

TESSCO Technologies Incorporated

Audit Committee Charter

PURPOSE

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of TESSCO Technologies Incorporated (the "Company"). Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others, the systems of internal controls which management and the Board have established and the audit process. In doing so, it is the responsibility of the Committee to provide an open avenue of communication between the Board, management and the outside auditors.

ORGANIZATION

- a. Members of the Committee shall be appointed by the Board. Each member shall serve until the earlier to occur of the date on which he or she shall (1) be replaced by the Board; (2) resign from the Committee; or (3) resign from the Board.
- b. The Committee shall have at least three (3) members and shall be comprised solely of independent directors (except as otherwise permitted by applicable law, rule or regulation). Each member shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement or will be able to do so within a reasonable period of time after his or her appointment to the Committee.
- c. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
- d. As used in this charter, "independent director" means a director who is not an officer or employee of the Company or its subsidiaries and does not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent:
 1. a director who is employed by the Company or any parent or subsidiary of the Company for the current year or any of the past three (3) years;
 2. a director who accepted, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary during the previous fiscal year, other than compensation for board service, benefits under a tax-qualified retirement plan or non-discretionary compensation;
 3. a director who is a member of the immediate family of an individual who is, or has been in any of the past three (3), years employed by the Company or any by any parent or subsidiary of the Company as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law or anyone who resides in such person's home;
 4. a director who is affiliated with a significant customer or supplier of the company;

5. a director who is employed as an executive of another entity where any of the Company's executives serve on that entity's compensation committee; and
6. a director who is, or has an immediate family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three (3) years.

e. The Board shall appoint one of the members of the Committee as Chairperson. It is the responsibility of the Chairperson to schedule all meetings of the Committee and provide the Committee with a written agenda for all meetings.

RIGHTS AND RESPONSIBILITIES

a. General

1. The Committee shall have the power to conduct or authorize investigations into any matter within the Committee's scope of responsibilities with full power to retain independent counsel and/or other advisors for this purpose. The Committee shall have unrestricted access to members of management and all information relevant to its responsibilities.
2. The Committee shall meet at least four (4) times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
3. The Committee shall report its actions to the Board with such recommendations as the Committee may deem appropriate and issue all required reports, including the report required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy.
4. The Committee shall review and reassess the adequacy of this charter at least annually.
5. The Committee shall meet with the outside auditor, in separate executive sessions, to discuss any matters that the Committee or the outside auditor believe should be discussed privately.
6. The Committee shall ensure the establishment of and periodically review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns.
7. The Committee shall perform such other functions required by law, the Company's charter, the bylaws or the Board.
8. The Company shall provide appropriate funding as determined by the Committee to permit the Committee to perform its duties under this charter and to compensate its advisors.
9. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

b. Internal Controls and Risk Assessment

1. The Committee shall consider and review with management and the outside auditor the effectiveness of or weaknesses in the Company's internal controls, including computerized information system controls and security, the overall control environment, including the “tone at the top”, and accounting and financial controls.
2. The Committee shall consider and review with management and the outside auditor any related significant findings and recommendations of the outside auditor, together with management's responses thereto.
3. The Committee shall discuss the Company's policies and procedures with respect to risk assessment and risk management. The Committee also shall discuss the Company's major financial risk exposure and the steps management has taken to monitor and control such exposure.
4. The Committee shall review with management the Company's overall anti-fraud programs and controls.

c. Outside Auditor

1. The Committee has the sole authority and responsibility to appoint, select, engage, evaluate, oversee and, where appropriate, replace the outside auditor (or to nominate the outside auditor to be proposed for the shareholder approval in any proxy statement).
2. The outside auditor's ultimate accountability is to the Board and the Committee, as representatives of the shareholders.
3. The Committee shall review and approve the discharge of the outside auditor.
4. The Committee shall review the scope and approach of the annual audit with the outside auditor.
5. The Committee shall instruct the outside auditor to communicate directly to the Committee any serious difficulties or disputes with management.
6. The Committee shall receive from the outside auditor a formal written statement delineating all relationships between the outside auditor and the Company, consistent with applicable standards. The statement shall include a description of all services provided by the outside auditor and the related fees.
7. The Committee shall actively engage in a dialogue with the outside auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the outside auditor.
8. The Committee shall take appropriate action to oversee the independence of the outside auditor.
9. The Committee shall pre-approve all audit services and permitted non-audit services to be performed for the Company by its outside auditor. The Committee shall also be responsible for approving the fees to be paid to the outside auditor for their services. The Committee may delegate authority to one or more members of the Committee to pre-approve audit and permitted non-audit services (including pre-approval of fees), provided that the approvals granted by such persons are reviewed with the full Committee at its next scheduled meeting.
10. The outside auditor shall not be engaged to perform any non-audit services proscribed by law or SEC regulation.

d. Financial Reporting

Prior to the filing of quarterly and annual financial statements, and in conjunction with the annual audit and quarterly review performed by the outside auditor, the Committee shall review with management and the outside auditor:

1. The Company's annual financial statements and related footnotes.
2. The outside auditor's audit of the financial statements and related report thereon.
3. Any significant changes required in the outside auditor's plan.
4. Any significant difficulties or disputes with management encountered during the course of the annual audit or quarterly review.
5. The existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves, and the Company's accounting principles.
6. The overall quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting.
7. The effect of new or proposed regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements and other public disclosures.
8. Any major issues as to the adequacy of the Company's internal controls.
9. Any material correcting adjustments that have been identified by the outside auditor, and any material unadjusted differences.
10. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

e. Compliance with Laws and Regulations

1. The Committee shall ascertain whether the Company has an effective process for determining risks and exposures from asserted and unasserted litigation and claims and from noncompliance with laws and regulations.
2. The Committee shall review with the Company's counsel and others any legal, tax or regulatory matters that may have a material impact on the Company operations and the financial statements, related Company compliance policies, and programs and reports received from regulators.