

TESSCO TECHNOLOGIES INC
Form DEF 14A
June 10, 2011

SCHEDULE 14A

INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-12

TESSCO Technologies Incorporated
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TESSCO Technologies Incorporated
11126 McCormick Road
Hunt Valley, Maryland USA 21031

NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON
July 21, 2011

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Shareholders of TESSCO Technologies Incorporated, a Delaware corporation (the "Company"), will be held at our offices located at 375 West Padonia Road, Timonium, Maryland 21093, USA, on Thursday, July 21, 2011 at 9:00 a.m., local time, for the following purposes:

1. To elect two director nominees to serve on our Board of Directors for one-year terms ending at the Annual Meeting of Shareholders to be held in 2012 and until their respective successors are duly elected and qualified.
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2012.
3. To increase the number of shares available for awards under our Second Amended and Restated 1994 Stock and Incentive Plan by 690,000, from 2,863,125 to 3,553,125, and to extend the date through which awards may be granted thereunder from July 22, 2014 to July 21, 2016.
4. To approve our Second Amended and Restated 1994 Stock and Incentive Plan and specific performance criteria for purposes of Section 162(m) of the Internal Revenue Code.
5. To act upon any other matter, including a shareholder proposal on majority voting for director nominees, that may properly come before the Annual Meeting or any adjournment or postponement thereof, and any proposal presented for the adjournment of the meeting.

The Board of Directors of the Company has fixed the close of business on June 3, 2011 as the record date for determining shareholders of the Company entitled to notice of and to vote at the Annual Meeting. A list of shareholders as of the record date will be available for inspection at the Company's corporate headquarters during business hours for a period of ten days before the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on
July 21, 2011

Pursuant to rules and regulations adopted by the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet, allowing us to provide the information shareholders need, while lowering delivery and printing expenses. On or about June 10, 2011, we mailed to our shareholders a notice containing instructions on how our shareholders may access online our 2011 Proxy Statement, 2011 Annual Report to Shareholders, and Annual Report on Form 10-K for the fiscal year ended March 27, 2011, and how our shareholders may request paper copies of these materials, and how our shareholders may direct their votes. Neither our Annual Report to Shareholders nor our Annual Report on Form 10-K constitute soliciting materials, but provide you with additional information about TESSCO.

We invite your attention to each of these documents, and we invite you to attend the Annual Meeting of Shareholders, in person. If you are a shareholder of record, or a "registered holder," meaning that you hold shares directly with Mellon Shareholder Services, LLC, our transfer agent, the inspector of elections will have your name on a list, and you will be able to gain entry to the meeting with a form of government-issued photo identification, such as a driver's license, state-issued ID card, or passport. Shareholders holding stock in brokerage accounts, or in "street name," will need to bring a copy of a brokerage statement reflecting their stock ownership as of the record date. Shareholders attending the meeting in a representative capacity will need to bring evidence of their representative status in order to gain entry.

By Order of the Board of Directors,

David M. Young

Senior Vice President, Chief Financial Officer and Corporate Secretary

Hunt Valley, Maryland
June 10, 2011

EVEN IF YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE EITHER SUBMIT YOUR PROXY ONLINE, DIRECT YOUR VOTE VIA TELEPHONE, OR COMPLETE, SIGN AND DATE A PROXY CARD, WHICH IS AVAILABLE TO YOU ONLINE, OR UPON REQUEST, AND RETURN IT PROMPTLY TO US. IF YOU ATTEND THE MEETING IN PERSON, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON AT THE MEETING.

TESSCO Technologies Incorporated
11126 McCormick Road
Hunt Valley, Maryland USA 21031

PROXY STATEMENT

INTRODUCTION

General

This Proxy Statement is made available to shareholders of TESSCO Technologies Incorporated, a Delaware corporation (the “Company”), in connection with the solicitation by the Board of Directors of the Company of proxies for use at the Annual Meeting of Shareholders to be held at our offices located at 375 West Padonia Road, Timonium, Maryland 21093, on Thursday, July 21, 2011 at 9:00 a.m., local time, and at any adjournment or postponement thereof.

Notice of Electronic Availability of Proxy Statement and Annual Report

Pursuant to the e-proxy rules and regulations adopted by the United States Securities and Exchange Commission (“SEC”), we have elected to provide access to our proxy materials over the Internet. On or about June 10, 2011, we mailed to our shareholders a notice (the “E-Proxy Notice”) containing instructions on how to access online our 2011 Proxy Statement, Annual Report to Shareholders and Annual Report on Form 10-K for the fiscal year ended March 27, 2011, and on how a proxy may be submitted over the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting proxy materials included in the E-Proxy Notice. These materials will be available free of charge and will be sent to you within three business days of your request. Neither our Annual Report to Shareholders nor our Annual Report on Form 10-K constitutes soliciting materials, but provides you with additional information about TESSCO.

Solicitation

The solicitation of proxies is being made primarily by mail and through the internet, but directors, officers, employees, and contractors retained by the Company may also engage in the solicitation of proxies by telephone. The cost of soliciting proxies will be borne by the Company. The Company has retained the services of Innisfree M&A Incorporated to assist in the solicitation of proxies, at a cost to the Company for basic services of approximately \$7,500. Depending upon the circumstances, the scope of services to be provided by Innisfree may expand, and cost would be expected to increase correspondingly. In addition, the Company may reimburse brokers, custodians, nominees and other record holders for their reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners.

Voting Rights and Outstanding Shares

The Board of Directors of the Company has fixed the close of business on June 3, 2011 as the record date for determining the shareholders of the Company entitled to notice of and to vote at the Annual Meeting. On the record date, 7,751,131 shares of common stock, \$0.01 par value per share, of the Company were issued and outstanding. Each share of common stock entitles the holder to one vote on each matter to be voted on at the Annual Meeting. There is no cumulative voting for the election of directors.

The presence, in person or by proxy, of at least a majority of the total number of shares of common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. If there are not sufficient votes for a quorum, or if otherwise determined to be necessary or appropriate, the Annual Meeting may be adjourned from time to time in order to permit the further solicitation of proxies.

Your vote is important. Because most of our shareholders cannot attend the Annual Meeting in person, it is necessary for a large number to be represented by proxy. Most shareholders have a choice of directing their vote over the Internet, by using a toll-free telephone number or by completing a proxy card and mailing it in a postage-paid envelope that we will provide to you upon your request. Please check the information forwarded by your bank, broker or other holder of record to see what options are available to you. The Internet and telephone proxy vote facilities for shareholders of record are scheduled to close at 11:59 p.m. Eastern Daylight Time on the business day prior to the Annual Meeting day, but may remain open or be reopened if determined to be necessary or appropriate, or in the event of any adjournment or postponement of the Annual Meeting.

A shareholder may, with respect to the election of directors, (i) vote "FOR" the election of the nominees, (ii) "WITHHOLD AUTHORITY" to vote for all nominees, or (iii) vote "FOR" the election of all nominees other than any nominee with respect to whom the shareholder withholds authority to vote. A shareholder may, with respect to each other matter specified in the notice of meeting, (i) vote "FOR" the matter, (ii) vote "AGAINST" the matter, or (iii) "ABSTAIN" from voting on the matter.

All shares of common stock entitled to vote and represented by properly submitted proxies received prior to the Annual Meeting and not revoked, will be voted in accordance with your instructions. If no instructions are indicated, the shares of common stock represented by a properly submitted proxy will be voted in accordance with the recommendations of the Board of Directors.

A submitted proxy may indicate that all or a portion of the shares represented by the proxy are not being voted by the shareholder with respect to a particular matter. This could occur, for example, when a broker is not permitted to vote common stock held in street name on certain matters in the absence of instructions from the beneficial owner of the common stock. These "nonvoted shares," i.e., shares subject to a proxy which are not being voted by a broker or other nominee with respect to a particular matter, will be considered shares not present and entitled to vote on such matter, although these shares may be considered present and entitled to vote for other purposes and will count for purposes of determining the presence of a quorum.

Revocation of Proxies

A proxy may be revoked at any time before its exercise by the filing of a written revocation with David M. Young, Corporate Secretary of the Company, by timely providing a later-dated proxy (including by Internet or telephone vote), or by voting by ballot at the Annual Meeting. Mere attendance at the Annual Meeting will not revoke a proxy, and if you are a beneficial owner of shares not registered in your own name, you will need additional documentation from your record holder to vote personally at the Annual Meeting.

Required Vote

The affirmative vote of a majority of the shares of common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon is required to approve each matter other than the election of directors, which is by plurality vote. Under Delaware law, abstentions with respect to matters other than the election of directors are generally considered as shares present and entitled to vote and thus have the same effect as a vote against such matter. "Nonvoted shares" with respect to such a matter will not be considered as entitled to vote on the matter and thus will not affect the determination of whether the matter is approved.

On April 25, 2011, the Company's By-Laws were revised to provide that in an uncontested election, if a nominee to the Company's Board of Directors is elected but does not receive a majority of the votes cast in his or her election, such nominee shall, within ten business days after the certification of the election results, submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance

Committee shall then assess the appropriateness of the continued service of such nominee and recommend to the Board the action to be taken on such tendered resignation. The Board will determine what action to take within ninety days after the date of the certification of election results.

The Board knows of no matters that will be presented for consideration at the Annual Meeting other than those described in this Proxy Statement. Submission of a proxy, however, confers on the designated proxy the authority to vote the shares in accordance with their discretion on such other business, if any, as may properly come before the Annual Meeting or any adjournment thereof. If, for example, our Board or our Chairman and President determines to direct one or more adjournments of the meeting, the persons named as proxies on the enclosed proxy card will have discretionary authority to vote the shares represented by proxies in the event that it is determined to submit a proposal for adjournment to a vote. Proxies solicited by means of this proxy statement will be tabulated by inspectors of election designated by the Board, who will not be employees or directors of the Company or any of its affiliates.

Proposal No. 1 - ELECTION OF DIRECTORS

On January 19, 2011, our Board approved an amendment and restatement of our By-Laws to provide for the declassification of the Board, which will have the ultimate effect of reducing the term for elected directors from three years to one year. The Board is currently divided into three classes, each class consisting, as nearly as possible, of one-third of the total number of directors. Previously, the directors in each class were elected to serve for a term of three years and until their successors are duly elected and qualified. Beginning with the 2011 Annual Meeting of Shareholders, to be held on July 21, 2011, and at each annual meeting thereafter, successors to the class of directors whose term then expires shall be elected to hold office for a term expiring at the next Annual Meeting of Shareholders, with the effect that at the 2013 Annual Meeting of Shareholders the classification of the Board of Directors shall be eliminated and all directors thereafter will be elected annually. The seven member board is currently divided into three classes, of which two classes are comprised of two members and one class which is comprised of three members. One class of two directors, currently consisting of Robert B. Barnhill, Jr. and Benn R. Konsynski has a term of office expiring at the Annual Meeting and until their successors are duly elected and qualified. Messrs. Barnhill and Konsynski have been nominated by the Board for re-election at the Annual Meeting to serve for an additional one-year term expiring at the Annual Meeting of Shareholders in 2012 and until their successors are elected and qualified. In the event that any nominee is unable or unwilling to serve, the Board may name a substitute nominee and the persons named in the proxy will vote for such substitute nominee or nominees as they, in their discretion, shall determine. The Board has no reason to believe that any nominee named herein will be unable or unwilling to serve.

The Board recommends a vote “FOR” each of the nominees nominated by the Board.

Set forth below is information concerning the nominees for election and those directors whose terms continue beyond the date of the Annual Meeting.

Nominees for Director for a One-Year Term Expiring at the 2012 Annual Meeting

Robert B. Barnhill, Jr., age 67, has served as President and Chief Executive Officer of the Company since founding the business in its current form in 1982. Mr. Barnhill has been a director of the Company since 1982, and has been Chairman of the Board since November 1993.

Mr. Barnhill is well qualified to serve as a member of our Board based on his experience as a long-standing CEO who has presided over our extensive growth.

Benn R. Konsynski, Ph.D., age 60, has been a director of the Company since November 1993. He is the George S. Craft Professor of Business Administration for Information Systems and Operations Management at the Goizueta Business School of Emory University. He is Director and founder of Emory’s Center for Digital Commerce, one of the first of its kind in the country. He was named Hewlett Fellow at the Carter Center in 1995. Prior to arriving at the Goizueta Business School, he was on the faculty at the Harvard Business School for seven years where he taught in the MBA program and several executive programs. Professor Konsynski specializes in issues of digital commerce and

information technology in relationships across organizations.

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Dr. Konsynski is well qualified to serve as a member of our Board based on his knowledge and expertise in technology systems and digital commerce.

Directors whose term will expire at the 2012 Annual Meeting

John D. Beletic, age 59, has been a director of the Company since July 1999 and lead director since August 2008. Since July 2002, he has been a venture partner with Oak Investment Partners, a venture capital firm. From September 2008 to December 2009, Mr. Beletic served as Chairman of Fiber Tower Inc., a provider of wireless backhaul services to mobile network carriers, where he previously served from August 2006 to September 2008 as Executive Chairman. From July 2002 to September 2004, Mr. Beletic also served as Executive Chairman of Oculan Corporation, a network monitoring and intrusion detection company. From August 1994 until December 2001, Mr. Beletic served as CEO and Chairman of the Board of PageMart Inc., a wireless messaging service, and Weblink Wireless, Inc., a communications service company. Previously, Mr. Beletic was Chairman and CEO of Tigon Corporation, a voicemail service provider, which was acquired by Ameritech Corporation, a telecommunications company. Mr. Beletic also serves as Chairman of the Board of iPass, Inc., an internet access provider and as Chairman of the Board of Accent Health, a point of care media company.

Mr. Beletic is well qualified to serve as a member of our Board due to his extensive experience leading companies in the telecommunications industry and his experience evaluating and managing various companies during his tenure in the private equity industry.

Daniel Okrent, age 63, has been a director of the Company since January 2004. In the fall of 2009, he was the Edward R. Murrow Visiting Lecturer at the John F. Kennedy School of Government at Harvard University. He has previously been public editor of the New York Times and a senior executive at Time Inc., to which he remains a consultant. Mr. Okrent formerly served on the board of directors of Lands' End, Inc., and is past chairman of the National Portrait Gallery, a division of the Smithsonian Institution.

Mr. Okrent is well qualified to serve as a member of our Board due to his extensive experience in marketing, publishing, media relations and ecommerce as well as his experience serving on other public and private organization boards.

Morton F. Zifferer, Jr., age 63, has been a director of the Company since November 1993. He has served as Chairman and CEO of New Standard Corporation, a privately held metal products manufacturing firm, since 1983. Mr. Zifferer and New Standard Corporation have partnered with several Fortune 500 companies globally to implement Six-Sigma continuous improvement activities and execute lean manufacturing techniques and sophisticated supply chain strategies and practices.

Mr. Zifferer is well qualified to serve as a member of our Board due to his extensive experience in providing manufacturing and supply solutions to large global companies. Mr. Zifferer is also the Audit Committee's financial expert.

Directors whose term will expire at the 2013 Annual Meeting

Dennis J. Shaughnessy, age 64, has been a director of the Company since 1989. He is Chairman of the Board of FTI Consulting Inc. FTI is a leading global consulting firm with \$1.4 billion in revenues with operations in 21 countries and is traded on the New York Stock Exchange with a market cap of \$2.0 billion. Prior to joining FTI, Mr. Shaughnessy served as General Partner of Grotech Capital Group, a private equity firm, leading its traditional industry group, managing \$1.0 billion in private equity. Prior to joining Grotech, Mr. Shaughnessy had been President and CEO of CRI International, an international petroleum refining service business, which was sold to Shell Oil in 1989.

Mr. Shaughnessy is well qualified to serve as a member of our Board due to his extensive experience in leading a large global consulting firm as well as his experience evaluating and managing various companies during his tenure in the private equity industry.

Jay G. Baitler, age 64, has been a director of the Company since 2007. He has served as Executive Vice President of Staples Contract Division since 2004. He has been with Staples since 1995, and prior to his position as Executive Vice President, Mr. Baitler served as Mid-Atlantic Regional President and Senior Vice President, Contract Division. Prior to joining Staples, Mr. Baitler served as the Northeast Regional President at BT Office Products and President of Summit Office Supply.

Mr. Baitler has overseen significant growth at Staples, both organic and acquired, and has been personally responsible for the integration of the largest acquisition in Staples' history; namely, the \$4.4 billion acquisition of Corporate Express. He is well qualified to serve as a member of our Board due to his management, sales, marketing procurement, business development, supply chain, vendor management, ecommerce and contract expertise.

Board Independence and Leadership Structure

The Board has determined that, other than Mr. Barnhill, each of the current directors, including the director nominees, is independent within the meaning of the Company's director independence standards, which reflects both the NASDAQ and SEC director independence standards, as currently in effect. The four standing committees of the Board of Directors are comprised of independent directors with the exception of Mr. Barnhill who is a member of the Risk and Strategy Committee. In addition, each of the four committees is chaired by an independent director.

TESSCO believes that there are a wide array of leadership structures that could apply to many different business models and, therefore, that every company should be afforded the opportunity to determine the ideal structure for its board leadership. Leadership structures may change over time to best suit the Company's current needs. Currently, our Chief Executive Officer, Mr. Barnhill, also serves as Chairman of the Board. The Board believes that the current Board leadership structure, coupled with a strong emphasis on Board independence, provides effective independent oversight of management while allowing both the Board and management to benefit from Mr. Barnhill's crucial leadership and years of experience in the Company's business. Serving as both Chairman of the Board and Chief Executive Officer since 1993, Mr. Barnhill has been the director most capable of effectively identifying strategic priorities, leading critical discussion and executing the Company's strategy and business plans. Mr. Barnhill possesses detailed and in-depth knowledge of the issues, opportunities, and challenges facing the Company. The Company's independent directors bring experience, oversight and expertise from outside the Company, while the Chief Executive Officer brings company-specific experience and expertise. The Board of Directors believes that Mr. Barnhill's combined role promotes decisive leadership, ensures clear accountability, and enhances the Company's ability to communicate its message and strategy clearly and consistently to its stockholders, employees and customers. As further discussed under the caption "Narrative Supplement to the Summary Compensation Table in Fiscal Year 2011," Mr. Barnhill's current employment agreement calls for him to transition away from being Chief Executive Officer in fiscal year 2014, and to serve solely as Chairman of the Board after that time.

Beginning in fiscal year 2008, the Board established a Lead Director who is independent and is responsible for (1) assuring that the independent directors meet in executive sessions typically before and/or after each board meeting, (2) facilitating communications between other independent directors and the Chairman of the Board and Chief Executive Officer, and (3) consulting with the Chairman of the Board and Chief Executive Officer on matters relating to corporate governance and Board performance. The Lead Director is elected by our independent directors, upon the recommendation of the Nominating and Governance Committee, and his term as Lead Director runs from one Annual Meeting of Shareholders to the next Annual Meeting of Shareholders. Mr. Beletic currently serves as our Lead Director, and it is anticipated that he will continue to serve in that role until the Annual Meeting in July 2012.

Meetings and Committees of the Board

The Board has an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Risk and Strategy Committee. The membership during the last fiscal year and the function of each of the committees is described below. The Board met eight (8) times during fiscal year 2011, and during that period no director attended fewer than 75% of the total number of meetings of the Board and Committees on which that director served. The Company does not have a policy on director attendance at Annual Meetings, but all of our directors are invited and encouraged to attend Annual Meetings. All of our directors were in attendance at the 2010 Annual Meeting.

Board Committee Membership

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee	Risk and Strategy Committee
Jay G. Baitler	X	X		X
Robert B. Barnhill				X
John D. Beletic		X		X
Benn R. Konsynski	X		X	
Daniel Okrent			X	
Dennis J. Shaughnessy		X	X	X
Morton F. Zifferer	X	X		

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the auditing efforts by the Company's independent public accounting firm. The Audit Committee's duties include approving the selection of the independent registered public accounting firm, reviewing both the scope of audits conducted by them and the results of those audits, and reviewing the organization and scope of the Company's internal system of accounting and financial controls. The Audit Committee met five (5) times during fiscal year 2011. The Audit Committee also reviews and recommends to its Board updates to the Audit Committee charter, when it deems it appropriate. The Audit Committee charter was revised one time during fiscal 2011. A copy of the Audit Committee charter is available for review on our Website (www.tessco.com), under the heading "Investors." The Board has determined that Mr. Zifferer is the audit committee financial expert as defined by applicable SEC rules and is "independent" with the meaning of the applicable NASDAQ Rules.

Compensation Committee

The Compensation Committee provides assistance to the members of the Board in fulfilling their responsibilities to the shareholders, potential shareholders and the investment community relating to compensation practices of the Company, including salary and other forms of compensation. The Compensation Committee's primary duties and responsibilities are to formulate and recommend compensation policies of the Company that will enable the Company to attract and retain high-quality leadership and that are consistent with the Company's established compensation philosophy. The Compensation Committee administers the Company's incentive compensation plans, including the Second Amended and Restated 1994 Stock and Incentive Plan. The Compensation Committee met four (4) times during fiscal year 2011. A copy of the Compensation Committee charter is available for review on our Website (www.tessco.com), under the heading "Investors." Mr. Beletic currently serves as Chairman of the Compensation Committee. The Company does not employ a compensation consultant.

Nominating and Governance Committee

The Company has a Nominating and Governance Committee, the functions of which include making recommendations to the Board regarding matters and practices concerning the Board, its committees and individual directors; evaluating the current composition and governance structure of the Board and determining its future requirements; making recommendations concerning nominees for election to the Board; and appointing Directors to Board Committees and selecting Chairpersons of the Board Committees. The Nominating and Governance Committee met five (5) times during fiscal year 2011. The Nominating and Governance Committee performs other related functions and is governed by a charter, a copy of which is available for review on our Website (www.tessco.com), under the heading "Investors." Mr. Okrent currently serves as Chairman of the Nominating and Governance Committee.

The Nominating and Governance Committee has determined, in its view, that the minimum qualifications for serving as a director of the Company are that a nominee demonstrate an ability to make a meaningful contribution to the Board's oversight of the business and affairs of the Company, and have an impeccable record of and reputation for honest and ethical conduct in both his or her professional and personal activities. The Committee also examines a candidate's specific experiences and skills, time availability, potential conflicts of interest and independence from management and the Company. While the Committee does not have a formal policy with respect to diversity, the Board believes that it is essential that the Board is comprised of members that have diverse backgrounds, skill sets, education and professional experience. The Board also follows the overall Company philosophy regarding maintaining an environment free from discrimination based upon race, color, religion, national origin, sex, age, disability, sexual orientation, marital status or any unlawful factor. Candidates may be identified through various means, including recommendations of current directors and executive officers, by the retaining third-party consultants to assist in this process, and by considering director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Committee will consider the needs of the Board and the qualifications of the candidate. The Committee may also consider other factors it determines to be relevant, such as the number of shares held by the recommending shareholder and the length of time that such shares have been held. For the Committee to consider a candidate, a shareholder must submit the recommendation in writing and must include the name of the shareholder and evidence of the person's ownership of Company stock, including the number of shares owned and the length of time of ownership, and the name of the candidate, the candidate's resume or a listing of his or her qualifications to be a director of the Company and the person's consent to be named as a director if selected and nominated. The shareholder recommendation and information must be sent to the Corporate Secretary at 11126 McCormick Road, Hunt Valley, Maryland 21031. Once a potential candidate has been identified, the Committee may collect and review information regarding the candidate to assess whether the person should be considered further. If the Committee determines that the candidate warrants further consideration, personal contact with the candidate may be made and further review of the candidate's accomplishments, qualifications and willingness to serve may be undertaken and compared to other candidates. The Committee's evaluation process does not vary based on whether or not a candidate is recommended by a shareholder, although, as stated above, the Board may take into consideration other factors, such as the number of shares held by the recommending shareholder and the length of time that such shares have been held.

Risk and Strategy Committee

The Board has a Risk and Strategy Committee, the primary duties and responsibilities of which includes working closely with executive management to assess risks to the business, and capital allocation and growth strategies. Mr. Shaughnessy currently serves as Chairman of the Risk and Strategy Committee. The Risk and Strategy Committee met seven (7) times during fiscal year 2011. A copy of the Risk and Strategy Committee charter is available for review on our Website (www.tessco.com), under the heading "Investors."

Shareholder Communications with Directors

The Board recommends that shareholders initiate any communications with the Board in writing. Written communications may be directed to the Corporate Secretary. Shareholders can send communications by e-mail to corporatesecretary@tessco.com, by fax to (410) 229-1669 or by mail to Corporate Secretary, TESSCO Technologies Incorporated, 11126 McCormick Road, Hunt Valley, Maryland 21031. This centralized process will assist the Board in reviewing and responding to shareholder communications in an appropriate manner. The name of any specific intended Board recipient should be noted in the communication. The Board has instructed the Corporate Secretary to forward such correspondence only to the intended recipients; however, the Board has also instructed the Corporate Secretary, prior to forwarding any correspondence, to review such correspondence and, in his discretion, not to forward certain items if they are deemed of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, some of that correspondence may be forwarded elsewhere in the Company for review and possible response.

Board's Role in Risk Oversight

The Board oversees the business of the Company, including CEO and senior management performance and risk management, to assure that the long-term interests of the shareholders are being served. Each committee of the Board is also responsible for reviewing Company risk exposure in the area of the committee's responsibility and providing input to management on such risks.

Our management and Board have a process to identify, analyze, manage and report all significant risks to the Company. Our CEO and other senior managers regularly report to the Board on significant risks facing the Company, including financial, operational, competitive, legal, regulatory and strategic risks. Each of the Board committees reviews with management significant risks related to the committee's area of responsibility and reports to the Board on such risks. The independent Board members also discuss material risks when they meet in executive session without management.

Director Compensation for Fiscal Year 2011

The current compensation program for non-management directors is designed to achieve the following goals: fairly pay directors for work required for a company of our size; align directors' interests with the long-term interests of shareholders; and structure compensation in a simple and transparent format, which is easy for shareholders to understand.

In consideration for services on the Board, each non-employee director of the Company is paid \$25,000 per fiscal year and the Lead Director of the Company is paid \$35,000 per fiscal year. In addition, each non-employee director of the Company, including the Lead Director, is paid \$2,500 for each meeting of the Board and \$1,000 for each meeting of a Committee of the Board that he or she attends. The directors compensation table below does not include reimbursements for reasonable out-of-pocket expenses incurred in connection with attendance at Board or Committee meetings. Non-management directors are also eligible to receive Performance Stock Units, or "PSUs", or other equity based awards as determined by the Compensation Committee, as described under the heading "Narrative Supplement to the Summary Compensation Table in Fiscal Year 2011."

The following table summarizes the compensation awarded to, earned by, or paid to the Company's non-management directors during fiscal year 2011:

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value	All Other Compensation (\$)	Total (\$)
Jay G. Baitler	61,000	60,188	--	--	--	--	121,188
John D. Beletic	66,000	60,188	--	--	--	--	126,188
Benn R. Konsynski	55,000						