

TELECOMMUNICATION SYSTEMS, INC. AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee is appointed by the Board to be directly responsible for the appointment, compensation and oversight of the work of any independent registered public accounting firm employed by the Company and to assist in Board oversight of (1) the integrity of the financial statements of the Company; (2) the compliance by the Company with legal and regulatory requirements; (3) the qualifications and independence of the Company's independent auditors and (4) the performance of the Company's internal control functions and independent outside auditors.

Committee Membership

The Audit Committee shall consist of no fewer than three members of the Board all of whom shall meet the independence, experience and expertise requirements of the Nasdaq Stock Market, the Sarbanes-Oxley Act of 2002 and applicable rules and regulations of the Securities and Exchange Commission. At all times at least one member of the Audit Committee shall be a "financial expert" within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and applicable rules and regulations of the Securities and Exchange Commission.

The members of the Audit Committee shall be appointed by the Board and serve for periods designated by the Board consistent with the rules and regulations of the Nasdaq Stock Market, Securities and Exchange Commission and the Bylaws of the Company. Audit Committee members may be removed and replaced by a majority vote at any meeting scheduled by the Board.

Committee Powers, Authority, Duties and Responsibilities

1. The Audit Committee shall be directly responsible for and shall have the sole authority to (i) appoint, retain, terminate and replace the independent auditors of the Company, (ii) compensate the independent auditors on behalf of the Company, (iii) evaluate and oversee the work and performance of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and (iv) resolve disagreements between management and the independent auditors regarding financial reporting. Approval of the annual engagement letter with the independent auditors, including all fees charged, is the sole responsibility of the Audit Committee. The independent auditors shall report directly to the Audit Committee.
2. The Audit Committee shall approve in advance the provision by the independent auditors of all audit and permissible non-audit services, including tax services and any other special services. The Audit Committee will be given sufficient advance written notice of all requested services from the Company and its independent auditors in order to review the merits of such requests with the Company and the independent auditors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
3. The Audit Committee shall review the annual audited financial statements with management and the independent auditors, including major issues regarding accounting and auditing principles and practices, the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and Financial Condition," the adequacy of internal controls that could significantly affect the Company's financial statements, any material correcting adjustments that have been identified by the independent auditor, any material off-balance sheet transactions, arrangements,

obligations and other relationships of the Company with unconsolidated entities, any potential conflicts of interest by management or any Board members, and other matters related to the conduct of the audit or the results thereof which are to be communicated to the Audit Committee under Statement on Auditing Standards No. 61, Communications with Audit Committees. The Audit Committee shall, based on such review, determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the past fiscal year.

4. The Audit Committee shall review analyses and reports prepared by management and the independent auditors of significant financial reporting issues and judgments and critical accounting policies and practices in connection with the preparation of the company's financial statements and the ramifications of the use of alternative disclosures and treatments, the treatment preferred by the independent auditors, and other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.
5. The Audit Committee shall review with management and the independent auditors the Company's quarterly financial statements and the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and Financial Condition" prior to the filing of its Form 10-Q. The Audit Committee shall also review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, prior to their release.
6. The Audit Committee shall meet periodically with management, the accounting personnel responsible for internal controls and the independent auditors to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the security and integrity of the Company's internal and commercial IT and data processing systems. The Audit Committee shall also meet with the accounting personnel responsible for internal controls or other appropriate finance-accounting and other Company staff to review and evaluate the Company's internal control and business processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas.
7. The Audit Committee shall review in advance any major proposed changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal controls personnel or management.
8. The Audit Committee shall receive periodic reports, at least twice annually, from the independent auditor regarding (a) the auditors' independence, (b) the auditors' internal quality-control procedures, (c) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (d) any steps taken to deal with any such issues, and (e) all relationships between the independent auditors and the Company. The Audit Committee shall discuss such reports with the auditor and take appropriate action on any disclosed relationship to satisfy itself of the auditor's independence.
9. The Audit Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. The Audit Committee shall consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
10. The Audit Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

11. The Audit Committee shall evaluate the performance of the independent auditor and, if so determined by the Audit Committee, have the exclusive authority to terminate and replace the independent auditors (subject, if deemed appropriate, to shareholder ratification).
12. The Audit Committee shall review the appointment and replacement of the senior finance and accounting executive. The Audit Committee shall also review overall accounting and financial human resources and succession planning for such functions within the Company on an annual basis.
13. The Audit Committee shall review the significant reports to management prepared by the accounting personnel responsible for internal controls to address compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and management's responses thereto prior to finalization of such reports.
14. The Audit Committee shall review disclosures made to it by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
15. The Audit Committee shall meet with the independent auditor prior to the audit to review the planning and staffing of the annual audit and other examinations of the Company's quarterly, annual and other financial information. The Audit Committee shall also review with the accounting personnel responsible for internal controls or other appropriate Company staff and the independent auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of internal and external audit resources.
16. The Audit Committee shall obtain from the independent auditor assurance that the Company is in compliance with Section 10A of the Securities Exchange Act of 1934, which pertains to the auditor's responsibility when the auditor discovers an illegal act.
17. The Audit Committee shall review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to any such problems or difficulties set forth in any management letter. Such review should include:
 - (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
 - (b) Any changes required in the planned scope of the internal audit.
18. The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement and shall receive the information to be provided by the independent auditors for inclusion in this report for the proxy statement, including fees relating to the audit.
19. The Audit Committee shall review with the Company's general counsel and appropriate outside counsel retained by the Company legal and regulatory matters that may have a material impact on the financial statements, the Company's compliance policies, processes and any material reports or inquiries received from external counsel, regulators or governmental agencies, as well as any legal matters with customers, suppliers, employees, or shareholders.
20. The Audit Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or

auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

21. The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet at least semi-annually with the chief financial officer and the members of management, and the independent auditors in separate executive sessions.
22. The Audit Committee may form and delegate authority to subcommittees if determined to be necessary or advisable.
23. The Audit Committee shall make reports to the Board at the next regularly scheduled meeting following the meeting of the Audit Committee accompanied by any recommendations to the Board and shall keep a record of the Audit Committee's acts.
24. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
25. The Audit Committee shall annually review its own performance. The Audit Committee shall have the authority to retain independent counsel or other advisors, as it determines necessary to carry out its duties, and the Company shall provide appropriate funding therefor as determined by the Audit Committee.
26. The Audit Committee shall review the compliance report for Section 404 of the Sarbanes-Oxley Act of 2002 to be jointly prepared by the independent auditor and the Company's outside counsel.
27. The Audit Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board or as may be required by Securities and Exchange Commission rules and regulations.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations of, or implement the policies and procedures recommended by the Audit Committee to assure compliance with, laws and regulations and the Company's code of business conduct and ethics. This is the responsibility of management.

Adopted by the Board of Directors on April 28, 2003