

TESSCO TECHNOLOGIES INC
Form SC 13D/A
August 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

OMB APPROVAL

OMB Number:
3235-0145

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28, 2009
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Under the Securities Exchange Act of 1934

(Amendment No. 10)*

TESSCO Technologies Incorporated
(Name of Issuer)

Common Stock, \$0.01 par value per share

(Title of Class of Securities)

872386107

(CUSIP Number)

Daniel J. Donoghue
Discovery Group I, LLC
191 North Wacker Drive
Suite 1685
Chicago, Illinois 60606
Telephone Number: (312) 265-9600
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

August 5, 2010

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of

Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 872386107

1. Names of Reporting Persons.
Discovery Equity Partners, L.P.
 2. Check the Appropriate Box if a Member of a Group (See Instructions)
 - (a)
 - (b)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
WC
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
Illinois
- | | | |
|---|-----|-------------------------------------|
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 7. | Sole Voting Power
None. |
| | 8. | Shared Voting Power
871,305 |
| | 9. | Sole Dispositive Power
None. |
| | 10. | Shared Dispositive Power
871,305 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
871,305
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
 13. Percent of Class Represented by Amount in Row (11)
11.6%
 14. Type of Reporting Person (See Instructions)
PN

CUSIP No. 872386107

1. Names of Reporting Persons.
Discovery Group I, LLC
 2. Check the Appropriate Box if a Member of a Group (See Instructions)
 - (a)
 - (b)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
AF
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
Delaware
- | | | |
|---|-----|---------------------------------------|
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 7. | Sole Voting Power
None. |
| | 8. | Shared Voting Power
1,020,138 |
| | 9. | Sole Dispositive Power
None. |
| | 10. | Shared Dispositive Power
1,020,138 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
1,020,138
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
 13. Percent of Class Represented by Amount in Row (11)
13.5%
 14. Type of Reporting Person (See Instructions)
OO

CUSIP No. 872386107

1. Names of Reporting Persons.
Daniel J. Donoghue
 2. Check the Appropriate Box if a Member of a Group (See Instructions)
 - (a)
 - (b)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
AF
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
United States of America
- | | | |
|---|-----|---------------------------------------|
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 7. | Sole Voting Power
None. |
| | 8. | Shared Voting Power
1,020,138 |
| | 9. | Sole Dispositive Power
None. |
| | 10. | Shared Dispositive Power
1,020,138 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
1,020,138
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
 13. Percent of Class Represented by Amount in Row (11)
13.5%
 14. Type of Reporting Person (See Instructions)
IN

CUSIP No. 872386107

1. Names of Reporting Persons.
Michael R. Murphy
 2. Check the Appropriate Box if a Member of a Group (See Instructions)
 - (a)
 - (b)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
AF
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
United States of America
- | | | |
|---|-----|---------------------------------------|
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 7. | Sole Voting Power
None. |
| | 8. | Shared Voting Power
1,020,138 |
| | 9. | Sole Dispositive Power
None. |
| | 10. | Shared Dispositive Power
1,020,138 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
1,020,138
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
 13. Percent of Class Represented by Amount in Row (11)
13.5%
 14. Type of Reporting Person (See Instructions)
IN

Item 1. Security and Issuer

This Amendment No. 10 (the "Amendment No. 10") relates to the Common Stock, par value \$0.01 per share (the "Common Stock"), of TESSCO Technologies Incorporated, a Delaware corporation (the "Company"), which has its principal executive offices at 11126 McCormick Road, Hunt Valley, Maryland 21031. This Amendment No. 10 amends and supplements, as set forth below, the information contained in items 1, 3, 4, 5 and 6 of the Schedule 13D filed by the Reporting Persons on March 14, 2008, as amended by Amendment No. 1 thereto filed by the Reporting Persons with respect to the Company on April 14, 2008, Amendment No. 2 thereto filed by the Reporting Persons with respect to the Company on May 23, 2008, Amendment No. 3 thereto filed by the Reporting Persons with respect to the Company on June 10, 2008, Amendment No. 4 thereto filed by the Reporting Persons with respect to the Company on July 9, 2008, Amendment No. 5 thereto filed by the Reporting Persons with respect to the Company on January 29, 2009, Amendment No. 6 thereto filed by the Reporting Persons with respect to the Company on July 24, 2009, Amendment No. 7 thereto filed by the Reporting Persons with respect to the Company on February 2, 2010, Amendment No. 8 thereto filed by the Reporting Persons with respect to the Company on March 5, 2010 and Amendment No. 9 thereto filed by the Reporting Persons with respect to the Company on April 26, 2010 (as so amended, the "Schedule 13D"). All capitalized terms used herein but not defined herein have the meanings set forth in the Schedule 13D. Except as amended by this Amendment No. 10, all information contained in the Schedule 13D is, after reasonable inquiry and to the best of the Reporting Persons' knowledge and belief, true, complete and correct as of the date of this Amendment No. 10.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 of the Schedule 13D is amended to read in its entirety as follows:

The total purchase price for the 1,020,138 shares of Common Stock beneficially owned by Discovery Group and Messrs. Donoghue and Murphy as of August 4, 2010 was approximately \$9,923,532, and the total purchase price for the 871,305 shares of Common Stock beneficially owned by Discovery Equity Partners was approximately \$8,476,749. The source of such funds was the assets of Discovery Equity Partners and another private investment partnership (collectively, the "Partnerships") over which Discovery Group exercises discretionary investment management authority, including proceeds of margin loans under margin loan facilities maintained in the ordinary course of business by the Partnerships with a broker on customary terms and conditions. None of the shares of Common Stock beneficially owned by the Reporting Persons currently serves as collateral for any such margin loans. The Partnerships are the legal owner of all of the Common Stock beneficially owned by Discovery Group and Messrs. Donoghue and Murphy.

Item 4. Purpose of Transaction

Item 4 of Schedule 13D is also amended by adding the following as the ninth paragraph thereof:

On August 5, 2010, Discovery Equity Partners sent a letter to the Nominating and Governance Committee of the Board of Directors of the Company. The letter relates to (i) the voting results at the Company's 2010 Annual Meeting of Stockholders with respect to the shareholder proposal presented by Discovery Equity Partners requesting that the Board of Directors declassify the Board and thereby require all directors to stand for election on an annual basis rather than staggering their individual elections to occur once every three years and (ii) the failure of the Board to have acted on that proposal. The description of this aforementioned letter of Discovery Equity Partners contained in this Schedule 13D is qualified in its entirety by reference to the full text of such letter, which is included as Exhibit 1 to this Amendment No.

10 and is incorporated by reference herein.

Item 5 Interests in the Securities of the Issuer

Item 5 of the Schedule 13D is amended to read in its entirety as follows:

The information concerning percentages of ownership set forth below is based on 7,541,649 shares of Common Stock reported outstanding as of June 4, 2010 in the Company's Current Report on Form 8-K, filed on July 30, 2010.

Discovery Equity Partners beneficially owns 871,305 shares of Common Stock as of August 4, 2010, which represents 11.6% of the outstanding Common Stock.

Discovery Group beneficially owns 1,020,138 shares of Common Stock as of August 4, 2010, which represents 13.5% of the outstanding Common Stock.

Mr. Donoghue beneficially owns 1,020,138 shares of Common Stock as of August 4, 2010, which represents 13.5% of the outstanding Common Stock.

Mr. Murphy beneficially owns 1,020,138 shares of Common Stock as of August 4, 2010, which represents 13.5% of the outstanding Common Stock.

Discovery Group is the sole general partner of Discovery Equity Partners and has sole discretionary investment authority with respect to the other Partnership's investment in the Common Stock. Messrs. Donoghue and Murphy are the sole managing members of Discovery Group. As a consequence, Discovery Group and Messrs. Donoghue and Murphy may be deemed to share beneficial ownership of all of the shares of Common Stock owned by both of the Partnerships, while Discovery Equity Partners shares beneficial ownership with Discovery Group and Messrs. Donoghue and Murphy of only the shares of Common Stock owned by it.

There have been no transactions in Common Stock effected by the Reporting Persons during the past 60 days.

No person other than the Partnerships is known to any Reporting Person to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any of the shares of Common Stock reported herein.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Schedule 13D is amended to read in its entirety as follows:

There are no contracts, arrangements, understandings or relationships (legal or otherwise) between or among any of the Reporting Persons and any other person with respect to any securities of the Company other than the governing documents of Discovery Group and the Partnerships, the margin loan facilities referred to under Item 3 of the Schedule 13D, the Joint Filing Agreements of the Reporting Persons with respect to the Schedule 13D that were included as exhibits thereto, the Joint Filing Agreement of the Reporting Persons with respect to this Amendment No. 10 included as Exhibit 2 to this Amendment No. 10, and the Powers of Attorney granted by Messrs Donoghue and Murphy with respect to reports under Section 13 of the Securities Exchange Act of 1934, as amended, which Powers of Attorney are included as Exhibit 3 and Exhibit 4, respectively, to this Amendment No. 10.

Item 7. Material to Be Filed as Exhibits

Exhibit 1: Letter dated August 5, 2010 of Discovery Equity Partners to the Nominating and Governance Committee of the Board of Directors of the Company.

Exhibit 2: Joint Filing Agreement dated as of August 5, 2010, by and among Discovery Equity Partners; Discovery Group; Daniel J. Donoghue; and Michael R. Murphy.

Exhibit 3: Power of Attorney of Daniel J. Donoghue, dated as of April 28, 2008.

Exhibit 4: Power of Attorney of Michael R. Murphy, dated as of April 28, 2008.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 5, 2010

Date

DISCOVERY GROUP I, LLC,
for itself and as general partner of
DISCOVERY EQUITY PARTNERS, L.P.

By: Michael R. Murphy*

Signature

Michael R. Murphy, Managing Member

Name/Title

Daniel J. Donoghue*

Signature

Daniel J. Donoghue

Name/Title

Michael R. Murphy*

Signature

Michael R. Murphy

Name/Title

*By: /s/ Mark Buckley

Mark Buckley

Attorney-in-Fact for Daniel J. Donoghue

Attorney-in-Fact for Michael R. Murphy

Exhibit Index

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