TRANSCAT INC
Form DEF 14A
July 22, 2011

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

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))** þ Definitive Proxy Statement o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

TRANSCAT, INC.

(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):

þ No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

TRANSCAT, INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
SEPTEMBER 13, 2011**

The annual meeting of shareholders of Transcat, Inc. will be held at our corporate headquarters, which are located at 35 Vantage Point Drive, Rochester, New York 14624, on Tuesday, September 13, 2011, at 12:00 noon, local time, for the following purposes, which are more fully described in the accompanying proxy statement:

to elect three directors;

to approve the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated;

to ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012; and

to transact such other business as may properly come before the annual meeting or at any adjournment or postponement of the meeting.

The board of directors has fixed the close of business on July 18, 2011 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Charles P. Hadeed
President, Chief Executive Officer
and Chief Operating Officer

Rochester, New York
July 22, 2011

Your Vote is Important. If you own your shares through a bank or broker, we encourage you to follow the instructions provided by your bank or broker about how to vote. Your bank or broker cannot vote your shares for director nominees or for the amended and restated incentive plan unless you provide your bank or broker with your voting instructions.

TRANSCAT, INC.

PROXY STATEMENT

The enclosed proxy is solicited on behalf of the board of directors of Transcat, Inc., an Ohio corporation, for use at the annual meeting of shareholders to be held on Tuesday, September 13, 2011, at 12:00 noon, local time, or at any adjournment or postponement of the meeting, for the purposes set forth in this proxy statement and in the accompanying notice of annual meeting of shareholders.

Location of Annual Meeting

The annual meeting will be held at our corporate headquarters, which are located at 35 Vantage Point Drive, Rochester, New York 14624.

Principal Executive Offices

Our principal executive offices are located at 35 Vantage Point Drive, Rochester, New York 14624, and our telephone number is (585) 352-7777.

Mail Date

These proxy solicitation materials are first being mailed to shareholders on or about July 22, 2011.

Record Date and Outstanding Shares

Shareholders of record at the close of business on July 18, 2011, the record date for the annual meeting, are entitled to notice of and to vote at the annual meeting. We have one class of shares outstanding, designated common stock, $0.50 par value per share. As of the record date, 7,289,530 shares of our common stock were issued and outstanding.

Solicitation of Proxies

We are making this solicitation of proxies in order to provide all shareholders of record on July 18, 2011 with the opportunity to vote on all matters that properly come before the annual meeting. We will bear all costs related to this solicitation. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. Proxies may also be solicited on our behalf, in person or by telephone or other telecommunication, by our directors, officers and employees, none of whom will receive additional compensation for doing so. In addition, we have retained Regan & Associates, Inc., a professional solicitation firm, which will assist us in delivering these proxy materials and soliciting proxies for a fee of approximately $8,000.

Revocability of Proxies

You may change your vote by revoking your proxy at any time before it is voted at the annual meeting in one of three ways:

- submit a signed proxy card with a later date;
- notify our corporate secretary in writing before the annual meeting that you are revoking your proxy; or

attend the annual meeting and vote in person.

Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the annual meeting, you must bring to the annual meeting a letter from such broker, bank or other nominee confirming both (1) your beneficial ownership of such shares on July 18, 2011, the record date for the meeting; and (2) that such broker, bank or other nominee is not voting the shares at the meeting.

Voting; Cumulative Voting

Generally, each shareholder is entitled to one vote for each share held as of the record date. With respect to the election of directors, shareholders can cumulate their votes in certain circumstances. Cumulative voting is a system of voting whereby each shareholder receives a number of votes equal to the number of shares that the shareholder holds as of the record date multiplied by the number of directors to be elected. Thus, for example, if you held 100 shares as of the record date, you would be entitled to cast 300 votes (100, the number of shares held, multiplied by three, the number of directors to be elected) for the election of directors. Cumulative voting can be used only for the election of directors and is not permitted for voting on any other proposal.

To employ cumulative voting at the annual meeting, you must notify our president, a vice president or our corporate secretary that you desire that cumulative voting be used at the annual meeting for the election of directors. Such notice must be in writing, and it must be given at least 48 hours before the time fixed for holding the annual meeting. In addition, a formal announcement must be made at the commencement of the annual meeting by our chairman, our corporate secretary or by you or on your behalf, stating that such notice has been given.

When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the annual meeting in accordance with the instructions on such proxies. If no specific instructions are given, shares represented by such proxies will be voted:

- FOR the election of the three director nominees;
- FOR the approval of the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated; and
- FOR the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012.

Such shares may also be voted by the named proxies for such other business as may properly come before the annual meeting or at any adjournment or postponement of the meeting.

Quorum

A quorum is required for shareholders to conduct business at the annual meeting. Our code of regulations provides that a quorum will exist at the annual meeting if the holders of a majority of the issued and outstanding shares of our common stock are present, in person or by proxy, at the meeting.

Vote Required

The table below shows the vote required to approve each of the proposals described in this proxy statement, assuming the presence of a quorum, in person or by proxy, at the annual meeting.

Proposal Number	Proposal Description	Vote Required
One	Election of three directors	Plurality of the votes duly cast at the annual meeting

Two	Approval of the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated	Majority of the votes duly cast at the annual meeting
Three	Ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012	Majority of the votes duly cast at the annual meeting*

* The selection of BDO USA, LLP is being presented to our shareholders for ratification. The audit committee will consider the outcome of this vote when selecting our independent registered public accounting firm for subsequent fiscal years.

Recommendations of our Board of Directors

Our board of directors recommends that shareholders vote their shares FOR the three director nominees, FOR the approval of the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated, and FOR the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012.

Effect of Abstentions

An abstention represents a shareholder s affirmative choice to decline to vote on a proposal other than the election of directors. Shares that abstain from voting on a proposal are counted for the purpose of determining the presence or absence of a quorum but are not considered votes duly cast for a proposal. A majority of the votes duly cast means the number of For votes exceeds the number of Against votes. Thus, abstentions will have no effect on the outcome of the vote on the proposal to approve the amended and restated incentive plan and the proposal to ratify the selection of our independent registered public accounting firm since abstentions are not counted as votes duly cast.

Effect of Not Casting Your Vote and Broker Non-Votes

If you own your shares through a bank or broker, we encourage you to follow the instructions provided by your bank or broker about how to vote. The rules that govern how banks and brokers vote your shares prevents your bank or broker from voting your shares for director nominees and for the amended and restated incentive plan unless you provide voting instructions. These rules allow banks and brokers to vote shares on routine matters but not on non-routine matters. Shares that banks and brokers are not authorized to vote because the bank or broker has not received voting instructions from the beneficial owner are referred to as broker non-votes.

The ratification of the selection of our independent registered public accounting firm is considered a routine matter. Accordingly, banks and brokers may vote your shares on this proposal without your voting instructions and there will be no broker non-votes.

The election of directors and the proposal to approve the amended and restated incentive plan are considered non-routine matters and therefore banks and brokers cannot vote your shares on these two matters without your voting instructions. If you want your vote to count on these two proposals, you must provide your bank or broker with voting instructions. If you do not provide voting instructions, no votes will be cast on your behalf on these two proposals.

Broker non-votes are counted for the purpose of determining the presence or absence of a quorum but are not counted for the purpose of determining the number of shares voting in the election of directors or on the proposal to approve the amended and restated incentive plan and therefore will have no effect on these proposals.

Annual Report to Shareholders and Annual Report on Form 10-K

We have enclosed our 2011 annual report to shareholders with this proxy statement. Our annual report on Form 10-K for the fiscal year ended March 26, 2011, as filed with the Securities and Exchange Commission, is included in the 2011 annual report. The 2011 annual report includes our audited consolidated financial statements, along with other information about us, which we encourage you to read.

You can obtain, free of charge, an additional copy of our Form 10-K by:

- **accessing our website, transcat.com, and going to SEC Filings under Investor Relations;**
- **writing to us at: Transcat, Inc., 35 Vantage Point Drive, Rochester, New York 14624, Attention: Corporate Secretary; or**
- **telephoning us at 585-352-7777.**

You can also obtain a copy of our annual report on Form 10-K and all other reports and information that we file with, or furnish to, the Securities and Exchange Commission from the Securities and Exchange Commission s EDGAR database at sec.gov.

The information contained on our website is not a part of this proxy statement.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on September 13, 2011

As required by rules adopted by the Securities and Exchange Commission, we are making this proxy statement and our 2011 annual report to shareholders available to you on the Internet at:

www.envisionreports.com/TRNS

For directions on how to attend the annual meeting and vote in person, see the Revocability of Proxies and Voting; Cumulative Voting sections above.

PROPOSAL ONE

ELECTION OF DIRECTORS

Nominees Proposed for Election as Directors for a Term Expiring in 2014

Our code of regulations provides for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. As a result, only a portion of our board of directors is elected each year.

The number of directors is currently fixed at nine. At this year s annual meeting, shareholders are being asked to elect three directors to hold office for a term expiring in 2014 or until each of their successors is duly elected and qualified. Based on the recommendation of the corporate governance and nominating committee, we have nominated Richard J. Harrison, Dr. Harvey J. Palmer and John T. Smith for election as directors. All three nominees currently serve on our board, and we recommend their election at the annual meeting. Directors will be elected by a plurality of the votes cast by the shares of our common stock entitled to vote in the election of directors.

Unless authority to vote for one or more of the nominees is specifically withheld according to the instructions on your proxy card, proxies will be voted FOR the election of Mr. Harrison, Dr. Palmer and Mr. Smith. The votes represented by such proxies may be cumulated if proper notice is given (see the section entitled Voting; Cumulative Voting above).

We do not contemplate that any of the nominees will be unable to serve as a director, but if that contingency should occur prior to the voting of the proxies, the persons named in the enclosed proxy reserve the right to vote for such substitute nominee or nominees as they, in their discretion, determine. But, proxies in the enclosed form cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

Securities and Exchange Commission s rules require us to discuss briefly the particular experience, qualifications, attributes or skills that led our board of directors to conclude that each director or nominee for director should serve on our board of directors. We have provided this discussion in a separate paragraph immediately below the biographical information provided by each director.

Name and Background	**Director Since**
Richard J. Harrison, age 66, is executive vice president-retail loan administration at Five Star Bank (the successor to the National Bank of Geneva and a wholly-owned subsidiary of Financial Institutions, Inc.), a position he has held since July 2003. From January 2001 through January 2003, he served as executive vice president and chief credit officer of the Savings Bank of the Finger Lakes, as well as a director from 1997 through 2000. Prior to that, he served as an independent financial consultant from January 1999 through January 2000 and held senior executive management positions with United Auto Finance, Inc., American Credit Services, Inc. (a subsidiary of Rochester Community Savings Bank), and Security Trust Company/Security New York State Corporation (now Fleet/Bank of America). Mr. Harrison also serves on the board of directors or as manager of several privately-held for profit and not-for-profit entities.	2004

Mr. Harrison s experience in analyzing complex financial transactions as well as his skills in credit, financial statement analysis and risk management qualify him as our audit committee financial expert. Mr. Harrison s work with small to medium-size businesses throughout his career in banking and finance has provided him with an understanding of business to business marketing and provides our board with an understanding of the financial and business environment in which our company operates. His prior service on a publicly-traded company board also provides our board with valuable insight.

Name and Background	Director Since
Dr. Harvey J. Palmer, age 65, is a professor at and dean of the Kate Gleason College of Engineering at Rochester Institute of Technology, Rochester, New York. Prior to that appointment, he was a professor of chemical engineering at the University of Rochester from 1971 through June 2000, where he also held positions of department chair and associate dean of graduate studies. Dr. Palmer s academic and professional credentials, as well as his leadership position within a prestigious engineering academic institution, brings cutting edge and evolving best practices in engineering to our board. In addition, Dr. Palmer has served on our board of directors for more than 24 years, which affords him a unique historical knowledge and understanding of our company.	1987
John T. Smith, age 64, served as our lead director until May 2011 and is chairman and chief executive officer of Brite Computers, Inc. (information technology consulting), which he joined in 1999. Prior to that, from 1997 to 1999, he was the president of JTS Chequeout Solutions, Inc. From 1980 to 1997, Mr. Smith was president of JTS Computer Services, Inc. Mr. Smith serves on the board of directors of the Monroe Community College Foundation. Mr. Smith brings a unique entrepreneurial creativity to our board. He has founded and developed over ten information technology companies over the past 30 years that range from small, local service companies to national product and service companies to major accounts. In the process, Mr. Smith has gained extensive management, financial, banking and technical expertise. Mr. Smith s provocative approach to management has aided the board in the integration of recent acquisitions and brings a different yet compelling smaller-business perspective.	2002

Directors Whose Terms Do Not Expire at the 2011 Annual Meeting

The following table provides certain information with respect to each of our directors whose term in office does not expire at the annual meeting.

Name and Background	Director Since	Term Expires
Francis R. Bradley, age 65, retired in 2000 from E.I. DuPont de Nemours & Co., Inc. (global science and technology) following a 32-year career. Mr. Bradley was the founding global business manager of the DuPont Instrumentation Center after having held a variety of business and technical management positions. He managed the DuPont Engineering Test Center and was responsible for corporate materials engineering consulting for several years. After his retirement from DuPont, Mr. Bradley served as an executive associate with Sullivan Engineering Company (engineering and construction) and consulted independently on business and technology matters. Since 2000, Mr. Bradley has also been the principal of FRBConsulting, a privately-owned travel and business consulting firm in association with TravelBridge, Inc., Scottsdale, Arizona. Mr. Bradley also serves on the board of directors of two not-for-profit organizations.	2000	2012

Mr. Bradley brings extensive instrumentation calibration and repair business experience and technological expertise to our board of directors by virtue of his career with DuPont and Sullivan Engineering Company. Mr. Bradley s insights are key to the scalability of our calibration services business segment and in developing synergies between our product and calibration services businesses.		
Charles P. Hadeed, age 61, is our president, chief executive officer and chief operating officer. Mr. Hadeed joined us in April 2002 as our vice president of finance and chief financial officer. He was named chief operating officer in October 2004 and president in May 2006. In April 2007, he was named chief executive officer. Prior to joining us, Mr. Hadeed most recently served as vice president-healthcare ventures group with Henry Schein Inc. Prior to that, he served as group vice president-operations at Del Laboratories Inc., and in various executive positions during his 20-year career at Bausch & Lomb Incorporated. Mr. Hadeed also serves on the board of directors of Rochester Rehabilitation Center, Inc. and Rehabilitation Enterprises, Inc.	2007	2013

Name and Background	Director Since	Term Expires
As our president, chief executive officer and chief operating officer, and former vice president of finance and chief financial officer, Mr. Hadeed provides our board with invaluable institutional knowledge of the operations of our company, its markets and its customers. Mr. Hadeed joined us in April 2002 during a difficult financial period. His financial and management skills contributed to the growth and financial turnaround the company has experienced during his tenure with us. Mr. Hadeed has instituted controls, processes and systems designed to promote further growth and integration while maintaining a strong and vibrant employee culture.		
Nancy D. Hessler, age 65, joined Integrated People Solutions, Boulder, Colorado (strategic human resources consultant) as a vice president in March 2003. Prior to that, she was director of human resources of the wireless internet solutions group of Nortel Networks Corp., Rochester, New York (telecommunications systems) from October 1998 until June 2002. From May 1996 until September 1998, she was group manager of human resources for Rochester Gas and Electric Corporation, Rochester, New York (public utility). From 1991 until May 1996, Ms. Hessler served as human resources manager of the advanced imaging business unit and as manager of sourcing for the general services division of Xerox Corporation. Ms. Hessler also serves on the board of directors of Geva Theatre Center.	1997	2013
Ms. Hessler s significant human resources and executive compensation management experience provides the board with broad perspective as it confronts issues associated with executive compensation, benefit plans, and enhanced employee performance. In addition, Ms. Hessler s experience in the field of leadership effectiveness consulting provides her with the opportunity to work with a variety of executives in the areas of human resources, acquisitions, succession planning, governance and strategic planning, all of which brings a balanced perspective to our board s decision-making process.		
Paul D. Moore, age 60, is a senior vice president of M&T Bank Corporation. He currently serves as senior credit officer overseeing all corporate lending activity in the Rochester, Buffalo and Binghamton, New York markets. Additionally, Mr. Moore has credit responsibility for M&T s automotive dealership customers throughout its Middle Atlantic markets. During his 32-year career at M&T Bank, he has been the commercial banking manager for the Rochester, New York market and has held various commercial loan positions in Buffalo, New York. Mr. Moore also serves on the board of directors of Rehabilitation Enterprises, Inc.	2001	2013
Mr. Moore s more than 30-year corporate banking career qualifies him to represent the interests of shareholders as a member of our board. Over the course of his career, he has extended loans to thousands of companies and has been required to assess management, products, markets and financial performance of these businesses. This process has provided Mr. Moore with a broad perspective of what makes a business successful, which is invaluable to our board, in particular, as it relates to strategic planning and growth.		

Alan H. Resnick, age 67, is president of Janal Capital Management LLC (investment management), a position he has held since August 2004 after a 31-year career at Bausch & Lomb Incorporated. Mr. Resnick served as vice president and treasurer and a member of Bausch & Lomb s corporate strategy board until his retirement in October 2004. He also served as a member of the advisory board of FM Global, a leading property insurance carrier, until his retirement. Mr. Resnick is a member of the board of directors of the Visiting Nurse Service of Rochester and Monroe County and serves on the boards and committees of several other not-for-profit organizations in the greater Rochester, New York area. He also serves as chairman of the board of ACM Medical Laboratory, a division of Unity Health System, Rochester, New York.	2004	2012

Name and Background	Director Since	Term Expires
As the former treasurer of Bausch & Lomb for more than 15 years, Mr. Resnick brings invaluable knowledge of financial instruments and the financial markets to our board as we attempt to increase financial market awareness of our performance and improve our market capitalization. Mr. Resnick s creative skills set with respect to executive compensation by virtue of his experience in managing and implementing compensation policies in the context of executive compensation uniquely position him to serve as the chairman of our compensation committee.		
Carl E. Sassano, age 61, is our chairman of the board. From April 2007 to May 2008, he served as our executive chairman of the board. Mr. Sassano became our president and chief executive officer in March 2002 and was named chairman of the board in October 2003. In May 2006, he ceased serving as our president when Charles P. Hadeed assumed that position. Mr. Sassano was president and chief operating officer of Bausch & Lomb Incorporated in 1999 and 2000. He also held positions in Bausch & Lomb as president-global vision care (1996-1999), president-contact lens division (1994-1996), group president (1993-1994) and president-Polymer Technology (1983-1992), a subsidiary of Bausch & Lomb. Mr. Sassano is a trustee of Rochester Institute of Technology and a member of the board of directors of IEC Electronics Corp.	2000	2012
Mr. Sassano joined us in March 2002 at a time when our long-term debt burden and financial performances were causing significant financial hardship to the company. Mr. Sassano s experience in small-to-medium size divisions within Bausch & Lomb as well as the processes associated with Bausch & Lomb s overall corporate organization provided Mr. Sassano with the necessary skill set to grow the company out of financial turmoil. Mr. Sassano s leadership skills and institutional knowledge of Transcat coupled with his significant corporate experience provides the board with strong leadership.		

PROPOSAL TWO

APPROVAL OF THE TRANSCAT, INC. 2003 INCENTIVE PLAN, AS AMENDED AND RESTATED

Background

Our board of directors has adopted, and is asking our shareholders to approve, the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated, which we refer to as the Restated Plan. If approved by our shareholders, the Restated Plan will be effective as of the date of the annual meeting.

The Restated Plan provides for the grant of cash and equity incentive awards of shares of our common stock to employees, non-employee directors, consultants, advisors and independent contractors. Specifically, we are seeking shareholder approval so that grants of performance-based compensation under the Restated Plan may be fully deductible under 162(m) of the Internal Revenue Code, thereby preserving our deduction for this compensation. **We are not requesting additional shares for the Restated Plan, and if this proposal is approved, no additional shares will be available for issuance under the Restated Plan.**

If approved, the Restated Plan will make the following changes to the 2003 Incentive Plan, as described in more detail under Restated Plan Summary below:

Revise Performance Metrics	Revise the list of possible performance metrics that may be used for subsequent awards of performance-based compensation
Increase Maximum Annual Cash Performance Awards	Increase the maximum amount payable to a participant in cash in a single year under a performance award to $1,000,000
Add Stock Appreciation Rights	Add stock appreciation rights as an award type that may be issued under the Restated Plan
Express Prohibition on Repricings and Cash Buyouts	Expressly prohibit the repricing of a stock option or stock appreciation right and the cash buyout of underwater stock options or stock appreciation rights without the approval of our shareholders
Recoupment Policy	Expressly provide that all awards under the Restated Plan are subject to our incentive compensation recoupment policy
Term of Plan	Extend the term of the Restated Plan by 10 years
Eliminate Negative Discretion	Prevent adverse liability accounting treatment by removing the compensation committee s authority to use negative discretion to reduce the amount of a performance award
Administrative Changes	Make certain other administrative changes

Restated Plan Summary

The Restated Plan is summarized below. This summary is qualified in its entirety by reference to the text of the Restated Plan, which is attached as Appendix A to this proxy statement. We encourage you to read the actual text of the Restated Plan in its entirety.

Purpose

The purpose of the Restated Plan is to recruit and retain selected directors, employees and consultants and to motivate such persons to put forth their maximum effort toward our continued growth, profitability and success by providing incentives to such individuals through the ownership and performance of our common stock.

Shares Available under the Restated Plan

This proposal does not request additional shares for issuance under the Restated Plan. As of July 18, 2011, there were approximately 154,000 shares of our common stock available for issuance under the Restated Plan. If an outstanding award granted under the Restated Plan is cancelled or forfeited, expires, terminates or, in the case of a stock appreciation right, is settled in cash, the shares underlying such award will again be available under the Restated Plan. Shares that are used to pay the exercise price or the withholding taxes of a stock option will also again be available under the Restated Plan.

The Restated Plan provides that equitable adjustments will be made to the number of shares of common stock covered by outstanding awards, the price per share applicable to outstanding awards and the number of shares that are thereafter available for awards in the event of a change in our capital or capital stock or any special distributions to shareholders.

Administration

The compensation committee of the board (or such other committee as may be designated by the board) will administer the Restated Plan. The compensation committee has the authority to interpret the Restated Plan, establish rules and regulations for the operation and administration of the Restated Plan, select the individuals to receive awards, determine the form, size, terms, conditions, limitations, and restrictions of awards, and take all other action it deems necessary or advisable to administer the Restated Plan. The compensation committee may allocate all or any portion of its responsibilities and powers under the Restated Plan to any one or more of its members, the chief executive officer or other senior members of management, as the compensation committee deems appropriate.

Eligible Participants

The following classes of persons are eligible to participate in the Restated Plan:

- all of our employees and the employees of any of our majority-owned subsidiaries, of which there are approximately 300 persons in this class;

- non-employee members of our board of directors, of which there are eight persons in this class;

- foreign nationals who, but for the laws of their countries, would be our employees or employees of one of our subsidiaries, of which there are currently no persons in this class; and

- consultants, advisors and independent contractors retained by us or any of our 50% or more owned subsidiaries, of which there are no persons in this class.

The selection of those persons within a particular class who will receive awards is entirely within the discretion of the compensation committee. The compensation committee has not yet determined how many employees are likely to participate in the Restated Plan. The compensation committee intends, however, to grant most of the Restated Plan s awards to those employees who are in a position to have a significant direct impact on our growth, profitability and success.

Types of Awards

The Restated Plan authorizes the grant of:

- stock options (both incentive and non-qualified);

- stock appreciation rights;

- stock awards (both restricted and unrestricted);

- performance awards (including performance shares and performance units); and
- any other award established by the compensation committee that is consistent with the Restated Plan s purpose, to the extent permitted by applicable law and the listing standards of any exchange upon which our common stock is listed.

Stock Options. The compensation committee may grant awards in the form of stock options to purchase shares of our common stock. For each stock option grant, the compensation committee will determine the number of shares subject to the option, the manner and time of the option s exercise and the exercise price.

The exercise price of a stock option may not be less than 100% of the fair market value of our common stock on the date the stock option is granted. Upon exercise, a participant may pay the exercise price in cash, shares of common stock, a combination thereof, or such other consideration as the compensation committee determines. Any stock option granted in the form of an incentive stock option will satisfy the requirements of Section 422 of the Internal Revenue Code.

Stock Appreciation Rights. A stock appreciation right permits the holder to receive an amount (in cash or shares of our common stock) equal to the number of stock appreciation rights exercised by the holder multiplied by the excess of the fair market value of our common stock on the exercise date over the stock appreciation rights strike price. A stock appreciation right may or may not be granted in connection with the grant of a stock option. The strike price of stock appreciation right granted under the Restated Plan may not be less than 100% of the fair market value of our common stock on the date of grant. The term of any stock appreciation right granted under the Restated Plan cannot exceed ten years from the date of the grant.

Stock Awards. The Restated Plan provides for the grant of stock awards, consisting of restricted stock awards and restricted stock units. Stock awards will be subject to the terms, conditions, restrictions and/or requirements, if any, that the compensation committee deems appropriate, including a continued employment requirement. The compensation committee may determine that any stock award shall be subject to the attainment of performance measures over an established performance period.

Performance Awards. Only those employees who are covered employees within the meaning of Section 162(m) of the Internal Revenue Code are eligible to receive performance awards. Generally, covered employees means our chief executive officer and our other four highest paid executive officers. Performance awards are structured to qualify as deductible performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code.

Within the first 90 days (or such other term as provided for in Section 162(m)) of a performance period, the compensation committee will, in its sole discretion, designate which covered employees will be eligible for performance awards for the performance period, the length of the performance period, the types of performance awards to be issued, the performance criteria that are to be used to establish performance goals, the kind or level of performance goals and other relevant matters.

After the close of each performance period, the compensation committee will determine whether the performance goals for the cycle have been achieved.

Payment Terms

Awards may be paid in cash, common stock, a combination of cash and common stock, or any other form of property, as the compensation committee determines. If an award is granted in the form of a stock award, stock option, stock appreciation right or performance share, or in the form of any other stock-based grant, the compensation committee may include as part of the award an entitlement to receive dividends or dividend equivalents. At the discretion of the compensation committee and in compliance with applicable law, a participant may defer payment of a stock award, performance share, performance unit, dividend, or dividend equivalent.

Effect of Certain Events

Death or Disability. The compensation committee shall have the authority to promulgate rules and regulations to determine the treatment of a participant under the Restated Plan in the event of the participant s death or disability. Unless otherwise provided in an award notice, in the event a participant dies or becomes disabled prior to the complete exercise of the stock options or stock appreciation rights granted to him or her under the Restated Plan, any remaining stock options or stock appreciation rights may be exercised in whole or in part within one year after the date of the participant s death or disability to the extent that the participant would have been entitled to exercise the stock option or stock appreciation right on the date of the participant s death or disability and prior to expiration of the term of that stock option or stock appreciation right.

Retirement or Approved Reason. The compensation committee shall have the authority to promulgate rules and regulations to determine the treatment of a participant under the Restated Plan in the event of the participant s retirement or termination for an approved reason (as defined in the Restated Plan). Unless otherwise provided in an award notice, upon a participant s retirement or termination from the company for an approved reason prior to the complete exercise of the stock options or stock appreciation rights granted to him or her under the Restated Plan, any remaining stock options or stock appreciation rights held by the participant shall survive and may be exercised in whole or in part at any time to the extent that the participant would have been entitled to exercise the stock option or stock appreciation right on the date of the participant s retirement or termination for an approved reason and prior to expiration of the term of that stock option or stock appreciation right.

Termination. Unless otherwise provided in an award notice, if a participant s employment with (or relationship as a consultant to) us terminates for any reason other than death, disability, retirement and any other approved reason prior to the complete exercise of the stock options or stock appreciation rights granted to him or her under the Restated Plan, any remaining stock options or stock appreciation rights may be exercised in whole or in part within 90 days after the date of the participant s termination to the extent that the participant would have been entitled to exercise the stock option or stock appreciation right on the date of the participant s termination and prior to expiration of the term of that stock option or stock appreciation right.

Change In Control. In the event of a change in control (as defined in the Restated Plan), a participant will receive the following treatment:

all of the terms, conditions, restrictions and limitations in effect on any of the participant s awards will lapse;

all of the participant s outstanding awards will be 100% vested; and

performance shall be deemed to have been met at the 100% level for all outstanding performance shares, performance units and other stock-based awards, incomplete performance periods shall be pro-rated and all awards will be paid out based on the change in control price (as defined in the Restated Plan).

Termination and Amendment of Restated Plan

The board or the compensation committee may, at any time and from time to time, suspend, amend, modify or terminate the Restated Plan without shareholder approval; provided, however, that the board or the compensation committee may condition any amendment or modification on the approval of our shareholders if such approval is necessary or deemed advisable with respect to tax, securities or other applicable laws, policies or regulations.

Award Limits

The maximum performance award payable to any one participant under the Restated Plan for a performance period is 75,000 shares of common stock or, in the event the performance award is paid in cash, $1,000,000. The maximum number of shares for which stock options may be granted under the Restated Plan to any one participant for a performance period is 450,000. The maximum number of shares for which stock awards may be granted under the Restated Plan to any one participant during a calendar year is 100,000.

Non-U.S. Jurisdictions

To facilitate the granting of awards to participants who are employed outside of the United States, the Restated Plan authorizes the compensation committee to modify and amend the terms and conditions of an award to accommodate differences in local law, policy or custom.

Stock Price

The closing market price of a share of our common stock reported on the NASDAQ Global Market on July 15, 2011 was $10.65 per share.

Federal Tax Treatment

The following is a brief summary of the principal United States federal income tax consequences related to stock options. This summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences.

Incentive Stock Options. There will be no federal income tax consequences to either us or the participant upon the grant of an incentive stock option (an option that meets the requirement of Section 422 of the Internal Revenue Code) or the exercise thereof by the participant. If the participant holds the shares of common stock underlying the option for the greater of two years after the date the option was granted or one year after the acquisition of the shares of common stock (the required holding period), the difference between the aggregate exercise price and the amount realized upon disposition of the shares of common stock will constitute a long-term capital gain or loss, and we will not be entitled to a federal income tax deduction. If the shares of common stock are disposed of in a sale, exchange or other disqualifying disposition during the required holding period, the participant will realize taxable ordinary income in an amount equal to the excess of the fair market value of the common stock purchased at the time of exercise over the aggregate exercise price, and we will be entitled to a federal income tax deduction equal to that amount.

Non-Qualified Stock Options and Stock Appreciation Rights. There will be no federal income tax consequences to either us or the participant upon the grant of a non-qualified stock option or a stock appreciation right. But, the participant will realize ordinary income on the exercise of the option or the stock appreciation right in an amount equal to the excess of the fair market value of the common stock acquired upon the exercise of the award over the exercise or strike price, and we will receive a corresponding deduction. The gain, if any, realized upon the subsequent disposition by the participant of the common stock will constitute short-or long-term capital gain, depending on the participant s holding period.

Restricted Stock. Unless the participant makes an election to accelerate recognition of the income to the date of grant, a participant receiving a restricted stock award will not recognize income, and we will not be allowed a tax deduction, at the time the award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock, and, subject to limitations in Section 162(m) of the Internal Revenue Code, if applicable, we will be entitled to a corresponding tax deduction at that time.

Unrestricted Stock. A participant receiving an unrestricted stock award will recognize ordinary income and, subject to Internal Revenue Code Section 162(m) limitations, if applicable, we will be allowed a tax deduction, at the time the award is granted.

Performance Awards. A participant receiving performance awards will not recognize income and we will not be allowed a tax deduction at the time the award is granted. When a participant receives payment of a performance award, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and, subject to Internal Revenue Code Section 162(m) limitations, if applicable, will be allowed as a deduction for us for federal income tax purposes.

Limitation on Income Tax Deduction

Pursuant to Section 162(m) of the Internal Revenue Code, we may not deduct compensation in excess of $1,000,000 paid to a covered employee. The board has submitted the Restated Plan for approval by the shareholders in order to permit the grant of certain awards thereunder, such as stock options, stock appreciation rights and certain performance awards, that will constitute qualified performance-based compensation, which will be excluded from the calculation of annual compensation of covered employees for purposes of Section 162(m) and will be fully deductible by us. The compensation committee may grant awards under the Restated Plan that do not qualify as performance-based compensation under Section 162(m). The payment of any non-qualifying awards to a covered employee could be non-deductible by us, in whole or in part, under Section 162(m), depending on the covered employee s total compensation in the applicable year.

Performance Goals. Under the Restated Plan, the vesting or payment of performance-based awards will be subject to the satisfaction of certain performance goals. To the extent an award is intended to qualify for the qualified performance-based compensation exemption from the $1,000,000 deduction limit under Section 162(m), as described above, the performance goals will be one or more of the following objective corporate-wide or subsidiary, division, operating unit or individual measures, stated in either absolute terms or relative terms, such as rates of growth or improvement: (a) increase in total revenue or product revenue, (b) earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization (EBITDA) or net earnings (either before or after interest, taxes, depreciation and/or amortization), (c) return on assets, return on capital or return on shareholders equity, (d) total shareholder return, (e) gross margin, (f) earnings per share, (g) net income, (h) operating income, (i) net profit, (j) operating profits, (k) profits before tax, (l) ratio of debt to debt plus equity, (m) economic value added, (n) ratio of operating earnings to capital spending, free cash flow, return on assets, equity or shareholders equity, (o) common stock price per share, and (p) strategic business criteria, consisting of one or more objectives such as (i) geographic business expansion goals, (ii) cost targets, (iii) customer satisfaction ratings, (iv) reductions in errors and omissions, (v) reductions in lost business, (vi) supervision of litigation, (vii) satisfactory audit scores, (viii) productivity, (ix) efficiency, (x) budget and expense management and (xi) goals relating to acquisitions or divestitures, or any combination of the foregoing.

New Plan Benefits

The benefits to be received by participants and the number of shares to be granted under the Restated Plan cannot be determined at this time. The amount and form of grants to be made in any year is to be determined at the discretion of the compensation committee, and may vary from year to year and from participant to participant. The compensation committee did, however, approve the awards explained in the discussion following the 2011 Summary Compensation Table. These awards may be considered representative of the awards that would have been made to our named executive officers had the Restated Plan been in effect at that time.

Equity Compensation Plan Information as of March 26, 2011
(In Thousands, Except Per Share Amounts)

Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)**
Equity compensation plans approved by security holders	829(1)	$ 4.67	231
Equity compensation plans not approved by security holders			
Total	829	$ 4.67	231

(1) Includes performance-based restricted stock awards granted to officers and key employees pursuant to our 2003 Incentive Plan.

Required Vote and Board Recommendation

The affirmative vote of a majority of the shares of common stock duly cast at the annual meeting is required to approve the Restated Plan. The board of directors recommends that you vote FOR the approval of the Transcat, Inc. 2003 Incentive Plan, as Amended and Restated and the persons named in the enclosed proxy (unless otherwise instructed therein) will vote such proxies FOR this proposal.

PROPOSAL THREE

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP, which we refer to as BDO, served as our independent registered public accounting firm for the fiscal year ended March 26, 2011 and fiscal year ended March 27, 2010.

The audit committee has selected BDO as our independent registered public accounting firm for the fiscal year ending March 31, 2012. This selection is being presented to our shareholders for ratification at the annual meeting. The audit committee will consider the outcome of this vote in its future discussions regarding the selection of our independent registered public accounting firm for subsequent fiscal years.

The board of directors recommends you vote in favor of the proposal to ratify the selection of BDO as our independent registered public accounting firm for the fiscal year ending March 31, 2012 and the persons named in the enclosed proxy (unless otherwise instructed therein) will vote such proxies FOR this proposal.

We have been advised by BDO that a representative will be present at the annual meeting and will be available to respond to appropriate questions. We intend to give such representative an opportunity to make a statement if he or she should so desire.

Fees Paid to BDO USA, LLP

The following table shows the fees for professional services provided by BDO during the fiscal year ended March 26, 2011, which we refer to as fiscal year 2011, and the fiscal year ended March 27, 2010, which we refer to as fiscal year 2010.

	Fiscal Year 2011		Fiscal Year 2010	
Audit Fees	$	218,676	$	247,079
Audit-Related Fees				
Tax Fees				
All Other Fees				
Total	$	218,676	$	247,079

Audit fees paid to BDO during fiscal year 2011 and fiscal year 2010 were for professional services rendered for the audit of our annual consolidated financial statements and reviews of the financial statements included in our Quarterly Reports on Form 10-Q.

Pre-Approval of Fees by Audit Committee

In accordance with applicable laws, rules and regulations, our audit committee charter requires that the audit committee have the sole authority to review in advance and pre-approve all audit and permitted non-audit fees for services provided to us by our independent registered public accounting firm. The audit committee has pre-approved all fees paid to BDO.

Policy on Pre-Approval of Retention of Independent Registered Public Accounting Firm

The engagement of BDO for non-audit accounting and tax services, if required, is limited to those circumstances where the services are considered integral to the related audit services or where there is another compelling rationale for using BDO s services.

All audit services for which BDO was engaged were pre-approved by the audit committee. The audit committee may delegate to one or more designated members of the audit committee the authority to grant required pre-approval of audit and permitted non-audit services. The decision of any member to whom authority is delegated is required to be presented to the full audit committee at its next scheduled meeting.

Independence Analysis by Audit Committee

The audit committee has considered whether the provision of the services described above was compatible with maintaining the independence of BDO and determined that the provision of such services was compatible with such firm s independence. For each of fiscal year 2011 and fiscal year 2010, BDO provided no services other than those services described above.

REPORT OF THE AUDIT COMMITTEE[1]

The audit committee of the board of directors is currently comprised of four members of the board of directors, each of whom the board of directors has determined is independent under the independence standards of the Nasdaq Stock Market and applicable Securities and Exchange Commission rules. The audit committee assists the board of directors in overseeing the company s accounting and financial reporting processes and financial statement audits. The specific duties and responsibilities of the audit committee are set forth in the audit committee charter, which is available on our website, transcat.com, under the heading Investor Relations and the subheading Corporate Governance.

The audit committee has:

reviewed and discussed the company s audited consolidated financial statements for fiscal year 2011 with the company s management and BDO USA, LLP;

discussed with BDO USA, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

received and discussed the written disclosures and the letter from BDO USA, LLP required by applicable requirements of the Public Accounting Oversight Board regarding the independent registered public accounting firm s communications with the audit committee concerning independence; and has discussed with BDO USA, LLP its independence.

Based on these reviews and discussions with management and BDO USA, LLP, and the report of BDO USA, LLP, and subject to the limitations on the committee s role and responsibilities contained in the audit committee charter, the audit committee recommended to the board of directors, and the board of directors approved, that the audited consolidated financial statements for fiscal year 2011 be included in the company s annual report on Form 10-K for fiscal year 2011 for filing with the Securities and Exchange Commission.

The audit committee selects the company s independent registered public accounting firm annually and has submitted such selection for fiscal year 2012 for ratification by shareholders at the annual meeting.

Audit Committee:

Richard J. Harrison, Chair
Francis R. Bradley
Paul D. Moore
Harvey J. Palmer

[1] The material in this report is not deemed to be soliciting material, or to be filed with the Securities and Exchange Commission and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as

amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filings.

CORPORATE GOVERNANCE

Board Meetings

The board of directors held five meetings during fiscal year 2011. Each director then in office attended at least 75% of the total of such board meetings and meetings of board committees on which he or she served.

Director Independence

The board of directors has determined that all of our directors, other than Mr. Hadeed, are independent pursuant to the independence standards of the Nasdaq Stock Market. The board determined that Mr. Sassano was independent pursuant to the independence standards of the Nasdaq Stock Market as of May 2011.

Executive Sessions; Lead Director

During fiscal year 2011, our independent directors met in regularly scheduled executive sessions, without management present, as required by the listing standards of the Nasdaq Stock Market. These executive sessions were coordinated by Mr. Smith, who served as the lead director of our independent directors until May 2011 when the board determined that Mr. Sassano, our chairman of the board, was independent pursuant to the independence standards of the Nasdaq Stock Market. Mr. Sassano now presides over the executive sessions of the independent directors.

Board Leadership Structure

The board of directors separates the roles of chief executive officer and chairman of the board, based on the board s belief that corporate governance of the company and appropriate, independent oversight of management is most effective when these positions are not held by the same person. The board recognizes the differences between the two roles and believes that separating them allows each person to focus on their individual responsibilities. Under this leadership structure, our chief executive officer can focus his attention on day-to-day company operations and performance, establishing and implementing long-term strategic plans, and our chairman of the board can focus his attention on board responsibilities.

Presently, the board believes it is appropriate to keep the roles of chief executive officer and chairman of the board separate. The board may, however, change the leadership structure if it believes that a change would better serve the company and its shareholders.

During fiscal year 2011 and until May 2011, the board also had a lead director who served as the chairman of the executive sessions of the independent directors. Now that the board has determined that Mr. Sassano, our chairman of the board, is independent pursuant to the independence standards of the Nasdaq Stock Market, Mr. Sassano presides over the executive sessions of the independent directors.

Board Committees

The board of directors has established, among other committees, an audit committee, a corporate governance and nominating committee and a compensation committee. Each committee acts pursuant to a written charter adopted by our board of directors. The current charter for each board committee is available on our website, transcat.com, under the heading Investor Relations and the subheading Corporate Governance. The information contained on our website is not a part of this proxy statement.

Audit Committee

The current members of the audit committee are Mr. Harrison (chair), Mr. Bradley, Mr. Moore and Dr. Palmer. The board has determined that each of Mr. Harrison, Mr. Bradley, Mr. Moore and Dr. Palmer is independent pursuant to the independence standards of the Nasdaq Stock Market and applicable Securities and Exchange Commission rules. The board of directors has determined that each audit committee member has sufficient knowledge in financial and auditing matters to serve on the audit committee. The board of directors has designated Mr. Harrison as an audit committee financial expert in accordance with applicable Securities and Exchange Commission rules and based on his professional experience in banking and finance as described in his biography under Proposal One Election of Directors. The board of directors has determined that Mr. Moore would also qualify as an audit committee financial expert in accordance with applicable Securities and Exchange Commission rules and based on his professional experience in banking and corporate lending as described in his biography under Proposal One Election of Directors.

The audit committee serves as an independent and objective party to monitor our financial reporting process and internal control system; retains, pre-approves audit and permitted non-audit services to be performed by, and directly consults with, our independent registered public accounting firm; reviews and appraises the services of our independent registered public accounting firm; and provides an open avenue of communication among our independent registered public accounting firm, financial and senior management and our board of directors. Our audit committee charter more specifically sets forth the duties and responsibilities of the audit committee.

The audit committee is also responsible for preparing the committee s report that Securities and Exchange Commission rules require be included in our annual proxy statement, and performing such other tasks that are consistent with its charter.

The audit committee held four meetings during fiscal year 2011. The audit committee s report relating to fiscal year 2011 appears under the heading Report of the Audit Committee.

Corporate Governance and Nominating Committee

The current members of the corporate governance and nominating committee are Mr. Smith (chair) and Mr. Resnick. The board has determined that each of Mr. Smith and Mr. Resnick is independent pursuant to the independence standards of the Nasdaq Stock Market.

The corporate governance and nominating committee is charged with identifying candidates, consistent with criteria approved by the committee, qualified to become directors and recommending that the board of directors nominate such qualified candidates for election as directors. The committee is also responsible for reviewing our code of regulations, shaping corporate governance, overseeing the evaluation of the board of directors, board committees and management, and performing such tasks that are consistent with the corporate governance and nominating committee charter.

The process followed by the corporate governance and nominating committee to identify and evaluate candidates includes requests to board members, the chief executive officer and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and their qualifications, and interviews of selected candidates.

The corporate governance and nominating committee also considers and establishes procedures for shareholder recommendations of nominees to the board. Shareholder recommendations, together with relevant biographical information, should be sent to the following address: Transcat, Inc., 35 Vantage Point Drive, Rochester, New York 14624, Attention: Corporate Secretary. The qualifications of recommended candidates will be reviewed by the corporate governance and nominating committee.

In evaluating the suitability of candidates (other than our executive officers) to serve on the board of directors, including shareholder nominees, the corporate governance and nominating committee seeks candidates who are independent pursuant to the independence standards of the Nasdaq Stock Market and meet certain selection criteria established by the corporate governance and nominating committee from time to time. The corporate governance and nominating committee also considers an individual s skills; character and professional ethics; judgment; leadership experience; business experience and acumen; familiarity with relevant industry issues; national and international experience; and other relevant criteria that may contribute to our success. This evaluation is performed in light of the skill set and other characteristics that complement those of the current board, including the diversity, maturity, skills and experience of the board as a whole. Although the corporate governance and nominating committee does not have a specific written diversity policy, the committee values and considers diversity when seeking and evaluating candidates for the board. The committee believes that diversity is not limited to gender and ethnicity, but also includes perspective gained from educational and cultural backgrounds and life experiences.

The corporate governance and nominating committee held one meeting during fiscal year 2011.

Compensation Committee

The current members of the compensation committee are Mr. Resnick (chair), Ms. Hessler, Dr. Palmer and Mr. Smith. The board has determined that each of Mr. Resnick, Ms. Hessler, Dr. Palmer and Mr. Smith is independent pursuant to the independence standards of the Nasdaq Stock Market.

The compensation committee is responsible for establishing and implementing compensation programs for our executive officers and directors that further the intent and purpose of our fundamental compensation philosophy and objectives and for performing such other tasks that are consistent with its charter.

The compensation committee held two meetings during fiscal year 2011.

For more information on executive compensation and director compensation and the role of the compensation committee, see Compensation Overview under the heading Executive Compensation.

The Board s Role in Risk Oversight

The board of directors is responsible for overseeing risks that could affect our company and management s processes for managing risk. This oversight is conducted primarily through the board s committees. Our audit committee focuses on financial risks, including those that could arise from our accounting and financial reporting processes and financial statement audits. Our corporate governance and nominating committee focuses on the management of risks associated with board membership and structure, as well as corporate governance. Our compensation committee focuses on the management of risks arising from our compensation policies and programs.

While our board committees are focused on these specific areas of risk, the full board retains responsibility for general risk oversight. This responsibility is satisfied through reports from each committee chairman regarding the risk considerations within each committee s area of expertise, as well as through reports from members of our senior management team responsible for oversight of material risk to the company.

As part of its risk oversight responsibilities, our board of directors and its committees review the processes that senior management use to manage our risk exposure. In doing so, the board and its committees review our overall risk function and senior management s establishment of appropriate systems and processes for managing areas of material risk to our company, including, but not limited to, operational, financial, legal, regulatory and strategic risks.

Shareholder Communications

Shareholders may send correspondence by mail to the full board of directors or to individual directors. Shareholders should address correspondence to the board of directors or the relevant board members in care of: Transcat, Inc., 35 Vantage Point Drive, Rochester, New York 14624, Attention: Corporate Secretary.

All shareholder correspondence will be compiled by our corporate secretary and forwarded as appropriate. In general, correspondence relating to corporate governance issues, long-term corporate strategy or similar substantive matters will be forwarded to the board of directors, the individual director, one of the aforementioned committees of the board, or a committee member for review. Correspondence relating to the ordinary course of business affairs, personal grievances, and matters as to which we tend to receive repetitive or duplicative communications are usually more appropriately addressed by our officers or their designees and will be forwarded to such persons accordingly.

Director Attendance at Annual Meetings

Company policy requires all directors, absent special circumstances, to attend our annual shareholder meetings. All of our directors attended the annual meeting of shareholders that was held on September 14, 2010.

Code of Ethics

We have a code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. You can find our code of business conduct and ethics on our website, transcat.com, under the heading Investor Relations and the subheading Corporate Governance. We will provide a printed copy of our code of business conduct and ethics, without charge, to any shareholder who requests it by contacting our corporate secretary at 35 Vantage Point Drive, Rochester, New York 14624.

We intend to post any amendments to or waivers from our code of business conduct and ethics on our website.

EXECUTIVE OFFICERS

We are currently served by seven executive officers:

Charles P. Hadeed, age 61, is our president, chief executive officer and chief operating officer. For more information about Mr. Hadeed, see Proposal One Election of Directors.

John J. Zimmer, age 53, is our senior vice president of finance and chief financial officer. Prior to June 1, 2011, Mr. Zimmer was our vice president of finance and chief financial officer. Mr. Zimmer served as executive vice president and chief financial officer of E-chx, Inc., a payroll outsourcing company, prior to joining us in June 2006. Prior to joining E-chx, Inc. in October 2003, he was a principal with the public accounting firm of DeJoy, Knauf & Blood, LLP. Prior to that, Mr. Zimmer served for four years as vice president-finance and treasurer of Choice One Communications Inc. Prior to joining Choice One, Mr. Zimmer was employed for seven years by ACC Corp., during which time he served as controller, then vice president-finance and later vice president and treasurer.

Michael P. Craig, age 57, is our vice president of human resources. Prior to joining us in December 2009, Mr. Craig was senior director global human resources at Genencor International, Inc., a biotechnology company and division of Danisco A/S, from 1998 through 2009. Prior to that, he served in a variety of human resources management positions during his more than 16-year career at Bausch & Lomb Incorporated, including the position of vice president human resources-western hemisphere.

Lori L. Drescher, age 51, is our vice president of sales operations, a position she has held since February 2011. From January 2008 until February 2011, she was our vice president of business process improvement and training. From October 2006 through December 2007, she served as our senior director of inside sales and customer service. Prior to joining us in October 2006 and from 2000, Ms. Drescher was president of Great-Co Learning Center, a management consulting firm that she established.

John P. Hennessy, age 63, is our vice president of sales and marketing and has served us in this position since January 2010. Prior to joining us in January 2008 as our vice president of sales, and from June 1997, Mr. Hennessy served as vice president of marketing and sales at Sunstar Americas, Inc., an oral health care products company. Prior to that, Mr. Hennessy served for more than 15 years in executive-level sales and marketing positions, including general manager, vice president and director-level positions, at Bausch & Lomb Incorporated and Johnson & Johnson.

Rainer Stellrecht, age 61, is our vice president of laboratory operations and has served us in this position since July 2007. Mr. Stellrecht, who joined us in 1977, has served in a number of positions with us during that time including senior director of laboratory operations and technical director.

Jay F. Woychick, age 54, is our vice president of wind energy commercial operations and vendor relations and has served us in this position since January 2010. Mr. Woychick, who joined us in September 2000, has served us in sales and marketing positions, most recently as our vice president of marketing. Prior to joining us, Mr. Woychick was employed for 13 years by Polymer Technology, a subsidiary of Bausch & Lomb Incorporated, most recently serving as director of marketing and sales for the RGP Group.

EXECUTIVE COMPENSATION

As a smaller reporting company under the Securities Exchange Act of 1934, as amended, we have provided the following executive and director compensation information in accordance with the scaled disclosure requirements of Regulation S-K.

Named Executive Officers

This proxy statement contains information about the compensation paid to our named executive officers during fiscal year 2011. For fiscal year 2011, in accordance with the rules and regulations of the Securities and Exchange Commission for smaller reporting companies, we determined that the following officers were our named executive officers:

Charles P. Hadeed, our president, chief executive officer and chief operating officer;

John J. Zimmer, our vice president of finance and chief financial officer; and

John P. Hennessy, our vice president of sales and marketing.

Compensation Overview

Compensation Committee

The compensation committee of our board of directors is responsible for establishing, implementing and monitoring adherence to our compensation philosophy and objectives. The compensation committee ensures that the total compensation paid to our named executives is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to our named executive officers are similar to those provided to our other executive officers.

Compensation Philosophy and Objectives

Our compensation program is designed to attract, motivate and retain a highly-qualified and effective senior management team. We believe that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic company goals, which align the interests of each of our named executive officers with those of our shareholders.

The objectives of the compensation program for our executive officers, including our named executive officers, are to motivate them to achieve our business objectives, to reward them for achievement, to foster teamwork, to support our core values and to contribute to our long-term success. Our compensation policies for our named executive officers are designed to link pay to both performance, taking into account the level of difficulty associated with each executive s responsibilities and shareholder returns over the long term. The compensation provided to our named executive officers remains competitive with the compensation paid to executives with similar responsibilities in publicly-traded companies of comparable size.

The key components of our compensation program for our named executive officers have historically been base salary, performance incentive cash bonuses (the amount of which is dependent on both company and individual performance, except for our chief executive officer, which amount is based only on company performance), stock options and restricted stock awards. We seek to ensure that total executive compensation corresponds to both corporate performance and the creation of shareholder value by placing our principal emphasis on variable, performance-based incentives through a combination of annual non-equity incentive awards (i.e., incentive cash bonuses) and long-term performance-based equity awards.

A significant percentage of total compensation for our named executive officers is placed at-risk through annual and long-term incentives. There are established guidelines and targets regarding the allocation between cash (short term) and equity (long-term) incentive compensation, which is contingent and variable, based on company results and individual performance.

Stock Ownership Objectives

To more closely align the efforts of our named executive officers with the interests of our shareholders, a minimum stock ownership objective has been set for our executive officers. This requires the named executives to work towards acquiring and maintaining specific levels of equity ownership interests in our common stock within a specified time frame.

Retirement Benefits

We have established certain retirement benefits for our employees, including our named executive officers, which we and the compensation committee believe are consistent with our goals of enhancing long-term performance by our employees. The costs of retirement benefits described below for our named executive officers are included in the All Other Compensation column of the 2011 Summary Compensation Table.

Long Term Savings and Deferred Profit Sharing Plan (Our 401(k) Plan). The Long Term Savings and Deferred Profit Sharing Plan is a tax-qualified defined contribution plan pursuant to which all U.S.-based employees, including the named executive officers, are eligible to participate. All employees are able to contribute the lesser of 100% of their annual salary or the limit prescribed by the Internal Revenue Service to the plan on a before-tax basis. We match 50% of the first 6% of pay that employees contribute to the plan. All participant contributions to the plan are fully-vested immediately, and all company matching contributions vest 33.3% per each year of qualifying service. The plan contains a discretionary deferred profit sharing component.

Non-Qualified Deferred Compensation. During fiscal year 2011, we did not have any non-qualified defined contribution or other deferred compensation plans.

Post-Retirement Plans. All employees in the United States are eligible under certain conditions to participate in the post-retirement health benefit plan. In addition, officers and former officers, including our named executive officers, are eligible to participate in dental and long-term care plans.

The post-retirement health benefit plan for officers is a group health plan that provides benefits to eligible retired officers and their spouses. Three kinds of benefits are provided under the plan: (1) long-term care insurance coverage; (2) medical and dental insurance coverage; and (3) medical and dental premium reimbursement benefits. Officers who retire from active employment with us on or after December 23, 2006 at age 55 or older with five or more years of continuous service and who do not work in any full-time employment (30 hours or more per week) after retirement are eligible to participate in the plan. Qualifying service is described as the individual s most recent period of continuous, uninterrupted employment with the company on or after the individual reaches age 50. Service with a business acquired by the company is not counted as qualifying service. For purposes of eligibility to participate in the plan, an individual is considered an officer if the individual has the title of vice president or higher or is the corporate controller.

2011 Summary Compensation Table

The following table presents certain information about the compensation of our named executive officers for services rendered to us in all capacities during fiscal years 2010 and 2011.

Name and Principal Position	Year	Salary (1)	Stock Awards (2)	Non-Equity Incentive Plan Compensation (3)	All Other Compensation (4)	Total
Charles P. Hadeed	2011	$ 327,126	$ 139,293	$ 137,598	$ 52,751	$ 656,768
President, Chief Executive Officer and Chief Operating Officer	2010	285,000	167,530	105,000	45,197	602,727
John J. Zimmer	2011	201,710	28,238	85,963	24,266	340,177
Vice President of Finance and Chief Financial Officer	2010	179,442	32,425	80,268	20,761	312,896
John P. Hennessy	2011	204,544	28,238	66,901	20,783	320,466
Vice President of Sales and Marketing	2010	179,249	23,990	62,821	18,961	285,021

(1) The amounts shown in this column include cash compensation earned and paid during fiscal year 2011.

(2) These amounts do not reflect the actual value realized by the recipient. The amounts shown in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock awards granted during each fiscal year, except that no estimates for forfeitures have been included. A discussion of the assumptions used to calculate grant date fair value are set forth in Note 1 (General Stock-Based Compensation) and Note 7 (Stock-Based Compensation) to the Consolidated Financial Statements in our annual reports on Form 10-K for the fiscal years ended March 26, 2011 and March 27, 2010. For fiscal year 2011, the value of the performance-based restricted stock disclosed in this column is based on the probable outcome of the performance conditions as of the date of grant. If the highest level of performance is achieved, the value of such awards is: Mr. Hadeed $146,916; Mr. Zimmer $35,298 and Mr. Hennessy $35,298.

(3) The amounts shown in this column reflect payments made to our named executive officers on May 20, 2011 under our performance incentive plan for fiscal year 2011.

(4) The amounts shown in this column reflect amounts paid by us to or on behalf of each named executive officer as an automobile allowance, club membership allowance, company 401(k) matching contributions, health, and dental and life insurance payments.

	Automobile Allowance	Club Membership Allowance	401(k) Match	Insurance
Charles P. Hadeed	$ 7,705	$ 4,300	$ 7,397	$ 33,349

John J. Zimmer	5,815	7,374	11,077
John P. Hennessy	5,815	5,047	9,921

Discussion of 2011 Summary Compensation Table

Long-Term Equity Incentive Compensation

On April 5, 2010, the compensation committee approved performance-based restricted stock awards to our named executive officers, as follows: Mr. Hadeed 16,790 shares, Mr. Zimmer 4,034 shares, and Mr. Hennessy 4,034 shares. The number of restricted shares granted to each named executive officer is generally targeted to a specific dollar amount that is reviewed periodically. Therefore, as our share price increases the shares awarded will typically decrease. In addition, in granting these awards the compensation committee took into account each named executive officer s progress towards achieving their respective stock ownership objective. The shares underlying these performance-based restricted stock awards will vest after three years subject to our achieving specific cumulative fully-diluted earnings per share objectives, which we refer to as EPS, over the eligible three-year period ending in fiscal year 2013. At such time, the holders of restricted stock will receive the following percentage of their respective restricted stock award if we meet certain pre-determined EPS thresholds:

Maximum cumulative EPS	125%
Target cumulative EPS	100%
Midpoint cumulative EPS	75%
Minimum cumulative EPS	50%

Performance at the minimum, midpoint and target levels must be achieved to earn that award level. Awards will be pro-rated in the event performance is above the target level but less than the maximum. Failure to achieve the minimum earnings per share will result in no shares awarded.

Also on April 5, 2010, in recognition of his leadership during a particularly challenging year, the compensation committee awarded Mr. Hadeed a restricted stock award of 3,109 shares that vested immediately.

Performance-Based Incentive Plan

We maintain a performance incentive plan, which is an annual cash incentive program designed to compensate key management members, as well as our named executive officers, based on their contributions to the achievement of specified corporate fiscal year financial objectives as well as achievement of individual performance goals. The performance incentive plan includes various incentive levels based on a participant s position within the company, accountability and impact on company operations, with target award opportunities that are established as a percentage of base salary earned during the fiscal year. For fiscal year 2011, the target performance-based cash incentive award amount as a percentage of base salary for each of our named executive officers was as follows: 55% for Mr. Hadeed, and 45% for each of Messrs. Zimmer and Hennessy.

Payment of performance-based cash incentive awards is expressly linked to successful achievement of specified pre-established corporate goals, which our board of directors annually approves, and, for all participants except our chief executive officer, individual performance goals, which are determined by our chief executive officer. In addition to the corporate level and individual performance goals, the performance incentive plan also provides guidelines for the calculation of annual incentive-based compensation, subject to compensation committee oversight and modification.

For fiscal year 2011, Mr. Hadeed s performance-based cash incentive award was based only on corporate financial results, as measured against specific pre-determined corporate financial objectives. For performance incentive plan awards for fiscal year 2011, the following percentages of Mr. Hadeed s performance-based cash incentive award were based on our achievement of the following corporate financial objectives: product gross profit 20%, service gross profit 30% and earnings per share 50%. All other performance incentive plan participants, including our other named executive officers, were evaluated 50% on the achievement of corporate financial objectives and 50% on individual performance as measured against approved objectives. The corporate financial objectives were the same as those utilized to measure our chief executive officer s performance. As described below, the corporate financial objectives are separated into five performance levels. Performance-based cash incentive awards can range from a minimum of 0% to a maximum of 150% of the targeted award depending on the level of performance achieved. An individual must achieve at least the minimum performance level against individual performance objectives to be eligible for any portion of the performance-based cash incentive award.

Generally, the target level for corporate financial results is set in alignment with our annual operating plan. Payment of the awards under the performance incentive plan is based upon the achievement of such objectives for the current year. With respect to the corporate performance portion of the payment award, participants in the performance incentive plan receive:

No payment for the corporate financial objective portion of the performance incentive plan award unless we achieve the minimum corporate performance level.

A pro rata payment, less than 100% of the target award opportunity, for the corporate financial objective portion of the performance incentive plan award if we achieve or exceed the minimum corporate performance level but do not achieve the target corporate performance level.

A payment of 100% of the target award opportunity for the corporate financial objective portion of the performance incentive plan award if we achieve the target corporate performance level.

A pro rata payment of at least 100% but less than 150% of the target award opportunity for the corporate financial objective portion of the performance incentive plan award if we exceed the target corporate performance level but do not achieve the maximum corporate performance level.

A payment of 150% of the target award opportunity for the corporate financial objective portion of the performance incentive plan award if we achieve or exceed the maximum corporate performance level.

Upon completion of the fiscal year, the chief executive officer and chief financial officer review our performance against each pre-established corporate financial objective under the performance incentive plan, comparing the fiscal year results to the pre-determined minimum, target and maximum levels for each objective, and an overall percentage for the corporate financial objectives is calculated. The results of our financial performance are then provided to, and reviewed by, the board.

With respect to the individual performance portion of the payment award, our chief executive officer evaluates each officer s accomplishments relative to their individual objectives, calculates a performance rating and provides summaries of performance and the award amount to the compensation committee based on the performance incentive plan previously approved by the committee. Depending on the named executive officer s position, individual performance goals for our named executive officers could include product segment gross margin, calibration sales, calibration units per direct labor hour, calibration quality measures and operating cash flow, as well as other objectives designed to improve our efficiency, profitability, quality, customer service or performance.

For fiscal year 2011, we achieved the following levels of performance for each of the pre-determined corporate financial objectives: product gross profit 97%; service gross profit 28%; and earnings per share 100%. Following the compensation committee s review of the achievement of corporate financial objectives and individual performance objectives for fiscal year 2011, the compensation committee awarded the following amounts of performance-based cash incentive compensation to each of our named executive officers: Mr. Hadeed $137,598, Mr. Zimmer $85,963 and Mr. Hennessy $66,901. These incentive awards were earned based on performance during fiscal year 2011 and were paid on May 20, 2011. The amounts earned are reflected in the Non-Equity Incentive Plan Compensation column of the 2011 Summary Compensation Table.

Outstanding Equity Awards at March 26, 2011

The table below presents information about the number of unexercised stock options and the number and value of unvested restricted stock awards held by our named executive officers as of March 26, 2011.

Option Awards	Stock Awards
	Equity