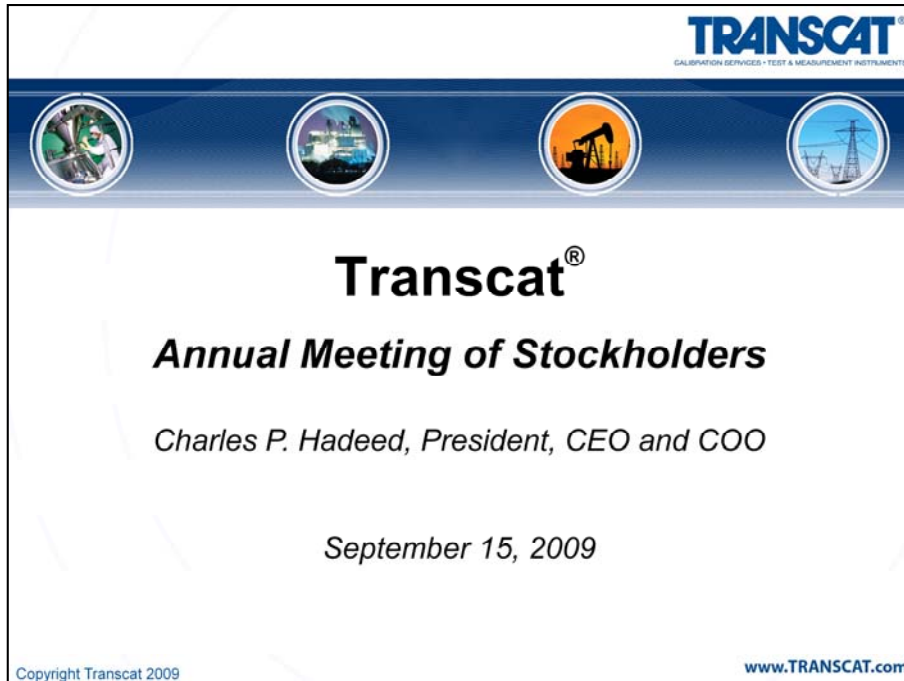




# Transcat<sup>®</sup>

## *Annual Meeting of Stockholders*

*September 15, 2009*



Good afternoon and welcome to our fiscal year 2009 Annual Meeting.

I am Charlie Hadeed, President and Chief Executive Officer of Transcat.


**TRANSCAT**  
CALIBRATION SERVICES • TEST & MEASUREMENT INSTRUMENTS

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## Safe Harbor Statement

*These slides, and the accompanying oral discussion, contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the effect of the Company’s strategy and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Company’s current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.*

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Before I get started, you should know that the presentation you are about to hear contains “forward looking statements”. As you can read on the slide, these statements are made based on Managements knowledge and understanding of our business and the industries we serve. However, there are risks, uncertainties and other factors that could cause our actual results to differ materially from what we discuss here today.



Before I begin my formal presentation, I would like to take a minute to introduce you to the members of our senior management team, that are here today.....I would like you to please stand as I call your name.

John De Voldre, Vice President of Human Resources

Lori Drescher, Vice President of Business Process Improvement and Training

John Hennessy, Vice President of Sales

Rainer Stellrecht, Vice President of Laboratory Operations

Jay Woychick, Vice President of Marketing

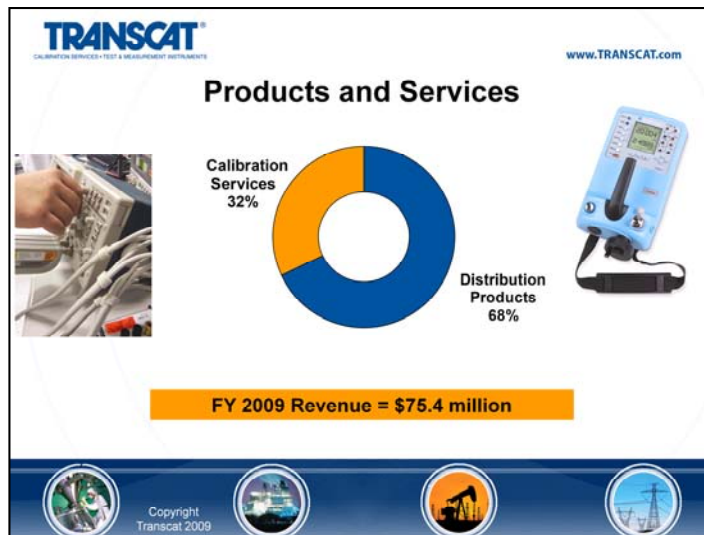
John Zimmer, Vice President of Finance and Chief Financial Officer



I will begin with a brief overview of the products and services our company offers, our approach to the markets we serve and our estimate of the potential market size for our products and services.

I will then review our financial performance for fiscal 2009 and as well as our results for our first quarter of fiscal 2010.

In conclusion, I'll discuss our growth strategy and outlook for the future, our opportunity in the wind energy market, and finally, provide a summary of what we believe are the key reasons for investing in Transcat.



Transcat is comprised of two business segments, which are very complementary in nature. We have a product segment and a service segment. In our product segment we are a worldwide distributor of premium brand handheld test and measurement instruments. In our services segment, we provide accredited calibration services, as well as parts inspection, production model engineering and repair services.

Our strategy is to differentiate ourselves with a clear focus on test and measurement instruments, carrying the best products at competitive prices and by delivering high quality calibration services across the country. We are unique in our ability to integrate these products and services to benefit our customers' operations through efficiency, convenience and cost savings.

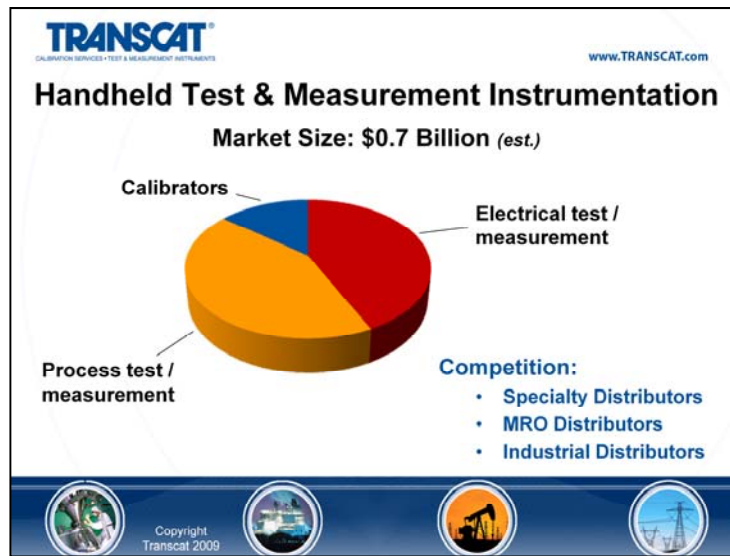
We specifically target a defined group of industries and customers that value our technical expertise, the nationally recognized brands we distribute and the quality and breadth of the calibration services we provide.

We believe that our technical know-how, our ability to bundle strategically focused products and services and the speed in which we deliver them has and will continue, to differentiate us from our competition.

As you can see, fiscal 2009 revenue was \$75.4 million and approximately two-thirds was the result of product sales while the other one-third was from calibration services.



We are a well-recognized name as the leading supplier of handheld test and measurement instruments. For over 25 years, through our product segment, we have established a solid reputation as the source for the leading brands, technical expertise and excellent customer service.



The product segment competes in an estimated \$700 million market that is very fragmented. As a leader in this segment, we command an approximate 7% market share leaving us continued room for capturing a greater market share through organic growth. We believe that our online, print, and direct marketing, in concert with an effective telesales activity will enable us to sustain single digit growth, in this mature market.

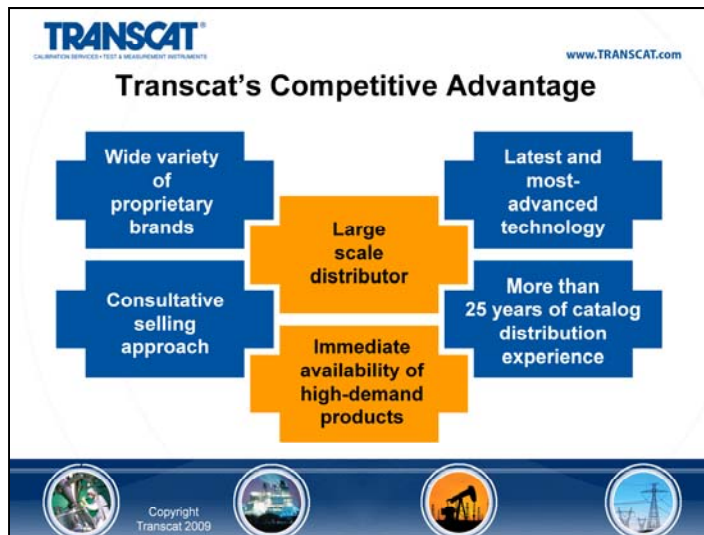
This segment also provides us leverage for pursuing growth in our calibration services business. Many customers who buy our products, also need calibration services, not only for the products they purchased, but also for the other test and measurement instruments they own. As a result, they are excellent prospects for growing our calibration services.





We offer over 25,000 national and proprietary test and measurement instruments and serve over 13,000 customers.

We have built and continue to develop strong vendor relationships with some of the most well-recognized handheld instrument manufacturers in the industry, such as Fluke, FLIR, Emerson and GE Sensing.



Our customers have come to rely on us to help them with their purchasing decisions. Our technical support staff understands our customers' needs and are experts on our products. Our technical expertise and consultative approach help us to both retain customers and acquire new ones.

In addition, our offerings are regularly updated. We are known to carry innovative, new products and technologies, which can be found easily in our catalog, on our website or in the many direct mail materials we send to our target audience.

We stock over 1,800 of the highest demand items so our customers can get what they want when they need it. Our customers appreciate and value the breadth of our product offerings and our rapid delivery system. With the addition of our Portland, Oregon warehouse, we can now provide even more timely service to our West coast customers.

And, as a large scale distributor, Transcat enjoys the benefits associated with "economies of scale" which allows us to have lower costs, provide competitive pricing, and be more efficient.



We have a three-pronged marketing approach for the product segment of our business. We have invested in the resources to improve the effectiveness of each and will continue to do so.

Direct mail is a key driver in creating demand for our product business. Our Master Catalog is the most recognized direct mail catalog within the test and measurement industry and our supplemental catalogs effectively market, communicate and promote newly introduced or featured products. However, we recognize the success of each mailing is only as good as the quality of the contact information we have. Therefore, database hygiene is an ongoing priority. Investments in software enhancements have enabled us to keep information accurate and provides us the ability to segment our database based on customer and prospect needs. We also carefully analyze purchasing patterns, which helps us to better target our efforts to those most likely to respond and thereby providing the greatest return on our marketing investments. Once in a customer's hands, our supplements and flyers must entice them to make a purchase which requires creative marketing campaigns, new products and new brands.

As everybody recognizes, online marketing is a powerful tool to reach a broader audience of customers. Our web development team has created an intuitive, customer-centric website and fully functional back-end system that is integrated with our existing inventory and shipping systems to provide a seamless customer experience and lower transaction costs.

Our core competence is our ability to do everything from taking a simple order to providing technical expertise and application assistance. In short, helping our customers. Our team also proactively pursues sales opportunities, both through the cultivation of new customer relationships, as well as calling out to existing customers to promote new products or technologies that are being introduced into the market.



We are a recognized distributor serving a number of growth industries such as petrochemical, pharmaceutical, utility and more recently, wind energy.

In order to meet the changing needs of our customers, we must continually source and launch new products. We accomplish this task by adding new lines from both current and new suppliers. In fiscal 2009, for example, nearly 20% of our product sales were products we did not sell just four years ago.

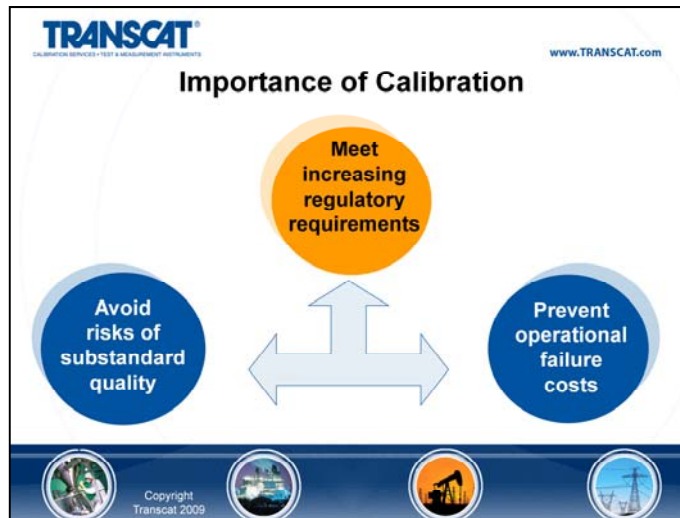
We also believe that our increasing online presence will generate higher sales as we regularly populate our web store with a larger choice of products. In addition to attracting new customers to Transcat, the web store will help with our operational and transaction costs which are expected to decrease as certain existing customers transition toward our web store for their regular purchases.

As a leading distributor, the value that Transcat brings to our product manufacturing partners is our ability to swiftly launch new products, the strength of our marketing programs, our technical sales team, and our inventory position on key products. Transcat is the distributor of choice for handheld test and measurement instrumentation because we are a cost effective sales channel for manufacturers. We have an extensive database of end users who use test and measurement instruments and a strong name that many have come to rely upon.

In the end, we want to offer our customers the right product at the right time to meet their needs – and provide choices for how they obtain information and make purchases – direct mail, telephone or online.



Our product business segment provides a strong customer and financial foundation for the company to drive our growth initiatives. We are focusing those growth initiatives in our calibration services segment to leverage that growth into expanded earnings power.



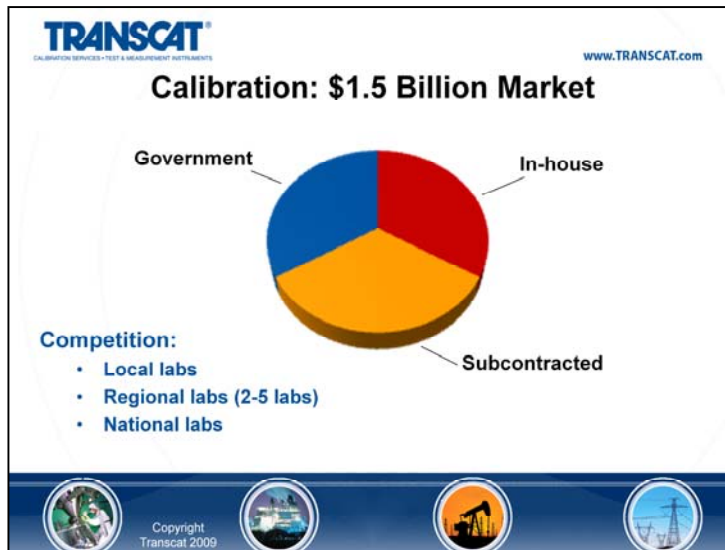
Let me begin by explaining why calibration is so important. There is no point using test and measurement equipment unless one can be absolutely confident that results are accurate.

Calibration provides our customers with the confidence that their measurements are accurate and product testing credible. It is an integral component of a process, which if it fails can have significant and costly implications for our customers.

In an increasingly competitive environment, the calibration of equipment is no longer a simple manufacturing or quality department decision as finance and purchasing departments are now, understandably, becoming more involved in the decisions of “who” and “how much.” As is usually the case in any purchase decision, you get what you pay for. It is our job to make sure all constituent departments within the company, understand what the critical variables are in choosing a calibration provider.

Accreditation, Quality, Value, Capabilities and most important, Trust. Let me talk to you about trust.

The difficulty in providing calibration services is that our efforts are not visible – except in the accuracy of our reports and the value of our being accredited by independent third parties. That’s why our calibration business is about building trust through integrity, the demonstration of our expertise, the consistency in our processes and the quality of our work.



We estimate the market for companies that require third party calibrations at about \$500 million, and we intellectually segment that market into three categories.

The first understands and cares about the quality and integrity of the calibration services that they are receiving. They require consistent, reliable service, as well as accreditation and documentation with traceability. These customers tend to be in highly regulated industries such as by the FDA. As such, they readily recognize the benefits of using a quality service provider and the risks associated with sub-par vendors. These customers recognize the advantages of the breadth of our laboratory network, the depth of our capabilities, and our value-added services enabling them to simplify their operations by consolidating their suppliers from multiple locations.



The second category of customers understand the importance of their measurements, but haven't been able to discern the importance of a quality calibration. We focus on education and communicating the value of our experience, knowledge and value-added services to capture this category of our prospective markets. The first two categories of customers are where we believe we have the greatest opportunity to capture market share.

The third category are those that choose services solely based on price. They basically require a sticker on their equipment and look for the lowest cost calibration operation to provide it. Because our strategy is to be the quality provider with value-added services, we don't actively pursue this type of customer.



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## Industries and Customers

Pharmaceutical & FDA regulated		
Industrial manufacturing		
Chemical process		
Energy & utilities		

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Our target customers are those who value quality systems and who operate in regulated environments. Calibration is a capital intensive business, requiring specialized equipment over a wide variety of disciplines. We have strategically selected to focus on the disciplines that serve the industries we have targeted and will have the greatest volume, which are the electrical, temperature, pressure and dimensional disciplines.

Transcat annually performs more than 140,000 calibrations. And, we serve many large Fortune 100 companies.





The calibration market is highly fragmented, and we have continued to focus our initiatives to capture market share. Vendor consolidation initiatives by customers in our targeted industries combined with the recognition of the attributes of a quality calibration have and will continue to allow Transcat to leverage its geographic reach and the depth and breadth of our capabilities.

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## Transcat Meets Calibration Needs

**Fully accredited, experienced calibration provider**

**A2LA ACCREDITED** **NVLAP**  
NVLAP Lab Code 200668

**12 Centers of excellence**

**High-demand disciplines:**

- ✓ Electrical
- ✓ Temperature
- ✓ Pressure
- ✓ Dimensional

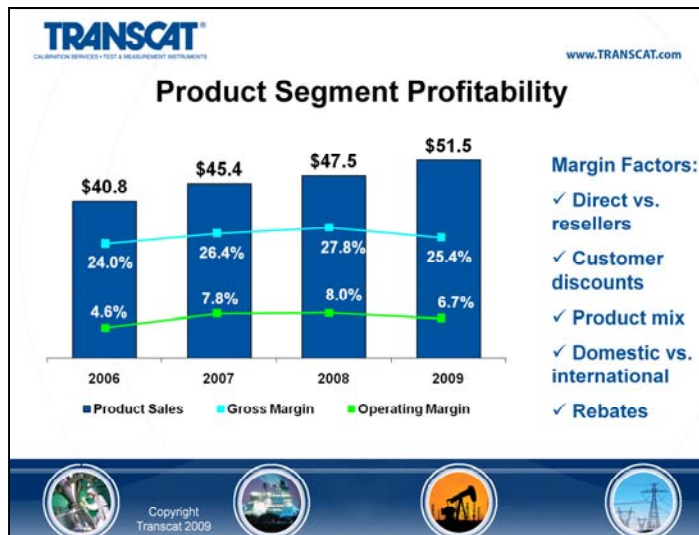
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Transcat is among the largest calibration service providers in the U.S. Our 12 Centers of Excellence located throughout the U.S., Canada and Puerto Rico are accredited by A2LA and NVLAP and are ISO-9001 certified. We consistently execute the complex processes and documentation necessary so that our customers can trust the accuracy and reliability of our services each and every time.

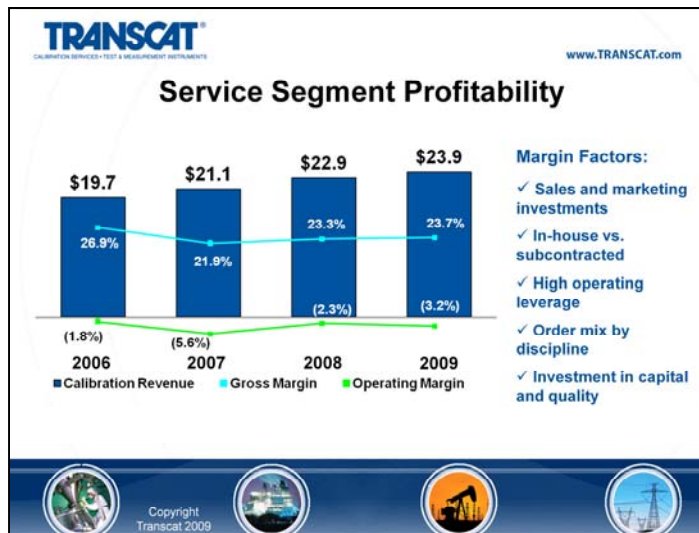
Our broad network of laboratories and highly-skilled lab technicians and selective subcontracting relationships, combined with CalTrak -- our convenient, online tracking system, enable us to provide rapid service and reliable delivery for our customers. Additionally, we have the capabilities to provide our wide range of services on-site at our customers' facilities.



With that overview, I will now briefly review our financial performance for fiscal 2009 as well as the first quarter of fiscal 2010.



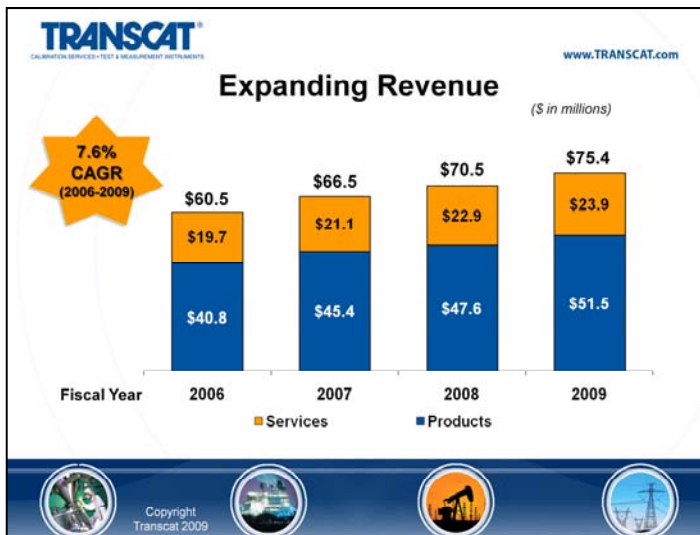
Like many industries, the product segment has been and continues to be impacted by the economy. However, our acquisition of Westcon last year, our ability to leverage its initial success in the wind energy industry, and the strength in sales we had in Fiscal 2009's second quarter, helped to offset the significant effect of the economic downturn in our 3rd and 4th quarters. Our product margins for fiscal 2009 were depressed on lower volume, reduced rebate income, and aggressive, competitive pricing. Other factors that impact margins include the mix of products sold, the mix of geographic markets served and the amount of product sold through resellers.



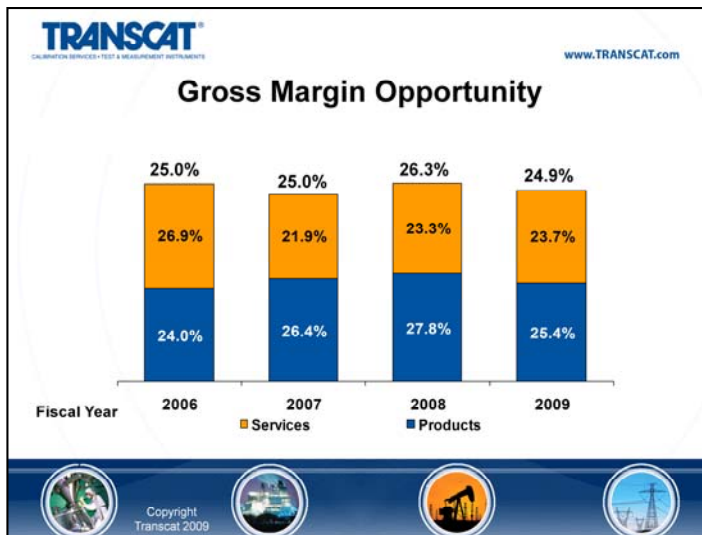
Looking at our services segment, we have invested in our calibration infrastructure in order to expand our capabilities and increase our growth opportunities. This is a high fixed to variable cost ratio business. Now, to expand the gross margins and ultimately operating margins of this segment, we must grow our top-line.

Fiscal 2009 service segment revenue was up 4.5% over the prior year, impacting the slight improvement in gross and operating margin.

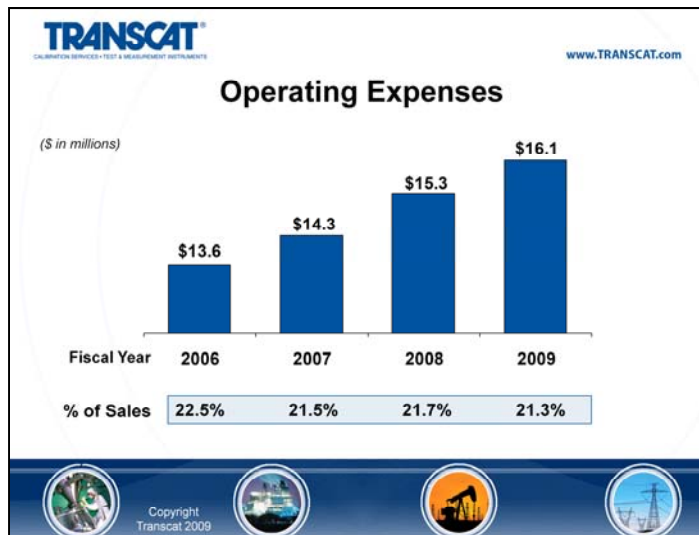
Ordinarily, we would expect to see an expansion of our service gross margin with revenue growth, however, in 2009, some of our growth came from the acquired revenue from Westcon. This revenue came with the associated costs of an additional laboratory in Portland, Oregon. Therefore, we didn't see the expansion of our margins. With organic growth, we can realize up to 50% to 60% of the growth in margin.



As I mentioned, the economy had a negative impact on our fiscal 2009 revenue growth, specifically, over the last six months. Regardless, our revenue growth for fiscal 2009 was up 7% over fiscal 2008, favorably impacted by our acquisition of Westcon last year and our growing presence in the wind energy marketplace. Inclusive of those factors, our compound annual growth rate over the last four years was 7.6%.



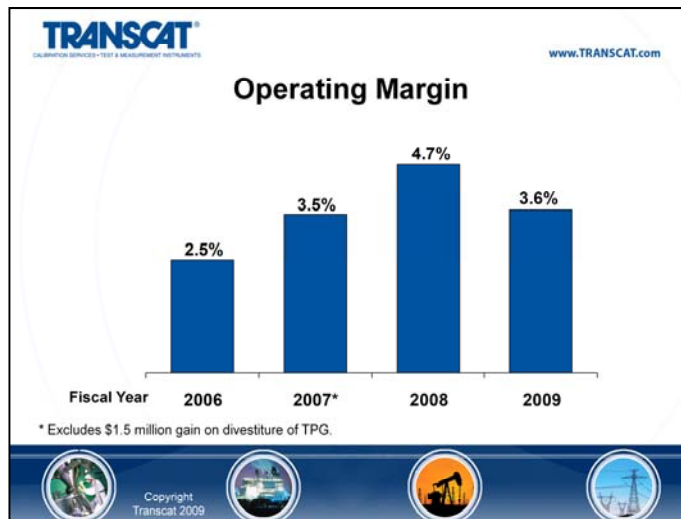
Over the last few years we improved product segment gross margin, although economic conditions have since eroded some of those gains. We expect that we can hold the product segment's margin relatively stable through the remainder of the current economic downturn.



Operating expenses were \$16.1 million for fiscal 2009. In terms of dollars, our operating expenses have increased modestly, over our prior year, yet as a percentage of sales have decreased.

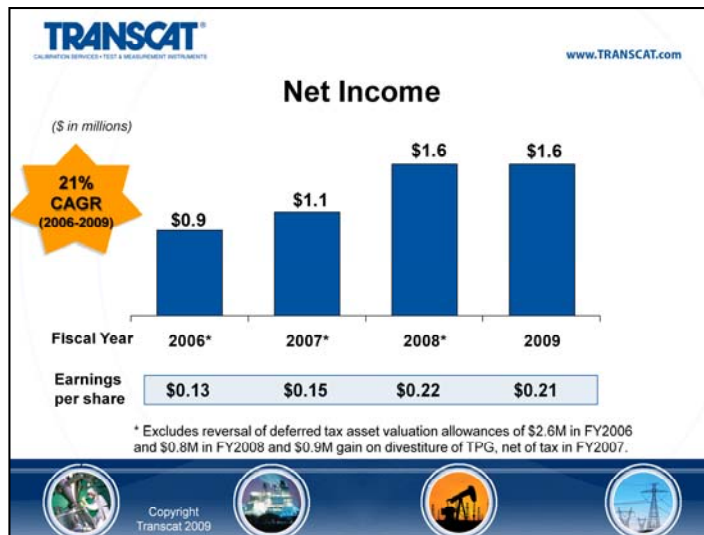
Included in fiscal 2009 operating expenses were \$0.8 million in acquired Westcon expenses and \$0.3 million in non-recurring expenses related to integration. The increase in operating expenses reflected investments in sales and marketing for the Service segment, partially offset by cost control measures and reductions in performance-based management bonus and profit sharing expense.





Operating margin trends reflect both the costs of integrating Westcon in fiscal 2009 and the impact of the economy on revenue and gross profit.

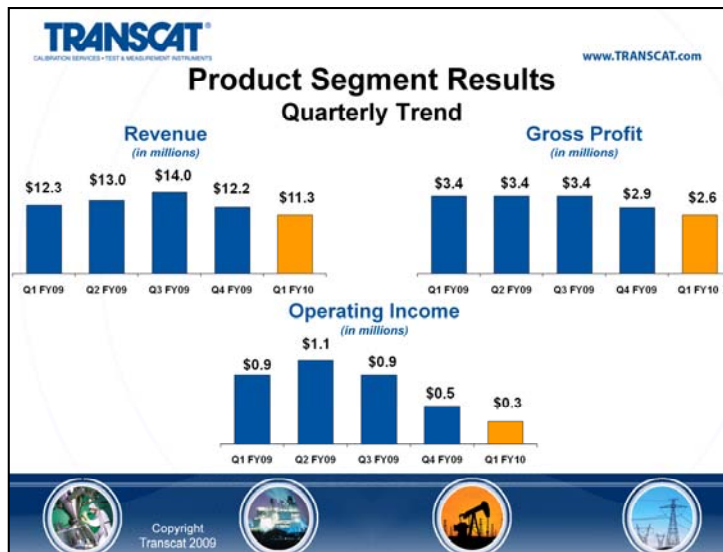
We believe that during this challenging economy its even more critical to stay in front of our customers and prospects and have maintained our direct sales effort. We could have cut more costs, specifically personnel, but believe that would have been a detriment to our future growth.



As you may recall, 2006-2008 net earnings were favorably improved by a number of unusual, one-time gains. However, even if you exclude those gains, our net income's compound annual growth rate since 2006 was 21%. Our earnings power has grown and created value for our shareholders

Our strategy is to increase our calibration services revenue growth rate, leverage the relative fixed costs in that business segment and accelerate our earnings growth.

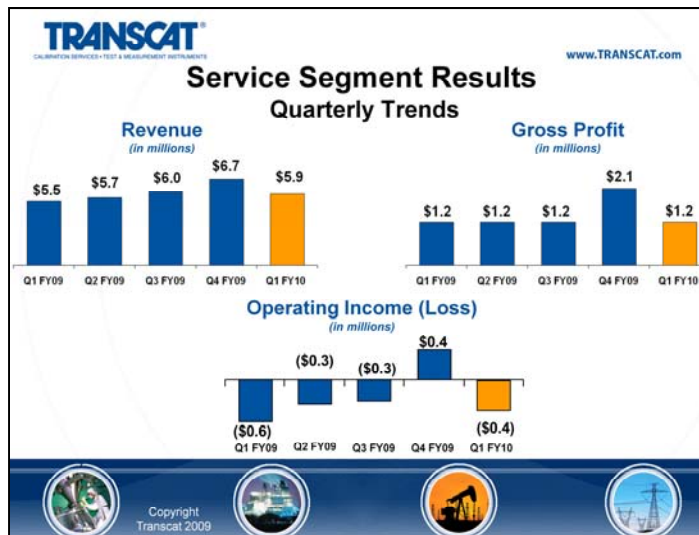
Now, for a summary review of our First Quarter of Fiscal 2010.



Our first quarter fiscal 2010 product sales declined 8.5% to \$11.3 million when compared with the prior year’s first quarter. We actually had a net increase in number of customers, but that was more than offset by a decline in sales per customer which led to the overall decline in product sales. Strong growth in the wind energy industry muted some of the negative impact of the economy on our product segment.

Product segment gross profit was \$2.6 million, or 23.5% of net sales, in the first quarter of fiscal 2010. The reduced gross profit, when compared with the prior year first quarter, was driven by reduced volume, increased discounting in response to competitive pricing pressure and lower volume-based vendor point-of-sale rebates.

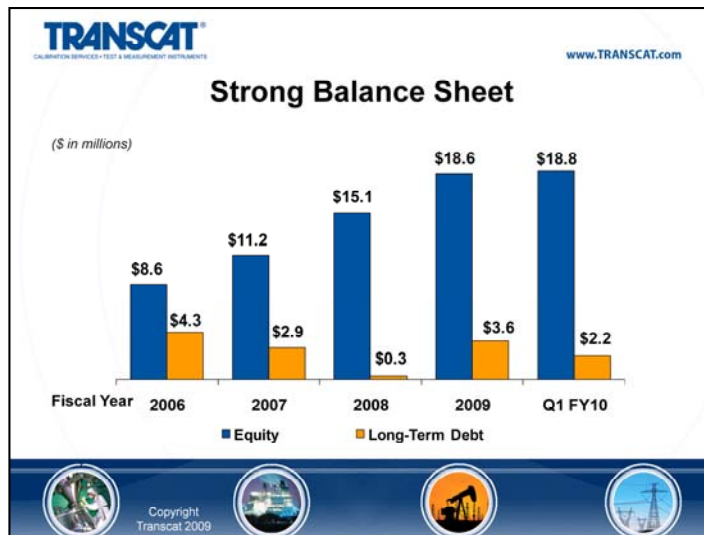
As a result of the reduction in gross profit, our product segment operating income declined to \$300 thousand for the quarter.



Service segment revenue increased by 7.2% to \$5.9 million for the first quarter of fiscal 2010 when compared with the prior year’s first quarter. While the economy had a negative impact on revenue from existing customers, we were able to offset that with incremental revenue from the Westcon acquisition and growth in new customer revenue.

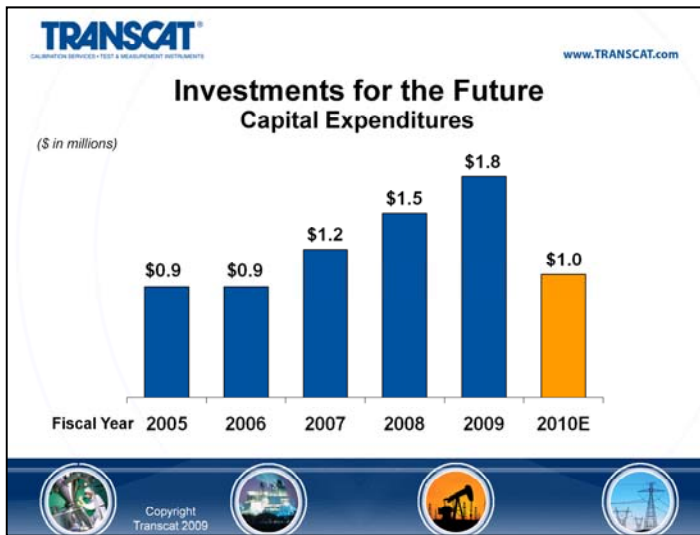
Gross profit for the segment this past quarter was flat when compared with the first quarter of fiscal 2009, yet our gross margin was slightly lower. The majority of our revenue growth was from Westcon, which also came with the associated costs of an additional lab.

We reduced our operating loss by \$0.2 million in the first quarter of 2010 compared with the first quarter of fiscal 2009. The improvement over the prior year on the same level of gross profit reflects our disciplined cost management.



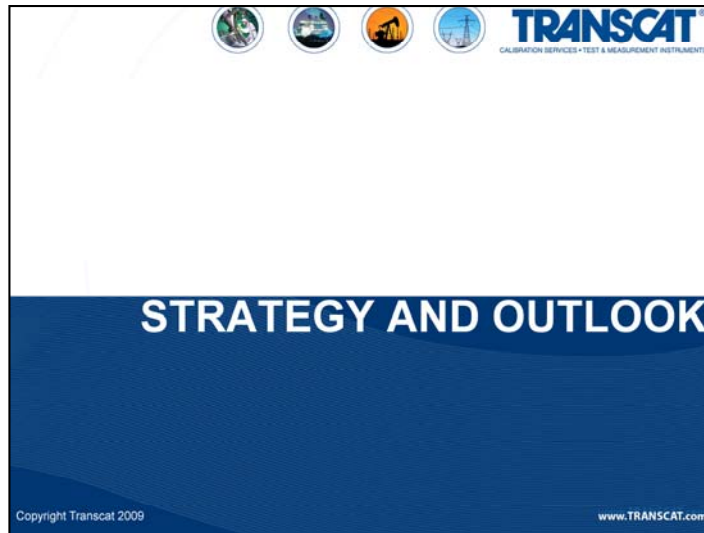
We have an exceptionally strong balance sheet and the financial flexibility to fund our future growth, both organically and through acquisitions. Our business is a strong cash generator enabling us to quickly pay down the debt related to the Westcon acquisition. During the quarter we implemented tight monitoring controls to drive down inventory levels, while not impeding our customer service levels.

Cash generated from operations was used in the first quarter of fiscal 2010 to repay \$1.4 million in long-term debt which decreased to \$2.2 million at quarter end. We have a \$15 million revolving credit facility which we think will be useful as we prudently seek acquisition candidates to further grow our service segment.



Capital expenditures were \$1.8 million in fiscal 2009 for the expansion of calibration services capacity and capabilities which included improvements to our facilities and infrastructure. For example, we expanded our space in this building by 10,000 square feet to accommodate our growth.

Capital expenditures in the first quarter of fiscal 2010 were \$0.3 million and related to expansion of our capabilities in our calibration laboratories and equipment replacement. We expect capital spending for fiscal 2010 to be approximately \$1.0 million.



Despite the current economy, we believe that we can continue to grow. Of course, our growth potential is dependent upon our ability to successfully execute our strategic initiatives.

I believe the key element to that execution is our personnel. Our senior management team is focused on performance and our executive compensation is tightly aligned with that performance. We have invested, and will continue to invest, in the professional and technical training of our personnel, especially our sales force and calibration technicians, and while also focused on performance, recognize the long term value of these investments.



We expect economic challenges to persist through the 2nd and 3rd quarters and start to improve by the fourth quarter of fiscal 2010. Our growing sales to the wind energy industry will help to moderate the effect of the economy this year. As a result, we believe our full year revenue will be up modestly over fiscal 2009.

Over the long-term, we believe there is sufficient opportunity for us to continue to grow through a combination of acquisitions and organic growth. Transcat is unique in our ability to offer customers the combined capabilities of a full array of test and measurement instruments and calibration services. We need to successfully parlay that uniqueness by cross-selling products and services to our existing customer base as well as utilize that competitive edge in our quest for new customers.

On the product side, we have and will continue to make prudent investments in this segment, with success being based on the breadth of our product offerings, rapid delivery from our extensive, well-managed inventory and our competitive pricing and expect to achieve single digit growth. Our wind energy presence we expect will augment our long range product segment growth rate, but it is too early for us to incorporate this into our projections.

For calibration services, capturing additional market share will be dependent on our capabilities of leveraging our product sales relationships and identifying those customers that will care about quality, educating them on the superiority of our services and winning their business. We believe we can sustain a low double digit annual growth in this segment. We will continue to pursue strategic acquisitions in our calibration services segment that will only serve to increase our service segment growth rate.





**Strategic Opportunity  
Wind Energy**

- ✓ **Relationships**
  - Vestas
  - General Electric
  - NextEra
- ✓ **American Recovery and Reinvestment Act of 2009**
  - Over \$40 billion allocated to renewable energy

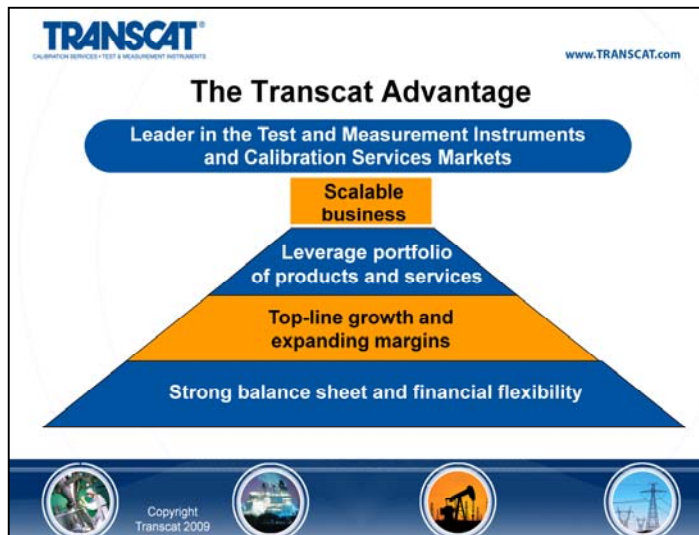
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We gained entry into the wind energy market as a direct result of our acquisition of Westcon last year.

With that entry, Transcat has been able to leverage its strength successfully to a point where wind energy product sales accounted for nearly 11% of product sales for the first quarter of fiscal 2010. We provide unique products and services for the wind energy industry, and have made and will continue to make appropriate investments to service that industry, which we believe has put us ahead of the competition.

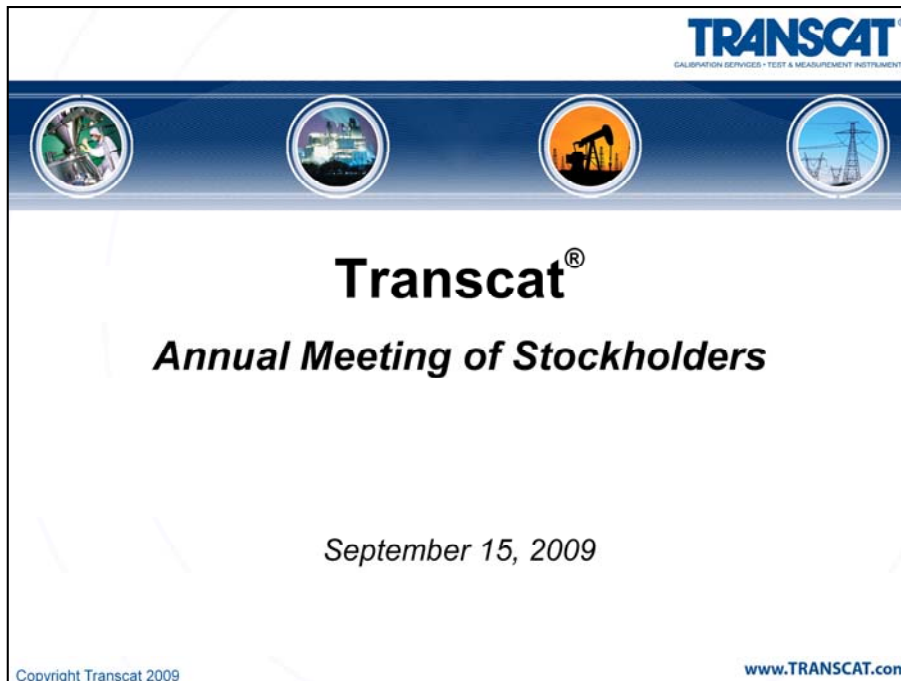
We have relationships with both wind turbine manufacturers and the major utilities that are building wind energy power and expect that this position will enable us to accelerate our growth within this industry over the next several years.



To sum things up, Transcat is a leader in the distribution of test and measurement instruments and calibration services markets with a growing staff of well-trained, knowledgeable, and experienced industry experts and technicians.

Strategically, we are focused on growing our sales and earnings power through continued expansion of our wide breadth of products and services and by leveraging our capabilities, our nationally known brand name and our reputation for integrity and reliability.

It all comes down to providing the customer with outstanding products and services, and I believe we have the people and resources in place to successfully thrive in this industry.



Thank you for your attention and interest in Transcat. At this time, I would be happy to answer your questions.

## QUESTION AND ANSWER SESSION

In closing, we believe fiscal 2010 will be a challenging year due to the economy, however, by sustaining a strong focus and continuing to maintain a long-term perspective, we believe we can execute our business plan and strategy.

Thank you for your continuing interest and investment in our Company.

Carl, I'll turn it back to you for the voting results.