully compete in that business and gain market share. The combined company faces intense competition in these markets from both established companies and new entrants. Product life cycles can be short and new products are expensive to develop and bring to market.

The combined company will depend upon wireless networks owned and controlled by others, unproven business models and emerging wireless carrier models to deliver existing services and to grow.

If the combined company does not have continued access to sufficient capacity on reliable networks, the combined company may be unable to deliver services and the combined company s sales could decrease. The combined company s ability to grow and achieve profitability partly depends on the ability to buy sufficient capacity on the networks of wireless carriers and on the reliability and security of their systems. All of the combined company s services will be delivered using airtime purchased from third parties. The combined company will depend on these companies to provide uninterrupted service free from errors or defects and would not be able to satisfy the combined company s customers needs if they failed to provide the required capacity or needed level of service. In addition, the combined company s expenses would increase and profitability could be materially adversely affected if wireless carriers were to increase the prices of their services. California Amplifier s and Vytek s existing agreements with the wireless carriers generally have one-year terms. Some of these wireless carriers are, or could become, the combined company s competitors, and if they compete with the combined company, they may refuse to provide the combined company with their services.

The combined company s software may contain defects or errors, and its sales could decrease if this injures its reputation or delays shipments of its software.

Vytek s and California Amplifier s current software products and platforms are complex and must meet the stringent technical requirements of customers. Therefore, the combined company must develop services quickly to keep pace with the rapidly changing software and telecommunications markets. Software as complex as that which will be offered by the combined company is likely to contain undetected errors or defects, especially when first introduced or when new versions are released. Some existing contracts related to software contain provisions that require Vytek or California Amplifier to repair or replace products that fail to work. To the extent that such products are repaired or replaced in the future, the combined company s expenses may increase, resulting in a decline in its gross margins. In addition, the combined company s software may not be free from errors or defects after delivery to customers has begun, which could result in the rejection of its software or services, damage to its reputation, lost revenue, diverted development resources and increased service and warranty costs.

New laws and regulations that impact the industry could increase costs or reduce opportunities for the combined company to earn revenue.

Neither California Amplifier nor Vytek is currently subject to direct regulation by the Federal Communications Commission, or FCC, or any other governmental agency, other than regulations applicable to Delaware corporations of similar size that are headquartered in California. However, in the future, the combined company may become subject to regulation by the FCC or another regulatory agency. In addition, the wireless carriers that supply airtime and certain hardware suppliers are subject to regulation by the FCC and regulations that affect them could increase the combined company s costs or reduce its ability to continue selling and supporting its services.

An increase in regulation of the Internet may have an adverse effect on the business of the combined company.

There are currently few laws or regulations that apply directly to access to, or commerce on, the Internet. The combined company could be adversely affected by any such regulation in any country where the combined company operates. The adoption of such measures could decrease demand for the combined company s products and at the same time increase the cost of selling such products.

Acts of war or terrorism may have an adverse effect on the combined company s business.

Acts of war or terrorism may have an adverse effect on the economy generally, and more specifically, on the combined company s business. Among various other risks, such occurrences have the potential to significantly decrease consumer spending on leisure products and activities, adversely impact the combined company s ability to consummate future debt or equity financings and negatively affect the combined company s ability to manufacture, source and deliver low-cost goods in a timely manner.

Anti-takeover defenses in the combined company s charter and under Delaware law could prevent an acquisition of the combined company or limit the price that investors might be willing to pay for common stock of the combined company.

Section 203 of the Delaware General Corporation Law, or DGCL, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years from the time the person became an interested stockholder, unless specific conditions are met. In addition, the combined company will have in place various protections which would make it difficult for a company or investor to buy the combined company without the approval of the combined company s board of directors, including a stockholder rights plan, a classified board of directors, provisions requiring advance notice of board nominations and other actions to be taken at stockholder meetings and super-majority voting requirements with respect to extraordinary actions. See Comparison of Rights of Holders of California Amplifier Capital Stock and Holders of Vytek Capital Stock on page 146. All of the foregoing could hinder, delay or prevent a change in control of the combined company and could limit the price that investors might be willing to pay in the future for shares of common stock of the combined company.

Risks Related to the Securities Market

The trading price of shares of California Amplifier common stock may be affected by factors in addition to those factors affecting the price of Vytek common stock. The price of shares of California Amplifier common stock could decline.

As a publicly traded company, the trading price of California Amplifier common stock has fluctuated significantly in the past. The future trading price of California Amplifier common stock is likely to be volatile and could be subject to wide price fluctuations in response to such factors, including:

- actual or anticipated fluctuations in revenues or operating results;
- failure to meet securities analysts or investors expectations of performance;
- changes in key management personnel;
- announcements of technological innovations or new products by California Amplifier or its competitors;
- developments in or disputes regarding patents and proprietary rights;
- proposed and completed acquisitions by California Amplifier or its competitors;
- the mix of products and services sold;
- the timing, placement and fulfillment of significant orders;
- product and service pricing and discounts;
- acts of war or terrorism; and
- general economic conditions.

California Amplifier s stock price is highly volatile and it expects the stock price of the combined company to remain highly volatile.

The market price of California Amplifier stock has been highly volatile and it expects the stock price of the combined company to remain highly volatile due to the risks and uncertainties described in this section of the joint proxy statement/prospectus, as well as other factors, including:

- substantial volatility in quarterly revenues and earnings due to California Amplifier s current dependence on a small number of major customers; and
- comments by securities analysts, or the combined company s failure to meet market expectations.

Over the two-year period ended February 10, 2004, the price of California Amplifier common stock as reported on The Nasdaq National Market ranged from a high of $16.87 to a low of $3.07. The stock market has from time to time experienced extreme price and volume fluctuations that are unrelated to the operating performance of particular companies. In the past, companies that have experienced volatility have sometimes been the subject of securities class action litigation. If litigation were instituted on this basis, it could result in substantial costs and a diversion of management s attention and resources.

Multiple factors beyond the combined company s control may cause fluctuations in its operating results and may cause its business to suffer.

The revenues and results of operations of the combined company may fluctuate significantly, depending on a variety of factors, including the following:

- California Amplifier s dependence on a few major customers in its satellite products business that currently account for a substantial majority of its overall sales;

- the introduction of new products and services by competitors; and

- seasonality in the equipment market for the U.S. DBS subscription television industry.

The combined company will not be able to control many of these factors. In addition, if the revenues of the combined company in a particular period do not meet expectations, it may not be able to adjust its expenditures in that period, which could cause its business to suffer. Period-to-period comparisons of the financial results of the combined company will not necessarily be meaningful. You should not rely on these comparisons as an indication of the combined company s future performance. If the operating results of the combined company in any future period fall below the expectations of securities analysts and investors, its stock price may fall, possibly by a significant amount.

THE CALIFORNIA AMPLIFIER SPECIAL MEETING

This joint proxy statement/ prospectus is being furnished to the stockholders of California Amplifier as part of the solicitation of proxies by the California Amplifier board of directors for use at the special meeting of stockholders of California Amplifier to be held on , 2004, at a.m., Pacific Time, at the Radisson Hotel Oxnard, 600 East Esplanade Drive, Oxnard, California 93030, or at any adjournment or postponement of such meeting. This joint proxy statement/ prospectus and the enclosed form of proxy card are first being mailed to stockholders of California Amplifier on or about , 2004.

Purpose of Special Meeting

The purpose of the California Amplifier special meeting is to:

- approve the issuance of shares of California Amplifier common stock to the stockholders of Vytek and the holders of all the outstanding options and warrants of Vytek which will be assumed by California Amplifier in accordance with the merger agreement; and

- transact such other business as may properly come before the special meeting or any adjournment or postponement of the meeting, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

California Amplifier Board of Directors Recommendation

The California Amplifier board of directors, after careful consideration, has unanimously approved the merger, and the merger agreement and the related transactions. The California Amplifier board believes that the terms of the merger are fair to, and in the best interests of, California Amplifier and its stockholders and unanimously recommends that the California Amplifier stockholders vote **FOR** the approval of the share issuance in connection with the merger.

Record Date and Voting

In General. Holders of record of shares of California Amplifier common stock at the close of business on , 2004, referred to in this joint proxy statement/ prospectus as the California Amplifier record date, are entitled to notice of and to vote at the California Amplifier special meeting. On the record date, there were 14,903,012 shares of California Amplifier common stock outstanding, each of which will be entitled to one vote. Shares of California Amplifier common stock present in person or represented by proxy at the California Amplifier special meeting and entitled to vote, including broker non-votes and abstentions, will be counted for the purposes of determining whether a quorum is present. A quorum is present when the holders of record of a majority in voting interest of the shares of stock of California Amplifier entitled to be voted thereat, are present in person, or by proxy.

The Share Issuance. Pursuant to applicable rules of The Nasdaq National Market, the holders of a majority of the total number of shares of California Amplifier common stock voted in person or by proxy at the special meeting must approve the issuance of up to 8,318,122 shares of California Amplifier common stock in connection with the merger, including the issuance of up to 101,683 shares pursuant to out-of-the-money options and 16,439 shares pursuant to out-of-the-money warrants to purchase Vytek common and preferred stock, to be assumed by California Amplifier in the merger. Abstentions and broker non-votes will not be considered voted at the special meeting for or against the approval of the share issuance.

Abstentions and broker non-votes will not be counted as having been voted on the proposal and have the effect of reducing the number of affirmative votes required to achieve a majority for such approval by reducing the total number of shares from which the majority is calculated. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a proposal because the broker does not have discretionary voting power and has not received instructions from the beneficial owner with respect to the proposal.

Voting and Revocation of Proxies

All shares of California Amplifier common stock that are entitled to vote and are represented at the California Amplifier special meeting by properly executed proxies received by California Amplifier prior to or at the meeting, and not revoked, will be voted at the meeting or any adjournment or postponement thereof in accordance with the instructions indicated on the proxies. If no instructions are indicated (other than broker non-votes), the proxies will be voted **FOR** approval of the share issuance.

The persons appointed as proxies of the California Amplifier stockholders (Ira Coron and Fred Sturm) may propose and vote for one or more adjournments or postponements of the special meeting, including adjournments or postponements to permit further solicitation of proxies in favor of the share issuance, if California Amplifier stockholders have granted such authority to the proxies by checking the appropriate box on the California Amplifier proxy. No proxy voted against the approval of the share issuance will be voted in favor of any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies.

The California Amplifier board of directors does not know of any matters other than those described in the notice of the California Amplifier special meeting that are to be presented for action at such meeting. If any other matters are properly presented at the California Amplifier special meeting for consideration, the persons appointed as proxies generally will have discretion to vote on such matters in accordance with their judgment.

The person giving a proxy pursuant to this solicitation may revoke it at any time before it is voted. Proxies may be revoked by:

filing with the Corporate Secretary of California Amplifier, at or before the taking of the vote at the California Amplifier special meeting, a written notice of revocation bearing a later date than the proxy;

duly executing a later dated proxy relating to the same shares and delivering it to the Corporate Secretary of California Amplifier before the taking of the vote at the California Amplifier special meeting; or

attending the California Amplifier special meeting and voting in person, although attendance at the California Amplifier special meeting will not in and of itself constitute a revocation of a proxy.

Any written notice of revocation or subsequent proxy should be sent to California Amplifier, Inc., 1401 North Rice Avenue, Oxnard, California 93030, Attention: Corporate Secretary, or hand-delivered to the Secretary of California Amplifier at or before the taking of the vote at the California Amplifier special meeting.

California Amplifier may retain a third party to solicit proxies from California Amplifier stockholders in connection with the merger. All expenses of California Amplifier s solicitation of proxies for the California Amplifier special meeting will be borne by California Amplifier. In addition to solicitation by use of the mails, proxies may be solicited from California Amplifier stockholders by the directors, officers and employees of California Amplifier in person or by telephone, facsimile, electronic mail or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. Arrangements will also be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to the beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries, and California Amplifier will reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with the solicitation.

Appraisal Rights

California Amplifier s stockholders are not entitled to appraisal rights in connection with the merger.

THE VYTEK SPECIAL MEETING

Vytek is furnishing this joint proxy statement/ prospectus to Vytek stockholders in connection with the solicitation of proxies from Vytek stockholders for use at the Vytek special meeting to be held on , 2004, and any adjournments or postponements thereof. The approximate date on which this proxy statement and the enclosed proxy card will first be sent to Vytek stockholders is , 2004.

Date, Time and Place

The Vytek special meeting will be held on , , 2004, at a.m., Pacific Time, at Vytek s headquarters located at 12670 High Bluff Drive, San Diego, California, 92130.

Purpose of the Special Meeting

At the Vytek special meeting, and any adjournment or postponement thereof, Vytek stockholders will be asked:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger and Reorganization, dated as of December 23, 2003, among California Amplifier, Mobile Acquisition Sub, Inc., or Acquisition Sub, a Delaware corporation and wholly-owned subsidiary of California Amplifier, James E. Ousley, as representative of the stockholders of Vytek and Vytek, and approve the merger of Vytek with Acquisition Sub pursuant to which Vytek will become a wholly-owned subsidiary of California Amplifier;

2. To consider and vote upon a proposal to amend, solely in connection with the merger, Vytek s Amended and Restated Certificate of Incorporation, in order exempt the merger and related transactions from triggering the liquidation preferences in Vytek s certificate and to clarify that the terms of the merger agreement will govern the distribution to Vytek stockholders in connection with the merger; and

3. To consider and vote upon such other matters which may properly come before the special meeting or any adjournments or postponements thereof, including any proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies.

Adoption of the merger agreement is contingent upon stockholder approval of the certificate amendment.

Recommendation of the Board of Directors of Vytek

The Vytek board of directors has unanimously determined that the merger is advisable and fair to, and in the best interests of, Vytek and its stockholders, approved the merger agreement and the certificate amendment, and declared that it is in the best interests of Vytek s stockholders to adopt the merger agreement and approve the certificate amendment. The Vytek board of directors unanimously recommends that Vytek s stockholders vote **FOR** approval of the merger proposal and **FOR** approval of the certificate amendment.

Record Date; Stock Entitled to Vote

Only holders of record of Vytek common stock and Vytek preferred stock at the close of business on , 2004, the record date, are entitled to receive notice of and vote at the Vytek special meeting. On the record date, there were outstanding and entitled to vote 13,576,150 shares of Vytek common stock held by 354 holders of record, 22,950,784 shares of Series A Preferred held by 30 holders of record, 4,256,406 shares of Series B Preferred held by 44 holders of record, and 22,790 shares of Series Junior Preferred held by 3 holders of record. Each holder of Vytek common stock on the record date will be entitled to one vote for each share held. To the extent that the Vytek preferred stock is entitled to vote on an as-if converted to common stock basis, each holder of Vytek preferred stock on the record date will be entitled to a number of votes equal to the number of shares of Vytek common stock into which such shares of preferred stock could then be converted. For purposes of voting, each share of Series A Preferred is convertible into shares of Vytek common stock on a 1:1 basis, each share of Series B Preferred is convertible into shares of Vytek common stock on a 1:1 basis and each share of Series Junior Preferred is convertible into shares of Vytek common stock on a 1:1 basis.

Required Vote

Merger Agreement

Adoption of the merger agreement requires the affirmative vote of (i) the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis and (ii) the holders of a majority of the outstanding shares of Series A Preferred and Series B Preferred, voting together as a single class.

Certificate Amendment

Approval of the certificate amendment requires the affirmative vote of (i) the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis and (ii) the holders of a majority of the outstanding shares of the Series A Preferred, the Series B Preferred, the Series Junior Preferred and Vytek common stock, each voting separately as a single class.

You should vote your proxy even if you plan to attend the Vytek special meeting. You can always change your vote at the Vytek special meeting. Voting instructions are included on your proxy card. If you properly give your proxy and submit it to Vytek in time to vote, one of the individuals named as your proxy will vote your shares as you have directed.

Voting Agreements

As of the record date, directors and executive officers of Vytek, and certain stockholders affiliated with them, held 70% of the outstanding shares of Vytek common stock and preferred stock, calculated on an as-if-converted to common stock basis, 91% of the outstanding shares of Series A Preferred and Series B Preferred taken together, 91% of the outstanding shares of Series A Preferred, 89% of the outstanding shares of Series B Preferred, none of the outstanding shares of Series Junior Preferred and 28% of the outstanding shares of Vytek common stock entitled to vote at the special meeting.

Those directors and officers of Vytek, along with certain stockholders affiliated with them, have entered into individual voting agreements with California Amplifier pursuant to which, among other things, they have agreed to vote a portion of their shares of Vytek capital stock in favor of adoption of the merger agreement and approval of the merger, against any proposal adverse to the merger and in favor of the certificate amendment. As of the record date, a total of approximately 32.6% of the outstanding shares of Vytek common stock and preferred stock, calculated on an as-converted to common stock basis, 42.1% of the outstanding shares of Series A Preferred and Series B Preferred taken together, 13.7% of the outstanding shares of Vytek common stock, 42.2% of the outstanding shares of Series A Preferred, 41.8% of the outstanding shares of Series B Preferred and none of the outstanding shares of Series Junior Preferred entitled to vote at the special meeting were subject to voting agreements. The form of this voting agreement can be found at Exhibit B to the merger agreement, which is attached to this joint proxy statement/ prospectus as *Annex A*.

Each of these Vytek stockholders has also granted an irrevocable proxy and a power of attorney to California Amplifier and certain California Amplifier representatives to vote his or her shares of Vytek capital stock in favor of adoption of the merger agreement and against any proposal adverse to the merger and in favor of the certificate amendment.

Quorum; Abstentions

The presence at the Vytek special meeting, either in person or by proxy, of Vytek stockholders entitled to cast a majority of the votes thereat is necessary to constitute a quorum to transact business at the meeting. If a quorum is not present, it is expected that the Vytek special meeting will be adjourned or postponed in order to solicit additional proxies. Shares of Vytek capital stock represented at the Vytek special meeting but not voted, including shares of Vytek capital stock for which proxy cards have been received but for which the holders have abstained, will be treated as present at the Vytek special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. Because approval of the merger proposal and approval of the certificate amendment requires the affirmative vote of a majority of the outstanding shares of various classes and series of Vytek capital stock, a failure to vote or an abstention with respect to a proposal will have the same practical effect as a vote against the proposal.

Proxies

All shares represented by properly executed and unrevoked proxies received in time for the Vytek special meeting will be voted at the Vytek special meeting in the manner specified therein. Properly executed proxies that do not contain voting instructions will be voted **FOR** the approval of the merger proposal and **FOR** approval of the certificate amendment.

Only shares affirmatively voted for a proposal, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for that proposal. If a holder of Vytek capital stock abstains from voting or does not execute a proxy, it will effectively count as a vote against the approval of the merger proposal and approval of the certificate amendment.

The persons named as proxies by a stockholder may propose and vote for one or more adjournments of the Vytek special meeting, including adjournments or postponements to permit further solicitations of proxies if Vytek stockholders have granted such authority to the proxies by checking the appropriate box on the Vytek proxy. No proxy voted against approval of the merger proposal and against approval of the certificate amendment will be voted in favor of any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies. Failure to vote and abstentions will have no effect on a proposal to adjourn or postpone the Vytek special meeting.

Vytek does not expect that any matter other than the proposals presented in this joint proxy statement/prospectus will be brought before the Vytek special meeting. However, if other matters are properly presented at the Vytek special meeting or any adjournment or postponement of the Vytek special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Revocability of Proxies

The grant of a proxy on the enclosed form of proxy does not preclude a stockholder from voting in person at the Vytek Special Meeting. A stockholder may revoke a proxy at any time prior to its exercise by:

- filing with the Corporate Secretary of Vytek a duly executed revocation of proxy;
- submitting a duly executed proxy to the Corporate Secretary of Vytek bearing a later date; or
- appearing at the Vytek special meeting and voting in person; however, attendance at the Vytek Special Meeting will not in and of itself constitute revocation of a proxy.

Solicitation of Proxies and Expenses

The accompanying proxy is being solicited on behalf of the Vytek board of directors. All costs associated with the solicitation of proxies will be borne by Vytek and the cost of preparing this joint proxy statement/prospectus will be shared by Vytek and California Amplifier. In addition to solicitation by use of the mails, proxies may be solicited from Vytek stockholders by directors, officers and employees of Vytek in person or by telephone, telegram, facsimile, e-mail or other means of communication. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with such solicitation. The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are received. You should send in your proxy by mail without delay.

Stockholders should not send stock certificates with their proxies. A letter of transmittal with instructions for the surrender of Vytek capital stock certificates will be mailed to Vytek stockholders as soon as practicable after completion of the merger.

Appraisal Rights

Stockholders of Vytek capital stock who do not wish to accept California Amplifier common stock pursuant to the merger have the right under Delaware law to receive a cash payment for the fair value of their shares as determined pursuant to Section 262 of the DGCL. Such rights are more fully described in The Merger Appraisal Rights on page 50.

THE MERGER

This section of this joint proxy statement/prospectus describes material aspects of the merger, including the merger agreement. Although the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to California Amplifier stockholders and Vytek stockholders. You should carefully read the merger agreement and the other documents to which you are referred in their entirety for a more complete understanding of the merger.

Background of the Merger

In recent years, as a part of the continuous evaluation of its business, California Amplifier has regularly considered a variety of strategic initiatives and transactions with a view toward increasing stockholder value. California Amplifier has explored different strategic alternatives, including the consideration of certain acquisitions, dispositions or commercial relationships.

In the fall of 2002, Fred Sturm, President and Chief Executive Officer of California Amplifier, requested that Ferris, Baker Watts, California Amplifier s financial advisor, start gathering information on potential acquisition candidates. California Amplifier was beginning to pursue a strategy to expand its customer base and product offerings in an effort to reduce its reliance on a few major customers. California Amplifier s customer concentration had resulted in fluctuating revenues and profitability over the last several years. The focus of Ferris, Baker Watts work was to provide information about public and private companies products, finances and other pertinent data. Ferris, Baker Watts, working in conjunction with California Amplifier, developed a list of potential acquisition candidates and reviewed the list with Mr. Sturm.

Founded in 2000, Vytek s growth was fueled by the pursuit of strategic opportunities. During Vytek s existence it has consummated seven principal acquisitions. In 2003, Vytek s objective was to explore additional potential acquisition, merger and commercial opportunities with a view towards improving the company value for its stockholders. As part of this strategy, Vytek entered into initial, preliminary discussions with California Amplifier.

In February 2003, at the request of Vytek, Amtech Associates, a consulting firm whose principal is a stockholder of Vytek, shared information about Vytek with Ferris, Baker Watts and in April 2003, Amtech Associates provided more detailed information about Vytek s business to Ferris, Baker Watts. Within that time period, Ferris, Baker Watts shared the information regarding Vytek with Mr. Sturm. Ferris, Baker Watts had been aware of Vytek since 2000 and in June 2003, Ferris, Baker Watts requested further information on Vytek that it could share with California Amplifier. California Amplifier had also become familiar with the business of Vytek through the developments surrounding its wireless technologies.

In early July 2003, California Amplifier and Vytek entered into a nondisclosure agreement to facilitate the discussion of a possible business combination and the exchange of information related to the businesses of Vytek and California Amplifier. Vytek then shared its corporate presentation, operating results and financial projections for the remainder of calendar 2003 with Ferris, Baker Watts and California Amplifier. On July 11, 2003, Mr. Sturm and James E. Ousley, President and Chief Executive Officer of Vytek, spoke via telephone about potential synergies between the companies. On July 23, 2003, Mr. Sturm held a phone conversation with Tracy R. Trent, Executive Vice President and Chief Operating Officer of Vytek, to discuss the companies respective businesses. On August 4 and 12, 2003, members of California Amplifier management met with Mr. Trent to learn more about each others business.

On August 5, 2003, Vytek held a regularly scheduled meeting of its board of directors. Mr. Ousley presented a summary of the discussions to date relating to potential strategic opportunities for Vytek, including the potential opportunity with California Amplifier. The board of directors of Vytek agreed that the company should further investigate these opportunities.

On August 13, 2003, Ferris, Baker Watts provided its financial research and analysis of California Amplifier to Vytek. On August 15, 2003, California Amplifier and Vytek held a conference call to better understand each others business and discuss potential synergies. Over the course of August and September 2003 (including a meeting between Mr. Sturm and Mr. Trent on September 28, 2003), members of California

Amplifier s and Vytek s management met to gain a better understanding of each companies operations, products and services and how the companies might ultimately complement each other. In addition, Mr. Ousley had discussions with Ferris, Baker Watts related to the potential synergies of the companies. In these early discussions, the executives reviewed the current business climate and the opportunities provided by a possible combination of California Amplifier and Vytek.

Mr. Ousley and Leonard Fassler, the Chairman of the Board of Vytek, met with Ferris, Baker Watts in New York on September 7, 2003 to discuss potential synergies between California Amplifier and Vytek. Through these preliminary discussions, the parties concluded that there may be a strategic fit between the businesses of California Amplifier and Vytek and that a possible business combination should be further explored.

On September 30, 2003, California Amplifier s management and Ferris, Baker Watts presented to California Amplifier s board of directors a preliminary report regarding a potential acquisition of Vytek. The California Amplifier board of directors gave its approval for California Amplifier to pursue the potential acquisition of Vytek and to accelerate its due diligence review and proceed to more formal negotiations.

On October 1, 2003, Mr. Ousley and Mr. Sturm spoke via telephone to discuss potential terms and conditions of the transaction.

On October 3, 2003, at Vytek s regularly scheduled meeting of its board of directors, Mr. Ousley presented a summary of the discussions with California Amplifier to date and a summary of the potential benefits and possible risks presented by the merger. The Vytek board of directors designated Mr. Ousley, Mr. Fassler and two other directors of Vytek, David Ryan and Brad Feld, as a working group of the board to meet regularly to further investigate the potential strategic opportunity with California Amplifier. From October through December 2003, Mr. Ousley held weekly calls with this group of directors to discuss the status of negotiations and details surrounding the potential strategic transaction with California Amplifier.

On October 6, 2003, representatives of Ferris, Baker Watts participated in a conference call with members of Vytek s board of directors. The Ferris, Baker Watts representatives provided background on Ferris, Baker Watts and California Amplifier and discussed the benefits of pursuing an acquisition of Vytek by California Amplifier within certain preliminary valuation parameters.

On October 7 and 8, 2003, Mr. Trent visited California Amplifier s facility in Camarillo, California to see the operations and learn more about California Amplifier and to discuss Vytek s business structure.

On October 13 and 23, 2003, Mr. Sturm and Mr. Trent met and discussed strategic reasons for the merger. On October 16, 2003, Ferris, Baker Watts transmitted a list of certain proposed terms to Vytek on behalf of California Amplifier, which was later refined and clarified on October 23, 2003.

In mid-October 2003, Vytek engaged the law firm of Paul, Hastings, Janofsky & Walker LLP to provide legal advice to Vytek concerning the potential strategic opportunity with California Amplifier.

Mr. Sturm met with Mr. Ousley on October 23, 2003 and then again on November 5 and November 6, 2003 to discuss the potential merger, synergies and strategic goals. Richard Vitelle, California Amplifier s Chief Financial Officer, met with Walter Cook, Vytek s Chief Financial Officer, to discuss financial statement matters.

On October 28, 2003, California Amplifier s management and Ferris, Baker Watts presented an update on the process to California Amplifier s board of directors during a telephonic board meeting. During the meeting, California Amplifier s management reiterated the desire of the board to pursue a strategy of entering new markets with higher margin product lines. Management presented its thoughts on how the acquisition of Vytek would allow California Amplifier to diversify its customer base and provide it the opportunity to produce higher margin products for these new customers. Ferris, Baker Watts presented an update, based on continuing due diligence, on the potential valuation of Vytek and possible terms of a deal.

Also on October 28, 2003, Mr. Ousley and other representatives of Vytek met with representatives of California Amplifier in the California Amplifier corporate offices and conducted initial operational legal and financial due diligence on California Amplifier. The executives determined that it was appropriate to establish a schedule for their due diligence investigations; and the executives shared preliminary due diligence information and discussed various operational issues relating to the combination of the companies. Another such due diligence meeting was held on November 13, 2003 with Mr. Ousley, Mr. Fassler and Mr. Sturm. Throughout November and December 2003, the parties continued performing operational, legal and financial due diligence on each others business.

On November 11, 2003, at a meeting of Vytek s board of directors, Mr. Ousley presented a summary of the discussions concerning the potential merger with California Amplifier, and summary historical financial data of California Amplifier and Vytek. Mr. Ousley also provided an update regarding the terms of the negotiations to date with California Amplifier. Ferris, Baker Watts presented to Vytek s board of directors a description of the California Amplifier business and the potential synergies of a strategic transaction. Mr. Sturm made a presentation to Vytek s board of directors concerning the business of California Amplifier and the potential merger opportunity. The meeting was also attended by a representative of Vytek s outside counsel, Paul, Hastings, Janofsky & Walker LLP, who presented a summary of potential legal issues involved with pursuing the strategic opportunity with California Amplifier. At an executive session of the meeting, the board further discussed the synergies, risks and opportunities of pursuing the potential transaction with California Amplifier.

On November 19, 2003, California Amplifier held a board meeting and, among other agenda items, discussed the potential Vytek Acquisition. Vytek s management presented an overview of Vytek, its products and services and its operating results and answered questions. Ferris, Baker Watts presented its thoughts on Vytek s valuation based on its continued due diligence and Vytek s results. In addition, Ferris, Baker Watts discussed the business terms of a potential acquisition and answered questions.

On November 20, 2003, members of California Amplifier s management met with members of Vytek s management in San Diego to discuss financial results which was followed up later in the day with members of California Amplifier s management touring Vytek s manufacturing facility in Vista, California.

Simultaneously with these discussions and meetings, California Amplifier s outside legal advisor, Gibson, Dunn & Crutcher LLP, began preparing a draft merger agreement, which was initially delivered to the parties on November 26, 2003. Additional agreements and disclosure schedules related to the merger agreement were delivered to the parties later in December 2003. California Amplifier held a series of meetings and telephone conferences with Vytek and Vytek s outside legal advisor, Paul, Hastings, Janofsky & Walker LLP, primarily for the purposes of completing due diligence efforts and negotiating the terms and conditions of the merger agreement and the related agreements. During this period, significant negotiations were focused on the consideration, escrow agreement, indemnification obligations and termination fees.

Between December 8 and December 18, 2003, representatives of California Amplifier and Vytek continued to finalize the remaining open issues in the merger agreement and related agreements, including the final merger consideration and the termination fee provisions. During this period, senior management of both companies held numerous discussions regarding various business, financial, operational and technical issues involved in combining the companies.

On December 18, 2003, at a meeting of the board of directors of California Amplifier, the California Amplifier directors reviewed the merger agreement and related transaction documents as negotiated to date, including the resolution of the remaining open issues, and received a fairness opinion from Ferris, Baker Watts stating that the exchange ratios in the merger are fair, from a financial point of view, to the holders of California Amplifier common stock. On December 19, 2003, at a special meeting of the board of directors of Vytek, a representative of Paul, Hastings, Janofsky & Walker LLP, Vytek s outside counsel, provided the Vytek board with a detailed presentation regarding the material terms of the merger agreement and the related transaction documents negotiated to date. The board s questions regarding the agreement were answered and the significant risks involved with the merger, including, among other concerns, the uncertainty of closing were discussed. The board also considered the strategic benefits of the combination of the two businesses. After discussion, the board unanimously concluded the proposed merger with California Amplifier is consistent with, and in furtherance of, the long-term business strategy of Vytek and fair to, and in the best interests of, Vytek and Vytek s stockholders and adopted resolutions approving the merger agreement, the related transaction documents, the certificate amendment and other actions by management necessary to consummate the merger. The Vytek board also unanimously determined to recommend to Vytek s stockholders that they approve the merger proposal and the certificate amendment.

Following the December 18, 2003 meeting of the California Amplifier board and the December 19, 2003 meeting of the Vytek board, representatives of California Amplifier and Vytek continued negotiating to finalize the provisions of the merger agreement and related transaction documents.

On December 23, 2003, Messrs. Sturm and Vitelle briefed the California Amplifier board of directors on the status of the transaction with Vytek and the board members reviewed certain final aspects of the transaction and related issues. After discussion, the board unanimously concluded that the proposed merger with Vytek is consistent with, and in furtherance of, the long-term business strategy of California Amplifier and fair to, and in the best interests of, California Amplifier and California Amplifier s stockholders and adopted resolutions approving the merger agreement, the related transaction documents and the issuance of California Amplifier common stock pursuant to the merger, and other actions by management necessary to consummate the merger. The board also unanimously determined to recommend to California Amplifier s stockholders that they approve the issuance of shares in connection with the merger. The merger agreement and voting agreements were executed and delivered by all parties, including certain stockholders, officers and directors of Vytek, later that afternoon, following the close of the public trading market. That afternoon, California Amplifier and Vytek issued a joint press release announcing their agreement to merge.

Joint Reasons for the Merger

The California Amplifier board of directors and the Vytek board of directors each believes that the combined company will have greater potential for financial strength, market power and growth than either California Amplifier or Vytek would have on its own. The California Amplifier board of directors and the Vytek board of directors identified a number of more specific potential benefits from the merger that they believe could contribute to the success of the combined company and thus benefit stockholders of both companies, including the following:

- the merger may enhance the potential to realize the strategic objective of the combined company to expand its market share and increase the combined company s ability to compete effectively in the wireless access products and mobile solutions market;
- the merger may provide the combined company with the opportunity to expand its product offerings which could expand its customer base to obtain advantages and efficiencies in the marketing, selling and pricing of its products and to achieve profitability;
- the merger may provide the opportunity for certain operational cost efficiencies for the combined company;
- the merger may broaden and expand the support that the combined company may offer to its existing clients;
- the merger may increase the efficiency of the sales team of the combined company and allow for stronger relations with the combined company s alliance partners; and
- the combined company will have an enhanced management team that has the breadth and depth to effectively lead and manage the combined company s growth.

California Amplifier s Reasons for the Merger

In reaching its conclusion to approve and adopt the merger and the merger agreement, the California Amplifier board of directors considered the factors described above under Joint Reasons for the Merger, as well as other potential benefits of the merger that it believes will contribute to the future success of the combined company. These other potential benefits include:

diversifying California Amplifier s overall business and customer base, which at the present time are dominated by its sales of outdoor reception equipment to the two major U.S. DBS television service providers;

enabling California Amplifier to strengthen its presence in the wireless industry by capitalizing on Vytek s offerings, thereby enhancing the products and services available to California Amplifier s customers;

enhancing California Amplifier s technical and sales staff with Vytek s experienced technical and sales personnel;

capitalizing on complementary customer bases with limited overlap, to cross-sell California Amplifier s products to Vytek s core markets and to cross-sell Vytek s products and services to California Amplifier s core markets; and

increasing the outstanding number of shares of California Amplifier common stock and thereby potentially increasing the trading volumes for California Amplifier common stock and the liquidity of the stock for investors.

The California Amplifier board reviewed a number of factors in evaluating the merger, including, but not limited to, the following:

historical information concerning California Amplifier s and Vytek s respective businesses, financial performance and condition, operations, technology and management;

California Amplifier s management s view of the financial condition, results of operations, businesses and future prospects of California Amplifier and Vytek before and after giving effect to the merger;

current financial market conditions and historical market prices for California Amplifier s common stock, volatility and trading information;

the determination of Vytek s affiliates to enter into lock-up agreements restricting the sale of newly issued California Amplifier common stock during the one-year period following the effective time of the merger;

the opinion of Ferris, Baker Watts that, as of the date of its opinion and subject to the assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, the exchange ratios in the merger are fair, from a financial point of view, to the holders of California Amplifier common stock;

the terms and conditions of the merger agreement and related agreements;

the belief that the terms of the merger agreement and related agreements are reasonable;

the anticipated impact of the merger on the combined company s customers and employees; and

the results of the due diligence investigation of Vytek conducted by California Amplifier s management and its financial and legal advisors.

The California Amplifier board also identified and considered a number of potentially negative factors in its deliberations concerning the merger, including the following:

the risk that the potential benefits and synergies of the merger may not be realized;

the possibility that the merger may not be consummated;

the potential loss of revenues and business opportunities for California Amplifier as a result of initial confusion in the marketplace for California Amplifier s and Vytek s products following the announcement of the merger, and the possible exploitation of such confusion by California Amplifier s and Vytek s competitors;

the negative impact on earnings, resulting from the amortization of certain intangible assets purchased in the merger;

the risk of management and employee disruption associated with merging the two organizations, including the risk that, despite the efforts of the combined company, key technical, sales and management personnel might not remain employed by the combined company, especially given the competition for quality personnel in the industry, particularly in California Amplifier s and Vytek s respective geographical locations; and

other applicable risks described in this joint proxy statement/ prospectus under Risk Factors on page 18 of this joint proxy statement/ prospectus.

California Amplifier s board concluded that certain of these risks were unlikely to occur, while others could be avoided or mitigated by the combined company, and that, on balance, the merger s potential benefits to California Amplifier and its stockholders outweighed the potential risks. The discussion of the information and factors considered by California Amplifier s board is not intended to be exhaustive. In view of the variety of factors considered in connection with its evaluation of the merger, California Amplifier s board did not find it practicable to, and did not, quantify or otherwise assign relative weight to the specific factors considered in reaching their determination.

Recommendation of the Board of Directors of California Amplifier

For the reasons discussed above, the California Amplifier board has unanimously approved and adopted the merger, the merger agreement and the transactions contemplated thereby, including the issuance of the shares of California Amplifier common stock in connection with the merger, and believes that the terms of the merger are fair to, and in the best interests of, California Amplifier and its stockholders. **The California Amplifier board of directors unanimously recommends that California Amplifier s stockholders vote FOR the approval of the issuance of the shares of California Amplifier common stock to be issued in connection with the merger.**

Opinion of California Amplifier s Financial Advisor

Pursuant to an agreement made in July 2003, formalized in a letter dated as of November 21, 2003, California Amplifier retained Ferris, Baker Watts, Incorporated to provide financial advisory services and a financial opinion letter in connection with the merger. Ferris, Baker Watts was selected by California Amplifier s board of directors to act as California Amplifier s financial advisor based on Ferris, Baker Watts qualifications, expertise and reputation and its knowledge of the business and affairs of California Amplifier and the industry in general.

At the December 18, 2003 meeting of the California Amplifier board of directors, Ferris, Baker Watts rendered its oral opinion that, as of such date and based upon and subject to the various considerations set forth in its opinion, the consideration offered pursuant to the merger agreement was fair from a financial point of view to the holders of shares of California Amplifier common stock. Ferris, Baker Watts confirmed its opinion by delivery to the California Amplifier board of directors of a written opinion dated December 22, 2003.

The full text of the Ferris, Baker Watts opinion, dated as of December 22, 2003, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as *Annex B* to this registration statement. The Ferris, Baker Watts opinion is directed to the California Amplifier board and addresses only the fairness of the consideration offered from a financial point of view to the holders of shares of California Amplifier common stock as of the date of such opinion and does not address any other aspect of the merger. The summary of the Ferris, Baker Watts opinion set forth in this registration statement is qualified in its entirety by reference to the full text of the Ferris, Baker Watts opinion attached as *Annex B* to the registration statement, which should be read carefully and in its entirety.

In arriving at its opinion, Ferris, Baker Watts, among other things:

reviewed certain publicly available financial statements and other information of California Amplifier;

reviewed certain financial statements and other public and private information of Vytek;

discussed certain internal financial statements and other financial and operating data concerning Vytek and California Amplifier prepared by the management of Vytek and California Amplifier, respectively;

discussed certain financial projections of Vytek and California Amplifier prepared by the management of Vytek and California Amplifier, respectively;

discussed the past and current operations and financial condition and the prospects of Vytek and California Amplifier, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Vytek and California Amplifier, respectively;

discussed potential strategic and operational benefits of the merger with senior executives of Vytek and California Amplifier;

reviewed the financial terms, to the extent publicly available, of certain comparable third party acquisitions;

participated in discussions and negotiations among representatives of Vytek and California Amplifier and their legal advisors;

reviewed the draft merger agreement and certain related documents; and

considered such other factors and performed such other analyses as Ferris, Baker Watts deemed appropriate.

In arriving at its opinion, Ferris, Baker Watts assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by Ferris, Baker Watts for the purposes of its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Ferris, Baker Watts assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance and prospects of Vytek and California Amplifier. Ferris, Baker Watts relied upon the assessment by the managements of Vytek and California Amplifier of their ability to retain key employees. Ferris, Baker Watts also relied upon, without independent verification, the assessment by California Amplifier s management of Vytek s and California Amplifier s technologies and products, the timing and risks associated with the integration of Vytek and California Amplifier and the validity of, and risks associated with, Vytek s and California Amplifier s existing and future products and technologies.

In addition, Ferris, Baker Watts assumed that the merger will be consummated in accordance with the terms set forth in the draft merger agreement, including, among other things, that the merger will be treated as a tax-free reorganization and/or exchange, each pursuant to the Code. Ferris, Baker Watts has not made any independent valuation or appraisal of the assets or liabilities of Vytek and California Amplifier, nor has Ferris, Baker Watts been furnished with any such appraisals. The Ferris, Baker Watts opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Ferris, Baker Watts as of the date of the Ferris, Baker Watts opinion.

The following is a brief summary of certain analyses performed by Ferris, Baker Watts in connection with its oral opinion and its written opinion.

Discounted Cash Flow Analysis. The discounted future free cash flow analysis ascribes value only to the cash flows that can ultimately be taken out of the business. These free cash flows are then discounted to the present at an industry weighted average cost of capital. The weighted average cost of capital can be described

as the average price a company must pay to attract both debt and equity to properly capitalize the firm s growth. It is these series of free cash flows that, when discounted to the present and after subtracting claims by debtholders and others, represents the economic value of a firm to its stockholders. This method of valuation depends upon the accuracy of the financial projections. Ferris, Baker Watts discounted the projections prepared by the management of California Amplifier and Vytek based on Ferris, Baker Watts judgment regarding the expected future combined companies financial performance.

Given the volatility of California Amplifier s stock price since the initiation of discussions with Vytek in July 2003, Ferris, Baker Watts performed a discounted cash flow analysis to determine separately the value of California Amplifier s stock as consideration in the transaction and the anticipated future Vytek free cash flow as a fully integrated subsidiary of California Amplifier. Based on the intrinsic value of California Amplifier s stock and the intrinsic value for Vytek as an integrated subsidiary of California Amplifier from the discounted cash flow analyses, the consideration offered to the Vytek stockholders is less than the intrinsic value for Vytek and therefore is fair to the common stockholders of California Amplifier from a financial point of view.

Due to the volatility of California Amplifier s stock price leading up to the December 18, 2003 meeting of the California Amplifier board of directors, Ferris, Baker Watts also examined the five day Volume Weighted Average Price, or VWAP, of California Amplifier s stock to determine the value of the consideration being paid to Vytek. The VWAP provides a weighted average price that is commonly used to approximate the market price of a highly volatile stock. Using the VWAP as the basis for valuing the California Amplifier shares, the value of the consideration being offered to the Vytek stockholders was less than the intrinsic value for Vytek, as determined by the discounted cash flow analysis, and, as such, supported the conclusion.

Comparable Company Analysis. The earnings and book multiple comparison analysis traditionally examines the operating earnings, net income (both historical and projected), revenue and book value multiples. Given the fact that Vytek is the result of multiple acquisitions and had not yet generated historical profits, several of these traditional analyses could not be relied upon in the process of attempting to determine a fair market value for Vytek in relation to its peers in the market. While Ferris, Baker Watts did not rely on this methodology, the multiples of projected 2003 revenues, next fiscal year s earnings and book value do support the conclusion that the consideration being offered by California Amplifier to Vytek s stockholders is fair from a financial point of view to California Amplifier s stockholders.

Comparable Merger and Acquisition Analysis. The comparable merger and third party acquisition analysis examines publicly available records for sale transactions in Vytek s industry. This method of valuation is often difficult to perform due to the lack of publicly available data on the target companies involved in the transactions. Ferris, Baker Watts examined eleven transactions that disclosed target financial information. Given the fact that Vytek has not generated profits to date, Ferris, Baker Watts relied on multiples of sales and book value. Given the many factors impacting the consideration paid in a merger and acquisition, including control premiums and dissimilarities between companies, these measures are traditionally not very reliable in determining the fairness of the consideration paid. While Ferris, Baker Watts did not rely on this valuation methodology, based upon the multiples of Vytek s projected 2003 sales and book value, this analysis does support the conclusion that the consideration being offered by California Amplifier to Vytek s stockholders is fair from a financial point of view to California Amplifier s stockholders.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Ferris, Baker Watts considered the results of all of its analyses as a whole. Furthermore, Ferris, Baker Watts believes that selecting any portion of Ferris, Baker Watts analyses, without considering all its analyses, would create an incomplete view of the process underlying the Ferris, Baker Watts opinion and that the totality of the factors considered and analyses performed by Ferris, Baker Watts in connection with its opinion operated collectively to support Ferris, Baker Watts determination as to the fairness, from a financial point of view, of the consideration being offered to holders of shares of Vytek s common stock. In addition, Ferris, Baker Watts may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Ferris, Baker Watts view of the actual value of Vytek.

In performing its analysis, Ferris, Baker Watts made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of California Amplifier or Vytek. Any estimates contained in the analyses performed by Ferris, Baker Watts are not necessarily indicative of actual values, which may be significantly more or less favorable than those suggested by such analyses. Such analyses were prepared solely as a part of Ferris, Baker Watts analysis of the fairness to California Amplifier s stockholders from a financial point of view of the consideration paid pursuant to the merger agreement and were provided to the California Amplifier board of directors in connection with the delivery of the Ferris, Baker Watts opinion to California Amplifier. The analyses do not purport to be appraisals of value or to reflect the prices at which California Amplifier or Vytek might actually be sold or traded. In addition, as described above, the Ferris, Baker Watts opinion was one of the many factors taken into consideration by the California Amplifier board of directors in making its determination to approve the merger. The exchange ratio of 0.083151 California Amplifier common share for each Vytek common share pursuant to the merger agreement as well as the preferred exchange ratios were determined through arm s-length negotiations between California Amplifier and Vytek and were approved by the California Amplifier board of directors. Consequently, the Ferris, Baker Watts analyses as described above should not be viewed as determinative of the opinion of the California Amplifier board of directors with respect to the value of California Amplifier or of whether the California Amplifier board of directors would have been willing to agree to different consideration.

Ferris, Baker Watts is a nationally recognized investment banking and advisory firm. Ferris, Baker Watts, as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Ferris, Baker Watts may continue to provide investment banking services to the combined entity in the future. In the ordinary course of its trading, brokerage and financing activities, Ferris, Baker Watts and its affiliates may, at any time, have a long or short position in, and buy and sell the debt or equity securities and senior loans of California Amplifier for its account or the account of its customers. Ferris, Baker Watts and its affiliates have, in the past, provided financial advisory and financing services to California Amplifier and its affiliates.

Pursuant to an agreement entered into in July of 2003 and formalized in an engagement letter dated as of November 21, 2003, Ferris, Baker Watts provided financial advisory services and a financial fairness opinion in connection with the merger, and California Amplifier agreed to pay Ferris, Baker Watts fees totaling approximately $1,460,000, of which $200,000 has already been paid and the balance of $1,260,000 will be due upon closing of the transaction. California Amplifier also agreed to reimburse Ferris, Baker Watts for expenses incurred by Ferris, Baker Watts in performing its services. In addition, California Amplifier has also agreed to indemnify Ferris, Baker Watts and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Ferris, Baker Watts or any of its affiliates against certain liabilities and expenses, including liabilities under the federal securities laws, related to or arising out of Ferris, Baker Watts engagement and any related transactions.

The merger agreement does not contemplate or provide for Ferris, Baker Watts to update its opinion dated December 22, 2003. California Amplifier does not currently intend to request an updated opinion from Ferris, Baker Watts. However, if there were a material amendment to the merger agreement before completion of the merger that resulted in a resolicitation of proxies for California Amplifier stockholder vote on the issuance of shares of California Amplifier common stock in connection with the merger, California Amplifier would consider at that time whether it was appropriate to obtain an updated opinion from Ferris, Baker Watts.

Interests of California Amplifier s Financial Advisor

Pursuant to the terms of Ferris, Baker Watts engagement letter with California Amplifier, California Amplifier has paid Ferris, Baker Watts $200,000 for services rendered and $15,000 for expenses incurred in connection with the delivery of its fairness opinion and agreed to pay Ferris, Baker Watts an additional fee of approximately $1,260,000, payable in cash upon the closing of the merger, for its financial advisory services in connection with the merger.

Vytek s Reasons for the Merger

The board of directors of Vytek believes that a business combination with California Amplifier will advance its strategic objective of enhancing Vytek s leadership position in the marketplace. The Vytek board of directors has determined that the merger is advisable and fair to, and in the best interests of, Vytek and its stockholders. The conclusion reached by Vytek s board, that the transaction with California Amplifier was advisable and fair to, and in the best interests of, Vytek and its stockholders, was supported by the factors described above under Joint Reasons for the Merger, as well as the following factors:

- the judgment, advice and analysis of Vytek s management with respect to the potential strategic, financial and operational benefits of the proposed transaction, including management s favorable recommendation of the transaction based in part on the business, technical, financial, internal accounting and legal due diligence investigation performed with respect to California Amplifier;
- the results of operations and financial condition of California Amplifier and Vytek; and
- the terms of the merger agreement and related agreements, which were considered by both the board of directors and the management of Vytek to provide a fair and equitable basis for the transaction.

Vytek s board of directors also considered a number of potentially negative factors in its deliberations concerning the transaction. The potentially negative factors considered by Vytek s board included:

- the risk that the transaction might not be completed in a timely manner or at all;
- the general difficulties of integrating products, technologies and companies;
- the negative impact of accounting charges resulting from: (1) amortization of intangible assets generated by the merger; and (2) the cost of integrating the companies;
- the possible employee disruption associated with the merger; and
- other applicable risks described in the section Risk Factors on page 18 of this joint proxy statement/ prospectus.

The above discussion of information and factors considered by Vytek s board of directors is not intended to be exhaustive but is indicative of the material factors considered by the board. In view of the wide variety of factors considered by Vytek s board of directors, the board of directors did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, Vytek s board of directors did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors. Individual members of the Vytek board of directors may have given different weight to different factors. However, after taking into account all of the factors described above, Vytek s board of directors determined that the merger agreement and the related transactions were advisable and fair to, and in the best interests of, Vytek and its stockholders.

Recommendation of the Board of Directors of Vytek

After careful consideration, Vytek s board of directors has determined that the merger is advisable and fair to, and in the best interests of, Vytek and its stockholders, has adopted the merger agreement and approved the certificate amendment, and declared that it is in the best interests of Vytek s stockholders to approve the merger proposal and the certificate amendment. **Accordingly, Vytek s board of directors unanimously recommends that Vytek s common and preferred stockholders vote FOR the approval of the merger proposal and FOR approval of the amendment to Vytek s amended and restated certificate of incorporation.**

Interests of Executive Officers and Directors of California Amplifier and Vytek in the Merger

Stockholders should be aware of the interests that various executive officers and directors of Vytek have in the merger. The board of directors of Vytek was aware of the material conflicts and considered them when approving the merger, the merger agreement and related actions. These interests of the executive officers and directors of Vytek may be different from, and in addition to, other stockholders interests and their interests as stockholders. As a result of the interests described below, these directors and executive officers of Vytek may have been more likely to approve the transaction than the Vytek stockholders generally.

No directors or officers of California Amplifier have any interests in Vytek different from, or in addition to, other California Amplifier stockholders.

Interests of Vytek s Executive Officers and Directors

James E. Ousley, President and Chief Executive Officer. Pursuant to Mr. Ousley s employment agreement with Vytek, if his employment with Vytek is terminated or if he suffers certain specified diminutions in duties and benefits, in each case within one year following the merger, Mr. Ousley will be entitled to receive (i) salary continuation, based on Mr. Ousley s then-current base salary, continued vesting under any equity incentive plans and full coverage under all benefit plans, and (ii) certain bonus payments, if any, in each case for a period of one year. Mr. Ousley s current base salary is $250,000 per year. Bonus consideration is not specified in Mr. Ousley s employment agreement and Vytek expects that amount to be zero.

In addition, Vytek has agreed to pay Mr. Ousley an additional severance payment of $100,000 if his employment is terminated in connection with the merger. Therefore, if Mr. Ousley s employment is terminated in connection with the merger, he will be entitled to receive aggregate severance payments of approximately $350,000.

In connection with the merger, Mr. Ousley will be nominated to the California Amplifier board of directors, subject to California Amplifier s corporate governance board nominating procedures. If none of the current members of California Amplifier s board of directors are removed or resign, Mr. Ousley s nomination would require California Amplifier to increase the size of its board.

Leonard Fassler, Chairman of the Board of Directors. In connection with completion of the merger, Vytek has agreed to pay Mr. Fassler a severance payment of $100,000 and an incentive bonus of $200,000.

Tracy Trent, Executive Vice President and Chief Operating Officer. In connection with the merger, California Amplifier entered into an employment agreement with Mr. Trent. The agreement is contingent upon the completion of the merger. The agreement sets forth the employee s position, compensation and eligibility to participate in the benefit plans of the combined company. Under the terms of the letter agreement, Mr. Trent will be an at-will employee and entitled to severance benefits in the event his prospective employment with the combined company is terminated without cause.

Walter Cook, Senior Vice President and Chief Financial Officer. Pursuant to Mr. Cook s employment agreement with Vytek, if his employment is terminated or if he suffers certain specified diminutions in duties and benefits, in each case within one year following the merger, Mr. Cook will be entitled to receive (i) salary continuation, based on Mr. Cook s then-current base salary, continued vesting under any equity incentive plans and full coverage under all benefit plans, and (ii) certain bonus payments, if any, in each case for a period of one year. Mr. Cook s current base salary is $180,000 per year. Bonus consideration is not specified in Mr. Cook s employment agreement, and Vytek expects that number to be zero. In addition to the above, Vytek has agreed to pay Mr. Cook an incentive bonus of $100,000 in connection with the merger.

Alexia Brown, Chief Legal Officer. Vytek has agreed to pay Ms. Brown an incentive bonus of $50,000 in connection with the merger.

Stock Options and Restricted Stock. Under the terms of the merger agreement, Vytek will fully vest, effective immediately prior to completion of the merger, all outstanding unvested options to purchase shares of Vytek capital stock, and will remove all restrictions on shares of Vytek capital stock which remain subject to a repurchase option, risk of forfeiture or other condition under any applicable restricted stock purchase agreement or other agreement with Vytek.

As of the date of this joint proxy statement/ prospectus, Mr. Cook was the only executive officer who held unvested options to purchase shares of Vytek common stock. As of that date, Mr. Cook held unvested options to purchase a total of 100,000 shares of Vytek common stock at a per share exercise price of $0.01. These options will vest in full immediately prior to the effective time of the merger and, if they remain unexercised, will be assumed by California Amplifier and be converted into options to purchase 8,315 shares of California Amplifier common stock with an exercise price of $0.13 per share.

As of February 9, 2004, Vytek s executive officers and directors beneficially held a total of approximately 1,091,997 shares of Vytek common stock, which remain subject to a repurchase option in favor of Vytek that will lapse at the effective time of the merger.

Registration of California Amplifier Common Stock for Resale. By filing the registration statement, of which this joint proxy statement/ prospectus forms a part, California Amplifier has registered for resale the shares of California Amplifier common stock to be delivered to certain Vytek executive officers, directors and affiliates who will not be executive officers, directors or affiliates of California Amplifier after the merger. The registration statement, of which this joint proxy statement/ prospectus forms a part, will serve as the resale registration statement. This registration for resale will permit those Vytek executive officers, directors and affiliates to immediately sell the shares of California Amplifier common stock they receive pursuant to the merger except to the extent that such shares are subject to any lock-up agreement. After the effective time of the merger (if required by applicable law, rules or regulations), California Amplifier has agreed with Vytek to file a post-effective amendment on Form S-3 to the registration statement of which this joint proxy statement/ prospectus is a part, which post-effective amendment will include a resale prospectus for the benefit of the selling stockholders of the number of shares of California Amplifier common stock received by the selling stockholders pursuant to the merger, and to keep this amendment effective until the earliest of (i) two years after the effective time of the merger, (ii) the date of final sale by the selling stockholders of all shares of California Amplifier common stock registered on the amendment and (iii) the date all shares of California Amplifier registered on the amendment become saleable pursuant to Rule 144 of the Securities Act without registration or limitation under the Securities Act.

Indemnification of Directors and Officers. The merger agreement provides that for a period of six years after the effective time of the merger, California Amplifier will and will cause Vytek, as the surviving corporation in the merger, to fulfill and honor Vytek s indemnification obligations pursuant to the DGCL, any indemnification agreements between Vytek and its directors and officers and any indemnification provisions under Vytek s charter documents in effect as of the date of the merger agreement. The merger agreement further provides that for a period of six years after the effective time of the merger, California Amplifier will maintain, or will cause Vytek, as the surviving corporation in the merger, to maintain in effect, if available, directors and officers liability insurance covering those persons who are covered by Vytek s directors and officers liability insurance policy immediately prior to the effective time of the merger, on terms no less favorable to the insured parties than those of Vytek s current insurance policy, provided, however, that in no event will California Amplifier or the combined company be required to pay a price in excess of 250% of the current aggregate annual premiums paid by Vytek.

Accounting Treatment of the Merger

The merger will be accounted for as a purchase for financial reporting and accounting purposes, as required under generally accepted accounting principles. After the completion of the merger, the results of operations of Vytek will be included in the consolidated financial statements of the combined company. The purchase price will be allocated to Vytek s assets and liabilities based on the fair values of the assets acquired and the liabilities assumed. Any excess of cost over the fair values of the net tangible assets of Vytek acquired will be recorded as goodwill and other intangible assets. To the extent required, other intangible assets will be amortized by charges to operations under generally accepted accounting principles. The purchase price allocation will be made based upon valuations and analysis that have not yet been finalized. A preliminary estimate of these valuations is included in this joint proxy statement/ prospectus in the section entitled Unaudited Pro Forma Condensed Combined Financial Information on page 124.

Material United States Federal Income Tax Considerations

The following is a discussion of the material U.S. federal income tax consequences of the merger to Vytek stockholders. This discussion is based on the Code, the related Treasury regulations, administrative interpretations and court decisions, all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and the conclusions discussed below and the tax consequences of the merger. This discussion applies only to Vytek stockholders that hold their shares of Vytek capital stock, and will hold the shares of California Amplifier common stock received in exchange for their shares of Vytek capital stock, as capital assets within the meaning of Section 1221 of the Code. This discussion does not address all federal income tax consequences of the merger that may be relevant to particular holders, including holders that are subject to special tax rules. Some examples of holders that are subject to special tax rules are:

- dealers in securities;
- financial institutions;
- insurance companies;
- tax-exempt organizations;
- holders of shares of Vytek capital stock as part of a position in a straddle or as part of a hedging or conversion transaction;
- holders who have a functional currency other than the U.S. dollar;
- holders who are neither citizens nor residents of the United States or that are foreign corporations, foreign partnerships or foreign estates or trusts;
- holders who are treated as partnerships or own their shares indirectly through partnerships, trusts or other entities that may be subject to special treatment; and
- holders who acquired their shares of Vytek capital stock through stock option or stock purchase programs or otherwise as compensation.

In addition, this discussion does not address any consequences arising under the laws of any state, local or foreign jurisdiction. VYTEK STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF CHANGES IN APPLICABLE TAX LAWS.

Tax Consequences of the Merger. California Amplifier and Vytek do not plan to obtain a ruling from the Internal Revenue Service with regard to the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code. Nor is the issuance of an opinion of counsel as to the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code a condition to the closing of the merger. California Amplifier and Vytek have, however, obtained opinions of Gibson, Dunn & Crutcher LLP and Paul, Hastings, Janofsky & Walker LLP, respectively, to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code. These opinions of counsel were given in reliance on customary representations of California Amplifier and Vytek and are subject to customary assumptions, exceptions, limitations and qualifications set forth therein. Certain of those representations and assumptions are forward looking in nature and there is no way of determining with any level of certainty that such representations and assumptions will be true and accurate as of the closing date of the merger. For example, although the opinions are based on certain assumptions relating to the number of dissenting shares, there is no way of determining whether or not such assumptions will be accurate. Any inaccuracy or change in the assumptions or representations relied upon by counsel in issuing their respective opinions and any future actions by California Amplifier or Vytek contrary to the representations or assumptions could adversely affect the conclusions reached in the opinions and the tax discussion set forth below. Vytek stockholders should be aware that the parties intend to consummate the merger even if, as of the closing date, such representations and assumptions are not in fact true and accurate, and as a result, the merger does not qualify as a reorganization under Section 368(a) of the Code.

The following are the material federal income tax consequences to Vytek stockholders who, consistent with the opinions of counsel referred to above, receive their shares of California Amplifier common stock pursuant to a transaction constituting a reorganization within the meaning of Section 368(a) of the Code:

No gain or loss will be recognized by a Vytek stockholder on the receipt of shares of California Amplifier common stock in exchange for shares of Vytek capital stock upon the closing of the merger, except with respect to cash, if any, that is received by the stockholder in lieu of a fractional share of California Amplifier common stock.

No gain or loss will be recognized by a Vytek stockholder upon the distribution to the stockholder of the California Amplifier common stock held in escrow. Vytek stockholders should consult their own tax advisors with respect to the tax consequences applicable to their individual situations in the event that shares of California Amplifier common stock that are held in escrow are returned to California Amplifier.

Each stockholder s aggregate tax basis in the California Amplifier common stock received pursuant to the merger (including any shares of California Amplifier common stock held in escrow) will be the same as his or her aggregate tax basis in the Vytek capital stock surrendered pursuant to the merger, decreased by the amount of any tax basis allocable to any fractional share interest for which cash is received. Vytek stockholders must calculate their tax basis in the shares of California Amplifier common stock received upon the closing of the merger by using the assumption that all of the shares of California Amplifier common stock that are placed in escrow will be distributed to them rather than returned to California Amplifier. Thus, in calculating the per share tax basis of the merger consideration received by any Vytek stockholder upon the closing of the merger, the aggregate tax basis of the Vytek stock surrendered by such stockholder pursuant to the merger must be allocated over the maximum number of shares of California Amplifier common stock that such stockholder has the opportunity to receive pursuant to the merger (decreased by the amount of any tax basis allocable to a fractional share interest). If the Vytek stockholders eventually receive all of the shares of California Amplifier common stock that are placed in escrow, the calculation of tax basis described in this paragraph will have reached the correct result. If, however, the Vytek stockholders do not receive such number of shares, the tax basis of the closing merger consideration will have to be adjusted based on the number of shares of California Amplifier common stock actually received after resolution of all contingencies. Because the mechanics of such subsequent basis adjustment are complex and the law governing such an adjustment is unsettled, any Vytek stockholder who sells shares of California Amplifier common stock received pursuant to the merger or otherwise has a recognition event requiring a determination of his or her basis in such shares before the total amount of consideration has been fixed should consult his or her own tax advisor with respect to the calculation of the tax basis in such shares and any subsequent basis adjustments.

The holding period of the California Amplifier common stock received pursuant to the merger by a holder of Vytek capital stock will include the holding period of Vytek capital stock that he or she surrendered pursuant to the merger. If a Vytek stockholder has differing tax bases and/or holding periods in respect of the stockholder s shares of Vytek capital stock, the stockholder should consult with a tax advisor in order to identify the tax bases and/or holding periods of the particular shares of California Amplifier common stock that the stockholder receives.

Cash payments received by a Vytek stockholder in lieu of a fractional share of California Amplifier common stock will be treated as received in exchange for that fractional share interest, and gain or loss will be recognized for federal income tax purposes on the receipt of the cash payment, measured by the difference between the amount of cash received and the portion of the basis of the Vytek capital stock allocable to the fractional share interest. The gain or loss will be long-term capital gain or loss if the Vytek capital stock is considered to have been held for more than one year at the time of the exchange.

General Considerations. Notwithstanding the qualification of the merger as a reorganization within the meaning of section 368(a) of the Code, a recipient of California Amplifier common stock would recognize income to the extent such shares were considered to be received in exchange for anything, other than solely Vytek capital stock. All or a portion of such income may be taxable as ordinary income.

As noted above, the opinions of counsel as to the status of the merger as a reorganization under Section 368(a) of the Code has been based on certain assumptions and representations that are forward looking in nature. Any inaccuracy or change in the assumptions or representations relied upon by counsel in issuing their respective opinions and any future actions by California Amplifier or Vytek contrary to the representations or assumptions could adversely affect the conclusions reached in such opinions and the tax discussion set forth above. Vytek stockholders should be aware that opinions of counsel as to the status of the merger as a reorganization under Section 368(a) of the Code is not a condition to the closing of the merger and that the parties intend to consummate the merger even if, as of the closing date, such representations and assumptions are not in fact true and accurate, and as a result, the merger does not qualify as a reorganization under Section 368(a) of the Code.

In addition, an opinion of counsel as to the status of the merger as a reorganization under section 368(a) of the Code will neither be binding on the Internal Revenue Service nor preclude it from adopting a contrary position. No assurance can be given that contrary positions will not successfully be asserted by the Internal Revenue Service or adopted by a court if the issues are litigated. If the Internal Revenue Service determines successfully that the merger does not constitute a reorganization within the meaning of Section 368(a) of the Code, each Vytek stockholder would be required to recognize gain or loss with respect to each share of Vytek capital stock that he or she surrenders pursuant to the merger in an amount equal to the difference between the sum of the fair market value of any California Amplifier common stock and cash received in lieu of a fractional share of California Amplifier common stock, and the tax basis of the shares of Vytek capital stock surrendered in exchange therefor. The amount and character of gain or loss will be computed separately for each block of Vytek capital stock that was purchased by the holder in the same transaction. A Vytek stockholder s aggregate tax basis in the California Amplifier common stock received pursuant to the merger would in this case equal its fair market value at the time of the closing of the merger, and the holding period for the California Amplifier common stock will begin the day after the closing of the merger.

Information Reporting and Backup Withholding. Certain U.S. holders may be subject to information reporting with respect to the cash received instead of a fractional share interest in shares of California Amplifier common stock. U.S. holders who are subject to information reporting and who do not provide appropriate information when requested may also be subject to backup withholding. Any amount withheld under such rules is not an additional tax and may be refunded or credited against such U.S. holders federal income tax liability, provided that the required information is properly furnished in a timely manner to the Internal Revenue Service.

Appraisal Rights

If the merger is consummated, a holder of record of Vytek stock who properly makes a demand for appraisal, as described below, will be entitled to have those shares appraised by the Delaware Court of Chancery under Section 262 of the DGCL, also referred to herein as Section 262, and to receive a cash payment for the fair value of those shares instead of the consideration provided for in the merger agreement. In order to be eligible to receive this payment, however, a Vytek stockholder must (i) continue to hold his or her shares through the time of the merger; (ii) strictly comply with the procedures discussed under Section 262; and (iii) not vote in favor of the merger agreement. This joint proxy statement/ prospectus is being sent to all holders of record of Vytek stock on the record date for the Vytek special meeting and constitutes notice of the appraisal rights available to those holders under Section 262.

THE STATUTORY RIGHT OF APPRAISAL GRANTED BY SECTION 262 REQUIRES STRICT COMPLIANCE WITH THE PROCEDURES IN SECTION 262. FAILURE TO FOLLOW ANY OF THESE PROCEDURES MAY RESULT IN A TERMINATION OR WAIVER OF APPRAISAL RIGHTS UNDER SECTION 262. THE FOLLOWING IS A SUMMARY OF THE PRINCIPAL PROVISIONS OF SECTION 262.

The following summary is not a complete statement of Section 262, and is qualified in its entirety by reference to Section 262, which is incorporated herein by reference, together with any amendments to the laws that may be adopted after the date of this joint proxy statement/ prospectus. A copy of Section 262 is attached as *Annex C* to this joint proxy statement/ prospectus.

A holder of Vytek stock who elects to exercise appraisal rights under Section 262 must deliver a written demand for appraisal of its shares of Vytek prior to the vote on the merger agreement. A vote against the merger agreement does not constitute a demand for appraisal. The written demand must identify the stockholder of record and state the stockholder s intention to demand appraisal of his or her shares. All demands should be delivered to Vytek Corporation, 12670 High Bluff Drive, San Diego, California 92130, Attention: Corporate Secretary.

Only a holder of shares of Vytek stock on the date of making a written demand for appraisal who continuously holds those shares through the time of the merger is entitled to seek appraisal. Demand for appraisal must be executed by or for the holder of record, fully and correctly, as that holder s name appears on the holder s stock certificates representing shares of Vytek stock. If Vytek stock is owned of record in a fiduciary capacity by a trustee, guardian or custodian, the demand should be made in that capacity. If Vytek stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be made by or for all owners of record. An authorized agent, including one or more joint owners, may execute the demand for appraisal for a holder of record; that agent, however, must identify the record owner or owners and expressly disclose in the demand that the agent is acting as agent for the record owner or owners of the shares.

A record holder such as a broker who holds shares of Vytek stock as a nominee for beneficial owners, some of whom desire to demand appraisal, must exercise appraisal rights on behalf of those beneficial owners with respect to the shares of Vytek stock held for those beneficial owners. In that case, the written demand for appraisal should state the number of shares of Vytek stock covered by it. Unless a demand for appraisal specifies a number of shares, the demand will be presumed to cover all shares of Vytek stock held in the name of the record owner.

BENEFICIAL OWNERS WHO ARE NOT RECORD OWNERS AND WHO INTEND TO EXERCISE APPRAISAL RIGHTS SHOULD INSTRUCT THE RECORD OWNER TO COMPLY WITH THE STATUTORY REQUIREMENTS WITH RESPECT TO THE EXERCISE OF APPRAISAL RIGHTS BEFORE THE DATE OF THE VYTEK SPECIAL MEETING.

Within 10 days after the effective date of the merger, the surviving corporation to the merger is required to send notice of the adoption of the merger agreement to all stockholders who have provided notice to Vytek of their intent to exercise appraisal rights and who have not voted in favor of the merger agreement.

Within 120 days after the effective date of the merger, the surviving corporation or any stockholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of Vytek stock held by all stockholders seeking appraisal. A dissenting stockholder must serve a copy of the petition on the surviving corporation. If no petition is filed by either the surviving corporation or any dissenting stockholder within the 120-day period, the rights of all dissenting stockholders to appraisal will cease. Stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file a petition with respect to the appraisal of the fair value of their shares or that the surviving corporation will initiate any negotiations with respect to the fair value of those shares. The surviving corporation is under no obligation to and has no present intention to take any action in this regard. Accordingly, stockholders who wish to seek appraisal of their shares should initiate all necessary action with respect to the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262. **FAILURE TO FILE THE PETITION ON A TIMELY BASIS WILL CAUSE THE STOCKHOLDER S RIGHT TO AN APPRAISAL TO CEASE.**

Within 120 days after the effective date of the merger, any stockholder who has complied with subsections (a) and (d) of Section 262 is entitled, upon written request, to receive from the surviving corporation a statement setting forth the total number of shares of Vytek stock not voted in favor of the merger agreement with respect to which demands for appraisal have been received by the surviving corporation and the number of holders of those shares. The statement must be mailed within 10 days after the surviving corporation has received the written request or within 10 days after the time for delivery of demands for appraisal under subsection (d) of Section 262 has expired, whichever is later.

If a petition for an appraisal is timely filed by a stockholder and a copy thereof is served upon Vytek, Vytek will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to such stockholders as required by the Court, the Delaware Court of Chancery is empowered to conduct a hearing on such petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the holders of shares of Vytek capital stock who demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with such direction, the Court of Chancery may dismiss the proceedings as to such stockholder.

After determining the Vytek stockholders entitled to appraisal, the Delaware Court of Chancery will appraise the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. Vytek stockholders considering seeking appraisal should be aware that the fair value of their shares as determined under Section 262 could be more or less than or the same as the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares and that investment banking opinions as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262. The Delaware Supreme Court has stated that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings. In addition, Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenter s exclusive remedy. The Court will also determine the amount of interest, if any, to be paid upon the amounts to be received by persons whose shares have been appraised.

The Delaware Court of Chancery may determine the cost of the appraisal proceeding and assess it against the parties as the Court deems equitable. Upon application of a dissenting stockholder, the Court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding (including, without limitation, reasonable attorney s fees and the fees and expenses of experts) be charged pro rata against the value of all shares of Vytek stock entitled to appraisal. In the absence of a court determination or assessment, each party bears its own expenses.

Any stockholder who has demanded appraisal in compliance with Section 262 will not, after the merger, be entitled to vote his or its Vytek stock for any purpose or receive payment of dividends or other distributions, if any, on the Vytek stock, except for dividends or distributions, if any, payable to stockholders of record at a date prior to the merger.

A stockholder may withdraw a demand for appraisal and accept the consideration payable pursuant to the merger agreement at any time within 60 days after the merger; provided that once a petition for appraisal is filed, it may not be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and any such approval may be conditioned on the Delaware Court of Chancery s deeming the terms to be just. If, after the merger, a holder of Vytek stock who had demanded appraisal for his shares fails to perfect or loses his right to appraisal, those shares will be treated under the merger agreement as if they were converted into the consideration payable pursuant to the merger agreement at the time of the merger.

IN VIEW OF THE COMPLEXITY OF THESE PROVISIONS OF THE DELAWARE CORPORATE LAW, ANY VYTEK STOCKHOLDER WHO IS CONSIDERING EXERCISING APPRAISAL RIGHTS SHOULD CONSULT A LEGAL ADVISOR.

California Amplifier stockholders are not entitled to appraisal rights with respect to the merger or the share issuance.

Quotation on The Nasdaq National Market

It is a condition to the closing of the merger that the shares of California Amplifier common stock to be issued pursuant to the merger agreement be approved for listing on The Nasdaq National Market.

Shares Eligible For Future Sale

Upon completion of the merger, assuming no changes in the number of shares of Vytek capital stock and the number of shares of California Amplifier common stock outstanding as of February 9, 2004, approximately 23,103,012 shares of California Amplifier common stock will be outstanding. All of the up to approximately 8,318,122 shares to be issued at and following the closing of the merger will be freely tradable without restriction or further registration under the Securities Act, other than shares held by affiliates of California Amplifier or Vytek as that term is defined in Rule 144 or 145 under the Securities Act or under the lock-up agreements entered into by certain of Vytek s stockholders as described below.

In general, under Rule 144, a person who may be deemed an affiliate of the combined company after the merger who has beneficially owned shares of California Amplifier common stock or shares exchanged for California Amplifier common stock for at least one year will be entitled to sell within any three-month period during the year following the completion of the merger a number of shares that does not exceed the greater of (i) 1% of the number of shares of California Amplifier common stock then outstanding (which is expected to be approximately 231,030 shares upon the completion of the merger) and (ii) the average weekly trading volume of the combined company s common stock on The Nasdaq National Market during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to certain provisions relating to the manner and notice of sale and availability of current public information about the combined company.

In general, under Rule 145, affiliates of Vytek will also be subject to the above restrictions on sales of the combined company s common stock received pursuant to the merger. The restrictions under Rule 145 will not apply to shares that California Amplifier is registering for resale in this registration statement of which this joint proxy statement/ prospectus is a part. The registration for resale includes approximately 6,644,803 shares of California Amplifier common stock to be received by the affiliates of Vytek in connection with the merger who will not be affiliates of the combined company immediately following the effective time of the merger. Of the 6,644,803 shares of California Amplifier common stock registered for resale by Vytek s affiliates, a total of approximately 363,265 shares of California Amplifier common stock that are not subject to the lock-up agreements required as a condition to closing of the merger will be immediately available for resale in the public market following the effective time of the merger.

Options. Holders of options to purchase Vytek common stock that are not exercised prior to the effective time and that are assumed by California Amplifier in connection with the merger will be entitled to sell the California Amplifier common stock that they receive upon the exercise of such options pursuant to a registration statement on Form S-8, which will be filed by California Amplifier within 10 business days after the closing of the merger to register up to 201,963 shares of California Amplifier common stock subject to outstanding options to purchase Vytek common stock assumed by California Amplifier in connection with the merger and up to 135,012 shares of California Amplifier common stock, representing the additional shares of Vytek common stock not subject to options previously issued under the Vytek s 2000 Stock Option Plan assumed by California Amplifier in connection with the merger and which will be available for issuance by California Amplifier subject to the terms of Vytek s 2000 Stock Option Plan upon completion of the merger.

Lock-Up Agreements. As a condition to the closing of the merger, certain stockholders of Vytek are required to enter into lock-up agreements with respect to the shares of California Amplifier common stock received by them in connection with the merger. Assuming no changes in the number of shares of Vytek capital stock outstanding as of February 9, 2004, it is anticipated that 6,281,538 of the approximately 23,103,012 shares of California Amplifier common stock outstanding at the closing of the merger will be subject to such lock-up agreements. Pursuant to the lock-up agreements 3,140,769 shares will become available for resale in the public market 180 days following the closing of the merger, 1,570,384 shares will become available for resale in the public market 270 days following the closing of the merger and 1,570,385 shares will become available for resale in the public market 365 days following the closing of the merger.

THE MERGER AGREEMENT

The following briefly summarizes the material provisions of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/ prospectus and is incorporated by reference into this summary. The following is not a complete description of all provisions of the merger agreement and is qualified in its entirety by reference to the merger agreement. You are encouraged to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

General

Following the approval of the merger proposal and actions related to the merger by the stockholders of Vytek, the approval of the share issuance by the stockholders of California Amplifier, and the satisfaction or waiver of each of the conditions to the merger, Acquisition Sub, a wholly-owned subsidiary of California Amplifier, will be merged with and into Vytek. Vytek will survive the merger as a wholly-owned subsidiary of California Amplifier. If all conditions to the merger are satisfied or waived, the merger will become effective at the time of the filing of the duly executed certificate of merger with the Secretary of State of the State of Delaware, and such time is referred to in the merger agreement as the effective time.

Merger Consideration; Determination of the Exchange Ratio

In General. As a result of the merger, California Amplifier will issue, or be required to issue in the future pursuant to warrants and options to be assumed by California Amplifier in connection with the merger, up to approximately 8,318,122 shares of California Amplifier common stock in the aggregate to the holders of Vytek common stock, preferred stock, options and warrants immediately prior to the effective time. At the effective time of the merger, up to an aggregate of 8,200,000 of the California Amplifier shares to be issued pursuant to the merger will be issued by California Amplifier in exchange for all of the outstanding Vytek common and preferred stock or will be issuable, following the merger, by California Amplifier upon the exercise of options to acquire Vytek common stock that are outstanding immediately prior to the effective time of the merger, at exercise prices less than $1.00, which we refer to as in-the-money options, and the following warrants to acquire Vytek common stock and Series A Preferred, which we refer to as in-the-money warrants: (i) warrant to purchase 10,210 shares of Vytek common stock issued to CarrAmerica Realty Corporation; and (ii) warrant to purchase 122,949 shares of Vytek Series A Preferred issued to CarrAmerica Realty Corporation. The remaining approximately 118,122 California Amplifier shares to be issued pursuant to the merger will be issuable by California Amplifier following the merger upon the exercise of options to purchase Vytek common stock that are outstanding immediately prior to the effective time of the merger, at exercise prices greater than $1.00, which we refer to as out-of-the-money options, and the following warrants to purchase Vytek common stock and Series A Preferred, which we refer to as out-of-the-money warrants: (i) warrant to purchase 20,293 shares of Series A Preferred and 1,688 shares of Vytek common stock issued to Mission Ventures, L.P.; (ii) warrant to purchase 4,245 shares of Series A Preferred and 353 shares of Vytek common stock issued to Mission Ventures Affiliates, L.P.; (iii) warrant to purchase 14,330 shares of Series A Preferred and 1,192 shares of Vytek common stock issued to Spinnaker Ventures Fund I, L.P.; (iv) warrant to purchase 10,207 shares of Series A Preferred and 849 shares of Vytek common stock issued to Spinnaker Ventures Fund IQ, L.P.; (v) warrant to purchase 13,942 shares of Series A Preferred and 1,160 shares of Vytek common stock issued to Imperial Bank (currently Comerica Bank); (vi) warrant to purchase 683 shares of Vytek common stock issued to Flemming Lassard & Shields LLC; and (vii) warrant to purchase 253 shares of Vytek common stock issued to Transition Consulting LLC. Following the merger, the current holders of Vytek capital stock, options and warrants will own or have the right to acquire up to approximately 36% of the outstanding common stock of California Amplifier.

Conversion of Securities. At the effective time of the merger, and without any action on the part of any Vytek stockholder, each issued and outstanding share of Vytek capital stock outstanding immediately prior to the effective time will be converted into the right to receive a fraction of a share of California Amplifier common stock. This fraction is referred to as the exchange ratio. The exchange ratios for the various classes and series of Vytek capital stock will be determined as follows:

Each share of Vytek common stock will be converted into the right to receive the number of shares of California Amplifier common stock obtained by dividing (A) 1,230,000, the common share allocation, by (B) the sum of (i) the total number of shares of Vytek common stock outstanding immediately prior to the effective time, (ii) the total number of shares of Vytek common stock issuable upon the exercise of the in-the-money options and (iii) the total number of shares of Vytek common stock issuable upon the exercise of Vytek in-the-money warrants, which we refer to as the common stock exchange ratio.

Each share of Series A Preferred will be converted into the right to receive the number of shares of California Amplifier common stock obtained by dividing (A) 5,831,470, the Series A share allocation, by (B) the sum of (i) the total number of shares of Series A Preferred outstanding immediately prior to the effective time and (ii) the total number of shares of Series A Preferred issuable upon the exercise of the in-the-money warrants, which we refer to as the Series A exchange ratio.

Each share of Series B Preferred will be converted into the right to receive the number of shares of California Amplifier common stock obtained by dividing (A) 1,133,786, the Series B share allocation, by (B) the total number of shares of Series B Preferred outstanding immediately prior to the effective time, which we refer to as the Series B exchange ratio.

Each share of Series Junior Preferred will be converted into the right to receive the number of shares of California Amplifier common stock obtained by dividing (A) 4,744, the Series Junior share allocation, by (B) the total number of shares of Series Junior Preferred outstanding immediately prior to the effective time, which we refer to as the Series Junior exchange ratio.

The exchange ratios will not be adjusted based on fluctuations in the market price of California Amplifier s common stock.

The final exchange ratios at which shares of Vytek common stock and preferred stock will be converted into shares of California Amplifier common stock will depend on the precise capital structure of Vytek immediately prior to the effective time of the merger, which management of Vytek does not expect to materially differ from that as of February 2, 2004. On February 2, 2004, there were issued and outstanding (i) 13,576,150 shares of Vytek common stock, (ii) 22,950,784 shares of Series A Preferred, (iii) 4,256,406 shares of Series B Preferred, (iv) 22,790 shares of Series Junior Preferred, (v) 1,206,000 in-the-money options to acquire Vytek common stock, (vi) 1,222,878 out-of-the-money options to acquire Vytek common stock, (vii) in-the-money warrants to acquire 10,210 shares of Vytek common stock, (viii) out-of-the-money warrants to acquire 6,178 shares of Vytek common stock, (ix) in-the-money warrants to acquire 122,949 shares of Series A Preferred, and (x) out-of-the-money warrants to acquire 63,017 shares of Series A Preferred.

The following chart estimates the exchange ratios that would be used to determine the number of shares of California Amplifier common stock that stockholders of Vytek would receive as a result of the merger assuming that the number of each class and series of outstanding shares of Vytek capital stock remains as it was on February 2, 2004:

Series	Exchange Ratio	Aggregate Share Allocation	Outstanding Share Calculation	Outstanding Vytek Shares
Common Stock	0.083151	1,230,000	13,576,150 (common) + 1,206,000 (in-the-money options) + 10,210 (in-the-money common warrants)	14,792,360
Series A Preferred	0.252732	5,831,470	22,950,784 (Series A) + 122,949 (in-the-money Series A warrants)	23,073,733
Series B Preferred	0.266372	1,133,786	4,256,406	4,256,406
Series Junior Preferred	0.208161	4,744	22,790	22,790

Each Vytek stockholder will be entitled to receive approximately 89.6% of the merger consideration otherwise due to it upon the closing of the merger. Exactly 854,700 shares of California Amplifier common stock, or approximately 10.4% of the shares to be issued at the closing of the merger, will be placed in escrow, pursuant to the escrow agreement that can be found at Exhibit E to the merger agreement, which is attached to this joint proxy statement/ prospectus as *Annex A* and described under Other Agreements Escrow Agreement below, to cover potential indemnity claims made by California Amplifier under the merger agreement. Additionally, if Vytek s final working capital (as defined in the merger agreement) is less than $4,000,000, California Amplifier may instruct the escrow agent to return that number of shares of California Amplifier common stock equal to the amount of the deficiency valued in accordance with the terms of the merger agreement.

Treatment of Vytek Stock Options

In connection with the merger, Vytek has agreed to use its commercially reasonable efforts to cause the exercise of all in-the-money options prior to the effective time of the merger. Any stock options that, at the effective time of the merger, remain outstanding under Vytek s stock option plan, the 2000 Stock Option Plan, and the plan itself, will be assumed by California Amplifier. As a result of the merger, each option to purchase shares of Vytek common stock outstanding immediately prior to the merger will vest in full and will be converted into an option to acquire that number of shares of California Amplifier common stock obtained by multiplying (A) the number of shares subject to Vytek s option by (B) the common stock exchange ratio, rounded down to the nearest whole number. The exercise price associated with such assumed option will be adjusted to an amount calculated by dividing (A) the exercise price for the original option to purchase Vytek stock by (B) the common stock exchange ratio, rounded up to the nearest whole cent. Because calculation of the exchange ratios is dependent on the actual capital structure of Vytek at the closing of the merger, the exact common stock exchange ratio cannot be determined prior to the effective time, and accordingly the number of options to acquire California Amplifier common stock into which Vytek s stock options will be converted is not currently known.

As of February 2, 2004, options to purchase 2,428,878 shares of Vytek common stock were outstanding under Vytek s 2000 Stock Option Plan. Under the merger agreement, Vytek is not permitted to grant any additional options to purchase shares of Vytek common stock prior to the effective time. Vytek and California Amplifier expect that in-the-money options to purchase 1,206,000 shares of Vytek common stock will be exercised prior to the merger. Assuming that the capitalization of Vytek is the same as it was on February 2, 2004, Vytek s outstanding out-of-the-money options will convert into options to purchase 101,683 shares of California Amplifier common stock pursuant to the merger.

As of February 2, 2004, 1,623,698 options to purchase shares of Vytek common stock remained available for grant under Vytek s existing option plan. As a result of assuming the existing Vytek option plan, California

Amplifier will be able to grant options exercisable for up to 135,012 shares of California Amplifier common stock to current Vytek employees.

Options to acquire California Amplifier common stock issued in exchange for outstanding Vytek options will be subject to the same terms and conditions that are currently applicable to such options under Vytek s 2000 Stock Option Plan. California Amplifier has agreed to file a registration statement on Form S-8 to register all of the shares of California Amplifier common stock that will be subject to the options assumed by California Amplifier in connection with the merger. In addition, California Amplifier intends that the registration statement on Form S-8 will include the registration of an additional amount of shares of California Amplifier common stock that will be subject to any future grants by California Amplifier under Vytek s 2000 Stock Option Plan assumed by California Amplifier.

California Amplifier s current stock option/ stock issuance equity compensation plans will not change as a result of the merger.

Treatment of Vytek Warrants

Each warrant to purchase shares of Vytek common stock and Series A Preferred that remains outstanding at the effective time will be converted into a warrant to purchase shares of California Amplifier common stock. The number of shares of California Amplifier common stock subject to the new warrant will be calculated by multiplying (A) the number of shares of Vytek common stock or Series A Preferred subject to the converted warrant by (B) the common stock or Series A exchange ratio, as applicable, rounded down to the nearest whole number. The exercise price associated with such converted warrant will be adjusted to an amount calculated by dividing (A) the exercise price per share of the Vytek common stock or Series A Preferred under the original warrant by (B) the common stock or Series A exchange ratio, as applicable, rounded up to the nearest whole cent. Because calculation of the exchange ratios is dependent on the actual capital structure of Vytek at the closing of the merger, the exact common stock and Series A exchange ratios and the number of shares of California Amplifier common stock subject to the warrants cannot be determined prior to the effective time.

Based on the capitalization of Vytek on February 9, 2004, the outstanding out-of-the-money warrants to purchase 6,178 shares of Vytek common stock and 63,017 shares of Series A Preferred as of February 9, 2004, will be assumed by California Amplifier and converted into warrants to purchase 16,439 shares of California Amplifier common stock. The outstanding in-the-money warrants to purchase 10,210 shares of Vytek common stock and 122,949 shares of Series A Preferred as of February 9, 2004, will be assumed by California Amplifier and converted into warrants to purchase 31,921 shares of California Amplifier common stock.

Exchange of Shares

Fractional Shares. California Amplifier will not issue any fractional shares of California Amplifier common stock pursuant to the merger. Instead, each holder of shares of Vytek capital stock exchanged pursuant to the merger who would otherwise have been entitled to receive a fraction of a share of California Amplifier common stock will be entitled to receive cash for that fractional share, without interest, in an amount equal to the fractional amount of California Amplifier common stock multiplied by the average of the daily volume-weighted sales prices per share of California Amplifier common stock as quoted on The Nasdaq National Market for the five consecutive trading-days ending two calendar days prior to the day the merger is completed.

Surrender of Shares of Vytek Capital Stock; Stock Transfer Books. At least two calendar days prior to the effective time, California Amplifier will mail to each record holder of a certificate representing Vytek capital stock a letter of transmittal containing instructions for surrendering certificates in exchange for California Amplifier common stock and for obtaining cash payment for fractional shares. Holders of certificates representing Vytek stock who surrender their certificates in accordance with these instructions will be entitled to receive, after the effective time, cash and certificates representing their shares of California

Amplifier common stock. Each surrendered certificate will be canceled. Until surrendered as contemplated above, each certificate representing Vytek stock will be deemed, at and after the effective time of the merger, to represent only the right to receive the merger consideration discussed above upon surrender of the certificate.

No Dividends or Distributions. No dividends declared or other distributions paid after the effective time of the merger by California Amplifier will be paid to the holder of any certificate representing Vytek capital stock until the certificate is surrendered. Following the surrender of each certificate representing shares of Vytek capital stock, California Amplifier will pay to the record holder of the new certificates representing shares of California Amplifier capital stock the amount of all dividends and distributions with a record date after the effective time of the merger that would have been previously payable had the certificate representing shares of Vytek capital stock been surrendered prior to the declaration or distribution. However, California Amplifier has not paid any cash dividends on its common stock and currently intends to retain any future earnings for use in its business. Accordingly, California Amplifier does not anticipate that any cash dividends will be declared or paid on its common stock in the foreseeable future.

Lost Certificates. If any Vytek certificate has been lost, stolen or destroyed, the owner of the certificate must provide an affidavit to that effect. California Amplifier may require the owner of a lost, stolen or destroyed Vytek certificate to deliver a bond to California Amplifier as indemnity against any claim that may be made against California Amplifier with respect to any Vytek certificates alleged to have been lost, stolen or destroyed.

Appraisal Rights

Shares of Vytek capital stock issued and outstanding immediately prior to the effective time of the merger that are held by any holder who:

has not voted such shares in favor of the merger at the special meeting;

is entitled to demand and properly demands appraisal of such shares pursuant to Section 262 of the DGCL and complies in all respects with the provisions of such laws; and

has not effectively withdrawn nor lost the right to demand relief as a dissenting stockholder under the DGCL as of the effective time of the merger

shall not be converted into the right to receive the merger consideration. Instead such holder shall only be entitled to payment of the fair value of such shares in accordance with the provisions of Section 262 of the DGCL. At the effective time of the merger, all such shares shall automatically be canceled and shall cease to exist or be outstanding, and each holder shall cease to have any rights with respect to the shares, except for rights granted under Section 262 of the DGCL. In the event a holder fails to perfect or otherwise waives, withdraws or loses the right to appraisal under Section 262 of the DGCL, or a court of competent jurisdiction determines that such holder is not entitled to the relief provided by Section 262 of the DGCL, then the rights of such holder under Section 262 of the DGCL shall cease to exist and such holder s shares shall be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration described above. Vytek is required to give California Amplifier prompt notice of any demands for appraisal, and California Amplifier has the right to participate in all negotiations and proceedings with respect to such demands. Vytek may not, without California Amplifier s prior written consent, make any payment with respect to, or settle or offer to settle, any such demands.

California Amplifier stockholders are not entitled to appraisal rights in connection with the merger.

Representations and Warranties

The merger agreement contains representations and warranties of California Amplifier, Vytek and Acquisition Sub. The most significant of these relate to:

- due organization, valid existence, qualification to do business and good standing;
- capitalization;
- authority relative to the merger and the merger agreement;
- required consents, approvals and government filings;
- the absence of changes in their businesses;
- litigation, arbitration, or judgments pending or threatened against them or to which they are a party;
- the absence of undisclosed liabilities;
- stockholder votes required to approve the merger;
- compliance with applicable laws; and
- broker s fees.

Vytek has also made representations and warranties relating to:

- the accuracy and fairness of their financial statements;
- compliance with laws related to taxes;
- the validity, binding nature and absence of defaults with respect to their significant contracts;
- employee benefit plans, labor agreements, employee compensation and compliance with the Employee Retirement Income Security Act of 1974, or ERISA;
- the right to use, and absence of infringement of intellectual property;
- state anti-takeover statutes;
- the validity of the accounts and notes receivable;
- inventories;
- compliance with laws related to environmental matters;
- customers and suppliers;
- insurance;
- transactions with its affiliates;

- title to property; and
- real property.

California Amplifier has also made representations and warranties relating to:

- the accuracy and completeness of documents and reports filed by California Amplifier with the SEC; and
- the opinion of California Amplifier s financial advisor.

The representations and warranties in the merger agreement are lengthy and detailed and not easily summarized. You are urged to read carefully Article II of the merger agreement entitled Representations and Warranties of Parent and Acquisition Sub and Article III of the merger agreement entitled Representations and Warranties of the Company.

All of the representations and warranties of California Amplifier, Acquisition Sub and Vytek contained in the merger agreement, except for those made by Vytek related to tax matters, will survive for fifteen months after completion of the merger. Vytek s representations as to tax matters will survive for two years after completion of the merger.

Conduct of Business Pending the Merger

California Amplifier and Vytek are subject to various restrictions on their conduct and operations until the merger is completed. In the merger agreement, California Amplifier and Vytek agreed that, prior to the earlier of the effective time of the merger or the termination of the merger agreement, each will, in all material respects:

- operate its business in the ordinary course of business as currently conducted;
- seek to maintain its current business organization;
- pay its debts and taxes when due; and
- seek to retain its current officers and employees and preserve its relationships with customers, suppliers and others having business dealings with it.

California Amplifier and Vytek also agreed that, unless the other party consents in writing, they will not do any of the following prior to the earlier of the effective time of the merger or the termination of the merger agreement:

- except as contemplated by the merger agreement or required by applicable law, amend or change their certificates of incorporation or bylaws;
- except as permitted by the merger agreement, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of any of their material assets, other than sales of inventory made in the ordinary course of business consistent with past practice;
- except as related to the exercise of existing stock options and, in the case of California Amplifier, the issuance of additional stock options pursuant to its existing stock option plans, issue, deliver, sell, pledge, dispose of or grant an encumbrance on any shares of capital stock or any other voting securities, equity equivalents or securities convertible into such shares, voting securities or equity equivalents;
- declare, set aside or pay dividends or make any other distributions;
- split, combine, redeem or reclassify any capital stock;
- alter (through merger, liquidation, reorganization, restructuring or otherwise) the corporate structure or ownership;
- acquire or agree to acquire any business or any corporation, limited liability company, partnership, association, or other business organization or division thereof;
- knowingly violate or knowingly fail to perform any obligation or duty imposed upon them by any applicable material federal, state or local law, rule, regulation, guideline or ordinance;
- except as may be necessary in connection with this registration statement with respect to Vytek, make any change to accounting policies or procedures (other than actions required to be taken as a result of a change in applicable law or in generally accepted accounting principles);
- take any action that could prevent the merger from qualifying as a reorganization under Section 368(a) of the Internal Revenue Code;
- commence any litigation or proceedings or settle or compromise any material claims or litigation, except to the extent that such act would not have a material adverse effect on California Amplifier;
- except as provided in the merger agreement or as may be required by applicable law, take any action that would alter in any way the terms and provisions governing their capital stock; or

authorize, recommend, propose or announce an intention to take or agree to take any of the foregoing actions.

Vytek also agreed that, unless California Amplifier consents in writing, it will not do any of the following prior to the earlier of the effective time of the merger or the termination of the merger agreement:

- except as permitted by the merger agreement, incur any material indebtedness for borrowed money, guarantee any such indebtedness or make any material loans, advances or capital contributions to, or other investments in, any other person, in excess of $10,000;
- except as may be required by applicable law or as contemplated by the merger agreement, enter into or adopt any, or amend any existing severance plan, stock option or restricted stock plan, employment or consulting agreement or arrangement;
- except as may be required by applicable law, as contemplated by the merger agreement, in the ordinary course of business consistent with past practice or as required under any of Vytek s existing employment or severance agreements, increase the compensation payable to its directors or executive officers or grant any severance or termination pay to, or enter into any employment or severance agreement with any director or officer, or enter into any other plan, agreement or arrangement for the benefit of any director, officer or employee;
- prepare or file any tax return in a manner that is materially inconsistent with past practice or take any position that is materially inconsistent with past practice, make or rescind any material express or deemed election relating to taxes, commence, settle or compromise any litigation or proceeding with respect to tax liability or fail to timely file tax returns or pay taxes that become due;
- except for time and materials customer contracts and firm fixed-price customer contracts of less than $250,000, enter into, renew, terminate or amend any agreement or contract material to Vytek, purchase any real property or make or agree to make any new capital expenditure in excess of $100,000 individually;
- pay, discharge or satisfy any claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business and consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, Vytek s financial statements;
- except as permitted by the merger agreement, incur any expenses in connection with the consummation of the transactions contemplated by the merger agreement on behalf of any of the stockholders of Vytek;
- allow any insurance policies to be amended or terminated without replacing such policy with a policy providing at least equal coverage, insuring comparable risks and issued by an insurance company financially comparable to the prior insurance company; or
- authorize, recommend, propose or announce an intention to take, or agree to take any of the foregoing actions.

Each of Vytek and California Amplifier has agreed to use commercially reasonable efforts to promptly notify the other party of any event or occurrence of which it is aware that would be reasonably likely to:

- cause any representation or warranty contained in the merger agreement and made by it to be untrue or inaccurate in any material respect;
- cause any covenant, condition or agreement contained in the merger agreement and made by it not to be complied with or satisfied in all material respects; or
- have a material adverse effect on that party.

Each of Vytek and California Amplifier has also agreed to use its commercially reasonable efforts to promptly notify the other party of any failure by such party to comply in a timely manner with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under the merger agreement.

As it is used in the merger agreement, material adverse effect means any event, circumstance or change that is or that could reasonably be expected to be materially adverse to the business, operations, condition, assets, or results of operations of California Amplifier and its subsidiaries or Vytek and its subsidiaries, each taken as a whole, or that could reasonably be expected to prevent or materially delay or impair the ability of California Amplifier or Vytek to consummate the transactions contemplated by the merger agreement. However, any adverse change, effect, occurrence, state of facts or development attributable to conditions affecting the industries in which California Amplifier and its subsidiaries or Vytek and its subsidiaries participate or the U.S. economy as a whole or foreign economies in any locations where either California Amplifier and its subsidiaries or Vytek and its subsidiaries has material operations or sales will not be considered in determining whether there has been a material adverse effect on California Amplifier s or Vytek s business.

Limitations on Considering Third Party Acquisition Proposals

Vytek has agreed to immediately cease any and all discussions or negotiations with any persons with respect to any third party acquisition and until the merger is completed or the merger agreement is terminated, not to:

- directly or indirectly encourage, solicit, participate in or initiate discussions or negotiations with any person or group concerning a third party acquisition, as defined below; or
- furnish to any person or group any non-public information concerning a third party acquisition.

A third party acquisition means the occurrence of any of the following events (other than the merger and the other transactions contemplated by the merger agreement):

- the acquisition of Vytek by merger or otherwise by any person other than California Amplifier;
- an acquisition by a third party of any material portion of the assets of Vytek and its subsidiaries other than the sale of its products in the ordinary course of business consistent with past practice;
- an acquisition by a third party of 15% or more of the outstanding capital stock of Vytek;
- the adoption by Vytek of a plan of total or partial liquidation or the declaration or payment of an extraordinary dividend;
- the repurchase by Vytek or any of its subsidiaries of more than 10% of the outstanding capital stock of Vytek; or
- the acquisition by Vytek or any of its subsidiaries by merger or otherwise of a direct or indirect ownership interest or investment in any business whose annual revenues, net income or assets is equal or greater than 20% of the annual revenues, net income or assets of Vytek.

Vytek must promptly, and in no event later than two business days after receipt in the case of an unsolicited proposal for a third party acquisition, notify California Amplifier of the receipt of any written or oral proposal or inquiry concerning a third party acquisition, including the terms and conditions thereof and the identity of the person or group submitting such proposal.

Despite the restrictions described above, Vytek may furnish information to and enter into discussions or negotiations with any person who has made a proposal for a third party acquisition if the board of directors has:

- by a majority vote determined in good faith, after consultation with its outside legal counsel, that furnishing the information or entering into discussions may be reasonably necessary to avoid any legal claims for breach of its fiduciary obligations to Vytek stockholders under applicable law;

by a majority vote determined in good faith that the proposal is reasonably likely to result in a superior proposal, as defined below; and

obtained from the person making the proposal an executed confidentiality agreement on terms no less favorable to Vytek than those contained in the confidentiality agreement between California Amplifier and Vytek.

In the merger agreement, a superior proposal means any bona fide proposal to acquire directly or indirectly more than 50% of the capital stock of Vytek then outstanding or all or substantially all of the assets of Vytek or any of its subsidiaries, and otherwise on terms that Vytek s board of directors, by a majority vote, determines in good faith to be more favorable to its stockholders than the terms of the merger.

Prior to the approval of the merger proposal by the requisite vote of the stockholders of Vytek, nothing in the merger agreement prevents Vytek s board of directors from withholding, withdrawing, amending, modifying or changing its recommendation in favor of the merger if:

Vytek receives a superior proposal that is not withdrawn;

within two business days after receiving a superior proposal, Vytek provides written notice to California Amplifier informing California Amplifier that Vytek has received a superior proposal, specifying the material terms and conditions of the superior proposal and identifying the person or entity making the superior proposal;

California Amplifier does not, within two business days after receiving notice of the superior proposal, make an offer that Vytek s board of directors by a majority vote determines in good faith to be at least as favorable to Vytek s stockholders as the superior proposal; and

Vytek s board of directors by a majority vote determines in good faith after consultation with legal counsel, that, in light of the superior proposal, the withdrawal of the board s recommendation in favor of the merger is necessary in order for the Vytek board of directors to comply with its fiduciary obligations to Vytek and Vytek s stockholders under applicable law.

Other Covenants

Director and Officer Indemnification. California Amplifier has agreed to indemnify the officers and directors of Vytek for six years after the effective time of the merger to the same extent that those officers and directors are presently indemnified under the DGCL and through Vytek s certificate of incorporation, bylaws or agreements with those officers and directors. California Amplifier has also agreed to obtain and maintain director and officer liability insurance on behalf of Vytek s officers and directors for six years following the merger.

Third Party Approvals. Vytek and California Amplifier have agreed to use their commercially reasonable efforts to obtain all consents and make all filings (including filings with governmental entities) that are necessary to be obtained by them to consummate the merger.

Employee Benefits. California Amplifier has agreed, for a period of two years following the effective time of the merger, to provide Vytek employees who continue employment with California Amplifier with benefits that are substantially equivalent in the aggregate to such benefits provided by California Amplifier to similarly situated employees of California Amplifier.

Termination of Vytek Agreements with Stockholders. Vytek has agreed to waive all rights under and use commercially reasonable efforts to cause to be terminated, effective immediately prior to the effective time, the Amended and Restated Stockholders Agreement, dated April 3, 2003, among Vytek and certain of its stockholders, and the Amended and Restated Registration Rights Agreement, dated April 3, 2003, among Vytek and certain of its stockholders.

Acceleration of Unvested Securities. Effective immediately prior to the effective time, Vytek will accelerate in full the vesting of all unvested stock options and any shares of its common stock subject to a repurchase option, risk of forfeiture or other condition under any restricted stock purchase agreement or other agreement with Vytek. In addition, Vytek has agreed to use commercially reasonable efforts to facilitate the exercise of all in-the-money Vytek options prior to the effective time.

Section 16 Relief. California Amplifier s board of directors will adopt resolutions prior to the consummation of the merger providing that the receipt of California Amplifier common stock pursuant to the merger or upon exercise of options assumed by California Amplifier in the merger, by the officers and directors of Vytek who will be subject to the reporting requirements under Section 16(b) of the Exchange Act with respect to California Amplifier after the merger is intended to be exempt from liability under Section 16(b) of the Exchange Act.

Certain Other Covenants. The merger agreement contains certain other mutual covenants of California Amplifier and Vytek. The most significant are to:

provide to the other party and its accountants, counsel, financial advisors and other representatives, reasonable access to its properties, books and records;

maintain the confidentiality of the information obtained from the other party in accordance with the confidentiality agreement between the parties;

refrain from issuing any press release or otherwise issuing any written public statement regarding the transactions contemplated by the merger agreement without prior consultation with the other party unless otherwise required under applicable law or the requirements of The Nasdaq National Market;

notify the other party of the occurrence or non-occurrence of any event of which it is aware and which would be reasonably likely to result in any condition required for the merger not to be satisfied; and

use commercially reasonable efforts to take all actions necessary to comply with legal requirements and obtain all consents and approvals necessary to complete the merger.

Indemnification

Obligation to Indemnify California Amplifier. California Amplifier, Acquisition Sub, Vytek and their respective affiliates, officers, directors, employees, stockholders, representatives and agents, collectively, the purchaser indemnitees, are entitled to indemnification in certain specified circumstances. Under the merger agreement, after the merger is completed, California Amplifier and the purchaser indemnitees will be indemnified against losses or damages arising out of or in connection with any inaccuracy in or breach of any of Vytek s representations, warranties, covenants or agreements contained in the merger agreement.

At the closing of the merger, California Amplifier will deposit 854,700 of the shares of California Amplifier common stock to be issued in connection with the merger with an escrow agent. Such shares will be held in the escrow account until the two-year anniversary of the closing of the merger. On the fifteen-month anniversary of the closing of the merger, all shares of California Amplifier common stock (and/or cash which has been substituted for such common stock in the escrow fund) remaining in the escrow account, except for that number of shares of California Amplifier common stock and/or cash equal in value to $2,000,000 at the time of release, shall be distributed to the former Vytek stockholders on a pro rata basis. All remaining shares of California Amplifier common stock and any remaining cash in the escrow fund will be released to the Vytek stockholders, in accordance with their pro rata portion, two years after the closing, subject to any then pending and unresolved claims for indemnification or the working capital adjustment.

If California Amplifier or any other purchaser indemnitee suffers any losses which are subject to the indemnity, it can recover these losses by taking back shares of California Amplifier common stock deposited with the escrow agent or cash in the escrow fund equal in value to the damages suffered by California Amplifier or the other purchaser indemnitee. When California Amplifier or any other purchaser indemnitee makes a claim to take back shares of California Amplifier common stock deposited with the escrow agent, the value of those shares will be computed as the average of the daily volume-weighted sales prices per share of California Amplifier common stock on The Nasdaq National Market for each of the five consecutive trading days ending on the trading day that is two calendar days prior to the date of distribution of the shares of California Amplifier common stock out of the escrow account.

Obligation to Indemnify Vytek. Vytek stockholders and their respective affiliates, officers, directors, stockholders, representatives and agents, collectively, the stockholder indemnitees, are entitled to indemnification in certain specified circumstances. Under the merger agreement, after the merger is completed, Vytek stockholders and the other stockholder indemnitees will be indemnified against losses or damages arising out of, or in connection with, any inaccuracy in or breach of any of California Amplifier s representations, warranties, covenants or agreements contained in the merger agreement.

Limitations on Indemnification. No indemnitee is entitled to indemnification with respect to any matters until the total of all losses to the purchaser indemnitees, on one hand, and the stockholder indemnitees, on the other, exceeds $100,000. If the total amount of losses exceeds $100,000, then the purchaser indemnitee or stockholder indemnitee, as applicable will only be indemnified for those losses in excess of $100,000. The maximum amount of losses recoverable by either the purchaser indemnitees or the stockholder indemnitees is $8,000,000. Any indemnification claims made by the purchaser indemnitees will be paid from the escrow account on a pro rata basis with respect to each Vytek stockholder.

Making Indemnification Claims. If an indemnitee suffers a loss for which indemnification is provided in the merger agreement, such indemnitee will promptly give the Vytek stockholders representative or California Amplifier, as applicable, and the escrow agent written notice of any claims involving indemnification. The Vytek stockholders representative or California Amplifier, as applicable, may elect to take all necessary steps to properly contest any claim involving third parties or to prosecute that claim to conclusion or settlement. If the claim is primarily for non-monetary damages, the claim relates to a dispute with any customer of Vytek s business, the results of the claim would likely materially interfere with California Amplifier s or Vytek s business, the former stockholders of Vytek are not solely liable for any damages pursuant to the claim or the Vytek stockholders representative declines to defend such third-party claim, then California Amplifier or Vytek, as applicable, has the right to proceed with the defense of that claim on its own. Neither party can compromise or settle any indemnification claim without the written consent of either California Amplifier or the Vytek stockholders representative, as applicable. In addition to the merger agreement, the escrow agreement provides specific procedures for contesting indemnification claims made by California Amplifier or the other purchaser indemnitees against the shares of California Amplifier common stock held in the escrow account. No claim for indemnification may be made by California Amplifier or the other purchaser indemnitees after the expiration of the escrow period. We urge you to read this description of the indemnification obligations on Vytek stockholders in conjunction with the section entitled Other Agreements Escrow Agreement on page 70.

Conditions to Completing the Merger

Conditions to Each Party s Obligation. The obligations of California Amplifier, Vytek and Acquisition Sub to complete the merger are subject to the satisfaction or waiver of certain conditions, including the following:

- the adoption of the merger agreement and the approval of the certificate amendment by the requisite vote of Vytek s stockholders and the approval of the share issuance by the requisite vote of California Amplifier s stockholders;

- the absence of any order, injunction or other legal restraint in effect that prohibits consummation of the merger;

- the expiration or termination of the waiting period applicable to the consummation of the merger under the Hart-Scott-Rodino Act;

- the effectiveness of California Amplifier s registration statement on Form S-4 and the absence of any stop order suspending such effectiveness or any action, suit, proceeding or investigation by the SEC to suspend such effectiveness; and

- the approval for listing of the shares of California Amplifier common stock to be issued pursuant to the merger on The Nasdaq National Market.

Conditions to the Obligations of California Amplifier and Acquisition Sub. The obligation of California Amplifier and Acquisition Sub to complete the merger is subject to the satisfaction, or California Amplifier s waiver, of the following conditions before completion of the merger:

Vytek s representations and warranties in the merger agreement must be true and correct as of the closing date, as though made on and as of the closing date, except where the failure to be true and correct does not result in a material adverse effect on Vytek;

Vytek must have performed in all material respects each of its agreements and covenants contained in the merger agreement;

Vytek must have obtained all specified consents and approvals, except where the failure to obtain such consents and approvals would not, individually or in the aggregate, have a material adverse effect on Vytek or the consummation of the merger;

Vytek and the escrow agent must have executed and delivered the escrow agreement;

All of the directors of Vytek and any executive officers designated by California Amplifier must have tendered their resignations;

The certificate amendment must have been approved by Vytek s stockholders and filed with and accepted by the Secretary of State of Delaware and Vytek shall have provided California Amplifier a copy of such filing certified by the Secretary of State of Delaware;

Any loans made by Vytek to its directors or officers must have been paid in full;

Certain stockholders of Vytek must have executed and delivered lock-up agreements in connection with the shares of California Amplifier common stock being received by such stockholders; and

Vytek s existing registration rights agreement must have been terminated or amended to make its terms expressly inapplicable to any equity securities of California Amplifier or Acquisition Sub.

Conditions to the Obligations of Vytek. The obligation of Vytek to complete the merger is subject to the satisfaction, or Vytek s waiver, of the following conditions before the completion of the merger:

California Amplifier s representations and warranties in the merger agreement must be true and correct as of the closing date, as though made on and as of the closing date, except where the failure to be true and correct does not result in a material adverse effect on California Amplifier;

Each of California Amplifier and Acquisition Sub must have performed in all material respects each of its agreements and covenants contained in the merger agreement;

California Amplifier and the escrow agent must have executed and delivered the escrow agreement;

California Amplifier must have executed and delivered the registration rights agreement; and

California Amplifier must have obtained any necessary consents or approvals of its lender under that certain credit facility with US Bank, National Association, in connection with the merger and the transactions contemplated by the merger agreement or paid in full all outstanding obligations under such credit facility and terminated such credit facility in accordance with its terms.

Termination

California Amplifier and Vytek may agree by mutual written consent to terminate the merger agreement at any time before the merger is completed. In addition, either party may terminate the merger agreement if:

the other party has failed to comply in any material respect with any of its covenants or agreements contained in the merger agreement, which failure to comply has not been cured within 15 business days of written notice of such failure to comply;

the merger is not completed, without the fault of the terminating party, by June 30, 2004;

any final, nonappealable governmental order prohibits the merger;

Vytek s stockholders do not approve the merger and the merger agreement, unless such failure to obtain stockholder approval was caused by Vytek s action or failure to act that constitutes a material breach of the merger agreement; or

California Amplifier s stockholders do not approve the share issuance, unless such failure to obtain stockholder approval was caused by California Amplifier s action or failure to act that constitutes a material breach of the merger agreement.

In addition to the above, California Amplifier may terminate the merger agreement if any of the following occur:

there has been a breach of a representation or warranty of Vytek that gives rise to a failure of the fulfillment of a condition of California Amplifier s or Acquisition Sub s obligations to effect the merger which has not been cured within 15 business days of written notice of such breach;

Vytek s board of directors withdraws or modifies its approval or recommendation of the merger agreement or merger in a manner adverse to California Amplifier;

Vytek s board of directors has submitted or recommended to its stockholders a superior proposal; or

Vytek or its representative willfully and deliberately breached its obligations relating to any third party acquisition.

Vytek may also terminate the merger agreement if:

there has been a breach of a representation or warranty of California Amplifier or Acquisition Sub that gives rise to a failure of the fulfillment of a condition of Vytek s obligations to effect the merger which has not been cured within 15 business days of written notice of such breach;

California Amplifier s board of directors withdraws or modifies in a manner adverse to Vytek its approval or recommendation of the share issuance in connection with the merger; or

Vytek receives a superior proposal and resolves to accept such superior proposal and Vytek has paid all termination fees due to California Amplifier.

Termination Liquidated Damages and Expenses

The merger agreement provides that, if the agreement is terminated, all fees and expenses will be paid by the party incurring them, except as described below.

Payments by Vytek.

Vytek will pay $1,500,000 to California Amplifier if the merger agreement is terminated by either party because Vytek s stockholders do not adopt the merger agreement, other than in the circumstances when a third party acquisition proposal was publicly announced and not withdrawn at the time of the Vytek stockholder meeting;

Vytek will pay $2,000,000 to California Amplifier if the merger agreement is terminated:

by California Amplifier because Vytek s board has submitted or recommended a superior proposal to its stockholders;

by California Amplifier because Vytek s board has withdrawn or modified in a manner adverse to California Amplifier its approval or recommendation of the merger agreement or the merger;

by California Amplifier because Vytek or its representative willfully and deliberately breached its obligations relating to any third party acquisition;

- by either California Amplifier or Vytek because Vytek stockholders do not adopt the merger agreement and a third party acquisition has been publicly disclosed and not withdrawn at the time of the Vytek stockholder meeting; or

- by Vytek because Vytek receives a superior proposal and resolves to accept such proposal.

In addition to the $2,000,000 amount specified above, Vytek will pay California Amplifier an additional $1,000,000 if the merger agreement is terminated for any of the reasons listed above that give rise to a termination fee of $2,000,000 and if Vytek consummates a third party acquisition within 15 months after the merger agreement is so terminated.

- Vytek will pay California Amplifier $3,000,000 if the merger agreement is terminated by California Amplifier due to a willful and deliberate breach of a representation or warranty of Vytek that gives rise to a failure of the fulfillment of a condition of California Amplifier or Acquisition Sub s obligations to effect the merger which has not been cured within 15 business days of written notice of such breach and (i) California Amplifier is not in material breach of any of its obligations under the merger agreement, (ii) Vytek has received a third party acquisition proposal and (iii) Vytek consummates a third party acquisition within 15 months after the merger agreement is terminated.

Payments by California Amplifier. California Amplifier will pay Vytek $1,500,000 if the merger agreement is terminated:

- by either party because California Amplifier s stockholders do not approve the share issuance in connection with the merger; or

- by Vytek because California Amplifier s board has withdrawn or modified in a manner adverse to Vytek its approval or recommendation of the share issuance in connection with the merger.

Payment of Expenses. The terminating party must reimburse the non-terminating party for up to $400,000 of documented costs, fees and expenses associated with the merger, the merger agreement and the consummation of all transactions contemplated by the merger agreement if any of the payments due upon termination listed above become payable.

Amendment and Waiver

California Amplifier and Vytek may amend the merger agreement at any time with a written statement executed by each of the parties and in accordance with applicable law.

At any time prior to the effective time, each of California Amplifier or Vytek may unilaterally:

- extend the time for the performance of any of the obligations or other acts of the other party required by the merger agreement;

- waive any inaccuracies in the representations and warranties made to the other party in the merger agreement or in any document delivered pursuant to the merger agreement; and

- waive compliance with any of the agreements or conditions contained in the merger agreement which may be legally waived.

OTHER AGREEMENTS

The following is a summary of the material provisions of the Vytek voting agreements, lock-up agreements, escrow agreement and the registration rights agreement. Copies of the form of Vytek voting agreement and form of lock-up agreement can be found at Exhibits B and F, respectively, to the merger agreement, which is attached as Annex A to this joint proxy statement/ prospectus. The following is not a complete description of all the provisions of these agreements, and you are urged to read in their entirety the form of Vytek voting agreement and form of lock-up agreement. This summary is qualified in its entirety by reference to the full text of these agreements.

Voting Agreements

In connection with the signing of the merger agreement, certain of Vytek s executive officers, directors and certain stockholders of Vytek affiliated with such directors, including Leonard J. Fassler, James E. Ousley, Walter J. Cook, II, Tracy R. Trent, Mobius Technology Ventures VI, L.P., Softbank US Ventures VI, L.P., Charter Vytek, LLC, CIBC MB, Inc., VTK Management LLC, Mission Ventures, L.P., Mission Ventures Affiliates, L.P., Mission Ventures II, L.P., Mission Ventures Affiliates II, L.P., Frontenac VIII Limited Partnership and Frontenac Masters VIII Limited Partnership entered into voting agreements. Pursuant to the voting agreements, these Vytek stockholders agreed to vote a certain portion of the shares of Vytek capital stock they beneficially own:

- in favor of the merger, the merger agreement and the amendment and restatement of Vytek s certificate of incorporation;

- against certain third party acquisitions or other actions that could reasonably be expected to impede, interfere with, delay, postpone, or materially adversely affect the transactions contemplated by the merger agreement or the likelihood of such transactions being consummated;

- against any action or agreement that would result in the breach of any covenant, representation or warranty or any other obligation or agreement of Vytek under the merger agreement or which is reasonably likely to result in any of the conditions to Vytek s obligations under the merger agreement not being fulfilled;

- against any change in the directors of Vytek (other than as set forth in the merger agreement); and

- in favor of any other matter necessary for consummation of the transactions contemplated by the merger agreement.

As of February 2, 2004, Vytek s directors, officers, stockholders and affiliates who entered into the voting agreements with California Amplifier collectively have agreed to vote in favor of the merger:

- 1,860,178 outstanding shares of Vytek common stock and 11,458,382 shares of all series of preferred stock, which then represented approximately 32.6% of the outstanding Vytek capital stock calculated on an as-if converted to common stock basis;

- 1,860,178 outstanding shares of Vytek common stock, which then represented approximately 13.7% of the outstanding Vytek common stock;

- 9,677,313 outstanding shares of Vytek Series A Preferred, which then represented approximately 42.2% of the outstanding Vytek Series A Preferred;

- 1,781,069 outstanding shares of Vytek Series B preferred stock, which then represented approximately 41.8% of the outstanding Vytek Series B Preferred;

- No outstanding shares of Vytek Series Junior Preferred, which then represented 0% of the outstanding Vytek Series Junior Preferred; and

9,677,313 outstanding shares of Vytek Series A Preferred and 1,781,069 outstanding shares of Series B Preferred, which then represented approximately 42.1% of the combined Series A Preferred and Series B Preferred, calculated as if voting together as a single class.

None of Vytek s directors, officers, stockholders or affiliates who entered into the voting agreements with California Amplifier was paid additional consideration in connection with entering into such agreements. The Vytek voting agreements terminate upon the earlier of (i) written mutual consent of the parties thereto, (ii) the termination of the merger agreement in accordance with its terms, or (iii) automatically and without any required action of the parties thereto, at the effective time of the merger. The form of voting agreement entered into by Vytek s executive officers, directors and stockholders can be found at Exhibit B to the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A*.

Lock-Up Agreements

As a condition to the completion of the merger, certain of Vytek s executive officers, directors and stockholders are expected to enter into lock-up agreements. In addition, Vytek will use its commercially reasonable efforts to deliver, prior to the closing of the merger, lock-up agreements executed by each holder of 30,000 or more shares of Vytek s preferred stock or 100,000 or more shares of Vytek s common stock.

The lock-up agreements provide that, for a period of one year from the closing of the merger, the signing stockholders may not offer, sell, transfer, pledge or otherwise dispose of, or enter into any swap or other arrangement to transfer any of the shares of California Amplifier common stock issued to the stockholder at the closing of the merger, except:

at any time from the date that is 180 days after the closing of the merger until the date that is 270 days after the closing of the merger, the stockholder will be permitted to transfer up to 50% of the shares of California Amplifier common stock issued to such stockholder at the closing of the merger;

at any time from the date that is 270 days after the closing of the merger until the one-year anniversary of the closing of the merger stockholder will be permitted to transfer up to an additional 25% of the shares of California Amplifier common stock issued to such stockholder at the closing of the merger; and

at the one-year anniversary of the closing of the merger all such restrictions on the transfer of the shares of California Amplifier common stock issued to such stockholder will expire and the signing stockholder will be free to transfer all such shares subject to applicable securities laws.

Stockholders who execute the lock-up agreements may still sell their shares notwithstanding the lock-up agreement in connection with an underwritten offering of California Amplifier stock pursuant to the registration rights agreement described below.

The form of lock-up agreement can be found at Exhibit F to the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A*.

Escrow Agreement

Upon the closing of the merger, California Amplifier will enter into an escrow agreement with James E. Ousley, as the designated representative of the Vytek stockholders, and a commercial bank, or its designee, as escrow agent. Under the terms of the merger agreement and the escrow agreement, 854,700, or approximately 10.4% of the shares issuable to the Vytek stockholders at the closing of the merger will be placed in escrow as security for potential indemnity claims by California Amplifier under the merger agreement and for the payment, if necessary, of any obligation arising out of the working capital adjustment as defined in the merger agreement.

The number of escrow shares will be deducted, on a pro rata basis, from the shares of California Amplifier common stock to be received by the Vytek stockholders at the closing of the merger. The stockholder representative may direct the sale of some or all of the escrow shares, for a price of at least $11.00 per share, and deposit the proceeds received from such sale of the escrow shares into the escrow fund. Subject to any claims by California Amplifier for indemnification or the working capital adjustment, except for an amount equal in value to $2,000,000, all shares of California Amplifier common stock and any cash in the escrow fund will be released to the Vytek stockholders, in accordance with their pro rata portion, 15 months after the closing. All remaining shares of California Amplifier common stock and any remaining cash in the escrow fund will be released to the Vytek stockholders, in accordance with their pro rata portion, two years after the closing, subject to any then pending and unresolved claims for indemnification or the working capital adjustment.

The escrow agreement can be found at Exhibit E to the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A*.

Registration Rights Agreement

The stockholders of Vytek whose shares are subject to restrictions on transfer under the lock-up agreements will be permitted to enter into a registration rights agreement with California Amplifier regarding the shares of California Amplifier common stock received by them pursuant to the merger and subject to the lock-up. In addition, as a condition to registering for resale the shares of California Amplifier common stock that would be received by them pursuant to the merger, each of the stockholders listed as a selling stockholder under Selling Stockholders on page 142 has entered into the registration rights agreement regarding such shares. Under the registration rights agreement, California Amplifier will notify the Vytek stockholders at least 20 days prior to the filing of any registration statement under the Securities Act with respect to an underwritten offering and will afford each stockholder an opportunity to include in such registration statement all or some of the California Amplifier common stock received by such stockholder pursuant to the merger. All stockholders proposing to distribute their California Amplifier common stock through such underwritten offering must enter into an underwriting agreement with the underwriter. The underwriter may, in certain circumstances, limit the number of shares to be included in the underwritten offering.

The form of registration rights agreement can be found at Exhibit H to the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A*.

AMENDMENT TO VYTEK S CERTIFICATE OF INCORPORATION

Under the terms of Vytek s existing Amended and Restated Certificate of Incorporation, in the event Vytek is a party to a merger or consolidation with or into any other entity involving the transfer of a majority of the total voting power of Vytek, holders of Vytek preferred stock would be entitled to the following liquidation preferences: (i) holders of Series B Preferred would be entitled to receive, at the option of each such holder, either (a) $1.1747 per share, plus any dividends accrued but unpaid on each share, or (b) $2.3494 per share, plus any dividends accrued but unpaid on each share; (ii) holders of Series A Preferred would be entitled to receive $1.9483 per share, plus any dividends accrued but unpaid on each share; and (iii) holders of Series Junior Preferred would be entitled to receive $1.9483 per share. Any remaining assets of Vytek would be distributed on a pro rata, as converted, basis to the holders of Vytek common stock, Series A Preferred, Series B Preferred who exercised their option to receive a liquidation preference of $1.1747 per share, and Series Junior Preferred.

In connection with and as a closing condition to the merger, California Amplifier requested and Vytek s board of directors agreed, to effect an amendment to Vytek s existing Amended and Restated Certificate of Incorporation to exempt the merger and related transactions from triggering the liquidation preference provisions described above. The purpose of this amendment is to clarify that the terms of the merger agreement, rather than the existing Amended and Restated Certificate of Incorporation, will govern the distribution of consideration to be made to Vytek stockholders in connection with the merger.

The amendment of Vytek s existing Amended and Restated Certificate of Incorporation is subject to the completion of the merger and will not be made effective if the merger is not completed. The full text of the amendment to Vytek s existing Amended and Restated Certificate of Incorporation is attached as Exhibit C to the merger agreement, which is attached to this joint proxy statement/prospectus at *Annex A*, and stockholders of Vytek should read that document in its entirety.

Recommendation of the Vytek Board of Directors

The Vytek board of directors recommends that the Vytek stockholders vote **FOR** the approval of the amendment to Vytek s Amended and Restated Certificate of Incorporation to exempt the merger and related transactions from triggering the liquidation preference provisions set forth in the Amended and Restated Certificate of Incorporation and to clarify that the merger agreement will govern the distribution of consideration to Vytek stockholders in connection with the merger.

INFORMATION CONCERNING VYTEK

Vytek s Business

Vytek was originally incorporated in Delaware in April 2000 as Vytek Wireless, Inc. In 2003, Vytek changed its name to Vytek Corporation. Vytek s principal executive offices are located at 12670 High Bluff Drive, San Diego, California 92130 and its telephone number is (858) 554-1400.

Business Overview

Vytek is a provider of technology integration solutions catering to the needs of enterprises and original equipment manufacturers, or OEMs, in the emerging wireless and mobile computing sector. Vytek provides integrated solutions leveraging a mix of professional services and proprietary software and hardware platforms. Vytek has a broad array of expertise in wireless technologies ranging from emerging standards in WiFi (802.11 a/b/g), Bluetooth, Zigbee/802.15.4, and General Packet Radio Service, or GPRS, to specialized technologies such as Project 25/ Land Mobile Radio, Radio Frequency Identification, or RFID, and Paging (Flex/ ReFlex) for next generation devices and products. In addition to its specialty in emerging wireless technologies, Vytek is one of the leading firms in delivering both the embedded computing platform and the complex software (content delivery) systems essential to powering mobile computing. To date, Vytek has completed seven principal acquisitions, including the acquisition of Sonik Technologies, Inc. (subsequently renamed Vytek Products, Inc.), a provider of wireless communication infrastructure equipment; Telamon, Inc. (subsequently renamed Vytek Messaging Services, Inc.), which is the developer of TelAlert, a leading urgent messaging solution; Planet Technology Solutions, Inc. (subsequently renamed Vytek Solutions, Inc.), an integrator of wireless solutions catering to retail and supply chain; Rubicon Technologies, Inc. (subsequently renamed Vytek Public Safety Solutions, Inc.), a provider of software solutions for municipal and other public safety organizations; MicroKnowledge, Inc., a provider of training services; and Stellcom, Inc., a provider of mobile computing software and hardware solutions.

Industry Background

Vytek s business is founded on the premise that emerging mobile computing technologies and insufficient standards surrounding both hardware and software will mandate the need for services to assist in the implementation of products and enterprise solutions. According to Gartner, Inc. of Stamford, Connecticut, by 2007, more than 50 percent of enterprises with more than 1000 employees will make use of at least five wireless networking technologies. Today, 45 percent of the U.S. workforce is using some type of mobile device, ranging from portable PCs and PDAs to new technologies such as sensor networks.

According to IDC of Framingham, Massachusetts, the consumer market is increasingly utilizing mobile technology as the personal use of mobile devices, technology, applications and services is on the rise. Gartner asserts that organizations developing consumer products for mobile networks should look for ways to add value by focusing on interaction with other consumer devices such as televisions, game consoles or set-top boxes. Vytek believes that this will expand the need for integration and development services focused on wireless technology.

In total, the revenue for wireless technologies is growing and expected to continue its growth at a fast rate. IDC forecasts that the worldwide market for wireless infrastructure and applications will increase from $31.1 billion in 2002 to $68.4 billion in 2007, representing a compound annual growth rate of 17.1%. In the U.S. alone, by 2007, industries are expected to spend $25.6 billion for wireless infrastructure and applications.

Vytek s Solutions

Vytek helps customers gain an advantage through the use of mobile and wireless technologies, by delivering complete solutions that incorporate an array of these technologies. Vytek takes a comprehensive view of mobility solutions by combining mobile computing devices, converged wired/wireless networks, sophisticated device management, and content delivery software platforms. Vytek s solutions include state-of-the-art software and hardware, plus the services needed to make them suitable for each customer. Vytek works with its clients to develop and integrate these solutions under either time and materials (T&M) or fixed-fee contracts. Vytek offers solutions to its customers in the following areas:

Mobile Computing. Vytek offers innovative wireless and mobile computing solutions that extend enterprise business processes to mobile workers by establishing connectivity between enterprise applications and a wide range of mobile and telephony devices. Vytek designs, develops, distributes, and implements a wide range of software products and custom applications to meet the needs of its customers and partners. Vytek uses an open architecture approach to software design and development, which ensures integration into existing enterprise business systems and takes full advantage of key industry technologies such as Microsoft .NET, J2EE/J2ME, enterprise application integration, or EAI, security, mobile access, presentation technologies, and mobile device operating systems. Vytek has extensive experience in building mobile applications that extend information to the point of activity and directly into the hands of mobile workers in the following fields: transportation and logistics; retail and distribution; public safety; entertainment; and healthcare. Based upon its client engagements Vytek has developed off-the-shelf applications and tools that support many of these industry needs.

Embedded Computing, Emerging Devices, and Wireless Networking. As networks and Internet connections expand, products that have historically been unconnected are now being linked. Healthcare devices inside and outside of hospitals, consumer media appliances/ gateways, handheld devices, tablets, PCs, mobile terminals, vehicles, and many other products are now being connected via an array of wireless networks. Integrating these disparate products requires a new look at the connections, data flow architectures, and the overall systems and networks surrounding these products and their intended use. Vytek creates end-to-end systems that are built on a combination of its own technology, referred to herein as reference platforms, or those supplied via third-party partners. Vytek further differentiates this offering by working with its clients to focus on device and system usability in an endeavor to ensure rapid customer adoption, satisfaction, and productivity.

Urgent Messaging and Alerting. Managing complex information networks and infrastructure requires tools which ensure information delivery in real-time, allowing them to take action to preempt downtime or other issues that could jeopardize business or prevent them from meeting the terms of their Service Level Agreements. Vytek s Urgent Messaging solutions equip the enterprise with the software infrastructure that can handle these demanding requirements. Through the distribution of its TelAlert messaging platform, Vytek wirelessly enables many industry-leading applications, including many infrastructure management platforms such as: HP OpenView, Remedy, CA Unicenter, and IBM Tivoli.

Enterprise/ Self Service and Content Delivery Platforms. Vytek develops and deploys self-service solutions for employee, customer, partner, and device portals, as well as application solutions for enterprise content management, workflow automation, and knowledge management. Vytek s client base typically experiences near-term productivity gains by utilizing these platforms to mobilize essential content. An emerging opportunity for Vytek relates to sensitive, but high-demand, content such as music and feature films. Vytek s Digital Media solutions provide the software and infrastructure to create, manage, secure, distribute, and consume digital media assets. These solutions span from consumer based viewing and consumption, media and entertainment company creation and deployment, to enterprises organizing and delivering media content as a means of asset tracking and verification, employee training, multi-media installation guides, or streamlining advertising practices and media content. Vytek provides technology advice and application development to clients attempting to exploit digital technologies. Vytek has extensive experience in building enterprise applications that enable workers, partners, and customers to work more effectively by utilizing self-service platforms in the following industries: high technology manufacturing; healthcare; entertainment; and public safety.

Industry Specific Solutions. Vytek s solutions incorporate advanced technologies which allow the positioning of mobile devices at the point of activity thus enabling improved workflow, increased productivity, information accuracy, and elimination of duplication. Based upon its extensive professional services engagements, Vytek has built a solid base of industry-specific applications which can be leveraged in the rapid delivery of client solutions. Some specific examples include Vytek s suite of public safety applications which meet the needs of local law enforcement agencies; retail applications which increase in-store productivity and the customer shopping experience while also streamlining back-office and distribution functions; and transportation and logistics applications which improve driver productivity through the provision of more accurate customer and route information. The implementation of these turnkey solutions is based on proven methodologies and best practices that ensure clients leverage appropriate technologies and that solutions can be implemented on a timely basis.

Integrated/ Convergent Networks. The rise of internet protocol, or IP, telephony and mobility technologies has created new opportunities to improve productivity and customer service. Yet to gain these improvements, an enterprise must integrate these components into mission critical applications. Vytek has years of experience in managing these integrations, delivering performance and reliability on a technology platform that may expand with a customer s business. Vytek s networking solutions can wirelessly extend a Local Area Network (LAN), as well as utilize a Wide Area Network (WAN) to connect remote sites and provide real-time connectivity to mobile users. Vytek provides complete integrated network solutions by offering a wide range of network services including network design, analysis, implementation, as well as on-going support and business applications in these focus areas: IP Telephony; Wide/ Local Area Networking; and Wireless Local Area Networking.

Vytek s Strategy

Vytek s objective is to extend its position as a provider of mobile technology integration solutions and wireless access hardware and software. Vytek is capable of delivering both embedded computing products and the sophisticated software platforms to support new and emerging mobile computing devices. Key elements of Vytek s strategy to achieve this objective include:

Leverage Customer-funded Research and Development to Extend Leadership in Mobile Computing Platforms and Wireless Technologies. Vytek is engaged in the development of new mobile computing products and wireless technologies for its high-tech clients. It routinely receives contracts involving the development and integration of leading edge technologies that affords Vytek a rich base of knowledge to support follow-on clients. Through the intellectual property that is refined from these contracts, Vytek builds and introduces reference platforms which can be used to rapidly deliver new products at increased margins.

Leverage Customers, Resellers, System Integrators and Strategic Cooperative Marketing Partners. In addition to its direct sales force, Vytek leverages numerous marketing partners. Vytek has worked closely with companies such as Intel, Texas Instruments, Microsoft, Atheros Communications, Monta Vista, Motorola, and many others to partner in the delivery of products/solutions based on these companies technologies. Active participation with these partners in new product announcements and tradeshows typically leads to a rich supply of leads for Vytek.

Leverage Embedded Technology Development as Indicator of Future Enterprise Requirements. Through many of Vytek s embedded product development initiatives, it garners information that is useful to enterprises in planning for future technology investments and implementation strategy. Vytek continually integrates this base of knowledge into its consulting methodology, thus differentiating itself from other firms providing mobility consulting services.

Leverage Professional Services Offering to Secure Lasting Client Relationships. Through the legacy operations of its acquisitions, Vytek has built a significant base of specialized technology and business process consultants. Currently in excess of 185 professionals, this team allows Vytek to respond to the implementation needs of its customers, resellers and system integrators in a timely manner and gives Vytek the ability to maintain a strong commitment to quality. The ability to meet customers needs enables Vytek to establish strong, expanding, long-term relationships with these parties. Vytek plans to continue to commit the essential resources to nurture and grow its professional services staff in order to gain competitive advantage.

Maximize Recurring Revenue. Vytek is focused on creating and maintaining monthly recurring revenue. Vytek seeks to enter into customer contracts that will provide a continuous revenue stream over the contract period. Vytek currently receives recurring revenue streams surrounding the licensing of its software and hardware platforms. In the near future, Vytek anticipates the introduction of its first subscription service of its public safety applications with a major carrier. Vytek will continue to explore opportunities where this model is applicable.

Leverage Offshore Engineering Resources to Maintain Competitive Rates and Meet Specific Client Requirements. Vytek recognizes the opportunity to enhance its professional services margins through the use of offshore engineering and development resources. Vytek also has specific requirements from existing clients to build relationships with offshore engineering firms. Vytek envisions solidifying relationships with offshore service providers in the near future.

Continue to Offer a Broad Range of Software Products to Address Key Aspects of Wireless Integration and Mobile Data Management for Enterprise Customers and Their Mobile Workers. Through Vytek s continued delivery of professional services to a broad set of clients, serving different industries, Vytek intends to build upon its portfolio of applications and product platforms. This strategy has served Vytek well with products such as TelAlert, the Public Safety Suite, and its Retail/ Supply Chain applications. As Vytek identifies future industry segments and product opportunities, Vytek plans to replicate the strategy when and where appropriate.

Vytek s Service Offering

Software Design and Development Services. Vytek builds solutions that improve productivity, increase financial savings, and create a competitive advantage. Vytek has extensive experience in contract software design and development. Each project begins with a review of the resources required. This defines the team, which may include user experience experts, testers, trainers, consultants, and software engineers, depending on the need of the customer. The team then defines the strategy for the project, based on best practices and Vytek s own methodologies for design, development, and testing. The customer is involved throughout the project, receiving status reports and participating in reviews.

Embedded Hardware Design and Development Services. Embedded hardware, software, and wireless network technologies are being incorporated into many everyday items. These technologies are rapidly being introduced into the cars we drive, the home appliances we buy, the equipment that monitors factory operations, and complex and essential products used in the healthcare environment. Vytek supports clients in many of these areas and Vytek is benefiting from the market shift to introduce wireless technologies into new products. Vytek designs and builds a spectrum of embedded devices and products. Vytek offers services to these clients ranging from very early proof-of-concept and usability studies, to final product development and prototype delivery. Based upon its heritage of embedded product development, Vytek has built a portfolio of reference designs and software images which enable rapid product delivery.

Business Consulting Services. Vytek has extensive information technology, or IT, staff and expertise to address complex technical and business issues. This is especially true in the mobile and wireless computing sector. Vytek provides this assistance through its consulting team, which is knowledgeable and experienced in a wide range of technologies and industries. This team aligns closely with its customers to ensure that they correctly identify and solve a customer s issue. In formulating a solution, Vytek puts special emphasis on communication and considers all aspects of the problem, not just the technology. The Vytek consulting team leverages its MobilityWorks™ methodology (and associated models) to assist clients in applying the appropriate mobile technologies to business problems.

User Experience Engineering Services. Vytek s User Experience Engineering focuses on the user interface and user experience of a customer s product or solution. Vytek offers state-of-the-art usability evaluation and testing techniques in order to improve product adoption and productivity. Vytek has provided User Experience Engineering services to companies of all sizes, from startups to Fortune 500 companies.

IP Telephony and Networking Services. Vytek provides a complete suite of networking and IP telephony consulting services that include design, implementation, life cycle management, and support services. Vytek is certified in Cisco AVVID IP Telephony infrastructure implementations as well as applications development. Additionally, Vytek is certified as a Cisco and Symbol Technologies wireless partner. These skills and partnering arrangements allow Vytek to help customers exploit converged technologies and mobility applications.

Independent Verification and Validation Services. Most successful products begin as detailed requirements from which developers take direction. These same requirements should become the basis for testing each product before it goes to market and as it changes, to ensure that it works as intended. Recognizing this need in its own product development process, Vytek defined a verification and validation methodology and dedicates an independent team to oversee its application. Vytek makes this team and its methodology available directly to external customers.

Training. Vytek helps enterprises improve the skills, knowledge base, and productivity of workers through targeted technology training and consulting. Customized coursework and expert consulting services are designed to keep a customer s staff up-to-date on key technologies as they relate to the customer s environment. Vytek s professional staff delivers training at the customer s location, in mobile training environments, and through Web-based programs. A customer chooses the content and delivery style to meet its objectives, timeline, and budget. Vytek also provides technical writing services to companies that either do not have the expertise or do not have long-term needs for on-staff technical writers.

Vytek s Product Offering

TelAlert Messaging and Alerting. System downtime, as well as resources required to restore IT systems and services cause organizations to suffer significant costs. TelAlert is the software system that provides urgent notification and remote problem resolution. TelAlert provides actionable, urgent messaging and full-cycle problem resolution for distributed organizations. Vytek currently offers the following suite of TelAlert Products: TelAlert, TelAlert Enterprise, TelAlert Voice, *Sonicadmin* for TelAlert and TelAlert Corporate Messenger. Elements of the TelAlert product family are installed in over 5,000 locations in 50 different countries. TelAlert products are used by 75% of the Fortune 100 companies, and over 60% of Fortune 500 companies.

Embedded Computing. Vytek designs and builds hardware devices and software environments enabling new types of computing and access to information. By leveraging its complete systems integration process, technology expertise and hardware and software capabilities, Vytek has created innovative, next generation devices and products to meet customer s business requirements. From concept to product, Vytek develops manufacturing ready prototypes for home entertainment, medical applications, business solutions and others. Vytek has licensable hardware designs and associated software elements based upon leading technologies from Intel (X-scale), Texas Instruments (OMAP, Bluetooth), Atheros (802.11a/b/g), IBM (PowerPC), MontaVista (Linux), Microsoft (WinCE, PocketPC), and Motorola.

Wireless Infrastructure Products. Vytek offers a wide range of products to support mature and essential wireless networks. These Vytek designed and produced infrastructure products include long-range broadband data solutions and wireless messaging and paging equipment. Vytek solutions have been deployed in several industries including telecommunications, energy, government and public safety agencies, and Internet service providers, all of whom have a critical requirement for performance, reliability, and security.

Vytek s Narrowband compliant PTX-150, PTX-450, PTX-900, Direct Digital Paging transmitters are designed to meet the paging industry s latest standards for high speed FLEX and simulcast operation and are designed to operate with a wide range of standard network interfaces. Vytek s PageLink VHF, UHF, and 900 MHz FLEX/ POCSAG data receivers are suitable for remote control and one way telemetry using either existing paging infrastructure or on-premises paging equipment. The Second Generation Nucleus Transmitter, or G2N, is a FLEX paging transmitter for the VHF/UHF/900 MHz frequency band. It is a single-carrier design based on the original Motorola Nucleus Transmitter, or NUC, and is backward compatible with installed systems today. Vytek is the only manufacturer of the G2BT 2nd Generation Base Transmitter for 2-way paging infrastructure. Vytek has taken the next step in providing an all digital ReFLEX paging solution that incorporates Vytek s proven design, integration, and manufacturing technology together with acquired intellectual property licensed from Motorola for complex high-performance paging systems.

Vytek s wireless modem and telemetry products provide the reliable long distance data communication links that utilize narrow-band radio technology. As an alternative to the unreliable data communications problems plaguing conventional and spread spectrum data radio networks, they are well-suited for many radio control applications such as SCADA, telemetry, automatic vehicle location, or AVL, and wireless data. Vytek s SkyLine wireless modems utilize licensed VHF/UHF frequency bands for reliable, long distance, RS-232 data communications. Applications include SCADA, telemetry, radio control, and wireless data communications. The FireLine high speed UHF data transceiver has been specifically designed to provide OEM customers with a cost effective solution for migration to narrowband channels in compliance with the FCC s re-farming requirements. Its single board design includes a high-speed modem and transceiver on one small circuit board, which can be used for a wide variety of OEM applications.

Public Safety Software Suite. Vytek provides public safety software applications to law enforcement agencies at the national, regional, and local levels. Vytek s product offering includes a centralized content delivery application, or Vswitch, which allows law enforcement officials to access State, DMV, NLETS, and NCIC databases to improve the storage and transmission of critical information. The Vswitch software platform is core to supporting information access for some of the largest States and includes tools to manage, track and log access to these crucial law enforcement databases. Vytek s software offering for local law enforcement focuses on key near-term priorities surrounding traffic stop data collection (ProfilerPD), citations (QuickTicket), wants and warrants look up (HotCheck), and other regionally focused data management and networking requirements. The Vytek Public Safety applications are built upon Microsoft technologies, support short range (WiFi) and wide area wireless technologies, and support most handheld computing platforms and accessories.

Retail and Distribution. Retailers use mobile and wireless technologies to track products, assets and employees. Vytek applications support clients in the retail and distribution segment by reducing the time to implement solutions that result in improved productivity. Vytek inventory management applications operate from the receiving dock to the sales floor on wireless Personal Digital Assistants, or PDAs, that allow the mobile worker to perform tasks at the point of activity. PDAs also utilize a bar code scanner as a means of quick data entry that enhances inventory control procedures. These applications function as either an integrated extension of a customer s existing store systems or standalone customizable applications. Vytek s Mobile Point of Sale (POS) software is a flexible platform that extends the functionality and feature sets of a traditional POS system onto a handheld device. This solution integrates into existing store systems to provide a seamless interface that enables mobile workers to access point of sale information and complete transactions at the point of activity, with modules for suspend and retrieve, training, tender processing, credit card authorizations, and many more.

Transportation and Logistics. Vytek provides integrated solutions allowing transportation and logistics companies to utilize new technologies and raise their standards for customer service, employee productivity, and security measures. Vytek mobile delivery solutions replace the paper and manual processes the driver utilizes today, with an automated inventory tracking and data collection system. The solution provides the ability to track inventory, create and adjust invoices, obtain customer review and capture a signature, and print invoices and receipts to leave with the customer. This offering can streamline business processes and provides an efficient method to manage accounting and inventory data between the corporate office and mobile workforce. The Vytek package management solution is a flexible software package that promotes accurate tracking of inbound packages and deliveries. This management tool helps to streamline the receipt, tracking, and delivery of packages within an organization by enabling employees to track items using a mobile device with an integrated bar code scanner. The Vytek transportation and logistics offering works across a range of PDA, webpad, and tablet products running Microsoft s mobile operating environments.

IP Telephony. Vytek s applications and the implementation of a Cisco IP infrastructure provide a total solution to customers and partners ready to take advantage of telephony technology. The convergent AVVID architecture enables Vytek to display enterprise business applications across a broad range of telephony and wireless devices. Vytek provides business applications that expand the inherent capabilities of the Cisco IP telephony platform. Vytek s ExtendTime enables IP telephones to be used as business terminals to perform traditional time clocking functions. Vytek has also leveraged IP telephony products to Supply Chain applications that enable associates to use the IP telephones as a terminal to locate information and/or items anywhere in the enterprise. Vytek s applications take maximum advantage of the AVVID architecture and are jointly marketed with the Cisco sales-force.

Vytek s Customers

Vytek s customer, Hewlett Packard, accounted for approximately 19% of Vytek s total revenues for the nine-month period ended September 30, 2003. For the year ended December 31, 2002, Motorola accounted for approximately 14% of Vytek s total revenues and for the year ended December 31, 2001, Toro and Arch Wireless, accounted for approximately 15% and 13%, respectively, of Vytek s total revenues. No other customer accounts for more than 10% of Vytek s revenues for any period.

Sales, Marketing and Business Development

Vytek sells its products and services through its direct sales staff and resellers. Approximately 5% to 7% of Vytek s sales are made through resellers and system integrators, and the remainder comes from Vytek s direct sales staff. As of September 30, 2003, Vytek s sales, marketing and business development staff consisted of 37 employees and Vytek also utilizes the services and expertise of resellers and strategic cooperative marketing partners. Vytek plans to continue to expand its sales and marketing staff and activities and expand its relationships with resellers, system integrators and strategic cooperative marketing partners in an effort to increase leverage surrounding its software applications and technology reference platforms.

Vytek s sales strategy involves deploying focused, direct sales teams, with expertise in Vytek s different solution areas. These sales teams are comprised of a sales executive augmented by a presales consultant/ engineer. Vytek s sales yields are improved by focusing on aligning these teams around specific horizontal solutions (embedded/ wireless platforms) and industry specific (Retail, Public Safety) offerings. The sales cycle typically ranges from 3 to 6 months. Vytek can have much shorter sales cycles when making incremental sales to existing accounts, and when delivering product development initiatives that are on rapid time to market schedules.

Vytek uses a variety of marketing programs to build awareness of Vytek s solutions and brand name, including market research, product and strategy updates with industry analysts, public relations activities, direct mail and relationship marketing programs, seminars, trade shows, speaking engagements and Internet site marketing. Vytek s marketing staff also produces collateral materials to support sales to prospective customers that include brochures, data sheets, white papers, customer success stories, presentations and demonstrations.

Vytek believes strategic cooperative marketing partners who offer synergistic products are important in selling and marketing Vytek s solution. Vytek benefits from a multiplier effect as these partners expose Vytek s solution to more of their customers and prospects. As a result, Vytek has developed arrangements with numerous strategic cooperative marketing partners, including Intel, Microsoft, Arrow Electronics, Monta Vista, Texas Instruments, Silicon Motion, BEA, Motorola and Atheros Communications.

Competition

The engineering solutions market in which Vytek operates includes a large number of companies, is intensely competitive, and faces rapid technological change. Vytek expects the competition to continue and intensify, which could result in price reductions, reduced profitability and loss of current or future customers. Vytek s competitors fall into the following categories: internal information technology or engineering departments of current and potential customers; large information technology consulting services providers such as Accenture, Electronic Data Systems Corporation and International Business Machines Corporation; traditional information technology services providers such as Sapient Corporation; Internet professional services firms; mobile computing consulting and solutions providers such as Wireless Facilities and Aether Systems; and emerging offshore software developers such as Cognizant, Satyam, Infosys, and HCL. In addition, Vytek faces competition in its Embedded Products Division from software and hardware companies such as Wind River Systems, BSQUARE Corporation, Accelent Systems, Inc., Intrinsyc Software, Inc., and Venturcom, Inc.

The principal competitive factors in Vytek s business market are leading edge technical knowledge, the reputation and experience of professionals delivering services, customer value and service; the success and reliability of the delivered system; the ability to attract and retain highly skilled, specialized, experienced engineering/consulting professionals; and price. A number of Vytek s competitors and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name recognition and a larger installed base of customers. There can be no assurance that Vytek will be able to continue to compete successfully with existing or future competitors or that competition will not have a material adverse effect on Vytek s results of operations and financial condition.

Intellectual Property

Vytek relies on a combination of trademark, patent, copyright, service mark, trade secret laws and contractual restrictions to establish and protect proprietary rights in Vytek s products and services. Vytek has applied for various trademarks and patents.

Use by customers of Vytek s software is governed by executed license agreements. Vytek also enters into written agreements with each of its resellers for the distribution of its software. In addition, Vytek seeks to avoid disclosure of trade secrets by requiring each of its employees and others with access to proprietary information to execute confidentiality agreements. Vytek protects its software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection.

Despite Vytek s efforts to protect its proprietary rights, Vytek may be unable to prevent others from infringing upon or misappropriating its intellectual property. Any steps Vytek takes to protect its intellectual property may be inadequate, time consuming and expensive. In addition, the laws of some foreign countries do not protect Vytek s proprietary rights to the same extent as the laws of the United States.

Vytek may be subject to legal proceedings and claims from time to time relating to the intellectual property of others, even though Vytek takes steps to assure that neither its employees nor its contractors knowingly incorporates unlicensed copyrights or trade secrets into its products. It is possible that third parties may claim that Vytek s products and services may infringe upon their trademark, patent, copyright, or trade secret rights. Any such claims, regardless of their merit, could be time consuming, expensive, cause delays in introducing new or improved products or services, require Vytek to enter into royalty or licensing agreements or require Vytek to stop using the challenged intellectual property. Successful infringement claims against Vytek may materially disrupt the conduct of its business or affect profitability. There are currently no legal proceedings or claims for infringement of intellectual property rights pending against Vytek.

Employees

As of February 1, 2004, Vytek employed 254 full-time employees. These included 37 in sales, marketing and business development, 185 in professional and technical services, and 32 in corporate, administration and finance. Vytek s future success depends in part on its ability to attract, retain and motivate highly qualified technical and management personnel for whom competition is intense. From time to time Vytek has employed and Vytek will continue to employ independent contractors and consultants to support its professional and technical services and research and development. None of Vytek s employees are represented by a collective bargaining agreement and Vytek has never experienced a strike or similar work stoppage.

Facilities

Vytek s principal offices are located in San Diego, California and consist of approximately 35,580 square feet of office space held under a lease that expires in August 2010. Vytek also leases approximately 2,934 square feet of office space in Latham (Albany), New York under a lease expiring in December 2008; 12,214 square feet of office space in Parsippany, New Jersey under a lease expiring in December 2004; 2,772 square feet of office space in Reston, Virginia under a lease expiring in March 2005 (that may be terminated upon six months notice); 6,494 square feet of office space in Oakland, California under a lease expiring in December 2005; 21,500 square feet of office space in Vista, California under a lease expiring in June 2005; and 11,452 square feet of office space in Irvine, California under a lease expiring in February 2005, all of which is sublet through the term of that lease. Vytek also leases office space for sales, professional and technical employees in Shingle Springs, California, Newport Beach, California and Austin, Texas, and leases storage space in Oakland, California. Vytek believes these offices are adequate to meet its needs for the foreseeable future.

Legal Proceedings

Vytek is not a party to any material legal proceedings.

Vytek Management s Discussion and Analysis of Financial Conditions and Results of Operations

Certain information in this registration statement, including the discussion below, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this registration statement other than statements of historical fact are forward-looking statements. Examples of forward-looking statements include statements regarding Vytek s future financial results, operating results, projected costs, revenue, markets for products, competition, products, plans, objectives and strategy, as well as other statements that include words such as anticipate, believe, plan, should, would, could, expect, intend, believe, estimate, predict, potential and other similar words. These forward-looking statements are inherently uncertain and are subject to business, economic and other risks. Accordingly, actual results could differ materially from expectations based on forward-looking statements made in this registration statement or elsewhere by Vytek or on its behalf. Vytek does not undertake any obligation to update its forward-looking statements to reflect future events or circumstances.

Overview. Vytek is a provider of mobile technology integration solutions and wireless access hardware and software. Vytek was formed in April 2000 for the purpose of acquiring, owning and operating a wireless data solutions business. To date, Vytek has completed seven acquisitions. These acquisitions have given Vytek a broad and deep range of leading-edge products, services, and solutions, with each acquisition bringing extensive technology, management and industry expertise. Vytek operates in three divisions Messaging, Solutions and Products from which it provides mobile computing, self-service platforms, embedded computing, and messaging to many markets, including the healthcare, high technology, manufacturing, and public safety industries.

During the nine-month period ending September 30, 2003, Vytek s revenues increased to $29.3 million from $16.3 million in the same period in 2002. This increase was primarily a result of the acquisition of Stellcom, Inc. in April 2003. Vytek s revenue during 2003 is divided between sales of products and services. Vytek s primary source of revenue for services was a result of the provision of professional services in the form of consulting, software development, and systems integration in the following segments: enterprise portals and secure content delivery applications; mobile application development supporting public safety, retail, transportation, and entertainment; and embedded hardware and software development supporting emergent pervasive computing devices. Vytek s primary source of revenue for products was related to sales of wireless base-stations, modems, telmetry devices, and Vytek s associated software environments. Sales of third-party products included mobile handheld computing products and network components bundled with turnkey industry solutions.

Vytek intends to expand its position as a provider of mobile technology and integration solutions and wireless access hardware and software. According to Gartner, Inc. of Stamford, Connecticut, mobile technology services are continuing to grow at a rapid pace. The worldwide market for wireless infrastructure and applications is expected to increase from $31.1 billion in 2002 to $68.4 billion in 2007, representing a compound annual growth rate of 17.1 percent according to IDC of Framingham, Massachusetts. Vytek intends to capitalize on this expanding market opportunity by intensifying its sales, marketing, and channel partnerships in the following areas:

Further pursuit of embedded computing product development in segments such as consumer electronics, home media appliances, medical products, industrial controls, and automotive;

Further leverage through the licensing and resale of Vytek s embedded computing and RF reference platforms based upon technologies such as X-Scale, OMAP, 802.11a/b/g, and other emerging and/or proprietary wireless technologies;

Extending Vytek s offering to device OEMs (in the above referenced segments) by including wireless/ mobile device support software which increases manageability and decreases total cost of ownership (TCO) surrounding the deployment of mobile computing devices;

Adding functionality to Vytek s suite of public safety, retail, and supply chain mobile computing applications thus enabling greater market penetration;

Expanding the range of solutions and industry segments it currently supports;

Leveraging Vytek s embedded hardware, software, and RF development engagements to extend the range of hardware/RF products currently provided;

Leveraging Vytek s portfolio of mobile software applications to build subscription-based services over existing, public, wireless networks, thus building a recurring revenue stream; and

Further nurturing, building, and extending of relationships with key high-technology clients.

However, Vytek s execution against these strategic objectives could be jeopardized or impaired by one or a combination of certain factors. These factors include the obsolescence of the technologies upon which Vytek s reference platform are based, and the inability to evolve these platforms to accommodate new versions of hardware and software from the associated technology partner; further pressure on rates, margins, and breadth of services from offshore professional services providers in the specialized solution areas and industry segments which Vytek services; Vytek s inability to continue nurturing and building its vital technology partnering arrangements with firms such as Intel, Microsoft and Motorola; Vytek s inability to continue as a significant service provider (and experience declines in level of effort) to key clients; and Vytek s inability to continue attracting and retaining key engineering talent essential to the development of its products and delivery of professional services.

In order to protect itself from these risks Vytek deploys its resources in a balanced fashion to ensure no single factor can undermine the business. Vytek deploys a very focused sales force of approximately 37 professionals to continually refresh the segments and customers it serves. Vytek s sales and marketing professionals continually nurture key partnering arrangements, and Vytek is establishing relationships with key offshore development partners to gain scale and margin advantages. Vytek also continues to expand the technology platforms it offers and to establish new partnering arrangements when and where the opportunities become apparent. Vytek devotes significant resources to secure relationships with its largest clients. In addition, Vytek continues to put resources into its applications, hardware products, and reference platforms with emphasis on its embedded, RF, public safety, and messaging products.

Critical Accounting Policies

The following discussion should be read in conjunction with the audited financial statements of Vytek included elsewhere in this joint proxy statement/ prospectus. Vytek s discussion and analysis of its financial condition and results of operations are based upon Vytek s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Areas where significant judgments are made include, but are not limited to: revenue recognition on fixed-price contracts, allowance for doubtful accounts, the valuation of inventories, the deferred tax asset valuation allowance, and the valuation of long-lived assets and goodwill. Actual results could differ materially from these estimates.

Revenue Recognition. Revenues consist of the sales of Vytek s hardware products, software and software maintenance, and services. Product revenues are recognized by Vytek upon shipment of goods unless associated services are significant to functionality in which case product revenues are deferred until completion of the associated services. Vytek generally warrants its products for one year after the date of sale. Product returns and warranty costs historically to date have not been material and have been within management s expectations.

Vytek generally licenses its software products pursuant to multiple element arrangements that include maintenance. Where no significant obligations remain, software license revenue is recognized upon delivery of the software provided collection is considered probable, the fee is fixed or determinable, there is evidence of an arrangement and vendor specific objective evidence exists to allocate the total fee to the elements of the arrangement. Revenues from maintenance and software support services, which includes upgrades, are generally collected before the services are performed and are recognized ratably over the period of the services. Vytek s software maintenance arrangements do not contain specific upgrade rights.

Service revenues are recognized as the services are rendered, provided that no significant obligations remain and collection of the receivable is probable. Generally, contracts for services call for billings on a time and material basis; however, in instances when a fixed-fee contract is signed, revenue is recognized on a percentage of completion basis. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. The accrual for losses on contracts was $41,000 and $0 at September 30, 2003 and 2002 respectively.

Allowance for Doubtful Accounts. Vytek establishes an allowance for estimated bad debts based upon a review and evaluation of specific customer accounts identified as known and expected collection problems, based on historical experience, due to insolvency, disputes or other collection issues. Vytek s customer base is quite concentrated, with two customers accounting for 32 percent of accounts receivable at September 30, 2003 and two customers accounting for 27 percent of Vytek s sales in the nine months then ended. Changes in either a key customer s financial position, or the economy as a whole, could cause actual write-offs to be materially different from the recorded allowance amount.

Inventories. Vytek evaluates the carrying value of inventory on a quarterly basis to determine if the carrying value is recoverable at estimated selling prices. To the extent that estimated selling prices do not exceed the associated carrying values, inventory carrying amounts are written down. In addition, Vytek generally treats inventory on hand or committed with suppliers, which is not expected to be sold within the next 12 months, as excess and thus appropriate write-downs of the inventory carrying amounts are established through a charge to cost of sales. Estimated usage in the next 12 months is based on firm demand represented by orders in backlog at the end of the quarter and management s estimate of sales beyond existing backlog, giving consideration to customers forecasted demand, ordering patterns and product life cycles. Significant reductions in product pricing, or changes in technology and/or demand may necessitate additional write-downs of inventory carrying value in the future.

Deferred Income Tax Asset Valuation Allowance. Deferred income tax assets reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. A deferred income tax asset is recognized if realization of such asset is more likely than not, based upon the weight of available evidence which includes historical operating performance and Vytek s forecast of future operating performance. Vytek evaluates the realizability of its deferred income tax asset on a quarterly basis, and a valuation allowance is provided, as necessary. During this evaluation, Vytek reviews its forecasts of income in conjunction with the positive and negative evidence surrounding the realizability of its deferred income tax asset to determine if a valuation allowance is needed, and the valuation allowance is adjusted accordingly.

Vytek believes that there is sufficient uncertainty as to the realization of the deferred tax assets such that a full valuation allowance has been recognized. Vytek will continue to assess the realization of the deferred tax assets based on actual and forecasted operating results.

The difference between Vytek s effective income tax rate and multiplying Vytek s loss before income taxes by the federal statutory income tax rate for the nine months ended September 30, 2003 and 2002 is primarily due to changes in the valuation allowance on Vytek s net deferred tax assets.

Valuation of Long-lived Assets and Goodwill. Vytek accounts for long-lived assets, other than goodwill, in accordance with the provisions of Statement of Financial Accounting Standards No. 144, Accounting for the Impairment and Disposal of Long Lived Assets , or SFAS 144, which supersedes Statement of Financial Accounting Standards No. 121 and certain sections of Accounting Principles Board Opinion No. 30 specific to discontinued operations. SFAS 144 classifies long-lived assets as either: (i) to be held and used; (ii) to be disposed of by other than sale; or (iii) to be disposed of by sale. This standard introduces a probability-weighted cash flow estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of a long-lived asset are under consideration or a range is estimated for the amount of possible future cash flows. SFAS 144 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.

During 2002, impairment assessments were performed on intangibles as a result of weakening economic conditions and decreased current and expected future demand for products in the markets in which Vytek operates. Fair value of the intangible assets was determined using a discounted cash flow model based on growth rates and margins reflective of lower demand for Vytek s products, as well as anticipated future demand. Discount rates used were based upon Vytek s weighted average cost of capital adjusted for business risks. These amounts are based on management s best estimate of future results. As a result of these assessments, Vytek determined that an impairment of intangible assets existed and accordingly, Vytek recorded a charge to reduce customer lists in the amount of $498,000 in the fourth quarter of 2002.

Vytek also adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets , or SFAS No. 142, in 2002. Intangible assets that do not meet the criteria for recognition apart from goodwill, such as assembled work force, must be reclassified. Upon adoption, assembled workforce in the amount of $583,000 was reclassified to goodwill in accordance with the requirements of SFAS No. 142. Under SFAS No. 142 goodwill is no longer amortized. Instead, goodwill is subject to annual impairment testing, or more frequently as impairment indicators arise. The test for impairment involves the use of estimates related to the fair values of the business operations with which goodwill is associated and is usually based on projected cash flows or a market value approach. Management s judgment regarding the existence of impairment is based on factors such as significant changes in the manner or the use of acquired assets or Vytek s overall business strategy; significant negative industry or economic trends; and significant declines in the estimate of the value of Vytek s common stock.

Vytek was required to complete the initial step of a transitional impairment test within six months of adoption of SFAS No. 142 and to complete the final step of the transitional impairment test by the end of the fiscal year of adoption. The initial step was completed in the first quarter of fiscal 2002 and indicated no impairment. Due to declining market conditions, it was determined that a $16.2 million impairment charge against goodwill was warranted in the fourth quarter of 2002. Vytek used a discounted cash flow analysis for purposes of estimating the fair value of its reporting units.

Product Warranties. Vytek provides for the estimated cost of product warranties at the time revenue is recognized. While it engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, Vytek s warranty obligation is affected by product failure rates and material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from management s estimates, revisions to the estimated warranty liability would be required.

Results of Operations

Comparison of the Nine Months Ended September 30, 2003 and September 30, 2002

Total Revenue. Total revenue increased 80% to $29.3 million for the nine months ended September 30, 2003 from $16.3 million for the nine months ended September 30, 2002. This $13.0 million increase was due primarily to the results of operations from the Stellcom acquisition consummated in April 2003, which contributed revenues of $11.5 million during the 2003 period. Organic growth for the nine months ended September 30, 2003 was $1.5 million, or 8%, which was largely driven by higher products and services revenues attributable to the Solutions division s penetration of the public safety market.

Product Revenues. Product revenues increased 6% to $9.0 million for the nine months ended September 30, 2003 from $8.5 million in 2002. This increase was due to higher product revenues for the Solutions division from the public safety market.

Services Revenues. Services revenues increased 161% to $20.3 million for the nine months ended September 30, 2003 from $7.8 million in 2002. This increase was due primarily to the results of operations from the Stellcom acquisition consummated in April 2003, which contributed services revenues of $11.5 million during the 2003 period. The remaining $1.0 million increase resulted from organic revenue growth, which was 13% for the nine months ended September 30, 2003, driven by the public safety market penetration of the Solutions division. Such increases were partially offset by declines of $0.4 million in services revenues from the Products division due to reduced demand for its engineering services during the period.

Cost of Product Revenues. Cost of product revenues increased 13% to $7.2 million for the nine months ended September 30, 2003 from $6.4 million in 2002. This increase was due to costs associated with higher product revenues from the Solutions division from the public safety market.

Cost of Services Revenues. Cost of services revenues increased 315% to $11.9 million for the nine months ended September 30, 2003 from $2.9 million in 2002. This increase was due primarily to the results of operations from the Stellcom acquisition consummated in April 2003, which contributed services revenues of $11.5 million and related costs of service revenues of $7.4 million during the 2003 period. The remaining increase resulted from costs associated with higher revenues driven by the public safety market penetration of the Solutions division.

Gross Profit Products Gross profit from product revenue declined 14% to $1.8 million for the nine months ended September 30, 2003 from $2.1 million in 2002. Although product revenues increased, the gross profit declined as a result of an increased proportion of sales of lower margin products sold by the Solutions division into the public safety market. Accordingly, gross margin percentage for products revenues declined to 20% during the nine months ended September 30, 2003 as compared with 25% in the 2002 period.

Gross Profit Services Gross profit from services revenue increased 71% to $8.4 million for the nine months ended September 30, 2003 from $4.9 million in 2002. This increase was due primarily to the results of operations from the Stellcom acquisition consummated in April 2003, which contributed gross profit from services of $4.1 million during the 2003 period. Gross profit from services included increases associated with the public safety market penetration of the Solutions division. Such increases were more than offset by gross profit declines from other Vytek divisions, in particular the Products division, which experienced lower gross profit from services resulting from fewer client engagements.

Gross margin percentage for services revenues declined to 41% during the nine months ended September 30, 2003 period as compared with 63% in the 2002 period. This decline was the result of the inclusion of Stellcom s services during 2003, which typically carry lower margins than other services offered by Vytek.

Sales and Marketing Expenses. Sales and marketing expenses increased by 26% to $4.6 million for the nine months ended September 30, 2003 from $3.6 million for the nine months ended September 30, 2002.

This increase was due primarily to the inclusion of $0.9 million of sales and marketing expenses associated with the Stellcom business, which was acquired in April 2003.

Research and Development Expenses. Research and development expenses declined by 19% to $2.4 million for the nine months ended September 30, 2003 from $2.9 million for the nine months ended September 30, 2002. This decrease was the result of Vytek s reduction of investments in research and development in connection with the development of new wireless devices and software applications in its Products and Solutions divisions, respectively. Research and development expenses as a percentage of total revenues decreased to 8.0% in 2003 from 18.0% in 2002, as a result of the inclusion of the results of operations of Stellcom, which incurs minimal research and development costs associated with its current product and service offerings.

General and Administrative Expenses. General and administrative expenses includes cost of corporate functions including general business, accounting, human resources, facilities and information technologies. General and administrative expenses increased 24% to $6.5 million for the nine months ended September 30, 2003 from $5.2 million for the nine months ended September 30, 2002. This increase was primarily due to the inclusion of $2.4 million of general and administrative expenses associated with the Stellcom business, which was acquired in April 2003. This increase was partially offset by the effects of Vytek s acquisition integration and overhead reduction efforts undertaken during 2003, in particular the elimination of redundant costs associated with the merger of Vytek and Stellcom. As a percentage of revenue, general and administrative expenses were 22% and 32% for 2003 and 2002, respectively.

Depreciation Expense. Depreciation expense increased 101% to $1.1 million for the nine months ended September 30, 2003 from $0.5 million for the nine months ended September 30, 2002. This $0.6 million increase was due primarily to the inclusion of $0.5 million of depreciation expense on property and equipment associated with the Stellcom business, which was acquired in April 2003. Vytek is not a capital asset intensive business and does not expect significant increases in depreciation expense in the future.

Amortization of Intangibles. Amortization expense increased 11% to $3.0 million for the nine months ended September 30, 2003 from $2.7 million for the nine months ended September 30, 2002. The increase was due to the amortization expense for intangible assets associated with the Stellcom business, which was acquired in April 2003.

Net Interest Expense. Net interest expense was $52,682 for the nine months ended September 30, 2003 as compared to net interest income of $49,608 for the nine months ended September 30, 2002. The $102,290 decrease was attributable to a lower amount of cash available for investment during 2003 as compared to 2002.

Non-Operating Income. Other income was $0.1 million for the nine months ended September 30, 2003, resulting from the sale of securities of Arch Wireless, Inc., in excess of income previously recorded in connection with the settlement and termination of a contract claim as part of the Arch Wireless bankruptcy proceedings.

Gain on Early Extinguishment of Debt. During the nine months ended September 30, 2003, Vytek realized a gain of $0.3 million in connection with the early extinguishment of debt associated with Planet Technologies, which was originally due in July 2003.

Comparison of Years Ended December 31, 2002 and December 31, 2001

Total Revenue. For the year ended December 31, 2002, total revenue increased 51% to $22.2 million from $14.8 million for the year ended December 31, 2001. This increase of $7.5 million was primarily due to five acquisitions consummated in 2001. In addition to the acquisitions, the Products division realized revenue growth of $0.7 million resulting from strong demand for certain wireless products, partially offset by a decline in services revenues caused by the completion of a non-recurring engineering services engagement during the 2001 period. As of December 31, 2001, Vytek shut down the operations of its former Consulting division, which resulted in a decline in services revenue of $0.6 million for the 2002 period.

Product Revenues. Product revenues increased 138% to $12.2 million for the year ended December 31, 2002 from $5.1 million in 2001. The majority of the $7.1 million increase was the result of the acquisitions consummated in 2001. The Products division realized organic growth of $2.1 million, or 58% over the 2001 period as a result of strong demand for certain wireless products.

Services Revenues. Services revenues increased 4% to $10.0 million for the year ended December 31, 2002 from $9.6 million in 2001. This increase was primarily the result of the acquisitions consummated in 2001. Services revenues for the Products division declined 65%, or $1.5 million as a result of the completion of a large, non-recurring engineering services engagement in the 2001 period. As of December 31, 2001, Vytek shut down the operations of its former Consulting division, which resulted in services revenue declines of $0.6 million for the 2002 period.

Cost of Product Revenues. Cost of product revenues increased to $9.1 million for the year ended December 31, 2002 from $3.2 million in 2001. This increase was primarily attributable to the acquisitions consummated in 2001. Cost of product revenues for the Products division increased as a result of the organic revenue growth of $2.1 million.

Cost of Services Revenues. Cost of services revenues increased 9% to $3.4 million for the year ended December 31, 2002 from $3.1 million in 2001. This increase was primarily the result of the acquisitions consummated in 2001. Cost of services revenues for the Products division declined 46%, or $0.4 million as a result of the completion of a large, non-recurring engineering services engagement in the 2001 period.

Gross Profit Products. Gross profit from product revenue increased 64% to $3.2 million for the year ended December 31, 2002 from $1.9 million in 2001. The $1.3 million increase was substantially the result of higher product revenues associated with the acquisitions consummated in 2001. Gross margin for products revenues declined to 26% during the year ended December 31, 2002 period as compared with 38% in the 2001 period. The overall percentage decline was the direct result of the inclusion in 2002 of products sold by the Solutions division, which typically carry lower gross profit margins. In addition, the Messaging division, which carries relatively high margins as compared with other Vytek products, experienced declining demand for certain of its products during 2002.

Gross Profit Services. Gross profit from services revenue increased 2% to $6.6 million for the year ended December 31, 2002 from $6.5 million in 2001. This increase was the result of higher revenues associated with the acquisitions consummated in 2001, offset by a decline in gross margins. Gross margin for services revenues declined to 66% during the year ended December 31, 2002 period as compared with 68% in the 2001 period. This decline was the result of lower utilization of billable engineering resources in 2002 and the completion of a high margin, non-recurring engineering services engagement in the 2001 period.

Sales and Marketing Expenses. Sales and marketing expenses increased by 60% to $4.8 million for the year ended December 31, 2002 from $3.0 million for the year ended December 31, 2001. The $1.8 million increase is primarily attributed to the 5 acquisitions consummated in 2001. During 2002, Vytek reduced its marketing investments relating to the Telalert software application at the Messaging division.

Research and Development Expenses. Research and development expenses increased by 157% to $3.7 million for the year ended December 31, 2002 from $1.4 million for the year ended December 31, 2001. The increase of $2.3 million from 2001 was primarily attributable to the acquisitions consummated in 2001. Research and development expenses as a percentage of total revenues increased to 16.7% in 2002 from 9.8% in 2001. This relative increase was the result of Vytek s investments in connection with new wireless device product development initiatives in its Products division and the inclusion of the Solutions division, Vytek s largest division in terms of revenue, for the entire year in 2002, which incurred $1.2 million of research and development expense, or 12% of the Solutions division revenue.

General and Administrative Expenses. General and administrative expenses include costs of corporate functions including general business, accounting, human resources, facilities and information technology. General and administrative expenses decreased 3% to $7.3 million for the year ended December 31, 2002 from $7.5 million for the year ended December 31, 2001. As a percentage of revenue, general and administrative expenses were 33% and 51% for 2002 and 2001, respectively. The relative decline was the result of Vytek s focus on acquisition integration and overhead reduction activities throughout 2002.

Depreciation Expense. Depreciation expense increased 69% to $0.7 million for the year ended December 31, 2002 from $0.4 million for the year ended December 31, 2001. This $0.3 million increase was due primarily to the 5 acquisitions consummated in 2001. Vytek is not a capital asset intensive business and expects depreciation, with respect to its existing businesses, to decline in the future.

Amortization of Intangibles. Amortization expense declined 42% to $3.7 million for the year ended December 31, 2002 from $6.3 million for the year ended December 31, 2001. The decline was directly attributable to the adoption of SFAS 142 which discontinued the amortization of goodwill. At December 31, 2002, Vytek recognized $16.2 million of impairment charges to goodwill and a $0.5 million impairment charge to the intangible value assigned to acquired customer lists. The net balance of intangible assets as of December 31, 2002 was $3.0 million, of which $2.5 million was assigned to customer lists. Customer lists are being amortized over a period of three years from each respective acquisition date.

Impairment of Goodwill and Other Intangible Assets. Impairment of goodwill and intangible assets was $16.7 million in 2002. In 2002, management assessed the recoverability of goodwill and intangible assets. Due to declining market conditions and a change in business strategy, it was determined that a $16.2 million impairment charge to goodwill and a $0.5 million charge to the customer list of intangible assets was warranted at that time.

Net Interest Income. Net interest income was $29,128 for 2002 as compared to $0.9 million for 2001. The decrease was attributable to a lower amount of cash available for investment during 2002 as compared to 2001.

Liquidity and Capital Resources

As of September 30, 2003, Vytek had approximately $3.2 million in cash and cash equivalents and $0.7 million of restricted cash. As of September 30, 2003, Vytek had working capital of approximately $4.7 million. Cash and cash equivalents decreased from December 31, 2002 by $1.7 million.

As of December 31, 2002, Vytek had approximately $4.9 million in cash and cash equivalents, a decrease of $6.2 million, or 56%, from December 31, 2001.

Vytek had working capital of $3.2 million and $11.9 million as of December 31, 2002 and 2001, respectively. The decrease in working capital of $8.8 million was primarily attributable to the use of cash to fund operating losses of $6.3 million, excluding non-cash items aggregating $21.1 million (non-cash compensation, depreciation and amortization, and impairment of goodwill and other intangible assets).

During the first half of 2003, Vytek received proceeds of approximately $5.0 million from the issuance of Series B convertible preferred stock.

Vytek consummated its Loan and Security Agreement with Comerica Bank, or the Accounts Receivable Facility, in October 2003. Under the terms of the Accounts Receivable Facility, which is secured by all of Vytek s tangible personal property, including inventory and equipment, Vytek may borrow up to $3.0 million, subject to availability based on a percentage of eligible accounts receivable balances outstanding, as defined. The terms of the agreement require Vytek to remain in compliance with certain financial covenants, among others, including:
(a) liquidity covenant, whereby the ratio of unrestricted cash held with Comerica (which shall not be less than $1.0 million until two consecutive quarters of net profitability are achieved) plus eligible borrowing capacity on the Accounts Receivable Facility to outstanding borrowings under the Accounts Receivable Facility shall not be less than 2-to-1; and (b) EBITDA covenant, whereby Vytek s Earnings Before Interest, Taxes, Depreciation and Amortization amounts for each fiscal quarter beginning with the quarter ended December 31, 2003 shall be no less than negative $0.5 million. A failure by Vytek to maintain

compliance with such covenants (or failure to cure them within specified timeframes), or a failure to pay any of the obligations under the facility when due, would constitute a default, permitting the lender to take such actions including, but not limited to, demanding immediate repayment of all outstanding balances under the Accounts Receivable Facility and ceasing further advancement of funds. In October 2003, Vytek borrowed $1.3 million under the Accounts Receivable Facility to fund a performance bond and related fees associated with securing a customer contract, and in December 2003, Vytek borrowed the remaining $1.7 million available under the Accounts Receivable Facility to fund working capital requirements. Vytek anticipates that it will receive substantially all of the proceeds from the release of the performance bond during the first half of 2004. Vytek has been in compliance with all of the covenants under the terms of the Accounts Receivable Facility and expects to remain in compliance for the foreseeable future.

On December 23, 2003, Vytek entered into a merger agreement with California Amplifier that provides for the merger of Vytek and Acquisition Sub, a wholly-owned subsidiary of California Amplifier. In connection therewith, California Amplifier will issue 8,200,000 shares of its common stock to Vytek s stockholders in exchange for their capital interests in Vytek, subject to stockholder and regulatory approvals. Should Vytek fail to complete the merger with California Amplifier, management plans to seek alternative sources of funding through additional equity capital, new debt financing or another merger or sale of Vytek. Since its inception in 2000, Vytek has obtained private debt and equity capital to fund its operations and acquisition program. Management believes that its existing cash and borrowing capacity under its Accounts Receivable Facility, coupled with the proceeds from the anticipated release of the performance bond as described above, is sufficient to finance its planned operating levels through September 30, 2004. Management further believes that its forecasted operating results and cash flows are achievable. However, if such forecasts are not attained, Vytek would implement additional cost reduction initiatives in order to preserve cash. There can be no assurance, however, that management will be successful in its attempts to obtain new debt financing, raise additional equity capital or complete a merger or sale of Vytek, or be successful in implementing cost reductions, in which case Vytek may be unable to meet its obligations under its existing contractual obligations. Further, there can be no assurances as to the timing or amount of proceeds that Vytek will receive from the release of the outstanding performance bond described above. Failure by Vytek to pay the entire principal amount plus accrued interest as of the maturity date would constitute a default under the Accounts Receivable Facility.

For the nine months ended September 30, 2003, Vytek s operating activities used cash of $4.4 million. Net losses of $7.0 million included non-cash items such as the realization of benefits of $0.3 million resulting from a gain on early extinguishment of debt and charges of $4.1 million for depreciation and amortization expense. Cash uses for working capital increased $1.3 million, stemming primarily from higher inventory balances, and cash payments related to restructuring of $0.5 million. In addition, Vytek used $0.1 million during the first nine months of 2003 for the purchase of computer and telecom equipment, $0.3 million to pay obligations under capital lease agreements and $1.5 million to pay debt obligations associated with an acquisition completed in 2001.

During 2002, Vytek s operating activities used $5.4 million of cash. This included net losses of $27.4 million partially offset by $21.1 million of non-cash charges for depreciation and amortization, impairment of goodwill and other intangible assets, and non-cash compensation and $0.8 million provided by working capital activities. The most significant changes in working capital were cash uses attributed to increases in accounts receivable of $1.0 million and deferred costs of $1.7 million. Such uses of cash were offset by increases in trade accounts payable and accrued expenses of $1.0 million and increases in deferred revenue of $1.8 million. The deferred revenue increase reflects cash payments received in advance from a customer, Arch Wireless, Inc. for certain products manufactured by Vytek (see Note 16 of Notes to Consolidated Financial Statements). Cash used in investing activities amounted to $0.4 million, which primarily represented purchases of computer equipment and software. Cash used in financing activities totaled $0.4 million, representing principal payments on capital lease obligations. As of December 31, 2002, Vytek had deferred tax assets of approximately $9.0 million, related primarily to accumulated federal and state net operating loss carryforwards of $13.9 million, which are fully offset by a valuation allowance. Utilization of net operating loss carryforwards may be subject to substantial limitations due to ownership changes as provided by the Internal Revenue Code and similar state provisions. These limitations may result in the expiration of net operating loss carryforwards before full utilization.

During 2001, Vytek s cash used in operating activities totaled $3.6 million. The net loss of $9.4 million included non-cash charges for depreciation and amortization expenses totaling $6.7 million. In addition, cash used for working capital totaled $0.9 million. The most significant changes in working capital were the $2.0 million decrease in accounts payable and accrued expenses and increases to inventories of $0.4 million and prepaid and other current assets of $0.6 million, offset by an increase of $1.0 million in deferred revenue and $0.3 million decrease in accounts receivable. Included in the decrease of accounts payable and accrued expenses was the payment of $0.5 million to former stockholders of a business acquired in 2001 in connection with the attainment of contingent earnout targets. The increase in deferred revenue primarily related to increased cash received for customer maintenance agreements, which are earned and recognized ratably over contractual periods. Cash used in investing activities amounted to $19.3 million in 2001, consisting of $18.6 million paid for acquisitions of businesses and $0.7 million for purchases of computer equipment and software. In 2001, Vytek repaid $1.0 million of assumed debt associated with the Planet Technologies acquisition, and $0.3 million of principal payments on capital lease obligations. As of December 31, 2001, Vytek had deferred tax assets of approximately $4.6 million, related primarily to accumulated federal and state net operating loss carryforwards of approximately $7.7 million, which are fully offset by a valuation allowance. As noted above, utilization of net operating loss carryforwards may be subject to substantial limitations due to ownership changes as provided by the Internal Revenue Code and similar state provisions. These limitations may result in the expiration of net operating loss carryforwards before utilization.

Factors That May Affect Vytek s Business, Financial Condition and Future Results

This registration statement, including this Management s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements and other prospective information. These forward-looking statements and other information involve numerous risks and uncertainties, many of which are beyond Vytek s control and could cause Vytek s actual results to differ materially from its historical results or currently anticipated results. The following discussion highlights some of those risks and uncertainties.

Vytek s operating results may fluctuate from year to year or over shorter periods due to broad economic factors or changes in its customers buying habits, making future results difficult to predict.

Vytek s results depend to a substantial degree on the success of relatively few hardware and software products and services and the introduction of new products and services that are accepted in the marketplace. If Vytek s products and services do not continue to be accepted by its customers or if Vytek is not able to introduce new products and services that are competitive with products offered by other companies, Vytek s future results of operations could be impacted negatively.

The software industry is characterized by rapid technological changes that may adversely affect the demand for Vytek s products. Any decline in demand would affect Vytek s results of operations.

Changes in political, societal and economic conditions and local regulations in various geographic areas where Vytek does business may impact future sales, expenses and results of operations.

Growth rates in the hardware, software and professional services markets in which Vytek participates may decline.

Vytek may not be able to meet its long-term financial obligations, and may not be able to continue as a going concern.

Vytek may not have access in the future to debt or equity capital to finance future growth or ongoing operations.

VYTEK CORPORATION

(formerly Vytek Wireless, Inc.)

CONSOLIDATED BALANCE SHEETS

	September 30 2003	December 31 2002
	(Unaudited)	(Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,226,508	$ 4,889,101
Restricted cash	700,000	
Accounts receivables, net of allowances of $479,000 and $406,000	5,328,944	3,770,249
Inventory, net	2,651,492	1,631,808
Costs and estimated earnings in excess of billings	2,465,171	233,416
Deferred costs	751,691	1,844,589
Prepaids	641,675	277,668
Other current assets	550,063	69,596
Total current assets	16,315,544	12,716,427
Furniture, fixtures and equipment, net	1,843,087	1,125,745
Intangibles, net	5,978,875	2,994,247
Goodwill, net	18,093,893	15,818,960
Other assets	275,656	446,325
Total assets	$ 42,507,055	$ 33,101,704
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	$ 2,787,269	$ 1,909,372
Accrued payroll	2,216,580	186,816
Accrued expenses	738,235	803,848
Billings in excess of costs and estimated earnings	836,853	230,637
Customer deposits	1,379,147	76,253
Other liabilities	882,052	744,721
Current portion of long term debt		1,815,629
Current portion of capital lease obligations	164,122	87,018
Deferred revenue	2,593,380	3,706,272
Total current liabilities	11,597,638	9,560,566
Capital lease obligations, less current portion	178,666	31,350
Other liabilities	246,849	
Accrued preferred stock dividends		10,986,949
Redeemable convertible preferred stock	44,114,679	42,000,000
Commitments (Note 14)		
Stockholders deficit:		
Common stock $0.01 par value, 63,000,000 and 48,660,000 shares authorized; 13,584,748 and 8,842,855 shares issued and outstanding at September 30, 2003 and December 31, 2002, respectively	135,848	88,429
Additional paid-in capital	30,884,374	8,097,229
Notes receivable from stockholders	(28,645)	
Accumulated deficit	(44,622,354)	(37,662,819)

Total stockholders deficit	(13,630,777)	(29,477,161)
Total liabilities and stockholders deficit	$ 42,507,055	$ 33,101,704

See accompanying notes to unaudited consolidated financial statements.

VYTEK CORPORATION

(formerly Vytek Wireless, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine Months Ended September 30,	
	2003	2002
	(Unaudited)	
Revenues		
Product revenues	$ 9,015,789	$ 8,507,316
Services revenues	20,269,288	7,772,029
Total revenues	29,285,077	16,279,345
Cost of Revenues		
Cost of product revenues	7,192,082	6,386,058
Cost of services revenues	11,906,385	2,870,357
Total cost of revenues	19,098,467	9,256,415
Gross Profit	10,186,610	7,022,930
Operating expenses		
Sales and marketing	4,557,798	3,619,922
Research and development	2,364,570	2,932,220
General and administrative	6,480,569	5,246,656
Provision for doubtful accounts	43,765	236,623
Depreciation	1,070,197	531,857
Amortization	3,045,163	2,749,895
Total operating expense	17,562,062	15,317,173
Operating loss	(7,375,452)	(8,294,243)
Interest income	32,478	102,260
Interest expense	(85,160)	(52,652)
Non-operating income	133,398	
Gain on early extinguishment of debt	335,201	
Net loss	(6,959,535)	(8,244,635)
Preferred stock dividends and accretion	2,771,488	(4,983,388)
Loss applicable to common shares	$ (4,188,047)	$ (13,228,023)

See accompanying notes to unaudited consolidated financial statements.

VYTEK CORPORATION

(formerly Vytek Wireless, Inc.)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

Nine Months Ended September 30, 2003

	Common Stock		Additional	Notes		
	Shares	Par Value	Paid-In Capital	Receivable from Stockholders	Accumulated Deficit	Total
				(Unaudited)		
Balance at December 31, 2002	8,842,855	$ 88,429	$ 8,097,229	$	$ (37,662,819)	$ (29,477,161)
Cash preferred stock dividends accrued			(38,132)			(38,132)
Reduction of liquidation preference of previously outstanding Series A preferred shares			19,905,766			19,905,766
Issuance of Series A preferred shares in satisfaction of accrued dividend liability			7,542,258			7,542,258
Issuance of Series A preferred shares in connection with acquisition and anti-dilution provisions			(1,354,742)			(1,354,742)
Issuance of Common Stock in connection with acquisitions and other	4,741,893	47,419	109,891	(28,645)		128,665
Accretion of liquidation preference on preferred shares and PIK dividends undeclared and not paid			(3,377,896)			(3,377,896)
Net loss					(6,959,535)	(6,959,535)
Balance at September 30, 2003 (Unaudited)	13,584,748	$ 135,848	$ 30,884,374	$ (28,645)	$ (44,622,354)	$ (13,630,777)

VYTEK CORPORATION

(Formerly Vytek Wireless, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2003	2002
	(Unaudited)	
Cash flows from operating activities		
Net loss	$ (6,959,535)	$ (8,244,635)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	4,115,360	3,281,752
Bad debt expense	43,765	236,623
Gain on early extinguishment of debt	(335,201)	
Changes in assets and liabilities, net of effects of acquisitions:		
Restricted cash	310,025	
Accounts receivable, net of allowance	(404,682)	(1,530,954)
Inventories	(1,012,212)	(469,989)
Deferred costs	1,528,795	(1,774,566)
Prepaid expenses	(10,673)	706,996
Other assets	(176,949)	(24,725)
Accounts payable	614,823	1,791,415
Accrued payroll	517,228	(70,032)
Other accrued expenses	(281,117)	(284,732)
Estimated costs, earnings and billings on contracts	(2,265,056)	(132,330)
Deferred revenue	(1,125,323)	2,146,792
Customer deposits	1,221,904	(397,762)
Other liabilities	(175,622)	124,052
Net cash used in operating activities	(4,394,470)	(4,642,095)
Cash flows from investing activities		
Purchases of furniture, fixtures and equipment	(104,731)	(281,471)
Deferred acquisition costs		(4,438)
Cash paid for acquisitions, net of cash acquired	(386,897)	
Net cash used in investing activities	(491,628)	(285,909)
Cash flows from financing activities		
Principal payments on capital lease obligations	(296,067)	(100,503)
Long term debt payments	(1,480,428)	(266,949)
Issuance of Series B preferred stock	5,000,000	
Purchase of treasury stock		(3,249)
Net cash provided by (used) in financing activities	3,223,505	(370,701)
Net decrease in cash and cash equivalents	(1,662,593)	(5,298,705)
Cash and cash equivalents, beginning of period	4,889,101	11,085,454

Cash and cash equivalents, end of period	$ 3,226,508	$ 5,786,749

See accompanying notes to unaudited consolidated financial statements.

VYTEK CORPORATION

(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003

1. Business and Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and reflect all adjustments consisting of normal recurring entries, which, in the opinion of Vytek Corporation (formerly Vytek Wireless, Inc.), are necessary to present fairly the results for the interim periods. The interim financial statements do not include all disclosures provided in fiscal year end financial statements prepared in accordance with accounting principles generally accepted in the United States, although Vytek believes that the accompanying disclosures are adequate to make the information presented not misleading. Results of operations for the nine-month period ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The balance sheet at December 31, 2002 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

For further information, refer to the financial statements and notes thereto included in Vytek s Audited Financial Statements for the year ended December 31, 2002, a copy of which is included here starting on page F-1.

Vytek has developed a wireless and mobile computing technology business by acquiring, consolidating, integrating and operating wireless and mobile data solutions companies. Vytek s methodology is to acquire the assets or stock of companies providing wireless and mobile consulting and professional services, application software and wirelessware /infrastructure products and value-added services to their customers located primarily in the United States and Europe.

Vytek was organized under the laws of the State of Delaware on April 25, 2000. In April 2003 Vytek amended and restated its Certificate of Incorporation whereby the name of Vytek was changed to Vytek Corporation from Vytek Wireless, Inc.

Since its inception in April 2000, Vytek has incurred operating losses and has used cash in operating activities. Management believes that Vytek has sufficient cash to finance Vytek s planned operating levels in the near term, which extends for a period of twelve months from the balance sheet date. Vytek further believes that its internal forecasts of operating results and cash flows are achievable. However, if such forecasts are not attained, Vytek would implement cost reduction initiatives in order to preserve cash. While there can be no assurances, Vytek also believes that it could finance any cash flow shortfalls through obtaining a financing arrangement (supported by its accounts receivable balances) or by factoring its accounts receivable in order to fund its operations.

The consolidated financial statements include the accounts of Vytek and its wholly-owned subsidiaries, Vytek Consulting Group, Inc. (VCG), Vytek Products, Inc. (Products), Vytek Messaging Services, Inc. (VMS), Vytek Solutions, Inc. (Solutions East), MicroKnowledge, Inc. (MicroKnowledge), Vytek Public Safety Solutions, Inc. (VPSS), and Stellcom, Inc. (Solutions West). All significant intercompany transactions and balances have been eliminated in consolidation. On December 23, 2003 Vytek entered into a merger agreement with California Amplifier, Inc. (See Note 16).

2. Concentration of Credit Risk

Financial instruments that potentially subject Vytek to concentrations of credit risk are comprised principally of cash and cash equivalents and outstanding accounts receivable. As of September 30, 2003, Vytek s cash and cash equivalents have been deposited with high credit quality financial institutions, which

VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

management believes limits Vytek s risk. Vytek performs ongoing credit evaluations of its customers financial condition and limits the amount of credit extended as deemed appropriate, but generally requires no collateral. Vytek maintains reserves for estimated credit losses and, to date, such losses have been within management s expectations. At September 30, 2003 receivables from two customers individually were 21% and 11% of total gross accounts receivable, respectively. During the nine months ended September 30, 2003, Vytek had sales to two customers which individually represented 19% and 8% of net sales, respectively. At December 31, 2002 receivables from six customers individually exceeded 5% of gross accounts receivable and totaled approximately $3,034,000 or 73% of total gross accounts receivable. During the nine months ended September 30, 2002, Vytek had sales to three customers which individually represented 15%, 11% and 5% of net sales, respectively.

3. Preferred Stock Dividends Accrued

On November 8, 2002, the Board of Directors determined that it would not declare a cash dividend on any class of Vytek s outstanding securities for the next succeeding fifteen months. Pursuant to this determination, Vytek has classified preferred stock dividends accrued at December 31, 2002 as long term. (See Note 11).

4. Stock Based Compensation

Vytek accounts for stock-based compensation under the provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees which requires the recognition of compensation expense at the date of grant only if the current market price of the underlying stock exceeds the exercise price.

Vytek has adopted the disclosure only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, or SFAS No. 123. Accordingly, no compensation cost has been recognized in connection with the issuance of options under the Plan. Had Vytek determined stock-based compensation relating to granted options based on their fair value on the grant date in accordance with SFAS No. 123, Vytek s net loss would have been increased by $197,000 and $211,000 in the nine months ended September 30, 2003 and 2002, respectively. As additional options may be granted in future years and option grants vest over several years, the above pro forma results are not necessarily indicative of future pro forma results.

There were no options granted during the nine months ended September 30, 2003. The estimated fair value of each option on the date of grant was determined using the minimum value method with the following assumptions used for grants during 2002:

	2002
Expected life (in years)	5
Risk free interest rate	4.25%
Dividend yield	

On October 3, 2003, Vytek granted 1,200,000 stock options to employees with an exercise price of $.01 per share, vesting twenty-five percent after year one and ratably over the next four years.

VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Inventories, Net

	September 30, 2003	December 31, 2002
Raw materials and supplies	$1,954,060	$1,251,372
Work-in-progress	635,221	329,882
Finished goods	354,828	319,973
Reserve for obsolescence	(292,617)	(269,419)
	$2,651,492	$1,631,808

6. Furniture, Fixtures and Equipment, Net

	September 30, 2003	December 31, 2002
Machinery and equipment	$ 186,894	$ 185,093
Computer software and equipment	3,076,086	1,564,382
Leasehold improvements	276,343	147,168
Furniture fixtures and office equipment	463,962	396,228
	4,003,285	2,292,871
Less: accumulated depreciation	(2,160,198)	(1,167,126)
	$ 1,843,087	$ 1,125,745

Approximately $816,000 and $308,000 of office and computer equipment was leased under capital leases at September 30, 2003 and December 31, 2002, respectively. Accumulated amortization of office and computer equipment under capital leases was approximately $249,000 and $170,000 at September 30, 2003 and December 31, 2002, respectively. Amortization of assets recorded under capital leases is included within depreciation expense.

7. Acquisitions

In June 2002, Vytek Solutions, Inc., a wholly owned subsidiary of Vytek, acquired various assets of Extendea, Inc., in a transaction accounted for using the purchase method of accounting. The purchase price consisted of 50,000 shares of Vytek s common stock valued at $300,000. The allocation of the Extendea purchase price was $14,000 to fixed assets and $286,000 to goodwill. The operations of Extendea are included in the accounts of Vytek from the date of acquisition.

In April 2003, Vytek acquired all of the outstanding capital stock of Stellcom, Inc. (Stellcom), a wireless and mobile computing systems integrator, in a transaction accounted for using the purchase method of accounting. The purchase price was comprised of 3,776,000 shares of Vytek s Common Stock valued at approximately $29,000, 7,499,000 shares of Vytek s preferred stock valued at approximately $8,805,000 and 202,000 warrants valued at approximately $186,000. The allocation of the purchase price, which is preliminary pending finalization of valuation of assets acquired, was $2,647,000 to current assets, $1,708,000 to office equipment, $236,000 to other assets, $1,965,000 to current liabilities assumed, $641,000 to other liabilities assumed, $332,000 to debt assumed, $5,910,000 to customer lists, $82,000 to trade names and $2,008,000 to goodwill. In addition to the purchase price consideration above, Vytek incurred external costs associated with this transaction of approximately $633,000. The operations of Stellcom are included in the financial statements of Vytek from the date of acquisition.

VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The acquisition were undertaken in furtherance of Vytek s strategy to develop a wireless and mobile computing technology business.

Vytek expects that the amortization of identifiable intangibles acquired from its acquisitions will be deductible for tax purposes.

The fair value of the equity issued in each respective acquisition is the estimated fair value at the date of issuance as determined by management.

Pro forma revenue for the nine months ended September 30, 2003 and September 30, 2002 would have been $32,237,000 and $31,416,000, respectively. Pro forma net loss for the nine months ended September 30, 2003 and September 30, 2002 would have been $(3,230,000) and $(12,393,000), respectively. The pro forma adjustments to the historical operations of Stellcom primarily consist of amortization expense of newly established intangibles. The historical operations of Stellcom include a $6,400,000 restructuring benefit.

8. Intangible Assets, Net

The acquisitions have been accounted for under the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at their estimated fair values as of the respective acquisition dates.

Intangible assets were as follows:

	September 30, 2003			December 31, 2002			
	Gross Carrying Amount	Accum. Amortiz.	Net	Gross Carrying Amount	Accum. Amortiz.	Net	Amortiz. Period
Customer lists	$13,992,041	$ 8,215,095	$5,776,946	$8,082,040	$5,540,218	$2,541,822	3 years
Software	872,100	775,200	96,900	872,100	557,175	314,925	3 years
Covenants not to compete	1,000,000	1,000,000		1,000,000	862,500	137,500	2 years
Other	119,790	14,761	105,029				
	$15,983,931	$10,005,056	$5,978,875	$9,954,140	$6,959,893	$2,994,247	

Amortization expense of intangible assets was $3,045,000 and $2,750,000 for the nine months ended September 30, 2003 and 2002, respectively.

9. Income Taxes

The difference between Vytek s effective income tax rate and multiplying Vytek s loss before income taxes by the federal statutory income tax rate for the nine months ended September 30, 2003 and 2002 is primarily due to changes in the valuation allowance on Vytek s net deferred tax assets.

10. Debt and Capital Lease Obligations

On July 31, 2001, in connection with the acquisition of Planet Technology Solutions, Inc., or Planet, Vytek issued a Subordinated Note due July 31, 2003, in the original amount of $1,792,295 (the Note). The Noteholder requested payment of $1,430,000 in June 2003 in full satisfaction of the Note resulting in a gain on early extinguishment of $335,000.

VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Debt and capital lease obligations consists of the following:

	September 30, 2003	December 31, 2002
Subordinated note payable to former owners of Planet, due July 31, 2003	$	$ 1,765,629
Capital leases	342,788	116,322
Other short-term notes payable		52,046
	342,788	1,933,997
Less: Amounts classified as current	(164,122)	(1,902,647)
	$ 178,666	$ 31,350

Interest paid amounted to $129,000 and $19,000 during the nine months ended September 30, 2003 and 2002, respectively.

Future minimum payments, including imputed interest totaling $36,994 over the term, under capital lease obligations are as follows:

Year ending December 31, 2003	$ 92,947
2004	156,237
2005	94,365
2006	24,901
2007	11,332
	$379,782

11. Redeemable Convertible Preferred Stock

Redeemable Convertible Preferred Stock consists of the following at September 30, 2003 and December 31, 2002, respectively:

	September 30, 2003	December 31, 2002
Series A Redeemable Convertible Preferred Stock $0.01 par value, shares authorized of 23,200,000 and 11,340,000, issued and outstanding of 22,950,784 and 11,340,000, liquidation preference of $44,716,050 and $42,000,000, presented at face value less unaccreted discount of $8,102,807 and $0 plus accrued dividends of $2,275,470 and $0 at September 30, 2003 and December 31, 2002, respectively	$38,887,675	$42,000,000
Series B Redeemable Convertible Preferred Stock $0.01 par value, shares authorized of 6,500,000, issued and outstanding of 4,256,406, liquidation preference of $5,000,000, presented at face value plus accrued dividends of $202,052 at September 30, 2003	5,202,052	
	24,952	

Series Junior Preferred Redeemable Preferred Stock $0.01 par value, shares authorized of 23,200,000, issued and outstanding of 22,790, liquidation preference of $44,403, presented at face value less unaccreted discount of $19,451 at September 30, 2003		
	$44,114,679	$42,000,000

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VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In connection with the acquisition of Stellcom on April 3, 2003, the Company consummated several transactions in its Series A Preferred Stock and Junior Preferred Stock, and issued a new Series B preferred stock as follows:

	Number of Shares	Series A Preferred	Series B Preferred	Junior Preferred	Total Preferred Stock
Balance at Dec. 31, 2002	11,340,000	$ 42,000,000	$	$	$ 42,000,000
Reduction of liquidation preference		(19,905,766)			(19,905,766)
Issuance of shares in satisfaction of accrued dividend liability	2,976,772	3,482,827			3,482,827
Issuance of shares as a consideration for Stellcom acquisition	7,498,903	8,782,190		22,790	8,804,980
Issuance as a result of anti-dilution provisions	1,157,899	1,354,742			1,354,742
Issuance of shares for cash	4,256,406		5,000,000		5,000,000
Accretion of liquidation preference		898,212		2,162	900,374
PIK dividends accrued		2,275,470	202,052		2,477,522
Balance at 9/30/03	27,229,980	$ 38,887,675	$ 5,202,052	$ 24,952	$ 44,114,679

In connection with the acquisition of Stellcom, Vytek restated its Certificate of Incorporation and the liquidation preference on previously outstanding shares of Series A Preferred stock was reduced from $3.70 per share to $1.9483 per share resulting in a $19,906,000 reduction to the associated carrying value and a corresponding increase to additional paid-in capital.

On April 3, 2003, the preferred stock dividends accrued liability amounting to $11,025,081 was satisfied by the issuance of 2,976,772 shares of Series A preferred stock valued at approximately $3,500,000 which resulted in a contribution to capital of approximately $7,500,000.

In April 2003, Vytek issued 7,498,903 shares of redeemable preferred stock valued at approximately $8,805,000 in connection with the acquisition of Stellcom with such issuance triggering the issuance of an additional 1,157,899 shares of Series A Redeemable Convertible Preferred stock in accordance with anti-dilution provisions of the Redeemable Convertible Preferred stock, which was accounted for as a charge to additional paid-in capital in the amount of $1,355,000. All shares of Series A Preferred issued were recorded at the estimated fair value at the date of issuance. As such shares are redeemable at the option of the stockholder and therefore outside of the control of Vytek after the fifth anniversary date of issuance at the higher of the then fair value or $1.9483 per share plus accrued but unpaid dividends, the carrying value of such shares is being accreted to $1.9483 per share plus dividends not currently declared or paid as a charge to additional paid-in capital.

Also in 2003, Vytek issued 4,256,406 shares of Series B Redeemable Convertible Preferred stock for $5,000,000. In connection with this issuance, Vytek loaned two of its officers and stockholders approximately $70,000 in aggregate to purchase Series B Preferred. The amount due from the officers and stockholders is included within other current assets in the accompanying balance sheet.

In April 2003, in connection with the acquisition of Stellcom, Vytek amended and restated its Certificate of Incorporation. The total number of shares of preferred stock which Vytek is now authorized to issue is 67,700,000, par value $.01 per share, 23,200,000 of which are designated Series A Redeemable Convertible Preferred Stock (the Series A Preferred), 12,000,000 of which are designated Series A-DIV Convertible Preferred Stock (the Series A-DIV Preferred), 6,500,000 of which are designated Series B Redeemable

VYTEK CORPORATION
(formerly Vytek Wireless, Inc.)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Convertible Preferred Stock (the Series B Preferred), 2,800,000 of which are designated Series B-DIV Convertible Preferred Stock (the Series B-DIV Preferred) and 23,200,000 of which are designated Junior Preferred (Junior Preferred). The Series A Preferred and Series A-DIV Preferred are collectively referred to as the A Preferred . The Series B Preferred and Series B-DIV Preferred are collectively referred to as the B Preferred. The A Preferred and the B Preferred are collectively referred to as the Redeemable Convertible Preferred Stock.

Dividends

The holders of the B Preferred are entitled to receive pro rata, out of assets legally available therefor, dividends at the rate of $0.0940 per share per annum, compounded quarterly. Such dividends are payable in shares of Series B-DIV Preferred and each share of Series B-DIV Preferred shall have a value, for such purposes, of $1.1747. Such dividends shall accumulate commencing as of the original issuance date of the B Preferred and be payable only when, as and if declared by the Board of Directors and shall be cumulative.

The holders of the A Preferred are entitled to receive *pari passu* out of assets legally available therefor, dividends at the rate of $0.19483 per share per annum compounded quarterly. Such dividends shall be payable in shares of Series A-DIV Preferred and each share of Series A-DIV Preferred shall have a value of $1.9483. Such dividends shall accumulate commencing as of the original issuance date of the B Preferred and be payable only when, as and if declared by the Board of Directors and shall be cumulative.

After payment of the dividends to the holders of the B Preferred and the holders of A Preferred, the Series A Preferred and the Series B Preferred shall be entitled to participate pro rata in the dividends paid on the Common Stock (with each share of Series A Preferred and Series B Preferred being deemed, for such purpose, to be equal to the number of shares of Common Stock including fractions of a share) into which such share of Series A Preferred and Series B Preferred is convertible immediately prior to the close of business on the business day fixed for such dividend. Such dividends shall be payable only when, as and if declared by the Board of Directors.

The holders of the Junior Preferred shall not be entitled to receive any dividends.

Conversion

Each share of Redeemable Convertible Preferred Stock may be converted to Common Stock at the option of the Holders at a one-to-one conversion rate. The conversion rate shall be adjusted whenever Vytek shall issue or sell, or is deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the conversion price in effect immediately prior to the time of such issue or sale.

Each share of Redeemable Convertible Preferred Stock is automatically converted into shares of Common Stock, at the defined conversion rate, in a public offering, pursuant to an effective registration statement under the Securities Act of 1933, resulting in at least $30,000,000 of gross proceeds to Vytek, or upon the affirmative consent or approval of the Holders representing a majority in interest of the shares of Redeemable Convertible Preferred Stock.

Voting rights

Holders of Convertible Preferred Stock have the right to one vote for each common share into which such shares could then be converted, as described above.

Liquidation

In the event of liquidation, dissolution or winding up of Vytek, the holders of the B Preferred shall be entitled to receive for each share of B Preferred, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the A Preferred, the Junior Preferred and the Common Stock at the option of each such holder either (i) the amount of $1.1747 per share for each share of B

VYTEK CORPORATION
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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Preferred (as adjusted for any stock splits, stock dividends, combinations, recapitalizations, reclassifications or other similar events with respect to the B Preferred) plus any dividends accrued but unpaid on such share (the Participating Series B Liquidation Preference) or (ii) the amount of $2.3494 per share for each share of B Preferred (as adjusted for any stock splits, stock dividends, combinations, recapitalizations, reclassifications or other similar events with respect to the B Preferred) plus any dividends accrued but unpaid on such share (the Non-Participating Series B Liquidation Preference together with the Participating Series B Liquidation Preference, the Series B Liquidation Preference). Any such distributions of dividends shall be paid in shares of Series B-DIV Preferred.

After payment of the Series B Liquidation Preference, the holders of the Series A Preferred and Series A-DIV Preferred shall be entitled to receive for each share of Series A Preferred and Series A-DIV Preferred, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Junior Preferred and Common Stock the amount of $1.9483 per share for each share of A Preferred (as adjusted for any stock splits, stock dividends, combinations, recapitalizations, reclassifications or other similar events with respect to the A Preferred) plus any dividends accrued but unpaid on such share (the Series A Liquidation Preference). Any such distributions of dividends shall be paid in shares of Series A-DIV Preferred.

After payment of the Series B Liquidation Preference, the Series A Liquidation Preference and the liquidation preference of any other series of preferred stock of Vytek, the holders of Junior Preferred shall be entitled to receive for each share of Junior Preferred, prior and in preference to any distribution of any of the assets or surplus funds of Vytek to the holders of Common Stock, the amount of $1.9483 per share for each share of Junior Preferred (as adjusted for any stock splits, stock dividends, combinations, recapitalizations, reclassifications or other similar events with respect to the Junior Preferred) (the Junior Liquidation Preference).

After payment has been made to the holders of the Redeemable Convertible Preferred Stock and Junior Preferred of the full amounts to which they are entitled then the entire remaining assets and funds of the Corporation legally available for distribution, if any, shall be distributed on a pro rata, as converted, basis to the holders of the Series A Preferred the Series B Preferred that exercised the option to receive the Participating Series B Liquidation Preference and the holders of the outstanding Common Stock.

In the event that the assets of Vytek are insufficient to permit payment of the above mentioned amounts, then the entire assets and funds of Vytek legally available for distribution shall be distributed ratably among the holders of the Redeemable Convertible Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive.

Redemption

At any time on or after the fifth anniversary of the date of initial issuance of Series B Preferred, (the Initial Redemption Date), upon the written request of the holders of shares representing a majority in interest of the shares of Convertible Preferred Stock, Vytek shall redeem the Convertible Preferred Stock as follows: first, the B Preferred and then the A Preferred, in three (3) equal annual installments beginning on the Initial Redemption Date and then on the first and second anniversary of the Initial Redemption Date by paying an aggregate amount in cash therefor for each share of B Preferred the greater of $1.1747 per share and the then current fair market value of each such share and for each share of A Preferred the greater of $1.9483 per share and the then current fair market value of each such share (in each case, as adjusted for any stock splits, stock dividends, combinations, recapitalizations, reclassifications or other similar events with respect to the Redeemable Convertible Preferred Stock), plus, in each case, all accrued but unpaid dividends on such shares (the Redemption Price).

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Common Stock

Between inception and July 31, 2000, Vytek sold 600 shares of Common Stock ($.01 par value) to its founders at $100.00 per share. In August 2000, Vytek amended its Certificate of Incorporation increasing its authorized shares of Common Stock to 48,660,000. At that time, Vytek split the original shares 10,000 to 1. All other share amounts have been restated to reflect such split.

In April 2003, Vytek amended and restated its Certificate of Incorporation increasing its authorized shares of Common Stock to 63,000,000 ($0.01 par value).

During the nine months ended September 30, 2003 and the year ended December 31, 2002, 3,776,000 and 50,000 shares of Common Stock, respectively, were issued in connection with acquisitions (see Note 7).

13. Restricted Stock Plan

In connection with the acquisition of Stellcom, Vytek established the Vytek Corporation Restricted Stock Plan of 2003, (the Plan). The aggregate number of shares of stock that may be issued pursuant to all awards under the Plan is 3,700,000, (i) 3,100,000 of which shall be issuable to employees of Stellcom who shall be employed by Vytek following completion of the acquisition of Stellcom (the Continuing Employees) and (ii) 600,000 of which shall be issuable to Vytek s Chief Executive Officer. In connection with the issuance of any restricted shares to a participant, each such participant shall pay to Vytek the purchase price for such restricted shares specified in the restricted stock award agreement as the cash consideration therefor. The restricted stock to be issued shall vest on terms determined by Vytek, but in no event shall the restricted stock vest (a) more rapidly than sixty percent (60%) vested on the date of issuance and the balance vesting in equal monthly installments over the following 18 months and (b) more slowly than at least twenty percent (20%) vested per year from the date of grant. Any shares of restricted stock which do not vest prior to the termination of employment of a Continuing Employee shall be repurchased by Vytek at the lesser of (i) the purchase price paid for such shares or (ii) the fair market value at the time of repurchase.

In 2003 Vytek issued 2,899,000 shares of common stock to Continuing Employees and 600,000 shares to the Chief Executive Officer at $0.01 per share. The shares generally vest forty percent (40%) to sixty percent (60%) upon grant, an additional twenty percent (20%) on March 31, 2004, with the remainder vesting ratably over the period from March 31, 2004 to March 31, 2008.

14. Commitments

Vytek leases its manufacturing and office space under non-cancelable operating leases, which expire at various dates through July 2010. Some of the leases require Vytek to pay maintenance, utilities and insurance costs and contain renewal options (for periods ranging from two to five years) and escalation clauses. Total rent expense for all operating leases was approximately $1,806,000 and $656,000 for the nine months ending September 30, 2003 and 2002, respectively, (of which $123,000 was to the former Products stockholders in each period). At September 30, 2003, Vytek held a certificate of deposit for $700,000, which is reflected as restricted cash. The certificate of deposit serves as collateral for an outstanding standby letter of credit issued in connection with Vytek s headquarters lease.

VYTEK CORPORATION
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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Future minimum lease commitments for non-cancelable operating leases are as follows at September 30, 2003 (of which approximately $60,000 in 2003, $243,000 in 2004 and $123,700 in 2005 is payable to the former Products shareholders).

2003	$ 560,183
2004	2,026,688
2005	1,542,312
2006	1,066,836
2007	1,115,445
2008 and thereafter	3,270,170
Total minimum lease payments	$9,581,634

Minimum rentals to be received in the future under non-cancelable subleases extending through March 2005 are as follows:

2003	$ 57,995
2004	235,567
2005	48,427
Total minimum lease payments	$341,989

15. Arch Contract

Between April 2001 and April 2002, Vytek received cash payments of approximately $2,387,000 from Arch Wireless, Inc. (Arch) for certain products manufactured by Vytek. At the request of Arch, Vytek was holding the product in its warehouses at September 30, 2002. As a result, approximately $2,387,000 of revenue, $1,671,000 of costs, and $716,000 of gross profit had been deferred at December 31, 2002. During the nine months ended September 30, 2003, Vytek shipped and recorded the sale on $1,503,000 of such products. Vytek shipped the remainder of the products during the fourth quarter of 2003.

16. Proposed Merger

On December 23, 2003, Vytek entered into an Agreement and Plan of Merger with California Amplifier, Inc. (the Merger Agreement). California Amplifier, Inc. (California Amplifier), formed in 1981, designs, manufactures and markets microwave equipment used in the reception of television programming transmitted from satellites and wireless terrestrial transmission sites and two-way transceivers used for wireless high-speed Internet (broadband) Service.

Under the terms of the Merger Agreement, California Amplifier will issue up to an aggregate of 8,200,000 of shares of common stock for all Vytek s outstanding preferred and common stock. Vytek s preferred stockholders and holders of the in-the-money warrants to purchase Series A Preferred stock (as defined in the Merger Agreement) will be entitled to receive an aggregate amount of 6,970,000 shares of California Amplifier common stock. Holders of Vytek s common stock and holders of in-the-money stock options and warrants to purchase common stock (as defined in the Merger Agreement) will be entitled to receive an aggregate amount of 1,230,000 shares of California Amplifier common stock. California Amplifier has also agreed to assume all of the stock options outstanding under Vytek s stock option plan. California Amplifier has further agreed to assume outstanding warrants to purchase Vytek s Series A Preferred and common stock.

VYTEK CORPORATION
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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The merger is contingent on, among other things, the receipt of regulatory approvals and the adoption of the Merger Agreement and the approval of the certificate amendment by the requisite vote of Vytek s stockholders. Adoption of the Merger Agreement requires the affirmative vote of (i) the holders of a majority of the outstanding shares of Vytek common stock and Vytek preferred stock, voting together as a single class on an as-converted to common stock basis, and (ii) the holders of a majority of the outstanding shares of Vytek s Series A Preferred Stock and Series B Preferred Stock, voting together as a single class. Approval of the certificate amendment requires the affirmative vote of (i) the holders of a majority of the outstanding shares of the common stock of Vytek and the preferred stock of Vytek, voting together as a single class, and (ii) the holders of a majority of the outstanding shares of the Series A Preferred Stock, the Series B Preferred Stock, the Series Junior Preferred Stock and the common stock of Vytek, each voting separately as a single class. Officers and directors of Vytek, and certain stockholders affiliated with them, have entered into individual voting agreements with California Amplifier, dated as of December 23, 2003, pursuant to which, among other things, they have agreed to vote a portion of their shares of Vytek capital stock in favor of adoption of the Merger Agreement and approval of the merger, against any proposal adverse to the merger and in favor of the certificate amendment.

The Merger Agreement contains representations and warranties, covenants with respect to how Vytek s business should be operated between the signing of the Merger Agreement and the closing of the merger, and specifies certain closing conditions, including among others, that there be no material adverse change in the condition or operations of Vytek. The Merger Agreement can be terminated under a variety of circumstances, including by mutual written consent of Vytek and California Amplifier and by either party if there is a material breach of a representation or warranty or if the merger is not consummated on or before June 30, 2004.

17. Accounts Receivable Facility

Vytek entered into a Loan and Security Agreement with Comerica Bank (Accounts Receivable Facility) in October 2003. Under the terms of the Accounts Receivable Facility, which is secured by all of Vytek s tangible personal property, including inventory and equipment, Vytek may borrow up to $3.0 million, subject to availability based on a percentage of eligible accounts receivable balances outstanding, as defined. The terms of the agreement require Vytek to remain in compliance with certain financial covenants, including, among others: (a) liquidity covenant, whereby the ratio of unrestricted cash held with Comerica (which shall not be less than $1.0 million until two consecutive quarters of net profitability are achieved) plus eligible borrowing capacity on the Accounts Receivable Facility to outstanding borrowings under the Accounts Receivable Facility shall not be less than 2-to-1; and (b) EBITDA covenant, whereby Vytek s Earnings Before Interest, Taxes, Depreciation and Amortization amount for each fiscal quarter beginning with the quarter ended December 31, 2003 shall be no less than negative $0.5 million.

A failure by Vytek to maintain compliance with such covenants (or failure to cure them within specified timeframes), or a failure to pay any of the obligations under the facility when due, would constitute a default, permitting the lender to take such actions including, but not limited to, demanding immediate repayment of all outstanding balances under the Accounts Receivable Facility and ceasing further advancement of funds. In October 2003, Vytek borrowed $1.3 million under the Accounts Receivable Facility to fund a performance bond and related fees associated with securing a customer contract, and in December 2003, Vytek borrowed the remaining $1.7 million available under the Accounts Receivable Facility to fund working capital requirements. Vytek anticipates that it will receive substantially all of the proceeds from the release of the performance bond during the first half of 2004. Vytek has been in compliance with all of the covenants under the terms of the Accounts Receivable Facility and expects to remain in compliance for the foreseeable future.

VYTEK CORPORATION
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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Other Income

Other income represents amounts received from the sale of Arch Wireless, Inc. stock in excess of that previously accrued to income in connection with the settlement and termination of a contract claim as part of the Arch Wireless bankruptcy proceedings.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS OF STELLCOM, INC.

Certain information in this registration statement, including the discussion below, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this registration statement other than statements of historical fact are forward-looking statements. Examples of forward-looking statements include statements regarding Vytek s future financial results, operating results, projected costs, revenue, markets for products, competition, products, plans, objectives and strategy, as well as other statements that include words such as anticipate, believe, plan, should, would, could, expect, intend, believe, estimate, predict, potential and other similar words. These forward-looking statements are inherently uncertain and are subject to business, economic and other risks. Accordingly, actual results could differ materially from expectations based on forward-looking statements made in this registration statement or elsewhere by Vytek or on its behalf. Vytek does not undertake any obligation to update its forward-looking statements to reflect future events or circumstances.

Overview

Stellcom, Inc., or Stellcom, was acquired by Vytek Wireless, Inc. on April 3, 2003. The financial statements as of and for the three months and two days ended April 2, 2003 are referred to as March 31 in the discussion below for clarity of presentation.

Stellcom, Inc., or Stellcom, prior to its acquisition by Vytek in April 2003, had its headquarters in San Diego, California, and offices in Irvine, California and Austin, Texas. Stellcom was founded in San Diego in 1984. It was a systems integration firm focused on mobility and pervasive computing. Stellcom provided software engineering, hardware engineering, design, and business consulting services to technology original equipment manufacturers, or OEMs, and enterprise customers. Stellcom s capabilities included embedded hardware and software development, wireless network integration, rich media solutions, self-service mobile portals, and web services. Primary industries served included consumer electronics, OEMs, medical device manufacturers and service providers, aerospace, defense, and high technology. Following its acquisition, Stellcom became a wholly-owned subsidiary of Vytek. It became a part of the Solutions business of Vytek, and it business did not change. Through Stellcom s integration, it contributes to the mobile technology and wireless access hardware and software offerings of Vytek, expanding the breadth and depth of Vytek s expertise in these businesses. Management s concerns about Stellcom, as a division of Vytek, are contained in the discussion and analysis of the Vytek business as a whole.

Critical Accounting Policies

Stellcom s discussion and analysis of its financial condition and results of operations are based upon Stellcom s financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Areas where significant judgments are made include, but are not limited to: revenue recognition on fixed price contracts, allowance for doubtful accounts, the deferred tax asset valuation allowance, and the valuation of long-lived assets and goodwill. Actual results could differ materially from these estimates.

Revenue Recognition

Revenue from services under time and material contracts is recognized when the services are performed. Revenue from fixed-price contracts with deliverables is recognized on the basis of Stellcom s estimates of the percentage of completion of individual contracts. These estimates are subject to change based on the performance of the staff and difficulties encountered during the project. Such estimates are routinely redetermined with losses, if any, recorded in the period during which they become evident. Costs incurred for specific anticipated contracts are deferred until a signed contract is obtained when their recoverability from specific contracts is probable. Approximately $436,000 and $25,000 was deferred under this policy as of March 31, 2003 and December 31, 2002, respectively.

Allowance for Doubtful Accounts

Stellcom establishes an allowance for estimated bad debts based upon a review and evaluation of specific customer accounts identified as known and expected collection problems, based on historical experience, due to insolvency, disputes or other collection issues. As further described in Note 3 to the accompanying unaudited consolidated financial statements, Stellcom s customer base is quite concentrated, with four customers accounting for 51% of accounts receivable at March 31, 2003 and three customers accounting for 55% of Stellcom s sales in the three months then ended. Changes in either a key customer s financial position, or the economy as a whole, could cause actual write-offs to be materially different from the recorded allowance amount.

Deferred Income Tax Asset Valuation Allowance

Deferred income tax assets reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. A deferred income tax asset is recognized if realization of such asset is more likely than not, based upon the weight of available evidence which includes historical operating performance and Stellcom s forecast of future operating performance. Stellcom evaluates the realizability of its deferred income tax asset on a quarterly basis, and a valuation allowance is provided, as necessary. During this evaluation, Stellcom reviews its forecasts of income in conjunction with the positive and negative evidence surrounding the realizability of its deferred income tax asset to determine if a valuation allowance is needed, and the valuation allowance is adjusted accordingly. Based upon available evidence, management has recorded a full valuation allowance for deferred tax assets at March 31, 2003 and 2002, as management believes it is more likely than not that these assets will not be realized. The difference between Stellcom s effective income tax rate and multiplying Stellcom s income (loss) before income taxes by the federal statutory income tax rate for the three months ended March 31, 2003 and 2002 is primarily due to changes in the valuation allowance on Stellcom s net deferred tax assets.

Valuation of Long-lived Assets and Goodwill

Stellcom accounts for long-lived assets other than goodwill in accordance with the provisions of Statement of Financial Accounting Standards No. 144, Accounting for the Impairment and Disposal of Long Lived Assets , or SFAS 144, which supersedes Statement of Financial Accounting Standards No. 121 and certain sections of Accounting Principles Board Opinion No. 30 specific to discontinued operations. SFAS 144 classifies long-lived assets as either: (1) to be held and used; (2) to be disposed of by other than sale; or (3) to be disposed of by sale. This standard introduces a probability-weighted cash flow estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of a long-lived asset are under consideration or a range is estimated for the amount of possible future cash flows. SFAS 144 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. This statement, which Stellcom adopted in 2002, did not have a material impact on Stellcom s financial position or results of operations.

Stellcom also adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets , or SFAS No. 142, in 2002. As a result, goodwill is no longer amortized. Instead, goodwill is subject to annual impairment testing, or more frequently as impairment indicators arise. The test for impairment involves the use of estimates related to the fair values of the business operations with which goodwill is associated and is usually based on projected cash flows or a market value approach. The first annual goodwill impairment test was conducted as of December 31, 2002, which indicated that there was no impairment of goodwill at that date. Stellcom used a discounted cash flow approach to estimate the fair value of its business unit in these impairment tests. This approach incorporates a number of assumptions about future revenues and expenses of Stellcom. Different assumptions reflecting lower revenue growth and higher costs could result in an impairment of the carrying value of goodwill.

Results of Operations

Three Months Ended March 31, 2003 and March 31, 2002

Net Sales. Net sales decreased 43% to $2.7 million for the three months ended March 31, 2003 from $4.0 million for the three months ended March 31, 2002. The decrease of sales revenues in 2003 was due to several factors. During the first quarter of 2002, Stellcom recognized $0.6 million of revenue related to a customer engagement that was substantially serviced in 2001. The sales revenue and related costs for that engagement were deferred until 2002, when the customer executed its contract with Stellcom. Excluding this item, net sales decreased 21% during the three months ended March 31, 2003 as compared to the 2002 period. In addition, during the first quarter of 2003, as a result of the poor economic climate, Stellcom s largest client put many of its suppliers and service providers, including Stellcom, on furloughs in order to reduce spending. This action negatively impacted Stellcom s revenues since many of its billable engineers did not generate revenues during this time.

Cost of Sales. Cost of Sales decreased 29% to $2.5 million for the quarter ended March 31, 2003 from $3.5 million for the three months ended March 31, 2002. The decrease was directly attributable to the lower sales volume for the 2003 quarter.

Gross Profit. Gross Profit declined by 80% to $0.2 million for the quarter ended March 31, 2003. Gross margin declined to 9.1% for the three months ended March 31, 2003 as compared to 25.5% in the 2002 period. The negative trend for gross profit and gross margins was due to lower sales volumes in general, and the effects of the furlough actions taken by Stellcom s largest customer during the first quarter of 2003 in particular. Since the furlough program was anticipated to be a short term in duration, Stellcom did not take any actions to reduce its billable engineering headcount. The absorption of the engineering salaries and associated costs, with no corresponding revenues, resulted in a significant negative impact on gross profit and gross margin for the 2003 period.

Sales and Marketing Expenses. Sales and marketing expenses decreased by 37% to $0.4 million for the three months ended March 31, 2003 from $0.7 million for the three months ended March 31, 2002. The majority of the decline was attributed to a 45% decrease in headcount in sales and marketing personnel. The decrease in headcount did not affect Stellcom s ability to generate sales as this decrease was coupled with a change in sales strategy from a more traditional geography based approach to a team based approach focused on service offering and the leveraging of engineering resources.

Product Development Expenses. Product development expenses increased by 281% to $0.1 million for the three months ended March 31, 2003 from $29,520 for the three months ended March 31, 2002. The increase was primarily a result of Stellcom s investment in a series of designs, tools, and methodologies that would improve its competitive position for embedded product development.

General and Administrative Expenses. General and administrative expenses increased by 23% to $2.3 million for the three months ended March 31, 2003 from $1.9 million for the three months ended March 31, 2002. This increase was due primarily to $0.3 million of legal and broker fees incurred in connection with Stellcom s merger with Vytek.

Provision for Doubtful Accounts. The provision for doubtful accounts decreased by $0.5 million to a credit of $0.4 million for the three months ended March 31, 2003. This decrease resulted from the recognition of reductions to Stellcom s allowance for doubtful accounts. In an effort to improve its cash flows from operations during the economic downturn, Stellcom tightened its credit issuance policies, carefully selected new customers and put greater focus on collections of outstanding customer balances. This approach led to significantly improved collection rates and lower write-offs as compared with prior periods. Additionally, Stellcom collected a $0.4 million receivable from a customer which was previously deemed uncollectible. After conducting a detailed review of the its outstanding accounts receivable balances, Stellcom determined the need to reduce the allowance for doubtful accounts balance.

Restructuring Benefit. Restructuring expense decreased by $6.5 million to a benefit of $6.4 million for the three months ended March 31, 2003. This was the direct result of an adjustment to the restructuring reserve to reflect the impact of amendments to Stellcom s existing office leases for its San Diego headquarters facility effective in March 2003, which was a condition precedent to the consummation of the Vytek merger. Stellcom paid $1.4 million during the first quarter of 2003 in connection with the lease amendment. As part of the amendment, unutilized square footage was eliminated from the leased square footage and the per-square foot rate of remaining utilized space was reduced. The reduction in per-square foot rate results in a $10,000 monthly reduction to straight line rent expense going forward. This resulted in an overall reduction of Stellcom s long-term lease liability and the associated portion of the restructuring reserve was adjusted accordingly. (See Notes to Financial Statements)

Interest Income, Net. Net interest income (loss) was ($29,137) for the three months ended March 31, 2003 from $17,049 for the three months ended March 31, 2002. This decrease was mainly due to a $26,000 interest charge from Stellcom s landlord in relation to the deferment of rents of unused building space. In general, lower amounts of funds were invested during 2003 as compared to 2002 as well as continually low average returns on investments due to low interest rates resulted in a decrease in interest income.

Years Ended December 31, 2002 and December 31, 2001

Net Sales. Net sales decreased 39% to $20.0 million for the year ended December 31, 2002 from $32.7 million for the year ended December 31, 2001. The decline was attributable to the general market downturn that began in the latter part of 2001 and extended throughout 2002. The impact of this downturn was a severe reduction in new business from Stellcom s customers, namely local start-ups in the high-tech community and the delays in spending or the commencement of planned general mobile and wireless engagements. Stellcom reacted to the economic downturn by altering its sales focus towards more established companies.

Cost of Sales. Cost of sales decreased 40% to $14.1 million for the year ended December 31, 2002 from $23.6 million in 2001. The decrease, which included lower billable engineering salaries and associated costs, was directly attributable to the lower sales volume for 2002.

Gross Profit. Gross profit decreased 34% to $6.0 million. Gross margin increased to 30% for the year ended December 31, 2002 as compared to 28% in the 2001. The positive effect on gross margins was due to increased utilization of Stellcom s engineering staff resulting in lower indirect labor costs.

Sales and Marketing Expenses. Sales and marketing expenses decreased by 59% to $2.1 million for the year ended December 31, 2002 from $5.1 million for the year ended December 31, 2001. The decrease from 2001 was primarily due to a $1.9 million decrease in payroll expenses. This reduction in payroll expenses resulted from the reduction in force implemented by Stellcom over the course of 2001 which decreased by 45% over the prior year. The remaining decrease was mostly a result of reduced marketing efforts, lower trade show attendance, and less sales travel and communications costs resulting from a smaller sales force. The decrease in headcount did not affect Stellcom s ability to generate sales as this decrease was coupled with a change in sales strategy from a more traditional geography based approach to a team based approach focused on service offering and the leveraging of engineering resources.

Product Development Expenses. Product development expenses decreased by 33% to $0.3 million for the year ended December 31, 2002 from $0.4 million for the year ended December 31, 2001. The decrease from 2001 was primarily a result of a decrease in engineering personnel resulting from the reduction in force implemented over the course of 2001 and a reduced emphasis on development efforts.

General and Administrative Expenses. General and administrative expenses decreased by 55% to $7.2 million for the year ended December 31, 2002 from $16.0 million for the year ended December 31, 2001. This decrease from 2001 was primarily attributable to a $4.7 million decrease in payroll expense as a result of reduction in personnel. Restructuring efforts undertaken in 2001 resulted in a $1.5 million decrease in rent expense in 2002. Reduced hiring activities in 2002 led to a $0.5 million decrease in recruiting costs compared to 2001. Restructuring efforts and reduction in force activities caused legal and other professional services to be $0.6 million higher in 2001 compared to 2002. The remaining decrease in general and administrative expenses is attributable to lower expenses associated with renegotiation of the rates and termination of certain long-term communications contracts.

Provision for Doubtful Accounts. Bad debt expense decreased by 79% to $0.2 million for the year ended December 31, 2002 from $1.2 million for the year ended December 31, 2001. This decrease from 2001 was primarily attributable to an increased business focus on established customers within the industry and limited extension of terms to less credit worthy customers. Bad debt expense for 2001 was mainly related to start-up companies.

Restructuring (benefit) expense. Restructuring expense decreased by 108% to a benefit of $0.9 million for the year ended December 31, 2002 from $11.8 million for the year ended December 31, 2001. The majority of restructuring efforts were initiated in 2001 and the reserve was established in March 2001 based upon assumptions and estimates that were appropriate at the time. The restructuring expense in 2001 consisted of $9.8 million for property leases, $1.2 million for severance payments that were to be paid out as part of the reduction in force, and approximately $0.8 million for other long-term contracts. In 2002, subleases were entered into for certain portions of Stellcom s then current leased spaces that were included in the restructuring reserve. The actual terms of the subleases were more favorable then the assumed terms that were used to calculate the reserve. The result was a decrease in restructuring expense related to property leases in the amount of $0.5 million. Furthermore, a renegotiation of Stellcom s long-term communications contracts in 2002 resulted in early termination of such contracts making $0.4 million of the restructuring reserve no longer necessary, resulting in an adjustment of the reserve and a decrease in restructuring expense.

Interest Income, Net. Net interest income was $56,308 for 2002 as compared to $0.5 million for 2001. This reduction was due to a decrease in the amount of funds invested during 2002 as compared to 2001 as well as lower average returns on investments due to a general decrease in interest rates.

Liquidity and Capital Resources.

As of March 31, 2003, Stellcom had no cash and cash equivalents on hand, and $1.0 million in restricted cash. On April 3, 2003, Stellcom consummated its merger with Vytek Wireless, Inc (see Notes 1 and 3 of Notes to Financial Statements). In connection therewith, in March 2003, Stellcom made payments aggregating $1.9 million, of which $1.4 million was for costs associated with the amendment of its headquarters facility lease obligations, which was contingent upon the Vytek merger (see Notes 5 and 8 of Notes to Financial Statements), and $0.5 million was for the Vytek merger-related legal and broker fees. If the merger with Vytek had not been consummated, Stellcom would not have been obligated to make those payments, except for certain fees incurred, and it would have used such available cash to fund its operating needs. Stellcom had $0.3 million of working capital as of March 31, 2003.

As of December 31, 2002, Stellcom had approximately $2.1 million in cash and cash equivalents, and $1.0 million of restricted cash. Cash decreased from December 31, 2001 by $4.2 million, or 67%.

Stellcom had working capital of $1.2 million and $5.1 million as of December 31, 2002 and December 31, 2001, respectively. The decrease in working capital of $3.9 million was primarily attributable to the use of cash to fund operating losses of $2.9 million, excluding non-cash charges for depreciation and amortization. During 2002, Stellcom made cash payments totaling $1.5 million in connection with its business restructuring activities undertaken during 2001 and 2002 (see Note 11 of Notes to Financial Statements).

Stellcom has experienced recurring losses over the past three years, largely related to soft demand in the technology services space and coupled with the economic downturn during 2001 and 2002. It responded by reducing headcount and related facilities necessary for that workforce and implemented other cost reductions. Stellcom also pursued merger transactions to leverage its infrastructure costs across a broader revenue base and in November 2002, it entered into an Agreement and Plan of Merger with Vytek Wireless, Inc. The merger was consummated in April 2003. If the merger had not been consummated, Stellcom s plan would have been to fund its operations through existing cash and cash flows from customer contracts, and take the necessary actions to reduce costs and preserve cash to assure it had sufficient cash to support its operations.

For the three months ended March 31, 2003, Stellcom s operating activities used $2.4 million of cash, including the $1.9 million of payments associated with its lease amendment and merger-related fees in connection, as described herein, with the Vytek merger. There were no material investing activities during the first quarter of 2003. Cash provided by financing activities totaled $0.3 million for the three months ended March 31, 2003, including proceeds from the issuance of common and preferred stock of $0.2 million and the effects of a note restructuring of $0.2 million, offset by principal payments on capital lease obligations of $0.1 million.

During 2002, Stellcom s operating activities used $3.8 million of cash. This included net losses of $4.2 million, increased funding requirements for working capital totaling $0.8 million, and the recognition of a restructuring benefit of $1.0 million. Such cash uses were offset by $1.3 million of non-cash charges for depreciation and amortization, $0.2 million non-cash charge to increase the provision for doubtful accounts, and $0.5 million related to the restructuring of a stockholder note receivable. The most significant changes in working capital were cash provided by reductions in accounts receivable of $1.0 million, offset by increases to estimated costs, earnings and billings on contracts by $0.4 million. Cash used in investing activities amounted to $0.2 million, which represented purchases of property and equipment. Cash used in financing activities totaled $0.2 million, primarily representing principal payments on capital lease obligations.

During 2001, Stellcom s cash used in operating activities totaled $12.9 million. The net loss of $30.4 million included non-cash charges for restructuring costs of $11.8 million, depreciation and amortization expenses of $1.4 million, and increases to the provision for doubtful accounts of $1.1 million. In addition, cash provided by changes in working capital totaled $3.2 million. The most significant changes in working capital were deferred taxes of $4.2 million, the $2.3 million decrease in accounts payable and accrued expenses, reductions in accounts receivable of $1.1 million and reductions in estimated costs, earnings and billings on contracts of $1.1 million. In 2001, Stellcom made payments totaling $2.0 million related to its restructuring activities (see Note 11 of Notes to Financial Statements).

Cash used in investing activities amounted to $1.0 million in 2001, consisting of the issuance of a note receivable of $0.3 million and $0.7 million for purchases of property and equipment. Cash used in financing activities totaled $0.4 million, representing principal payments on capital lease obligations of $0.2 million, and principal payments of $0.3 million on notes payable, offset by the issuance of common stock for $0.1 million.

STELLCOM, INC.

BALANCE SHEETS

ASSETS	April 2, 2003	December 31, 2002
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$	$2,084,636
Accounts receivable, net of allowance for doubtful accounts of $2,098,000 and $2,580,000, respectively	1,197,777	1,331,288
Costs and estimated earnings in excess of billings	244,470	298,415
Notes receivable		35,000
Deferred costs	435,897	
Prepaid expenses	353,334	229,578
Other current assets	296,757	523,031
Total current assets	2,528,235	4,501,948
RESTRICTED CASH	1,010,025	1,010,025
PROPERTY AND EQUIPMENT, net	1,707,631	2,084,556
NOTES RECEIVABLE, net of current portion		115,085
GOODWILL, net of accumulated amortization of $50,000	345,971	345,971
OTHER ASSETS	235,516	311,328
TOTAL	$5,827,378	$8,368,913

(Continued)

STELLCOM, INC.

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS DEFICIT	April 2, 2003	December 31, 2002
	(Unaudited)	
CURRENT LIABILITIES:		
Cash overdraft	$ 21,885	$
Accounts payable	263,074	989,791
Capital leases, current portion	164,679	236,051
Accrued payroll, bonuses and vacation	1,512,536	818,626
Other accrued expenses	162,177	
Billings in excess of costs and estimated earnings	896,419	235,178
Customer deposits	80,990	
Restructure reserve, current portion	180,507	1,929,039
Other liabilities	83,856	83,856
Total current liabilities	3,366,123	4,292,541
RESTRUCTURE RESERVE, net of current portion	174,504	5,156,739
DEFERRED RENT	100,253	892,989
CAPITAL LEASES, net of current portion	167,066	167,066
OTHER LIABILITIES	20,677	20,677
Total liabilities	3,828,623	10,530,012
Series A redeemable convertible preferred stock, $0.001 par value, 7,500,000 shares authorized; 4,525,866 shares issued and outstanding, stated at liquidation preference of $0.77 less unaccreted discount of $26,000 and $28,000 at March 31, 2003 and December 31, 2002, respectively	3,459,078	3,456,729
Series B redeemable convertible preferred stock, $0.01 par value, 17,500,000 shares authorized; 13,541,225 shares issued and outstanding stated at liquidation preference of $2.58 less unaccreted discount of $112,000 and $122,000 at March 31, 2003 and December 31, 2002, respectively	34,824,202	34,814,006
Series B-1 redeemable convertible preferred stock, $0.001 par value 10,000,000 shares authorized; 7,500,000 shares issued and outstanding, stated at liquidation preference of $2.00 less unaccreted discount of $8,246,000 and $8,996,000 at March 31, 2003 and December 31, 2002, respectively	6,754,125	6,004,500
Series C redeemable convertible preferred stock, $0.001 par value, 8,000,000 shares authorized, 1,428,600 shares issued and outstanding, stated at liquidation preference of $0.14	200,000	
STOCKHOLDERS DEFICIT		
Common stock $0.001 par value 80,000,000 shares authorized; 24,562,476 shares issued and outstanding	24,562	24,562
Additional paid-in capital	1,179,325	1,179,325
Less stockholder note receivable	(9,000)	(9,000)
Accumulated deficit	(44,433,537)	(47,631,221)
Total stockholders deficit	(43,238,650)	(46,436,334)
TOTAL	$ 5,827,378	$ 8,368,913

(Concluded)

See notes to unaudited financial statements.

STELLCOM, INC.

STATEMENTS OF OPERATIONS

	January 1 to April 2, 2003	Three Months Ended March 31, 2002
	(Unaudited)	
NET SALES	$ 2,704,300	$ 4,717,236
COST OF SALES	2,457,171	3,467,489
GROSS PROFIT	247,129	1,249,747
OPERATING EXPENSES:		
Selling and marketing	419,131	670,089
Research and development	112,565	29,520
General and administrative	2,279,650	1,847,017
Provision for doubtful accounts	(416,803)	45,444
Depreciation	307,526	328,578
Amortization	619	370
Restructuring benefit	(6,436,746)	(99,880)
Total operating expenses	(3,734,058)	2,821,138
INCOME (LOSS) FROM OPERATIONS	3,981,187	(1,571,391)
OTHER INCOME (EXPENSE), net:		
Interest income	12,037	24,683
Interest expense	(41,174)	(7,589)
Non-operating income	12,446	
Non-operating expense	(3,580)	
INCOME (LOSS) BEFORE INCOME TAXES	3,960,916	(1,554,297)
INCOME TAX EXPENSE	800	
NET INCOME (LOSS)	$ 3,960,116	$ (1,554,297)

See notes to unaudited financial statements.

STELLCOM, INC.

STATEMENTS OF CASH FLOWS

	January 1 to April 2, 2003	Three Months Ended March 31, 2002
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 3,960,116	$(1,554,297)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Restructuring benefit	(6,436,746)	(99,880)
Depreciation and amortization	308,145	338,833
Provision for doubtful accounts	(416,803)	45,444
Restructure of note receivable	168,785	
Loss on sale of property and equipment	19,278	24,351
Changes in assets and liabilities:		
Cash overdraft	21,885	
Accounts receivable	586,107	420,997
Estimated costs, earnings and billings on contracts	469,301	233,078
Prepaid expenses	(124,310)	(14,993)
Accounts payable	(451,475)	(80,141)
Accrued expenses	693,910	410,953
Accrued payroll, bonuses and vacation	(113,065)	218,805
Other assets	213,621	(4,650)
Other liabilities	(43,058)	(193,675)
Restructuring reserve	(294,021)	(618,312)
Deferred rent	(792,736)	101,655
Net cash used in operating activities	(2,231,066)	(771,832)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,428)	(23,651)
Other assets	(228)	(604)
Collections on notes receivable	21,720	
Net cash provided by (used in) investing activities	18,064	(24,255)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock		17,683
Issuance of preferred stock	199,737	
Principal payments on capital lease obligations	(71,371)	(37,841)
Net cash provided by (used in) financing activities	128,366	(20,158)
NET DECREASE IN CASH AND CASH EQUIVALENTS	$(2,084,636)	$ (816,245)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,084,636	6,283,941
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	$ 5,467,698

See notes to unaudited financial statements

STELLCOM, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

Three Months and Two Days Ended April 2, 2003 and Three Months Ended March 31,2002

1. Nature of Business

Stellcom, Inc. (the Company), was incorporated in the State of California in August of 1984. Stellcom provides software engineering, hardware engineering, design, and business consulting services to technology original equipment manufacturers (OEM) and enterprise customers. Stellcom s capabilities include embedded hardware and software development, wireless network integration, rich media solutions, self-service mobile portals, and web services. Primary industries served include consumer electronics OEMs, medical device manufacturers and service providers, aerospace, defense, and high technology. Stellcom delivers its services via two operating divisions:

Embedded Products Division Provides OEM customers with turnkey design, implementation, and integration of custom hardware and embedded software for a variety of consumer electronics, medical, technology OEM, and telecommunications devices. Customer engagements are primarily non-recurring engineering services on an hourly or fixed-price basis. Engagements can additionally include revenues associated with licenses and per piece fee arrangements. Engineering capabilities include: electronics design and development, prototype and pre-production assembly, software design and development, device architecture trade studies and analysis, and device validation and regulatory testing.

Technology Consulting Group (TCG) Designs, implements, and deploys large-scale enterprise information systems and customer applications for enterprise clients. Customer engagements are primarily non-recurring engineering services on an hourly or fixed-price basis. Engineering capabilities include: design, development, and implementation of self-service portals; development of mobile solutions for field force automation; infrastructure architecture; application development; network infrastructure; information security; and outsourced product development. TCG also provides consulting services such as mobility assessments, usability studies, product strategy, and architecture development.

Stellcom has had recurring losses and, coupled with the economic downturn, has responded by reducing headcount and the related facilities necessary for that workforce and implementing other cost reductions. Stellcom has also pursued merger transactions to leverage its infrastructure costs across a broader revenue base and has entered into a merger agreement with Vytek Wireless, Inc. (see Note 3). Stellcom believes that after the merger with Vytek Wireless, Inc. there will be sufficient cash to fund operations for the foreseeable future, which extends beyond twelve months. If the merger is not consummated, Stellcom plans to fund operations through existing cash and cash flows from customer contracts. Stellcom believes that it has sufficient cash flow to fund operations for the foreseeable future, which extends beyond twelve months. Should Stellcom s business be adversely affected by declining revenues, management will take the necessary actions to reduce costs and to preserve cash to assure it has sufficient cash flow to fund operations for the foreseeable future, which extends beyond twelve months.

Fiscal Year Stellcom uses a 52-53 week fiscal year, with a period ending on the last Saturday of December, which for fiscal year 2002 fell on December 28, 2002. The actual interim periods ended on April 2, 2003 and March 30, 2002. In the accompanying financial statements and notes thereto the 2002 fiscal year end is shown as December 31 and the 2002 interim period end is shown as March 31 for clarity of presentation.

Summary of Significant Accounting Policies

2. Stock Option Plan

Stock-Based Compensation Stellcom has elected to continue to account for stock-based employee compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Accordingly, compensation cost for employee stock options is measured as the excess, if any, of the estimated fair value of Stellcom s stock at the

STELLCOM, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (Continued)

date of grant over the amount an employee must pay to exercise the stock option. Compensation related to non-employee stock-based compensation is measured using fair value methods.

Had compensation cost for Stellcom s stock option plan been determined based on the estimated fair value at the grant date, Stellcom s net loss would have been adjusted to the pro forma amount indicated below:

	January 1, to April 2, 2003	Three Months Ended March 31, 2002
Net income (loss):		
As reported	$3,960,000	$(1,554,000)
Pro forma	3,888,000	(1,624,000)

In 2002 and 2001, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions: dividend yield and expected volatility of 0% in 2002 and 2001, risk-free interest rates ranging from 3.20% to 4.40% in 2002 and from 4.58% to 4.91% in 2001 and expected lives of five years in 2002 and 2001. There were no options granted in 2003.

3. Proposed Merger

On November 12, 2002, Stellcom entered into an Agreement and Plan of Merger with Vytek Wireless, Inc. (the Merger Agreement). Vytek Wireless, Inc. (Vytek) was formed in April 2000, for the purpose of acquiring, owning and operating a wireless data solutions business. To date, Vytek has completed six principal acquisitions including the acquisition of Sonik Technologies, Inc. (subsequently renamed Vytek Products, Inc.), a provider of wireless communication infrastructure equipment; Telamon, Inc. (subsequently renamed Vytek Messaging Services, Inc.), the developer of TelAlert, a leading urgent messaging solution; Planet Technology Solutions, Inc. (subsequently renamed Vytek Solutions, Inc.), an integrator of wireless solutions; and Rubicon Technologies, Inc. (subsequently renamed Vytek Public Safety Solutions, Inc.), a provider of software solutions for police, fire, emergency medical and other public safety organizations.

Under the terms of the Merger Agreement, Vytek will issue 7,370,589 shares of Vytek Series A preferred stock and 1,234,570 shares of Vytek common stock for all of Stellcom s outstanding preferred and common stock. Stellcom s preferred stockholders will be entitled to receive 7,370,589 shares of Vytek Series A preferred stock and 613,160 shares of Vytek common stock. Holders of Stellcom s common stock will be entitled to receive 621,410 shares of Vytek common stock. Vytek will also issue 251,263 shares of Vytek Series A preferred stock and 20,866 shares of Vytek common stock in accordance with the terms of certain Company lease and deferred compensation agreements. Vytek has also agreed to issue up to 3,100,000 shares of its common stock to certain designated Company employees pursuant to restricted stock awards. Vytek has further agreed to assume outstanding warrants to purchase Stellcom s Series A and Series B preferred stock and common stock.

The merger is contingent on, among other things, the affirmative vote of the holders of at least a majority of the outstanding shares of Stellcom s common and preferred stock voting as a single class, and the receipt of all necessary regulatory approvals. In addition, the consent of the holders of at least a majority of the shares of each class of Stellcom s preferred stock, each voting as a separate class, is required. Certain principal stockholders of Stellcom entered into a voting agreement dated as of November 12, 2002 which, among other things, restricts transfer of Stellcom preferred stock and common stock held by such principal stockholders and requires such principal stockholders to vote in favor of the Merger Agreement and the merger. The votes of such principal stockholders are sufficient to adopt the Merger Agreement and approve the merger.

The Merger Agreement contains representations and warranties, covenants with respect to how Stellcom s business should be operated between the signing of the Merger Agreement and the closing of the merger, and specifies certain closing conditions, including amongst others, that there be no material adverse

STELLCOM, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (Continued)

change in the condition or operations of Stellcom, that Stellcom amend its headquarters lease (see Note 5), and that Stellcom have a minimum cash balance at closing. The Merger Agreement can be terminated by mutual written consent by Stellcom and Vytek and by either party if there is a material breach of a representation or warranty or if the merger is not consummated on or before February 15, 2003.

Simultaneously with the consummation of the merger, Vytek intends to issue and sell to certain existing holders of Vytek Series A preferred stock, as well as to certain holders of Stellcom s preferred stock, up to 4,256,407 shares of Vytek Series B preferred stock, in a private placement transaction. The initial purchase price for the Vytek Series B preferred stock will be $1.1747 per share. The shares of the Vytek Series B preferred stock will have the rights, preferences, privileges, and restrictions that are senior to the rights, preferences, privileges and restrictions applicable to the Vytek Series A preferred stock.

The Merger was consummated April 3, 2003.

4. Concentration of Credit Risk

Financial instruments which potentially subject Stellcom to concentrations of credit risk consist principally of cash and accounts receivable. Sales are typically made on credit, with terms that vary depending on the customer. Stellcom evaluates each customer s credit-worthiness on a case-by-case basis. A payment default on a significant sale or customer receivable may materially or adversely affect Stellcom s operating results and financial condition. At April 2, 2003, receivables from four customers individually exceeded 5% of gross accounts receivable and totaled approximately $1,666,000 or 51% of total gross accounts receivable. During the first three months and two days of 2003, Stellcom had sales to three customers which individually exceeded 5% of net sales and represented 33%, 16% and 6% of total net sales, respectively. At December 31, 2002, receivables from five customers individually exceeded 5% of gross accounts receivable and totaled approximately $2,200,000 or 56% of total gross accounts receivable. During the first three months of 2002, Stellcom had sales to three customers which individually exceeded 5% of total net sales and represented 40%, 7%, and 7% of total net sales, respectively.

5. Property and Equipment

Property and equipment at April 2, 2003 and December 31, 2002 is summarized as follows:

	March 31, 2003	December 31, 2002
Computer equipment	$ 5,449,599	$ 5,499,721
Furniture and fixtures	766,914	804,769
Leasehold improvements	223,731	243,633
	6,440,244	6,548,123
Less accumulated depreciation and amortization	(4,732,613)	(4,463,567)
Property and equipment, net	$ 1,707,631	$ 2,084,556

Property and equipment under capital leases and related accumulated amortization amounted to approximately $738,000 and $317,000 at April 2, 2003 and $774,000 and $383,000 at December 31, 2002, respectively.

6. Commitments

Stellcom has entered into various operating lease arrangements covering the use of office space and furniture and equipment. Total rent expense under these leases for the three months and two days ended April 2, 2003 and the three months ended March 31, 2002 was $440,000 and $472,000, net of restructuring

STELLCOM, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (Continued)

charges of $209,000 and $357,000, respectively. Minimum future lease payments remaining, including amounts reserved under the restructuring reserve discussed in Note 8, are as follows as of April 2, 2003:

Year Ended December 31	Furniture and Equipment	Real Property	Total Commitments
2003	$136,000	$ 988,000	$1,124,000
2004	132,000	1,357,000	1,489,000
2005	84,000	1,096,000	1,180,000
2006		1,022,000	1,022,000
2007		1,075,000	1,075,000
Thereafter		3,229,000	3,229,000
Total	$352,000	$8,767,000	$9,119,000

Minimum rentals to be received in the future under noncancellable subleases extending through March 2005 are as follows as of April 2, 2003:

Year Ended December 31	
2003	$174,000
2004	235,000
2005	49,000
Total	$458,000

In November 2002, Stellcom entered into a lease amendment with its landlord for Stellcom s headquarters office space (the Amendment). The terms of the Amendment, which was contingent on the closing of the merger with Vytek Wireless, Inc. (see Note 3), include a reduction in the monthly lease rate and a reduction in the square footage for which Stellcom is obligated to pay rent from approximately 100,000 square feet to approximately 35,000 square feet. The merger was consummated on April 3, 2003. In connection with the Amendment, Stellcom was required to pay the landlord a lease termination payment of $1,000,000, which was partially funded through a new Series C preferred stock offering. The terms of the Amendment have been reflected in the minimum future lease obligations above and in the restructuring reserve at April 2, 2003.

7. Related Party Transactions

Included in equity at April 2, 2003 and December 31, 2002 is a note receivable of approximately $9,000, due from an officer and stockholder of Stellcom. The note was restructured in 2002 whereby the original principal was reduced to $9,000. The note accrues interest at 10.5% and the interest is payable annually. The note is due on September 5, 2005.

8. Restructuring Reserve

For the three months and two days ended April 2, 2003 and the three months ended March 31, 2002, Stellcom recorded a restructuring benefit of $6,437,000 and $100,000, respectively, as part of Stellcom s cost reduction initiative. The initiative primarily focused on the closure of non-revenue producing offices along with headcount reductions across all departments.

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STELLCOM, INC.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (Continued)

A summary of the activity of the restructuring reserve is as follows:

	Employee Severance Benefits	Excess Lease Commitments, Net	Other	Total
December 31, 2001	$ 30,115	$ 8,712,592	$ 741,272	$ 9,483,979
Accruals	2,000	(101,880)		(99,880)
Charges	(29,117)	(558,940)	(30,255)	(618,312)
March 31, 2002	2,998	8,051,772	711,017	8,765,787
Accruals		(378,925)	(446,281)	(825,206)
Charges	(2,998)	(748,429)	(103,376)	(854,803)
December 31, 2002	$	$ 6,924,418	$ 161,360	$ 7,085,778
Accruals		(6,257,176)	(179,570)	(6,436,746)
Charges		(312,231)	18,210	(294,021)
April 2, 2003	$	$ 355,011	$	$ 355,011

The restructuring benefit for the three months and two days ended April 2, 2003 is primarily attributable to the lease amendment discussed in note 6 and the resulting reduction in lease rate and the reduction in square footage.

INFORMATION CONCERNING THE COMBINED COMPANY

Management of the Combined Company after the Merger

The directors and officers of the combined company after the merger will be the same as the current officers and directors of California Amplifier except that Tracy Trent will be an officer of the combined company, and James Ousley will be nominated to the California Amplifier board of directors, subject to California Amplifier s corporate governance board nominating procedures.

James Ousley. President, Chief Executive Officer and Director of Vytek since 2000. Mr. Ousley is the former president and chief executive officer of Syntegra, a global e-Business solutions provider and a division of British Telecommunications. From September 1991 to August 1999, Mr. Ousley served as president and chief executive officer of Control Data Systems (CDS), which was acquired by British Telecommunications in August 1999. From 1968 to 1991, he held various operational and executive management positions for Control Data Corporation (Ceridian) a global computing, software, services and peripherals company. Mr. Ousley serves on the Boards of ActivCard, Inc., Bell Microproducts, Inc., Datalink, Inc., Norstan, Inc. and Savvis Communications, Inc. Mr. Ousley holds a Bachelor of Science degree from the University of Nebraska.

Tracy Trent. As Chief Operating Officer, Tracy Trent brought more than 18 years of senior technology experience to Vytek Corporation. Formerly president and chief executive officer of Stellcom, Inc., Mr. Trent joined Stellcom in April 2000, and provided the strategic leadership and vision necessary to establish the company as a leading provider of mobile computing solutions. Before joining Stellcom, he was the senior vice president and group manager of SAIC s e-Business Solutions organization. In this role, Mr. Trent managed a number of SAIC s emerging e-commerce businesses, including the Automotive Network Exchange (ANX). Prior to that, Mr. Trent was the group manager of SAIC s Health Solutions organization, which provided systems integration and consulting services to some of the nation s leading health provider organizations. Mr. Trent initially joined SAIC in 1993, serving as the vice president of marketing for its Systems Integration organization. Prior to SAIC, he held business development roles at Digital Equipment Corporation (1981-1991) and Sun Microsystems (1991-1993). Mr. Trent holds a Master s degree in Management of Technology from MIT s Sloan School of Management.

The merger of California Amplifier and Vytek will be followed by a period of integration and transition. This process may result in the loss of members of the management team of the combined company. Any changes in the management team of the combined company prior to the time when California Amplifier s and Vytek s businesses are fully integrated could make it significantly more difficult to integrate the critical functions of these two businesses as will be needed to create a combined company that can compete effectively.

Additionally, as a result of efficiencies expected to be realized, elimination of redundancies and co-location of functions, some positions will be eliminated or consolidated after the closing of the merger.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial statements present the pro forma condensed combined balance sheet of California Amplifier at November 30, 2003, giving effect to the acquisition by California Amplifier of Vytek as if the transaction were consummated on that date. The pro forma condensed combined balance sheet combines California Amplifier s balance sheet as of November 30, 2003 and Vytek s balance sheet as of September 30, 2003. Also presented are the pro forma condensed combined statements of operations of California Amplifier for the year ended February 28, 2003 and the nine months ended November 30, 2003, after giving effect to the acquisition of Vytek as if it had been consummated on March 1, 2002.

Vytek Corporation acquired Stellcom effective April 3, 2003, and Stellcom s results are included in Vytek s historical financial statements beginning on that date. Accordingly, the accompanying pro forma statements of operations for the most recently completed fiscal year and subsequent nine month interim period also combine Stellcom s results of operations for periods prior to April 3, 2003.

California Amplifier s fiscal year ends on February 28, Vytek s fiscal year ends on December 31 and, prior to its acquisition by Vytek, Stellcom s fiscal year ended on December 31. The pro forma condensed combined statement of operations for the year ended February 28, 2003 combines the results of California Amplifier for the year then ended, Vytek s results for the 12 months ended December 31, 2002, and Stellcom s results for the 12 months ended December 31, 2002. The pro forma condensed combined statement of operations for the interim period ended November 30, 2003 combines the results of California Amplifier for the nine months then ended, Vytek s results for the nine months ended September 30, 2003, and Stellcom s results for the three month period from January 1, 2003 to April 2, 2003. As noted above, Stellcom s operating results are included in Vytek s interim period historical financial statements beginning April 3, 2003.

These pro forma financial statements are based on the combined historical statements of California Amplifier, Vytek and in the case of the pro forma condensed combined statement of operations Stellcom, giving effect to the acquisition by California Amplifier of Vytek under the purchase method of accounting, and to the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments set forth in the following unaudited pro forma condensed combined financial statements are estimates and may differ from the actual adjustments when they become known.

Vytek was formed in April 2000 and grew principally through a roll-up process in which it acquired seven privately held companies from September 2000 through April 2003. Consequently, the historical financial statements of Vytek for the year ended December 31, 2002 and the nine months ended September 30, 2003 include nonrecurring costs and expenses in connection with acquiring and integrating these companies into Vytek s business that have not been eliminated in the accompanying pro forma condensed combined statements of operations. For example, Vytek s statement of operations for the nine months ended September 30, 2003 includes employee severance and lease termination expenses in the aggregate amount of approximately $1.1 million that have not been eliminated in the accompanying pro forma financial statements. Furthermore, the following unaudited pro forma condensed combined financial statements do not give effect to certain cost and expense savings that management of California Amplifier believes may be realized following the acquisition of Vytek. These savings, which are currently estimated to be approximately $1.9 million per year, are expected to be realized primarily through integration of Vytek s operations with California Amplifier s operations, and elimination of redundant corporate functions.

The unaudited pro forma condensed combined statement of operations for the nine months ended November 30, 2003 includes a non-recurring credit of $6,437,000 recorded by Stellcom in the three month period from January 1, 2003 to April 2, 2003 which represents the reversal of a restructuring charge recorded in Stellcom s fiscal year ended December 31, 2001 for future lease commitments on office space no longer used in its operations. This $6,437,000 restructuring reserve reversal was recorded by Stellcom effective April 2, 2003 because its office building landlord agreed to modify the lease to reduce both the rental rate and the area covered by the lease in conjunction with the acquisition of Stellcom by Vytek, which was effective April 3, 2003.

These unaudited pro forma condensed combined financial statements are based upon the respective historical consolidated financial statements of California Amplifier, Vytek and Stellcom and should be read in conjunction with the historical consolidated financial statements of California Amplifier, Vytek and Stellcom and related notes and Vytek Management s Discussion and Analysis of Financial Conditions and Results of Operations on page 82 and, for California Amplifier, in the reports and other information California Amplifier has on file with the SEC.

CALIFORNIA AMPLIFIER, INC.

PRO FORMA CONDENSED COMBINED BALANCE SHEET

November 30, 2003

	Historical			
	California Amplifier	Vytek(A)	Pro Forma Adjustments	Pro Forma Total
	(Unaudited) (In thousands)			
ASSETS				
Current assets:				
Cash and cash equivalents	$25,286	$ 3,227	$ (2,400)(B)	$ 26,113
Restricted cash		700		700
Accounts receivable, net	17,399	5,329		22,728
Inventory	13,875	2,651	35 (C)	16,561
Costs and estimated earnings in excess of billings on uncompleted contracts		2,465	(30)(D)	2,435
Deferred income tax assets	2,576			2,576
Prepaid expenses and other current assets	935	1,943		2,878
Total current assets	60,071	16,315	(2,395)	73,991
Property and equipment, net	7,887	1,843		9,730
Deferred income tax assets, less current portion	4,098			4,098
Goodwill	20,938	18,094	(18,094)(E)	93,098
			72,160 (F)	
Intangible assets, net		5,979	(5,979)(E)	8,432
			8,432 (G)	
Other assets	668	276		944
	$93,662	$ 42,507	$ 54,124	$190,293
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Current portion of long-term debt	$ 3,375	$ 164		$ 3,539
Accounts payable	15,671	2,787		18,458
Accrued payroll and employee benefits	1,311	2,217		3,528
Billings in excess of costs and estimated earnings on uncompleted contracts		837		837
Customer deposits		1,379		1,379
Other current liabilities	1,488	1,620	2,015 (H)	5,873
			750 (I)	
Deferred revenue		2,593	(1,044) (J)	1,549
Total current liabilities	21,845	11,597	1,721	35,163
Long-term debt	9,874	179		10,053
Other non-current liabilities		247		247
Redeemable convertible preferred stock		44,115	(44,115)(K)	0
Stockholders equity:				
Common stock and additional paid-in capital	44,172	31,020	(31,020)(K)	137,127
			92,955 (L)	
Less common stock held in escrow			(9,597)(L)	(9,597)
Stock subscriptions receivable		(29)	29 (K)	0

Retained earnings (accumulated deficit)	18,576	(44,622)	44,622 (K)	18,105
			(471)(G)	
Accumulated other comprehensive loss	(805)			(805)
Total stockholders equity (deficit)	61,943	(13,631)	96,518	144,830
	$93,662	$ 42,507	$ 54,124	$190,293

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CALIFORNIA AMPLIFIER, INC.

NOTES TO PRO FORMA CONDENSED COMBINED BALANCE SHEET

(In thousands except per share amounts)

(A)	The amounts shown for Vytek are the historical amounts for Vytek as of September 30, 2003.	
(B)	To reflect cash paid for direct costs of acquisition	$ (2,400)
(C)	To write-up finished goods inventory to fair value	$ 35
(D)	To adjust Vytek s customer contracts in process to fair value	$ (30)
(E)	To eliminate Vytek s goodwill and intangible asset balances	
(F)	To reflect as goodwill the excess of cost over the fair value of assets acquired and liabilities assumed (see computation at (M) below)	$72,160
(G)	To record identifiable intangible assets arising from the California Amplifier Vytek merger:	
	Developed/core technology	$ 3,349
	In-process research and development	471
	Customer relationships and database	1,127
	Tradename	3,956
		8,903
	Less write-off of in-process research and development(1)	(471)
	Intangible assets recorded at time of merger	$ 8,432
	(1) California Amplifier will record an immediate write-off of in-process research and development costs in the amount of $471 at the consummation of merger with Vytek, which will be reflected as a nonrecurring charge in California Amplifier s actual income statement for the period which includes the closing of the merger transaction. In-process research and development consists of a next-generation software version that provides urgent messaging and remote problem resolution for distributed organizations. For purposes of valuing this in-process research and development, it is assumed that: (i) this new software would be introduced in 2004; (ii) that annual revenue would range between $1.6 million and $2.1 million in 2004 through 2008; (iii) annual revenues from this product are allocated 50% to in-process research and development and 50% to core technology; (iv) the gross margin percentage is 80%; and (v) the operating margin is approximately 45% in years 2005 though 2008. The projected after-tax cash flows were then present valued using a discount rate of 23%.	
(H)	To accrue Vytek s merger-related non-recurring expenses	$ 2,015
(I)	To accrue estimated merger integration costs	$ 750
(J)	To adjust deferred revenue to fair value	$ (1,044)
(K)	To eliminate historical equity balances of Vytek.	

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		Issued to Sellers	Deposited to Escrow Account(2)	Total
(L)	To reflect California Amplifier common stock issued as consideration for the purchase, as follows:			
	Number of common stock shares issued (000s)	7,345	855	8,200
	Fair market value per share(3)	$ 11.26	$ 11.26	
	Value of shares issued	$82,705	$ 9,627	$92,332
	Less stock registration costs	(270)	(30)	(300)
	Fair value of shares issued net of registration costs	82,435	9,597	92,032
	Fair value of fully vested Vytek stock options and warrants assumed by California Amplifier(4)	923		923
	Recorded value of common stock issued and assumed options and warrants	$83,358	$ 9,597	$92,955

(2) The common stock shares deposited to the escrow account are, for accounting purposes, treated as contingent consideration, and accordingly are excluded from the computation of goodwill until such time as the shares are released from escrow.

(3) The fair market value per share is the average closing price of California Amplifier s common stock on the Nasdaq National Market for the period beginning two trading days before and ending two trading days after December 23, 2003, the day that the merger terms were agreed to and announced.

(4) The fair value of options and warrants assumed was estimated using the Black-Scholes option pricing model with an interest rate of 3.3%, a dividend yield of 0%, a volatility factor of 134.8%, and an expected life of 5 years in the case of stock options and 1.75 years to 2 years in the case of warrants.

(M)	Following is a computation of the excess of cost over the value of net assets acquired (i.e., goodwill):		
	Recorded value of common stock issued to sellers and assumed options and warrants (excluding shares deposited to escrow account)		$83,358
	Direct costs of acquisition including legal, accounting and financial advisory fees		2,400
	Total cost of Vytek acquisition (excluding common stock deposited to escrow account)		85,758
	Fair value of net assets acquired:		
	Current assets	$ 16,315	
	Adjust finished goods inventory to fair value	35	
	Adjust customer contracts in process to fair value	(30)	
	Property and equipment	1,843	
	Intangible assets	8,903	
	Other assets	276	
	Current liabilities	(11,597)	
	Long-term debt and other non-current liabilities	(426)	

	Issued to Sellers	Deposited to Escrow Account(2)	Total
Accrued liability for Vytek s transaction costs		(2,015)	
Accrued liability for estimated merger integration costs		(750)	
Adjust deferred revenue to fair value		1,044	
Total fair value of net assets acquired			13,598
Goodwill			$72,160

CALIFORNIA AMPLIFIER, INC.

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Year Ended February 28, 2003

	Historical				
	California Amplifier	Vytek	Stellcom	Pro Forma Adjustments	Pro Forma Total
		(A)	(B)		
	(Unaudited) (In thousands except per share amounts)				
Revenue:					
Product sales	$100,044	$ 12,235			$112,279
Service revenue		9,999	$20,105	$ (833)(C) (539)(D)	28,732
Total revenue	100,044	22,234	20,105	(1,372)	141,011
Cost of revenue:					
Cost of product sales	79,511	9,063			88,574
Cost of service revenue		3,390	14,137		17,527
Total cost of revenue	79,511	12,453	14,137		106,101
Gross profit	20,533	9,781	5,968	(1,372)	34,910
Operating expenses:					
Research and development	5,982	3,710	269		9,961
Sales and marketing	2,560	4,836	2,085		9,481
General and administrative	3,781	7,277	7,212		18,270
Provision for doubtful accounts		251	246		497
Depreciation and amortization		721	1,314		2,035
Amortization of intangible assets		3,650		(2,755)(E)	895
Impairment of goodwill and other intangible assets		16,726		(16,726)(F)	0
Restructuring charges (credits)			(925)		(925)
Total operating expenses	12,323	37,171	10,201	(19,481)	40,214
Operating income (loss)	8,210	(27,390)	(4,233)	18,109	(5,304)
Non-operating income (expense)	(215)	29	80		(106)
Income (loss) before income taxes	7,995	(27,361)	(4,153)	18,109	(5,410)
Income tax provision	(2,835)	0	(1)	2,836(G)	0
Net income (loss)	$ 5,160	$(27,361)	$ (4,154)	$ 20,945	$ (5,410)
Earnings (loss) per share:					
Basic	$ 0.35				$ (0.25)
Diluted	$ 0.35				$ (0.25)
Shares used in computing earnings (loss) per share:					

Basic	14,639	7,345(H)	21,984
Diluted	14,870	7,114(I)	21,984

CALIFORNIA AMPLIFIER, INC.

NOTES TO PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Year Ended February 28, 2003

(A) The amounts shown for Vytek are the historical amounts for Vytek s fiscal year ended December 31, 2002.

(B) The amounts shown for Stellcom are the historical amounts for Stellcom s fiscal year ended December 31, 2002. Stellcom was acquired by Vytek effective April 3, 2003.

(C) To reflect as a reduction of service revenue for the year ended December 31, 2002 the fair value adjustment to Vytek s costs and earnings in excess of billings on uncompleted contracts $(833)

(D) To reflect as a reduction of service revenue for the year ended December 31, 2002 the fair value adjustment to Vytek s deferred revenue on maintenance and support service agreements $(539)

(E) To adjust intangible asset amortization expense, as follows:

Intangible Asset Description	Ascribed Value	Amortization Period in Years	Amortization Expense
		(In thousands)	
Developed/core technology	$3,349	5	$ 670
Customer relationships and database	1,127	5	225
Tradename (deemed to have indefinite life)	3,956	N/ A	0
Intangible asset amortization expense			895
Less: Vytek s intangible asset amortization expense			(3,650)
Pro forma adjustment to reduce amortization expense			$ (2,755)

(F) To eliminate Vytek s impairment charge for goodwill and other intangible assets $(16,726)

(G) To adjust the income tax provision to reflect a zero effective tax rate due to the pro forma loss before income taxes and an assumed full valuation allowance on the resultant deferred tax asset $ 2,836

(H) The pro forma adjustment to shares used for basic earning (loss) per share is comprised as follows (in 000s):

Common shares issued for Vytek acquisition	8,200	
Less shares deposited to escrow account, treated as contingent consideration	(855)	
		7,345

	Pro forma adjustment to shares used for basic earnings (loss) per share		
(I)	The pro forma adjustment to shares used for diluted earning (loss) per share is comprised as follows (in 000s):		
	Common shares issued for Vytek acquisition	8,200	
	Less anti-dilutive shares:		
	Shares deposited to escrow account, treated as contingent consideration	(855)	
	Equivalent shares related to California Amplifier stock options that are included in the historical diluted share amount for the year ended February 28, 2003	(231)	
	Pro forma adjustment to shares used for diluted earnings (loss) per share		7,114

CALIFORNIA AMPLIFIER, INC.

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Nine Months Ended November 30, 2003

	Historical				
	California Amplifier	**Vytek (A)**	**Stellcom (A)**	**Pro Forma Adjustments**	**Pro Forma Total**
			(Unaudited) (In thousands except per share amounts)		
Revenue:					
Product sales	$87,011	$ 9,016		$(1,503)(B)	$ 94,524
Service revenue		20,269	$ 2,704		22,973
Total revenue	87,011	29,285	2,704	(1,503)	117,497
Cost of revenue:					
Cost of product sales	75,771	7,192		(1,052)(B)	81,911
Cost of service revenue		11,906	2,457		14,363
Total cost of revenue	75,771	19,098	2,457	(1,052)	96,274
Gross profit	11,240	10,187	247	(451)	21,223
Operating expenses:					
Research and development	3,936	2,365	113		6,414
Sales and marketing	1,670	4,558	419		6,647
General and administrative	2,638	6,481	2,280		11,399
Provision (credit) for doubtful accounts		44	(417)		(373)
Depreciation and amortization		1,070	308		1,378
Amortization of intangible assets		3,045		(2,374)(C)	671
Restructuring charges (credits)			(6,437)		(6,437)
Total operating expenses	8,244	17,563	(3,734)	(2,374)	19,699
Operating income (loss)	2,996	(7,376)	3,981	1,923	1,524
Non-operating income (expense)					
Gain on early extinguishment of debt		335			335