



  
**Your Total Source<sup>®</sup>**

*Products That Make Wireless Work*

# Delivering Value

## THE VITAL LINK

For almost 27 years, TESSCO has been the vital link, connecting customers with a total source of products required to build, operate and use wireless voice, data, and video systems, from leading manufacturers.



### **MANUFACTURERS** [Integrate Marketing and Distribution](#) | [Lower Total Costs](#)

Manufacturers gain value from TESSCO's extensive market reach to provide the knowledge, choice, and availability of their products, and sell and deliver the complete configured solution to a broad and diverse customer base – on time and error free.

As a result, manufacturers lower their total marketing, sales and distribution costs and reduce their inventories, receivables, bad debt exposure, and total supply chain costs.

### **CUSTOMERS** [Consolidate Purchases](#) | [Lower Total Costs](#)

Customers achieve on-time availability of their requirements configured and ready for deployment at the lowest total costs and inventories. When customers make TESSCO their total source and consolidate their purchases, they experience the Power of One.

### **SMARTER DECISIONS**

One source for expert knowledge, service and technical assistance for making optimum and faster system design, product selection and decisions for usage.

### **TOTAL CONFIDENCE**

One supplier with the availability of everything needed to build, operate and use mobile, fixed and in-building wireless systems.

### **STREAMLINED OPERATIONS**

One purchase order, receipt, invoice and payment for the guaranteed, complete delivery of the required products, configured for immediate use.

### **FASTER ANSWERS**

One point of contact for extraordinary problem resolution, returns and warranty support.

### **END-TO-END CONTROL**

One dependable partner for the credit and financing required to control the complete supply chain.

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# Letter to Shareowners



I am proud of TESSCO's results for Fiscal Year 2009 and extremely excited about our prospects for the future. Despite exceptionally difficult economic and market conditions especially in the second half of the year, we brought Fiscal 2009 to a successful close – achieving

record earnings per share of \$1.26 by increasing our value delivery to customers and manufacturers, and improving the productivity of every aspect of our business.

The first half of our fiscal year was incredibly strong; we reported record earnings in both our first and second quarters as we expanded our customer base and product offering. Although we experienced a slow down in the second half of the year, we remained profitable, produced strong cash flows, improved our operating margin, increased return on assets, and ended the year with no operating debt. The execution of our business generation and operational productivity initiatives allowed us to achieve these strong financial results while increasing market share and maintaining our extraordinary customer service.

Despite the still-difficult economy, we are very optimistic about our prospects in Fiscal 2010, and beyond. We believe TESSCO is positioned to capitalize on the exploding world of wireless and its convergence with the Internet. Today, TESSCO provides the solutions required to build, operate, and use a wide array of wireless voice, data and video systems. These systems extend far beyond the traditional telecommunications industry. We offer solutions for cellular, two-way radio, WLAN, WiMAX, security and surveillance, and data collection.

Our Knowledge + Product + Supply Chain Solution offering allows us to participate in wide-ranging new system builds and maintenance opportunities, including those tied to the economic stimulus package like rural broadband coverage, transportation and smart grid utility programs. As a result of this, for example, we are starting to see activity and orders earmarked as stimulus for railroad infrastructure.

Our competitive differentiator is TESSCO's broad product offering coupled with our guarantee of product availability, as well as complete, on-time delivery. Simply put, TESSCO saves our customers time and money – their two most precious resources.

In our new year, Fiscal 2010, our goal is to aggressively use our competitive advantage to win new customers, both large and small, and to increase the number of product categories our typical customer purchase from us. We are committed to accomplishing this regardless of external market conditions. While we strive to drive top line growth, we remain intensely focused on improving margins, productivity, profitability and cash flow. We will continually work to lower product costs while carefully managing pricing, and doing "more with less" in every area of our business.

Although we are very aware of today's economic challenges, we are extremely positive about our opportunities. One of our greatest strengths is our resiliency and our ability to adapt to new challenges. The TESSCO Team continues to reach for new levels of success with a high sense of urgency, new and innovative thinking, energy and alignment. I am confident that we will build on our strong Fiscal 2009 performance and emerge with a new level of success and market dominance.

I thank our customers for their trust and business, our manufacturers for their valued partnership, and our team members for their commitment, dedication, sense of urgency, and contribution. I also would like to thank you, our Shareowners, for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob", with a horizontal line underneath it.

**Robert B. Barnhill, Jr.**

*Chairman, President and Chief Executive Officer*  
TESSCO Technologies Incorporated

# Achievements of the Year

TESSCO achieved much as we successfully navigated the difficult economic environment. We executed successfully on our initiatives focusing on market share, balance sheet strength, and quality and productivity of our offering, customer satisfaction and operations.

## **FINANCIAL RESULTS** Profitable and financially strong.

Our proactive strategies and action allowed us to take a leadership position, remaining profitable with strong cash management while building for growth.

Record earnings per share - \$1.26	Fulfillment productivity on one million orders improved
Record EBITDA per share - \$3.06	Inventory reduced while maintaining high customer service levels
Cash flow from operations – 264% increase over FY08	Accounts receivable quality maintained
No operational borrowings at end of year	
Gross margin expanded	

## **OFFERING & MARKET EXPANSION** Supporting new wireless applications with new customers.

Today wireless and internet technologies are converging to create new exciting applications. Throughout the year TESSCO enhanced its leadership in being the industry's "Total Source" for wireless with existing and new customers.

### **Expanded Offerings**

- Wireless broadband networking
  - Indoor WLAN
  - Enterprise and carrier class WiMax
  - Machine to machine data systems
- Security and video surveillance
- Solar and back-up power
- Smart utility grid
- Natural resource exploration
- Smartphone accessories
- Net-Book and laptop accessories
- Certification training programs
- TESSCO proprietary products – Ventev®, Wireless Solutions®, and TerraWave®

### **Expanded Market Segments**

- Mining
- Transportation
- Utilities
- Enterprise
- State, local & federal government agencies
- Network Value Added Resellers

## **CORPORATE COMMITMENT** Elevated sense of urgency for success.

TESSCO has a strong committed, entrepreneurial and aligned team and leadership with a powerful spirit to win regardless of the environment. Significant successes were achieved in these areas:

- New thinking and innovation reflecting the realities and opportunities of the environment
- Customer and vendor electronic system integration
- Manufacturer and vendor partnership
- Supplier Diversity Program for product and operational innovation, and productivity
- Green Initiatives
- Recognition as Forbes 200 Best Small Companies Annual Award for the third time
- Recognized in Baltimore Magazine as a "Top 25 Best Places to Work"
- ISO-9001 and CTPAT (Customs Trade Partnership against Terrorism) certification

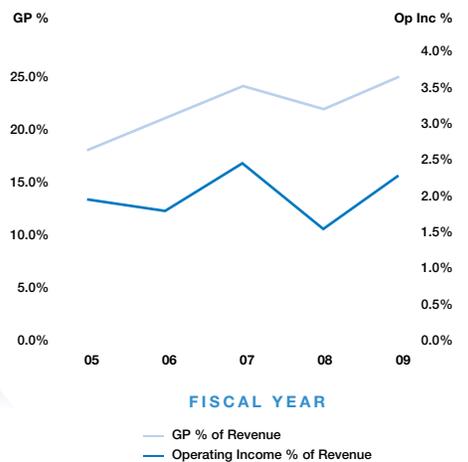
# Financial Highlights

*“ The first half of our fiscal year was incredibly strong; we reported record earnings in both our first and second quarters as we expanded our customer base and product offering. Although we experienced a slow down in the second half of the year, we remained profitable, produced strong cash flows, improved our operating margin, increased return on assets, and ended the year with no operating debt. The execution of our business generation and operational productivity initiatives allowed us to achieve these strong financial results while increasing market share and maintaining our extraordinary customer service.”*

**Robert B. Barnhill, Jr.**

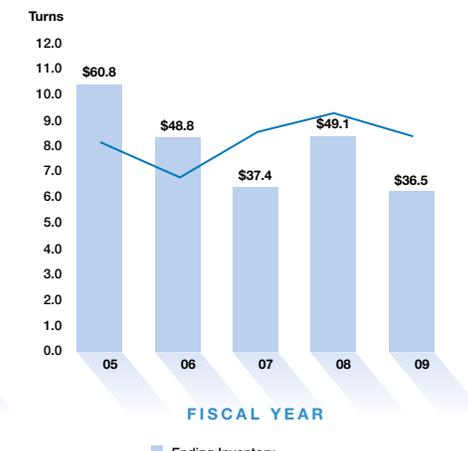
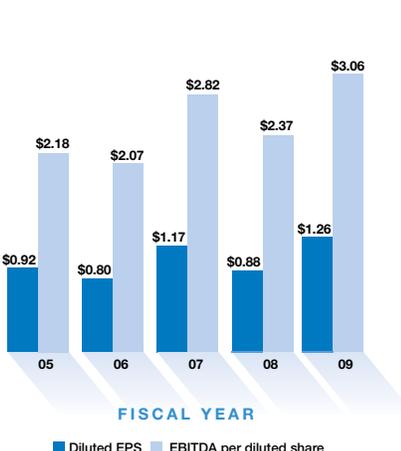
Chairman, President and Chief Executive Officer

TOTAL REVENUE BY MARKET (Dollars in millions)	COMMERCIAL BUYERS AND PURCHASE \$ PER BUYER* (in thousands)	GROSS PROFIT AND OPERATING INCOME MARGIN
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\* Does not include consumer business, tier-one national carrier, or large OEM repair components business

DILUTED EARNINGS PER SHARE AND EBITDA PER DILUTED SHARE*	ACCOUNTS RECEIVABLE AND DAYS SALES OUTSTANDING (Dollars in millions)	INVENTORY AND INVENTORY TURNS (Dollars in millions)
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\* All earnings per share numbers have been retroactively restated for all periods presented to reflect the November 29, 2006 stock dividend in order to effect a three-for-two stock split

# Financial Results

FISCAL YEARS ENDED	MARCH 29, 2009	MARCH 30, 2008	APRIL 1, 2007	MARCH 26, 2006	MARCH 27, 2005
<b>Statement of Income Data</b>					
Commercial revenues	\$ 471,806,100	\$ 510,985,000	\$ 484,815,300	\$ 340,034,600	\$ 269,497,300
Consumer revenues	11,201,100	9,983,200	7,512,500	137,294,700	243,530,000
Total revenues	483,007,200	520,968,200	492,327,800	477,329,300	513,027,300
Commercial gross profit	117,973,400	113,292,700	118,266,400	85,593,100	67,819,000
Consumer gross profit	3,878,800	3,696,700	3,145,000	17,419,900	27,027,800
Total gross profit	121,852,200	116,989,400	121,411,400	103,013,000	94,846,800
Selling, general and administrative expenses	110,656,400	108,875,700	109,208,800	94,268,800	84,747,400
Income from operations	11,195,800	8,113,700	12,202,600	8,744,200	10,099,400
Interest, net	664,300	574,100	879,400	358,500	166,200
Income before provision for income taxes	10,531,500	7,539,600	11,323,200	8,385,700	9,933,200
Provision for income taxes	4,203,500	2,720,900	4,281,100	3,270,500	3,866,000
Net income	\$ 6,328,000	\$ 4,818,700	\$ 7,042,100	\$ 5,115,200	\$ 6,067,200
Diluted earnings per share <sup>(1)</sup>	\$ 1.26	\$ 0.88	\$ 1.17	\$ 0.80	\$ 0.92
<b>EBITDA <sup>(2)</sup></b>					
Net income	\$ 6,328,000	\$ 4,818,700	\$ 7,042,100	\$ 5,115,200	\$ 6,067,200
Provision for income taxes	4,203,500	2,720,900	4,281,100	3,270,500	3,866,000
Interest, net	664,300	574,100	879,400	358,500	166,200
Depreciation and amortization	4,218,300	4,814,300	4,763,100	4,498,700	4,192,500
EBITDA <sup>(2)</sup>	\$ 15,414,100	\$ 12,928,000	\$ 16,965,700	\$ 13,242,900	\$ 14,291,900
EBITDA per diluted share <sup>(1) (2)</sup>	\$ 3.06	\$ 2.37	\$ 2.82	\$ 2.07	\$ 2.18
<b>Percent of Revenue</b>					
Gross profit	25.2%	22.5%	24.7%	21.6%	18.5%
Selling, general and administrative expenses	22.9%	20.9%	22.2%	19.7%	16.5%
Income from operations	2.3%	1.6%	2.5%	1.8%	2.0%
Net Income	1.3%	0.9%	1.4%	1.1%	1.2%
<b>Growth Rates</b>					
Revenues	(7.3%)	5.8%	3.1%	(7.0%)	45.5%
Income from operations	38.0%	(33.5%)	39.5%	(13.4%)	103.2%
Diluted earnings per share <sup>(1)</sup>	43.2%	(24.8%)	46.3%	(13.0%)	114.0%
<b>Ratios</b>					
Return on assets	4.8%	3.6%	5.6%	3.6%	4.2%
Return on equity	10.5%	8.2%	11.5%	8.1%	10.4%
<b>Selected Operating Data</b>					
Average commercial buyers per month - total	12,200	12,300	11,900	10,900	9,900
Average commercial buyers per month - purchasing greater than \$250	8,500	8,700	8,400	7,500	6,700
Average consumer buyers per month	1,500	3,200	7,100	20,600	36,100
Total orders shipped	993,900	987,300	807,800	1,385,000	1,665,000
Number of team members	894	857	749	638	592
Revenues per employee	\$ 540,300	\$ 607,900	\$ 657,300	\$ 748,200	\$ 866,600
<b>BALANCE SHEET DATA</b>					
Working capital	\$ 36,625,000	\$ 36,714,400	\$ 33,527,300	\$ 45,704,400	\$ 41,000,200
Total assets	118,652,600	143,798,600	123,682,700	126,800,400	160,557,200
Short-term debt	361,400	3,713,900	356,200	442,500	362,600
Long-term debt	3,481,700	3,842,600	4,203,200	4,559,400	5,000,700
Shareholders' equity	60,166,200	60,151,600	57,151,300	65,106,800	60,822,100

(1) All share and earnings per share numbers have been retroactively restated for all periods presented to reflect the November 29, 2006 stock dividend in order to effect a three-for-two stock split.

(2) EBITDA, a non-GAAP measure used by management to evaluate its ongoing operations and as an indicator of its operating cash flow (in conjunction with its cash flow statement which also includes among other items, changes in working capital and the effect of non-cash charges) is defined as income from operations, plus interest expense, net of interest income, provision for income taxes, and depreciation and amortization. Management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies. Because not all companies use identical calculations, the Company's presentation of EBITDA may not be comparable to other similarly titled measures of other companies. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA per diluted share is also a non-GAAP calculation defined as EBITDA divided by the Company's diluted weighted average shares outstanding. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not reflect certain cash requirements such as interest payments, tax payments and debt service requirements. The amounts shown for EBITDA as presented herein differ from the amounts calculated under the definition of EBITDA used in the Company's debt instruments. The definition of EBITDA as used in the Company's debt instruments is further adjusted for certain cash and non-cash charges/credits, including stock compensation expense, and is used to determine compliance with financial covenants and the ability to engage in certain activities such as incurring additional debt.

# Leadership

## Directors

### **Robert B. Barnhill, Jr.**

Chairman, President and Chief Executive Officer  
of TESSCO Technologies Incorporated

### **Jay G. Baitler**

Executive Vice President of Staples, Inc.,  
Contract Division

### **John D. Beletic**

Chairman of Fiber Tower Inc. and Venture Partner with  
Oak Investment Partners, a venture capital firm

### **Benn R. Konsynski, Ph.D.**

George S. Craft Professor of Business Administration  
for Decision and Information Analysis at the Goizueta  
Business School of Emory University

### **Daniel Okrent**

Edward R. Murrow Visiting Lecturer at the John F. Kennedy  
School of Government at Harvard University

### **Dennis J. Shaughnessy**

Chairman of the Board of FTI Consulting Inc.

### **Morton F. Zifferer, Jr.**

Chairman and CEO of New Standard Corporation,  
a metal products manufacturer

### **Jerome C. Eppler**

Owner of Eppler & Company, a private financial advisor  
(Director Emeritus)

## Officers

### **Robert B. Barnhill, Jr.**

*Chairman, President and Chief Executive Officer*

### **Gerald T. Garland**

*Senior Vice President*  
Solutions Development and Product Management

### **Douglas A. Rein**

*Senior Vice President*  
Fulfillment and Operations

### **Said Tofighi**

*Senior Vice President*  
Market Development and Sales

### **David M. Young**

*Senior Vice President, Chief Financial Officer*  
and *Corporate Secretary*

### **Donna R. Balinkie**

*Vice President*

### **Robert D. Dawson**

*Vice President*

### **P. Douglas Dollenberg, Jr.**

*Vice President*

### **Thomas F. Foster**

*Vice President*

### **James R. Gaarder**

*Vice President*

### **Jeffrey A. Kaufman**

*Vice President*

### **Cynthia L. King**

*Vice President*

### **Harold S. Kuff**

*Vice President*

### **Steven E. Lehukey**

*Vice President*

### **Jeffrey K. Lime**

*Vice President*

### **Elizabeth S. Robinson**

*Vice President*

### **Nicholas J. Salatino**

*Vice President*

### **Jeffrey L. Shockey**

*Vice President*

### **Mary Beth Smith**

*Vice President*

### **Aric M. Spitulnik**

*Vice President*

### **Damon M. Weatherill**

*Vice President*

### **Thomas O. Williams**

*Vice President*

# Shareowner Information

## Annual Meeting

The Annual Meeting of Shareowners is scheduled to be held at 9:00 a.m., Thursday, July 23, 2009:

TESSCO Technologies Incorporated  
375 West Padonia Road  
Timonium, MD 21093

## Investor Relations

Analysts, investors and shareowners  
seeking additional information about  
TESSCO Technologies Incorporated  
are invited to contact:

### **Lippert/Heilshorn & Associates, Inc.**

800 Third Avenue, 17th Floor  
New York, NY 10022

**Telephone:** 212.838.3777

**Facsimile:** 212.838.4568

**Internet:** [www.lhai.com](http://www.lhai.com)

### **David M. Young**

**Telephone:** 410.229.1380

**Facsimile:** 410.229.1656

**Email:** [young@tessco.com](mailto:young@tessco.com)

A copy of the Company's Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission is available without charge on the SEC Web site, [www.sec.gov](http://www.sec.gov), or upon request to the address above.

## TESSCO on NASDAQ

TESSCO's common stock trades on the  
NASDAQ Global Market under the symbol TESS.

## Transfer Agent & Registrar

BNY Mellon Shareowner Services  
480 Washington Boulevard  
Jersey City, NJ 07310  
866.876.9769

## Corporate Counsel

Ballard Spahr Andrews & Ingersoll, LLP  
Baltimore, MD

## Independent Public Accounting Firm

Ernst & Young LLP  
Baltimore, MD

## Corporate Governance

The highest ethical standards have always been integral to TESSCO's culture and business success. Guided by the "TESSCO Way," each director, officer and team member is expected to observe the highest standards of ethical behavior in the performance of his or her duties for the Company. The Company's Code of Business Conduct and Ethics can be found in the Investors section of our Web site, [www.tessco.com](http://www.tessco.com). From a corporate governance perspective, our seven member Board of Directors includes six independent directors. The audit, compensation and nominating committees are composed entirely of independent directors and their duties are authorized by board resolutions and committee charters. TESSCO is an Affirmative Action-Equal Opportunity Employer M/F/D/V.

## Forward-looking Statements

This Report contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, all of which are based on current expectations. These forward-looking statements may generally be identified by the use of the words "may," "will," "believes," "should," "expects," "anticipates," "estimates," and similar expressions. Our future results of operations and other forward-looking statements contained in this report involve a number of risks and uncertainties. For a variety of reasons, actual results may differ materially from those described in any such forward-looking statement. Consequently, the reader is cautioned to consider all forward-looking statements in light of the risks to which they are subject.

We are not able to identify or control all circumstances that could occur in the future that may adversely affect our business and operating results. In addition to risk elsewhere discussed in our Annual Report on Form 10-K for the fiscal year ended March 29, 2009, included among the risks that could lead to a materially adverse impact on our business or operating results are loss of significant customers or relationships; the strength of the customers', vendors' and affinity partners' business; failure of our information technology system or distribution system; third-party freight carrier interruption; the termination or non-renewal of limited duration agreements or arrangements with our vendors and affinity partners which are typically terminable by either party upon several months notice; increased competition from competitors, including manufacturers or national and regional distributors of the products we sell, and the absence of significant barriers to entry which could result in pricing and other pressures on profitability and market share; technology changes in the wireless communications industry, which could lead to significant inventory obsolescence and/or our inability to offer key products that our customers demand; loss of customers either directly or indirectly as a result of consolidation among large wireless service carriers and others within the wireless communications industry; increasingly negative or prolonged adverse economic conditions, including those adversely affecting consumer confidence or consumer or business spending, or otherwise adversely affecting our vendors or customers, including their access to capital or liquidity or our customers' demand for or ability to fund or pay for the purchase of our products and services; our inability to access capital and obtain or retain financing as and when needed; transitional and other risks associated with acquisitions of companies that we may undertake in an effort to expand our business; our dependence on a relatively small number of suppliers and vendors, which could hamper our ability to maintain appropriate inventory levels and meet customer demand; the possibility that, for unforeseen reasons, we may be delayed in entering into or performing, or may fail to enter into or perform, anticipated contracts or may otherwise be delayed in realizing or fail to realize anticipated revenues or anticipated savings; inability to protect certain intellectual property, including systems and technologies on which we rely; and our inability to hire or retain for any reason our key professionals, management and staff.

The logo for TESSCO Technologies, featuring the word "TESSCO" in a bold, italicized, sans-serif font, with "TECHNOLOGIES" in a smaller, all-caps, sans-serif font below it. A registered trademark symbol (®) is located to the right of "TECHNOLOGIES".

**TESSCO**  
TECHNOLOGIES®

Corporate Headquarters  
375 West Padonia Road  
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