

TRANSCAT INC
Form DEF 14A
July 23, 2015

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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Transcat, Inc.

(Name of Registrant as Specified In Its Charter)

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TRANSCAT, INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
SEPTEMBER 9, 2015**

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 Wednesday, September 9, 2015, at 12:00 noon, local time, for the following purposes, which are more fully described in the accompanying proxy statement:

to approve an amendment to our articles of incorporation, as amended, to eliminate cumulative voting in the election of directors;

to approve an amendment to our code of regulations, as amended, to declassify our board of directors (implementation of this proposal is conditioned upon the approval of the amendment to our articles of incorporation to eliminate cumulative voting in the election of directors);

to elect three directors;

to approve, on an advisory basis, the compensation of our named executive officers;

to ratify the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016; and

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

Our board of directors has fixed the close of business on July 15, 2015 as the record date for determining the shareholders entitled to notice of and to vote at the annual meeting and at any adjournment of the annual meeting.

By Order of the Board of Directors
Lee D. Rudow
President and Chief Executive Officer

Rochester, New York
July 24, 2015

Your Vote is Important. If you own your shares through a broker, we encourage you to follow the instructions provided by your broker about how to vote. Unless you provide your broker with voting instructions, your broker may not vote your shares on the proposal to amend our articles of incorporation to eliminate cumulative voting in the election of directors, on the proposal to amend our code of regulations to declassify the board of directors, for the election of the three director nominees, or on the advisory vote on executive compensation.

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TRANSCAT, INC.

PROXY STATEMENT

The board of directors of Transcat, Inc., an Ohio corporation, is soliciting the enclosed proxy for use at the annual meeting of shareholders to be held on Wednesday, September 9, 2015, at 12:00 noon, local time, or at any adjournment 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. Our telephone number is (585) 352-7777.

Mail Date of Proxy Materials

We are first mailing these proxy solicitation materials to shareholders on or about July 24, 2015.

Record Date and Shares Outstanding

Each holder of shares of our common stock at the close of business on July 15, 2015, the record date for the annual meeting, is 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, there were 6,882,617 shares of our common stock issued and outstanding.

Quorum

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

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	Description	Vote Required
One	To approve an amendment to our articles of incorporation, as amended, to eliminate cumulative voting in the election of directors	Two-thirds of the issued and outstanding shares of our common stock
Two	To approve an amendment to our code of regulations, as amended, to declassify our board of directors (implementation of this proposal is contingent upon the approval of the amendment to our articles of incorporation to eliminate cumulative voting in the election of directors)	Seventy-five percent of the issued and outstanding shares of our common stock
Three	Election of three directors	Plurality of the votes duly cast at the annual meeting

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Proposal	Description	Vote Required
Four	To approve, on an advisory basis, the compensation of our named executive officers	Majority of the votes duly cast at the annual meeting ⁽¹⁾
Five	To ratify the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016	Majority of the votes duly cast at the annual meeting ⁽²⁾

- (1) The results of the advisory vote to approve the compensation of our named executive officers is not binding on our board of directors or our compensation committee. However, our board and our compensation committee value the opinions expressed by our shareholders in their vote on this proposal and will consider the outcome of this vote when making future compensation decisions regarding our named executive officers.
- (2) We are presenting the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm 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 proposal to approve an amendment to our articles of incorporation, as amended, to eliminate cumulative voting in the election of directors;

FOR the proposal to approve an amendment to our code of regulations, as amended, to declassify our board of directors;

FOR the three director nominees named in this proxy statement;

FOR the proposal to approve, on an advisory basis, the compensation of our named executive officers; and

FOR the ratification of the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016.

Voting

Most of our shareholders hold their shares through a broker or other financial institution rather than directly in their own name. If your shares are registered in your name with our transfer agent, you are considered the shareholder of record of these shares, and we are making these proxy materials available directly to you. As a shareholder of record, you may vote your shares either by signing, dating, and returning your proxy or by attending the annual meeting and voting in person. If your shares are held through a broker or other financial institution, you are considered the beneficial owner of shares held in street name, and your broker or other financial institution is making these proxy materials available to you together with a voting instruction form. As the beneficial owner, you have the right to direct your broker on how to vote your shares. You are also invited to attend the annual meeting and vote in person.

If we receive a properly executed and dated proxy in time to be voted at the annual meeting, the shares represented by the proxy will be voted in accordance with the instructions given in the proxy. A properly executed proxy without specific voting instructions marked on it will be voted:

FOR the proposal to approve an amendment to our articles of incorporation, as amended, to eliminate cumulative voting in the election of directors;

FOR the proposal to approve an amendment to our code of regulations, as amended, to declassify our board of directors;

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FOR the three director nominees named in this proxy statement;

FOR the proposal to approve, on an advisory basis, the compensation of our named executive officers; and

FOR the ratification of the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016.

A properly executed proxy without voting instructions marked on it 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.

Beneficial owners will receive voting instructions from their broker or other financial institution. Please note, however, that if your shares are held by a broker or other financial institution and you wish to vote in person at the annual meeting, you must bring to the annual meeting a legal proxy from the broker or other financial institution that gives you the right to vote your shares in person.

Cumulative Voting

Generally, each shareholder is entitled to one vote for each share of common stock held as of the record date. With respect to the election of directors, shareholders may cumulate their votes if they follow the procedures outlined below. 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 in accordance with Ohio law, 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, our chairman, our corporate secretary, you or someone on your behalf must make a formal announcement at the commencement of the annual meeting stating that such notice has been given.

At this year's annual meeting, we are asking our shareholders to approve an amendment to our articles of incorporation to eliminate cumulative voting in future elections of directors. Please see Proposal One for more information on the proposed amendment.

Effect of Not Casting Your Vote and Broker Non-Votes

If you hold your shares in street name and you do not provide your broker with specific voting instructions, or if you do not obtain a legal proxy that gives you the right to vote the shares in person at the annual meeting, your broker is not permitted to, and will not, vote your shares on your behalf, and your shares will not be counted on the proposal to amend our articles of incorporation to eliminate cumulative voting in the election of directors, on the proposal to amend our code of regulations to declassify the board of directors, in the election of directors, and the advisory vote on executive compensation, all of which are non-routine proposals. Your broker has discretionary authority to vote your uninstructed shares to ratify the selection of our independent registered public accounting firm, which is a routine proposal. Uninstructed shares with respect to which your broker does not have discretionary authority are known as broker non-votes.

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We count shares subject to broker non-votes for the purpose of determining the presence of a quorum but do not count them for the purpose of the number of shares voting in the election of directors or the advisory vote on executive compensation. Thus, broker non-votes will have no effect on the outcome of these proposals. Broker non-votes will have the effect of a vote against the proposal to amend our articles of incorporation to eliminate cumulative voting in the election of directors and the proposal to amend our code of regulations to declassify the board of directors, because shares that are not voted for these proposals will not count towards the number of shares required to approve the proposals.

If you are a shareholder of record and you do not cast your vote in person or by proxy, no votes will be cast on your behalf on any of the items of business at the annual meeting.

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 of a quorum but are not considered votes duly cast for a proposal. Thus, abstentions will have no effect on the outcome of the vote on the proposals requiring the approval of a plurality or a majority of votes cast, because abstentions are not counted as votes duly cast. Abstentions will have the effect of a vote against the proposal to amend our articles of incorporation to eliminate cumulative voting in the election of directors and the proposal to amend our code of regulations to declassify the board of directors, because shares that abstain from voting on these proposals will not count towards the number of shares required to approve the proposals.

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.

Solicitation of Proxies

Our board of directors is soliciting proxies for use at the annual meeting, and we will bear the cost of the proxy solicitation. In addition to solicitation by mail, our directors, officers, and employees may solicit proxies personally, by telephone, or other telecommunication. We will not compensate any of these persons for soliciting proxies on our behalf. We will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. 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 \$12,750.

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

We have enclosed our 2015 annual report to shareholders with this proxy statement. Our annual report on Form 10-K for the fiscal year ended March 28, 2015, as filed with the Securities and Exchange Commission, is included in the 2015 annual report. The 2015 annual report includes our audited consolidated financial statements, along with other information about us, which we encourage you to read.

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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 9, 2015**

As required by rules adopted by the Securities and Exchange Commission, we are making this proxy statement and our 2015 annual report to shareholders available to you online at:

www.edocumentview.com/TRNS

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

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**PROPOSAL ONE:
AMENDMENT TO OUR ARTICLES OF INCORPORATION
TO ELIMINATE CUMULATIVE VOTING IN THE ELECTION OF DIRECTORS**

Background

Under Ohio law, unless a company's articles of incorporation provide otherwise, shareholders have the right to cumulatively vote their shares in the election of directors if they comply with the provisions of the law. 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. Each shareholder is entitled to cast all of the shareholder's votes for a single nominee or may distribute them among as many nominees as the shareholder determines. Currently, our articles of incorporation, as amended, do not expressly prohibit cumulative voting.

Cumulative voting has the potential to allow a shareholder that holds less than a majority of the outstanding voting power to elect one or more directors. Our board believes that each director is responsible to, and should represent the interests of, all shareholders and not a particular minority shareholder that may have special interests or an agenda that is contrary to that of the majority of shareholders. The election of directors who view themselves as representing a particular minority shareholder can result in dissention among board members and impair the ability of the board to act in the best interest of the company and all shareholders. For this reason, our board believes that cumulative voting is not in the best long-term interests of our company and our shareholders. Accordingly, our board has approved, and recommends that our shareholders approve, an amendment to our articles of incorporation to eliminate cumulative voting in the election of directors.

As we state under "Contingency and Voting Requirements" under Proposal Two: Amendment to our Code of Regulations to Declassify the Board of Directors, if our shareholders do not approve the amendment to our articles of incorporation to eliminate cumulative voting, we will not implement the amendment to our code of regulations to declassify the board, even if it is approved by shareholders. The reason for this is that the annual election of all directors, coupled with cumulative voting, increases the ability of a single shareholder to disproportionately influence director elections.

Description of the Proposed Amendment

If this proposal is approved by our shareholders, our articles of incorporation, as amended, will be amended to add a new Article Eighth that expressly prohibits cumulative voting in the election of directors as follows:

EIGHTH: No holder of shares of any class of capital stock of the Corporation shall have the right to cumulate the voting power with respect to those shares in the election of directors, and the right to cumulate voting power in the election of directors as provided in Section 1701.55 of the Ohio Revised Code is hereby specifically denied to all holders of any class of capital stock of the Corporation.

The amendment will become effective upon the filing of the amended articles of incorporation with the Secretary of State of Ohio, which we expect to file as soon as possible after the annual meeting.

Board Recommendation

The board of directors recommends that you vote FOR the proposal to approve the amendment to our articles of incorporation to eliminate cumulative voting in the election of directors.

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**PROPOSAL TWO:
AMENDMENT TO OUR CODE OF REGULATIONS
TO DECLASSIFY THE BOARD OF DIRECTORS**

Background

Our code of regulations currently provides for a classified board. The board is divided into three classes, and directors are elected to staggered three-year terms with members of one of the three classes elected every year.

While our board believes that stability and continuity on the board are important factors in effective corporate governance, as part of our continuing commitment to best governance practices, our corporate governance and nominating committee and our board has considered the view held by many institutional shareholders that a classified board has the potential effect of reducing the accountability of directors because it limits the ability of shareholders to evaluate and elect all directors on an annual basis.

After thoughtful consideration and upon the recommendation of the corporate governance and nominating committee, our board approved, and recommends that our shareholders approve, an amendment to our code of regulations that, if adopted, would eliminate our classified board structure over a three-year period, beginning with this year's election. We have designed this phase-in approach to ensure a smooth transition to annual elections of all directors.

Description of the Proposed Amendment

If this proposal is adopted, Article II, Section 2 of our code of regulations will be amended to provide that all director nominees standing for election at or after the 2017 annual meeting of shareholders will be elected to a one-year term. Directors elected prior to the 2015 annual meeting of shareholders will continue to serve for the full three-year term for which they were elected. At this year's annual meeting of shareholders, directors whose terms expire at the meeting will be elected to a two-year term; at the 2016 annual meeting of shareholders, directors whose terms expire at that meeting will be elected to a one-year term. As a result, beginning at the 2017 annual meeting of shareholders, and at each annual meeting thereafter, all directors will stand for election annually. As currently provided in our code of regulations (which will remain unchanged under the proposed amendment), directors elected to fill any vacancy on the board or to fill newly created director positions resulting from an increase in the number of directors would serve the remainder of the term of that position.

The full text of amended Article II, Section 2, is as follows:

Section 2. Election and Classification. The election of directors shall be held at the annual meeting of the shareholders or at a special meeting called for that purpose. Until the 2017 annual meeting of shareholders, the directors shall be classified with respect to the terms for which they shall hold office by dividing them into three classes, each consisting of one-third of the whole number of the Board of Directors, or, if such number shall not be a multiple of three, then such division shall be as nearly equal as the total number of directors will permit. Directors elected prior to the 2015 annual meeting of shareholders shall hold office for a term of three years from the date of their election and until their successors are elected. At the 2015 annual meeting of shareholders, the directors elected to succeed those directors whose terms expire at that meeting shall hold office for a term of two years from the date of their election and until their successors are elected. At the 2016 annual meeting of shareholders, the directors elected to succeed those directors whose terms expire at that meeting shall hold office for a term of one year from the date of their election and until their successors are elected. At the 2017 annual meeting of

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shareholders, and each annual meeting thereafter, all directors shall be elected for a term expiring at the next annual meeting and until their successors are elected. Any vacancy created in the Board of Directors may be filled by the majority vote of the remaining directors. Any person so elected to fill a vacancy shall serve for the unexpired term of that director whose vacancy is being filled.

Article II, Section 3 of our code of regulations provides that all of the directors of a particular class or any individual director may be removed from office without cause by the vote of 75% of the outstanding shares at any meeting of shareholders called for that purpose. This provision will continue if shareholders approve the amendment to declassify the board.

Contingency and Voting Requirement

We are submitting this proposal to amend our code of regulations to declassify the board of directors contingent upon the approval of the amendment to our articles of incorporation to eliminate cumulative voting in the election of directors. Even if our shareholders approve this proposal to declassify the board, we will not implement it unless the amendment to the articles of incorporation to eliminate cumulative voting in the election of directors is also approved by shareholders at the annual meeting.

Board Recommendation

The board of directors recommends that you vote FOR the proposal to approve the amendment to our code of regulations to declassify the board of directors.

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**PROPOSAL THREE:
ELECTION OF DIRECTORS**

Our code of regulations currently 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. This year, we are asking our shareholders to approve an amendment to our code of regulations to declassify the board, as we describe in Proposal Two.

The term of three of our directors, Mr. Bradley, Mr. Resnick, and Mr. Sassano, will expire at this year's annual meeting. In June 2015, after 15 years of dedicated service to our company and the board, Mr. Bradley advised us that he would not be standing for re-election at the 2015 annual meeting. After a diligent evaluation, our corporate governance and nominating committee recommended that Lee D. Rudow, our president and chief executive officer, be nominated to fill the vacancy on the board created by Mr. Bradley's departure.

Based on the recommendation of the corporate governance and nominating committee, we have nominated Alan H. Resnick, Lee D. Rudow, and Carl E. Sassano, each to serve for a term as follows: if our shareholders approve the amendment to our code of regulations to declassify the board (which is contingent on the approval of the amendment to our articles of incorporation to eliminate cumulative voting in the election of directors), each of the nominees will serve for a two-year term expiring in 2017. If our shareholders do not approve the amendment to our code of regulations to declassify the board, each of the nominees will serve for a term expiring in 2018.

The board of directors recommends that you vote FOR the election of each of Mr. Resnick, Mr. Rudow and Mr. Sassano.

Unless authority to vote for one of the nominees is specifically withheld according to the instructions on your proxy card, proxies will be voted FOR the election of Mr. Resnick, Mr. Rudow and Mr. Sassano. The votes represented by such proxies may be cumulated if proper notice is given (please see Cumulative Voting on page 3 of this proxy statement).

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, provided that proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

The Securities and Exchange Commission's rules require us to briefly discuss 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 of each director.

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Nominees Proposed for Election as Directors for a Term Expiring in 2017 or 2018

Alan H. Resnick

Age: 71

Director since: 2004

Board Committee(s):

Compensation

Corporate Governance and Nominating Committee

Mr. Resnick has served as president of Janal Capital Management LLC, an investment advisory firm, 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 or has served on the boards and committees of several other not-for-profit organizations in the greater Rochester, New York area. Mr. Resnick also serves as chairman of the board of ACM Medical Laboratory, a subsidiary of Rochester Regional Health, in Rochester, New York.

Experience and Qualifications

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 continue our effort to increase financial market awareness of our performance and improve our market capitalization. Mr. Resnick's creative skill set with respect to executive compensation by virtue of his experience in managing and implementing compensation policies in the context of executive compensation uniquely positions him to serve on our compensation committee.

Lee D. Rudow

Age: 51

First-time Director Nominee

Mr. Rudow joined us in November 2011 as our chief operating officer and was appointed president in September 2012. He was appointed chief executive officer, effective July 1, 2013. From 2008 until 2011, Mr. Rudow served as vice president in various capacities for SIMCO Electronics, Inc., an independent provider of global calibration, repair, and software solutions. Prior to that, from 2006 to 2008, he was president and chief executive officer of Davis Calibration, Inc., served as president and chief executive officer of its related business and predecessor, Davis Inotek Corp. from 1996 to 2006, and served as president of Davis Instruments Corp. from 1986 to 1996.

Experience and Qualifications

Mr. Rudow brings more than 25 years of experience in both of our industry segments. He has a strong understanding of the execution needed for our current business strategy and has served in sales, sales management, and operational positions at Transcat and our competitors. Mr. Rudow has worked at startups, private equity-funded and large industrial companies in our industry space. His skill set is uniquely suited for our organic and acquisitive strategic initiatives. Our customers, recently acquired companies, and our board recognize his experience as providing a broad set of skills in his roles as our chief executive officer and board member.

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Carl E. Sassano

Age: 65

Director since: 2000

Board Committee(s):

Compensation (Chairman)

Corporate Governance and Nominating (Chairman)

Mr. Sassano served as our chairman of the board from October 2003 until April 2007 and from May 2008 until July 2013. 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 served in these roles until May 2006 and April 2007, respectively. Prior to joining us, Mr. Sassano served as 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 also serves as a director of Medifast, Inc. (NYSE: MED) and served as a member of the board of directors of IEC Electronics Corp. (NYSE MKT: IEC) from 2006 through August 2012, and as a trustee of Rochester Institute of Technology from 1996 through June 2013.

Experience and Qualifications

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 Transcat out of financial turmoil in 2002 and then position it on a path toward growth in the years that followed. Mr. Sassano's leadership skills and institutional knowledge of our company, coupled with his significant corporate experience, provides our board with a strong understanding of the issues we face in our growth strategy.

Directors Whose Terms Do Not Expire at the 2015 Annual Meeting

Charles P. Hadeed

Age: 65

Director since: 2007

Term expires: 2016

Mr. Hadeed is our chairman of the board. He served as our executive chairman from July 2013 until June 2014, as our chief executive officer from April 2007 to July 2013, and as our president from May 2006 to September 2012. He also served as chief operating officer from October 2004 to November 2011. Mr. Hadeed joined us in April 2002 as our vice president of finance and chief financial officer, a role he served in until May 2006. 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 currently serves on the board of directors of IEC Electronics Corp. (NYSE MKT: IEC). He also served on the board of directors of Rochester Rehabilitation Center, Inc., Rehabilitation Enterprises, Inc., Rehabilitation Philanthropies, Inc., and Center Information Services, Inc. until March 2014.

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Experience and Qualifications

As our former executive chairman, chief executive officer, president, chief operating officer, and 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. When Mr. Hadeed joined us in April 2002, our company was facing a number of critical challenges. His financial and management skills contributed to the resolution of those challenges, as well as the financial turnaround and growth the company has experienced during his tenure with us. Mr. Hadeed continues to provide leadership for our sustained growth, profitability, and financial stability.

Paul D. Moore

Age: 64

Director since: 2001

Term expires: 2016

Board Committee(s):

Audit

Mr. Moore retired as senior vice president of M&T Bank Corporation in March 2014. Prior to his retirement, Mr. Moore last served as senior credit officer overseeing all corporate lending activity in the Rochester, Buffalo, and Binghamton, New York markets. Additionally, Mr. Moore had credit responsibility for M&T's automotive dealership customers throughout its Middle Atlantic markets. During his 35-year career at M&T Bank, Mr. Moore served as the commercial banking manager for the Rochester, New York market and held various commercial loan positions in Buffalo, New York.

Experience and Qualifications

Mr. Moore's more than 35-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 extended loans to thousands of companies and was required to assess the 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, an insight that is invaluable to our board, particularly as it relates to strategic planning and growth.

Angela J. Panzarella

Age: 57

Director since: January 2014

Term expires: 2016

Board Committee(s):

Compensation

Ms. Panzarella is the president of ACM Medical Laboratory, Inc., a subsidiary of Rochester Regional Health, and a leading clinical and pathology laboratory in the northeastern United States and an emerging leader in central laboratory services for clinical trials. Prior to joining ACM Medical Laboratory, Inc. in 2010, Ms. Panzarella held various legal and executive positions with Bausch & Lomb Incorporated from 1988 to 2008, where she most recently served as corporate vice president-global vision care. Since 2008, Ms. Panzarella has also served as a consultant and expert witness in litigation matters involving the contact lens industry. Prior to joining Bausch & Lomb Incorporated, she was an associate at the law firm of Harris Beach & Wilcox specializing in litigation.

Experience and Qualifications

Ms. Panzarella's experience as a chief executive officer in a regulated services industry, which is similar to the industries we serve, positions her to provide valuable insight to our board and management in implementing our calibration services growth strategy.

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Richard J. Harrison

Age: 70

Director since: 2004

Term expires: 2017

Board Committee(s):

Audit (Chairman)

Governance and Nominating Committee

Mr. Harrison has served as executive vice president and chief operating officer of Five Star Bank (a wholly-owned subsidiary of Financial Institutions, Inc.) since August 2012. Mr. Harrison previously served as executive vice president and senior retail lending administrator of Five Star Bank from 2009 until 2012. From 2003 until 2009, Mr. Harrison served as senior vice president of Five Star Bank and its predecessor, The National Bank of Geneva. 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 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 and has served on the board of directors or as manager of several privately-held for profit and not-for-profit entities.

Experience and Qualifications

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.

Gary J. Haseley

Age: 53

Director since: January 2015

Term expires: 2017

Board Committee(s):

Compensation

Mr. Haseley is the Senior Vice President and General Manager of Kaman Automation, Control & Energy, a division of Kaman Corporation, a manufacturer in the aerospace industry and the third largest distributor in the power transmission/motion control market. Prior to joining Kaman, from January 2001 to August 2012, Mr. Haseley served as president and chief executive officer of Zeller Corporation, a distributor of electrical and automation components and solutions, which Kaman acquired in 2012. From 1995 until 2001, Mr. Haseley served as Zeller's vice president of sales. Prior to joining Zeller, Mr. Haseley held various engineering and sales positions.

Experience and Qualifications

Mr. Haseley brings extensive knowledge in the distribution and services markets to our board. His role as chief executive officer of Zeller Corporation and subsequent operational and sales roles at Kaman provide the board with valuable insights into the leveraging of two market segments substantially similar in synergies to our industry segments.

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John T. Smith

Age: 68

Director since: 2002

Term expires: 2017

Mr. Smith is the chairman and chief executive officer of Brite Computers, Inc., an information technology consulting firm, 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.

Board Committee(s):

Audit

Experience and Qualifications

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 as the company continues its acquisitive strategy and brings a different yet compelling smaller-business perspective.

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**PROPOSAL FOUR:
TO APPROVE, ON AN ADVISORY BASIS, THE COMPENSATION OF
OUR NAMED EXECUTIVE OFFICERS**

Section 14A of the Securities Exchange Act of 1934, as amended, requires us to provide our shareholders with the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers (referred to as a say-on-pay vote). We first provided our shareholders with this opportunity at our 2013 annual meeting, at which time our shareholders expressed a preference for this vote to occur on an annual basis, as recommended by our board of directors. Our board of directors subsequently adopted this preference, and we are providing our shareholders with a say-on-pay vote this year.

The primary goal of our compensation program is to align the interests of our named executive officers with those of our shareholders to achieve long-term growth. As detailed in the Compensation Overview section of this proxy statement, our objectives with respect to executive compensation are to attract, motivate, and retain talented executive officers, promote the achievement of key business objectives and drive growth in corporate earnings by linking annual cash and long-term cash and equity incentives to the achievement of measurable corporate and, in some cases, individual performance goals, align the incentives of our executives with the creation of value for our shareholders, foster teamwork, support our core values, and contribute to our long-term success. To achieve these objectives, our compensation committee, in conjunction with a third-party compensation consultant, when appropriate, reviews and evaluates our executive compensation program. In addition, our executive compensation program ties a substantial portion of each executive's overall compensation to attainment of key business and operational goals. The Executive Compensation section of this proxy statement, including the Compensation Overview, describes in detail our executive compensation program and the decisions made by our compensation committee.

We are asking our shareholders to indicate their support and approval for our named executive officer compensation as described in the Executive Compensation section of this proxy statement. We believe that our compensation program for our named executive officers is designed to create value for our shareholders over the long term and appropriately aligns pay with performance.

For the reasons summarized above, and as discussed in more detail in the Executive Compensation section of this proxy statement, our board of directors is asking our shareholders to vote for the following advisory resolution:

RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Overview, compensation tables, and related narrative discussion is hereby approved.

The say-on-pay vote is advisory, and therefore it is not binding on our compensation committee or our board of directors. Nevertheless, our board of directors and our compensation committee value the opinions expressed by shareholders in their vote on this proposal and will consider the outcome of the vote in deciding whether to take any action as a result of the vote and when making future compensation decisions for our named executive officers.

The board of directors recommends that you vote FOR the proposal to approve, on an advisory basis, the compensation of our named executive officers.

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**PROPOSAL FIVE:
RATIFICATION OF SELECTION OF
OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee has selected Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016. 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.

We have been advised by Freed Maxick CPAs, P.C. 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.

The board of directors recommends that you vote FOR the proposal to ratify the selection of Freed Maxick CPAs, P.C. as our independent registered public accounting firm for the fiscal year ending March 26, 2016.

Fees Paid to Freed Maxick CPAs, P.C.

The following table shows the fees we paid for professional services provided by Freed Maxick CPAs, P.C. during fiscal year 2015 and fiscal year 2014.

	Fiscal Year 2015	Fiscal Year 2014
Audit Fees	\$144,000	\$149,385
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total	\$144,000	149,385

Audit fees paid to Freed Maxick CPAs, P.C. during fiscal year 2015 and fiscal year 2014 were for professional services rendered for the audit of our annual consolidated financial statements and for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q.

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

In accordance with applicable laws, rules and regulations, the audit committee charter requires that the audit committee have the sole authority to review in advance and pre-approve all audit and non-audit fees and services provided to us by our independent registered public accounting firm. Accordingly, all audit services for which Freed Maxick CPAs, P.C. 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 considered whether the provision of the services described above was compatible with maintaining the independence of Freed Maxick CPAs, P.C. and determined that the provision of these services was compatible with the firm's independence.

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REPORT OF THE AUDIT COMMITTEE¹

The audit committee of the board of directors is currently composed of three 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 2015 with the company's management and Freed Maxick CPAs, P.C.;

discussed with Freed Maxick CPAs, P.C. the matters required to be discussed by Public Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*;

received and discussed the written disclosures and the letter from Freed Maxick CPAs, P.C. 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 Freed Maxick CPAs, P.C. its independence.

Based on these reviews and discussions with management and Freed Maxick CPAs, P.C. and the report of Freed Maxick CPAs, P.C., 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 2015 be included in the company's annual report on Form 10-K for fiscal year 2015 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 2016 for ratification by shareholders at the annual meeting.

Audit Committee:

Richard J. Harrison, Chairman
Paul D. Moore
John T. Smith

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.

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CORPORATE GOVERNANCE

Board Meetings

The board of directors held six meetings during fiscal year 2015. Each director then in office attended at least 75% of the total of board meetings and meetings of board committees on which he or she served.

Director Independence

The board of directors has determined that Mr. Bradley, Mr. Harrison, Mr. Haseley, Mr. Moore, Ms. Panzarella, Mr. Resnick, Mr. Sassano, and Mr. Smith are each independent under the independence standards of The Nasdaq Stock Market.

Executive Sessions

During fiscal year 2015, our independent directors met in regularly scheduled executive sessions, without management present, as required by the listing standards of The Nasdaq Stock Market. Mr. Sassano presided over the executive sessions of the independent directors.

Board Leadership Structure

On June 28, 2014, Mr. Hadeed's service as executive chairman ended, and he now serves as chairman of the board. Mr. Rudow, our chief executive officer, who does not currently serve on the board, but attends all board meetings by invitation, has been nominated as a director for the first time at this year's annual meeting.

The board of directors separates the roles of chief executive officer and chairman, based on the board's belief that corporate governance of the company 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 his individual responsibilities. Under this leadership structure, our chief executive officer can focus his attention on day-to-day company operations and performance, and can establish and implement long-term strategic plans, while our chairman can focus his attention on board responsibilities. Additionally, the board recognizes its obligations to confer in executive session with its independent directors.

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

Retirement Policy

The mandatory retirement age for board members is age 72. However, the board of directors has reserved the right to extend the mandatory retirement age if it will better serve the interests of our shareholders and our company.

Board Committees

The board of directors has a standing audit, compensation, and corporate governance and nominating committee. The table below shows the number of meetings held during fiscal year 2015 and the names of the directors currently serving on each committee.

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Committee Name	Number of Meetings Held	Committee Members
Audit	4	Mr. Harrison ⁽¹⁾ Mr. Moore Mr. Smith