Targa Resources Corp.
Form 4
August 13, 2015

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
JOYCE RENE R

(Last) (First) (Middle)

1000 LOUISIANA, SUITE 4300

(Street)

HOUSTON, TX 77002

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Targa Resources Corp. [TRGP]

3. Date of Earliest Transaction (Month/Day/Year)
08/12/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/12/2015		S		10,000	D	$ 78.305 (1)	177,219	D	
Common Stock								75,091	I	By IRA
Common Stock								223,759	I	See Footnote (2)
Common Stock								561,292	I	See Footnote (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JOYCE RENE R 1000 LOUISIANA, SUITE 4300 HOUSTON, TX 77002	X			

Signatures

/s/ Paul W. Chung, attorney-in-fact	08/13/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $78.18 to $78.36, inclusive. The reporting person undertakes to provide to Targa Resources Corp., any security holder of Targa Resources Corp., or the staff of the United States Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in footnote (1) to this Form 4.

(2) These Shares are held by the Rene Joyce 2010 Grantor Retained Annuity Trust, of which Mr. Joyce and his spouse serve as co-trustees.

(3) These Shares are held by the Kay P. Joyce Family Trust, of which Mr. Joyce's spouse serves as trustee.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. hibit No. 3B to the Company s Annual Report on Form 10-K for the fiscal year ended

January 31, 2008 and by this reference incorporated herein).(4) Specimen form of common stock certificate of the Company (filed as Exhibit No. 4 to the Company s report on Form 10-K for the year ended January 31, 1985 and by this reference incorporated herein).(10.1) Astro-Med, Inc. 1993 Incentive Stock Option Plan filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration No. 333-24127, and incorporated by reference herein.*(10.2) Astro-Med, Inc. Non-Employee Director Stock Plan filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration No. 333-24123, and incorporated by reference herein.*(10.3) Astro-Med, Inc. 1997 Incentive Stock Option Plan, as amended, filed as Exhibit 4.3 to Registration Statements on Form S-8, Registration Nos. 333-32315, 333-93565 and 333-44414, and incorporated by reference herein.*(10.4) Astro-Med, Inc. 1998 Non-Qualified Stock Option Plan, as amended, filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration Nos. 333-62431 and 333-63526, and incorporated by reference herein.*(10.5) Astro-Med, Inc. 2007 Equity Incentive Plan as filed as Appendix A to the Definitive Proxy Statement filed on Schedule 14A for the 2007 annual shareholders meeting and incorporated by reference herein.*(10.6) Astro-Med, Inc. Management Bonus Plan (Group III) filed on Form 8-K on March 19, 2010 and by this reference incorporated herein.*(10.7) Astro-Med, Inc. Management Bonus Plan Vice President International Branches filed as Exhibit 10.9 to the Company s Annual Report on Form 10-K for the year ended January 31, 2009 and by this reference incorporated herein.*(21) List of Subsidiaries of the Company.(23.1) Consent of Grant Thornton LLP.(31.1) Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(31.2) Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(32.1) Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(32.2) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement.

32

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASTRO-MED, INC.
(Registrant)

Date: April 9, 2010

By: /s/ ALBERT W. ONDIS
(Albert W. Ondis, Chairman)

Each person whose signature appears below constitutes and appoints each of Albert W. Ondis, Everett V. Pizzuti or Joseph P. O Connell, or any of them, each acting alone, his true and lawful attorneys-in-fact and agents, with full power of substitution and resolution, for such person and in his name, place and stead, in any and all capacities in connection with the annual report on Form 10-K of Astro-Med, Inc. for the year ended January 31, 2010 to sign any and all amendments to the Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Name	Title	Date
/s/ ALBERT W. ONDIS Albert W. Ondis	Chairman and Director (Principal Executive Officer)	April 9, 2010
/s/ EVERETT V. PIZZUTI Everett V. Pizzuti	President and Director (Principal Operating Officer)	April 9, 2010
/s/ JOSEPH P. O CONNELL Joseph P. O Connell	Senior Vice President and Treasurer (Principal Financial Officer)	April 9, 2010
/s/ ERIK J. MANCYAK Erik J. Mancyak	Corporate Controller (Principal Accounting Officer)	April 9, 2010
/s/ JACQUES V. HOPKINS Jacques V. Hopkins	Director	April 9, 2010
/s/ HERMANN VIETS Hermann Viets	Director	April 9, 2010
/s/ GRAEME MACLETCHIE	Director	April 9, 2010

Graeme MacLetchie

33

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of

Astro-Med, Inc.

We have audited the accompanying consolidated balance sheets of Astro-Med, Inc. and subsidiaries (the Company) as of January 31, 2010 and 2009, and the related consolidated statements of operations, comprehensive income and changes in shareholders equity, and cash flows for each of the three years in the period ended January 31, 2010. Our audits of the basic financial statements include the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and the financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Astro-Med, Inc. and subsidiaries as of January 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Grant Thornton LLP

Boston, Massachusetts

April 9, 2010

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED BALANCE SHEETS

As of January 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 14,155,096	$ 10,978,553
Securities Available for Sale	9,605,216	10,234,713
Accounts Receivable, net of reserves of $518,789 in 2010 and $576,735 in 2009	9,172,857	9,246,140
Inventories	12,039,306	12,826,427
Prepaid Expenses and Other Current Assets	2,246,789	1,653,484
Deferred Tax Assets	2,648,294	3,083,345
Total Current Assets	49,867,558	48,022,662
PROPERTY, PLANT AND EQUIPMENT		
Land and Improvements	1,210,463	1,210,463
Buildings and Improvements	12,566,362	11,610,375
Machinery and Equipment	22,553,840	20,766,182
	36,330,665	33,587,020
Less Accumulated Depreciation	(24,340,083)	(22,757,543)
Total Property, Plant and Equipment, net	11,990,582	10,829,477
OTHER ASSETS		
Securities Available for Sale		890,925
Intangible Assets, net	403,056	
Goodwill	2,336,721	2,336,721
Other	78,127	75,465
Total Other Assets	2,817,904	3,303,111
TOTAL ASSETS	$ 64,676,044	$ 62,155,250
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 2,885,067	$ 2,352,084
Accrued Compensation	2,019,644	2,060,628
Other Accrued Expenses	1,584,357	1,602,670
Income Taxes Payable	318,930	441,275
Other Current Liabilities	654,905	582,596
Deferred Revenue	695,240	864,400
Total Current Liabilities	8,158,143	7,903,653
Deferred Tax Liabilities	2,056,393	1,939,234
Other Long Term Liabilities	642,612	840,878
TOTAL LIABILITIES	10,857,148	10,683,765

SHAREHOLDERS EQUITY		
Preferred Stock, $10 Par Value, Authorized 100,000 shares, None Issued		
Common Stock, $0.05 Par Value, Authorized 13,000,000 shares; Issued 8,322,844 shares in 2010 and 8,191,767 shares in 2009	416,146	409,593
Additional Paid-in Capital	34,712,369	33,740,936
Retained Earnings	26,403,248	25,349,964
Treasury Stock, at Cost, 1,165,706 shares in 2010 and 2009	(8,030,335)	(8,030,335)
Accumulated Other Comprehensive Income	317,468	1,327
Total Shareholders Equity	53,818,896	51,471,485
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 64,676,044	$ 62,155,250

See Notes to the Consolidated Financial Statements.

35

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For each of the years in the three-year period ended January 31, 2010

	2010	2009	2008
Net Sales	$ 64,031,261	$ 71,783,338	$ 72,371,434
Cost of Sales	37,403,698	40,715,201	41,260,692
Gross Profit	26,627,563	31,068,137	31,110,742
Costs and Expenses:			
Selling and Marketing	15,342,339	16,941,932	17,126,027
General and Administrative	4,502,504	4,615,207	4,681,610
Research and Development	4,819,533	4,884,767	4,589,022
Restructuring Charges			514,955
Operating Expenses	24,664,376	26,441,906	26,911,614
Gain on Legal Settlement	1,390,603		
Operating Income	3,353,790	4,626,231	4,199,128
Other Income (Expense):			
Investment Income	227,209	488,816	610,574
Other, Net	101,211	(537,615)	244,164
	328,420	(48,799)	854,738
Income before Income Taxes	3,682,210	4,577,432	5,053,866
Income Tax Provision	916,363	1,613,445	744,028
Net Income	$ 2,765,847	$ 2,963,987	$ 4,309,838
Net Income Per Common Share Basic	$ 0.39	$ 0.42	$ 0.63
Net Income Per Common Share Diluted	$ 0.38	$ 0.40	$ 0.57
Weighted Average Number of Common Shares Outstanding Basic	7,135,293	6,987,531	6,884,972
Dilutive effect of options outstanding	239,999	450,301	647,277
Weighted Average Number of Common Shares Outstanding Diluted	7,375,292	7,437,832	7,532,249
Dividends Declared Per Common Share	$ 0.24	$ 0.24	$ 0.20

See Notes to the Consolidated Financial Statements.

36

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN

SHAREHOLDERS EQUITY

For each of the years in the three-year period ended January 31, 2010

	2010	2009	2008
Comprehensive Income:			
Net Income	$ 2,765,847	$ 2,963,987	$ 4,309,838
Other Comprehensive Income (Loss), net of taxes and reclassification adjustments			
Foreign currency translation adjustments	328,125	(627,007)	285,115
Unrealized gain (loss) on securities available for sale	(11,984)	(20,919)	77,669
Other comprehensive income (loss)	316,141	(647,926)	362,784
Comprehensive Income	$ 3,081,988	$ 2,316,061	$ 4,672,622
Shareholders Equity			
Common Stock:			
Balance at beginning of year	$ 409,593	$ 402,668	$ 395,270
Par value from issuance of common stock	6,553	6,925	7,398
Balance at end of year	$ 416,146	$ 409,593	$ 402,668
Additional Paid-In Capital:			
Balance at beginning of year	$ 33,740,936	$ 32,363,277	$ 30,638,755
Net proceeds from issuance of common stock			28,248
Proceeds from the exercise of employee stock options	480,957	786,261	794,745
Share-based compensation	414,399	472,425	585,328
Tax benefit of employee stock options	76,077	133,755	316,201
Net cost of shares issued to employee stock ownership plan		(14,782)	
Balance at end of year	$ 34,712,369	$ 33,740,936	$ 32,363,277
Retained Earnings:			
Balance at beginning of year	$ 25,349,964	$ 24,064,440	$ 22,282,495
Adoption of the provisions in ASC 740 related to uncertain tax positions			(1,147,634)
Net income	2,765,847	2,963,987	4,309,838
Dividends paid	(1,712,563)	(1,678,463)	(1,380,259)
Balance at end of year	$ 26,403,248	$ 25,349,964	$ 24,064,440
Treasury Stock:			
Balance at beginning of year	$ (8,030,335)	$ (8,124,715)	$ (7,644,647)
Shares issued to employee stock ownership plan		94,380	
Purchase of common stock			(480,068)
Balance at end of year	$ (8,030,335)	$ (8,030,335)	$ (8,124,715)
Accumulated Other Comprehensive Income:			
Balance at beginning of year	$ 1,327	$ 649,253	$ 286,469

Other comprehensive income (loss)	316,141	(647,926)	362,784
Balance at end of year	317,468	1,327	649,253
Total Shareholders Equity	$ 53,818,896	$ 51,471,485	$ 49,354,923

See Notes to the Consolidated Financial Statements.

37

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For each of the years in the three-year period ended January 31, 2010

	2010	2009	2008
Cash Flows from Operating Activities:			
Net Income	$ 2,765,847	$ 2,963,987	$ 4,309,838
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:			
Depreciation and Amortization	1,467,058	1,405,710	1,587,246
Share-Based Compensation	414,399	472,425	585,328
Deferred Income Tax Provision (Benefit)	435,890	333,712	(606,930)
Excess Tax Benefit From Share-Based Compensation	(76,077)	(133,755)	(316,201)
Legal Settlement Receivable	(1,390,603)		
Gain on Bargain Purchase from Acquisition of Label Line Business	(111,503)		
Gain on Sale of Security	(41,776)		
Changes in Assets and Liabilities, Net of Impact of Acquisition:			
Accounts Receivable	871,315	3,515,143	(648,605)
Inventories	1,112,777	1,224,192	(1,981,821)
Accounts Payable and Accrued Expenses	(510,153)	(1,906,203)	134,260
Income Taxes Payable	688,098	(290,152)	(261,942)
Other	224,375	(630,143)	(89,617)
Net Cash Provided by Operating Activities	5,849,647	6,954,916	2,711,556
Cash Flows from Investing Activities:			
Proceeds from Sales/Maturities of Securities Available for Sale	8,254,248	10,379,215	8,101,737
Purchases of Securities Available for Sale	(6,706,050)	(9,687,066)	(7,413,000)
Additions to Property, Plant and Equipment	(1,622,326)	(1,664,927)	(4,734,191)
Acquisition of Label Line Business	(1,450,000)		
Net Used in Investing Activities	(1,524,128)	(972,778)	(4,045,454)
Cash Flows from Financing Activities:			
Proceeds from Common Shares Issued Under Employee Benefit Plans and Employee Stock Option Plans	487,510	793,186	830,391
Purchases of Treasury Stock			(480,068)
Excess Tax Benefit from Share-Based Compensation	76,077	133,755	316,201
Dividends Paid	(1,712,563)	(1,678,463)	(1,380,259)
Net Cash Used in Financing Activities	(1,148,976)	(751,522)	(713,735)
Cash Designated for Real Estate Purchase Transferred (from) to Long Term Investments			3,200,000
Net Increase in Cash and Cash Equivalents	3,176,543	5,230,616	1,152,367
Cash and Cash Equivalents, Beginning of Year	10,978,553	5,747,937	4,595,570
Cash and Cash Equivalents, End of Year	$ 14,155,096	$ 10,978,553	$ 5,747,937
Supplemental Information:			
Cash Paid (Received) During the Period for:			
Income Taxes, Net of Refunds	$ (164,318)	$ 1,589,250	$ 1,958,549
Non-Cash Items:			
Demonstration Equipment Transferred to Inventory from Property, Plant and Equipment	$	$	$ 674,035
Reclassification of Investment Securities to Non-Current Assets	$	$ 890,925	$

Accrual of Earnout on Purchase of Business	$	142,200	$		$

See Notes to the Consolidated Financial Statements.

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Basis of Presentation The accompanying financial data has been prepared by us pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and is in conformity with U.S. generally accepted accounting principles. Our fiscal year end is January 31. Unless otherwise stated, all years and dates refer to our fiscal year.

Principles of Consolidation: The consolidated financial statements include the accounts of Astro-Med, Inc. and its subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Reclassification: Certain amounts in prior year s financial statements have been reclassified to conform to the current year s presentation.

Use of Estimates: The presentation of financial statements in conformity with generally accepted accounting principles in the U.S. requires management to make estimates and assumptions that affect these financial statements and accompanying notes. Some of the more significant estimates relate to the allowances for doubtful accounts and credits, inventory valuation, impairment of long-lived assets and goodwill, income taxes, share-based compensation and warranty reserves. Management s estimates are based on the facts and circumstances available at the time estimates are made, past historical experience, risk of loss, general economic conditions and trends, and management s assessments of the probable future outcome of these matters. Consequently, actual results could differ from those estimates.

Subsequent Events We have evaluated subsequent events through the date of filing of this Annual Report on Form 10-K with the SEC.

FASB Establishes Accounting Standards Codification: Effective August 2, 2009, Astro-Med adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105, Generally Accepted Accounting Principles (the Codification). The Codification represents a major restructuring of accounting and reporting standards and is designed to simplify user access to all authoritative U.S. generally accepted accounting principles (GAAP) by providing this literature in a topically organized structure. The Codification is not intended to change GAAP, but it will change the way GAAP is organized and presented. The Codification is now the official single source of authoritative U.S. GAAP. All existing accounting standards are superseded and all other accounting guidance not included in the Codification will be considered non-authoritative. The Codification also includes all relevant SEC guidance organized using the same topical structure in separate sections within the Codification. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issue Task Force Abstracts, but instead will issue Accounting Standard Updates (ASUs). The FASB will not consider ASUs as authoritative in their own right as they serve only to update the Codification, provide background information about the guidance and provide the basis for conclusions on the change(s) in the Codification. The principal impact on our financial statements is limited to disclosures, as all references to authoritative accounting literature will now be referenced in accordance with the Codification.

Cash and Cash Equivalents: Highly liquid investments with an original maturity of 90 days or less are considered to be cash equivalents. Similar investments with original maturities beyond three months are classified as securities available for sale. Cash of $1,651,247 and $1,031,861 was held in foreign bank accounts at January 31, 2010 and 2009, respectively.

Securities Available for Sale: Securities available for sale are carried at fair value based on quoted market prices, where available. The difference between cost and fair value, net of related tax effects, is recorded as a component of accumulated other comprehensive income in shareholders equity.

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets (land improvements 10 to 20 years; buildings and improvements 10 to 45 years; machinery and equipment 3 to 10 years).

Revenue Recognition: The majority of Astro-Med s product sales are recorded at the time of shipment, when legal title has transferred and risk of loss passes to the customer, when persuasive evidence of an arrangement exists, the seller s price to the buyer is fixed or determinable and collectibility is reasonably assured in accordance with the requirements in Staff Accounting Bulletin (SAB) 104, Revenue Recognition in Financial Statements. When a sale arrangement involves training or installation, the deliverables in the arrangement are evaluated to determine whether they represent separate units of accounting in accordance with SAB 104 and ASC 605-25, Revenue Recognition Multiple-Element Arrangements. This evaluation occurs at inception of the arrangement and as each item in the arrangement is delivered. The total fee from the arrangement is allocated to each unit of accounting based on its relative fair value. Fair value for each element is established generally based on the sales price charged when the same or similar element is sold separately. Revenue is recognized when revenue recognition criteria for each unit of accounting are met. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled. All of our equipment contains embedded operating systems and data management software which is included in the purchase price of the equipment. The software is deemed incidental to the systems as a whole as it is not sold separately or marketed separately and its production costs are minor as compared to those of the hardware system. Returns and customer credits are infrequent and are recorded as a reduction to sales. Rights of return are not included in sales arrangements. Revenue associated with products that contain specific customer acceptance criteria is not recognized before the customer acceptance criteria are satisfied. Discounts from list prices are recorded as a reduction to sales. Amounts billed to customers for shipping and handling fees are included in sales while related shipping and handling costs are included in cost of sales.

Infrequently, Astro-Med recognizes revenue for non-recurring engineering (NRE) fees for product modification orders upon completion of agreed-upon milestones. Revenue is deferred for any amounts received prior to completion of milestones. Certain of our NRE arrangements include formal customer acceptance provisions. In such cases, we determine whether we have obtained customer acceptance for the specific milestone before recognizing revenue. NRE fees have not been significant in the periods presented herein.

Infrequently, Astro-Med receives requests from customers to hold product purchased from us for the customer s convenience. Revenue is recognized for such bill and hold arrangements in accordance with the requirements of SAB No. 104 which requires, among other things, the existence of a valid business purpose for the arrangement; the transfer of ownership of the purchased product; a fixed delivery date that is reasonable and consistent with the buyer s business purpose; the readiness of the product for shipment; the use of customary payment terms; no continuing performance obligation by us and segregation of the product from our inventories.

Research and Development Costs: The Company complies with the guidance provided in FASB ASC 730, Research and Development by charging any costs to expense when incurred, as well as by disclosing in the financial statements the amount of R&D charged to expense. These charges include: salaries and benefits, external engineering service costs, engineering related information costs and supplies. The Company also complies with ASC 985-20, Costs of Computer Software to be Sold, Leased or Marketed and ASC 350-40, Internal-Use Software in accounting for the costs of software either developed or acquired.

Foreign Currency: The financial statements of foreign subsidiaries are measured using the local currency as the functional currency. Foreign currency denominated assets and liabilities are translated into U.S. dollars at year-end exchange rates with the translation adjustment recorded as a component of accumulated comprehensive

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

income in shareholders equity. Revenues and costs are translated at average exchange rates during the year. We do not provide for U.S. income taxes on foreign currency translation adjustments associated with our German subsidiary since its undistributed earnings are considered to be permanently invested. Our net foreign exchange gains (losses) were $27,000, $(474,000) and $141,000 for fiscal 2010, 2009 and 2008 respectively.

Advertising: Astro-Med expenses advertising costs as incurred. Advertising costs including advertising production, trade shows and other activities are designed to enhance demand for our products and amounted to approximately $1,193,000, $1,271,000 and $1,135,000 in fiscal 2010, 2009 and 2008, respectively.

Health Insurance Reimbursement Reserve: Astro-Med reimburses a portion of employee health insurance deductibles and co-payments. The total reimbursement amounted to approximately $411,000 and $252,000 in 2010 and 2009, respectively. We accrued approximately $100,000 at January 31, 2010 and 2009, for estimated outstanding reimbursements due to employees, including a reserve for incurred but not reported amounts.

Long-Lived Assets: Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable in accordance with the guidance provided in ASC 360 Property, Plant and Equipment. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset.

Goodwill: Goodwill impairment reviews are performed in accordance with the provision of ASC 350, Goodwill and Other. Management evaluates the recoverability of goodwill annually or more frequently if events or changes in circumstances, such as declines in sales, earnings or cash flows, or material adverse changes in the business climate, indicate that the carrying value of an asset might be impaired. Goodwill is considered to be impaired when the net book value of a reporting unit exceeds its estimated fair value. Fair values are established using a discounted cash flow methodology based on the long-range planning forecast. We have completed our most recent impairment review as of January 31, 2010 and determined that goodwill is not impaired.

Income Taxes: Astro-Med uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and tax basis of the assets and liabilities and are measured using enacted tax rates that will be in effect when the differences are expected to reverse. An allowance against deferred tax assets is recognized when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. At January 31, 2010 and 2009, a valuation allowance was provided for deferred tax assets attributable to certain state R&D credit carryforwards.

On February 1, 2007, Astro-Med adopted the guidance provided in ASC 740, Accounting for Income Taxes in regards to the accounting for uncertain tax positions. This guidance describes a recognition threshold and measurement attribute for the financial statement disclosure of tax positions taken or expected to be taken in a tax return and requires recognition of tax benefits that satisfy a more-likely-than-not threshold. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Net Income Per Common Share: Net income per common share has been computed and presented in accordance with the guidance provided in ASC 260, Earnings per Share. Basic net income per share is based on the weighted average number of shares outstanding during the period. Diluted net income per share is based

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

on the basic weighted average number of shares and potential common shares for stock options outstanding during the period using the treasury stock method. In fiscal years 2010 and 2009, there were 796,592 and 395,758 options that were not included in the computation of diluted net income per common share because their inclusion would be anti-dilutive.

Allowance for Doubtful Accounts: In circumstances where we are aware of a customer s inability to meet its financial obligations, an allowance is established. The majority of accounts are individually evaluated on a regular basis and allowances are established to state such receivables at their net realizable value. The remainder of the allowance is based upon historical write-off experience and current market assessments.

Fair Value of Financial Instruments: Financial instruments consist mainly of cash and cash equivalents, investment securities, accounts receivable and accounts payable. The carrying amount reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term nature. Investment securities, all of which are available for sale, are carried in the consolidated balance sheets at fair value based on quoted market prices, when available.

Comprehensive Income: In accordance with the guidance provided in ASC 220, Comprehensive Income, we report the change in net assets during the period from non-owner sources by major components and as a single total. The consolidated statement of comprehensive income has been included with the consolidated statement of shareholders equity on page 37. Accumulated other comprehensive income at January 31, 2010 consists of net unrealized losses on available for sale securities of $6,134 and net translation gains on foreign operations of $323,602.

Share-Based Compensation: We account for stock options granted to employees and directors using the FASB guidance included in ASC 718, Stock Compensation. Effective as of February 1, 2006, we adopted the modified prospective transition method provided in ASC 718. Under this method, share-based compensation is recognized in the consolidated statement of operation for share-based payment awards granted prior to, but not yet vested as of February 1, 2006, based on the grant date fair value estimated in accordance with prior authoritative guidance and for share based payment awards granted subsequent to February 1, 2006, based on the grant date fair value estimated in accordance with the provisions of ASC 718.

In accordance with ASC 718, share-based compensation expense is based on the estimated fair value of each option on the date of grant using the Black-Scholes option-pricing model. Our estimate of share-based compensation requires a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns (expected life of the options), the risk-free interest rate and the Company s dividend yield. The stock price volatility assumption is based on the historical weekly price data of our common stock over a period equivalent to the weighted average expected life of our options. Management evaluated whether there were factors during that period which were unusual and would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors. In determining the expected life of the option grants, the Company has observed the actual terms of prior grants with similar characteristics and the actual vesting schedule of the grant and has assessed the expected risk tolerance of different option groups. The risk-free interest rate is based on the actual U.S. Treasury zero coupon rates for bonds matching the expected term of the option as of the option grant date. The dividend assumption is based upon the prior year s average dividend yield. No compensation expense is recognized for options that are forfeited for which the employee does not render the requested service.

The cash flow from the tax benefits that are a result of tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as a cash inflow from financing activities and a

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

cash outflow from operating activity in accordance with the guidance provided by ASC 718. Tax deductions from certain stock option exercises are treated as being realized when they reduce taxes payable in accordance with relevant tax law.

Recent Accounting Pronouncements:

Fair Value Measurements

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures About Fair Value Measurement, which requires reporting entities to make new disclosures about recurring or nonrecurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. ASU 2010-06 is effective for annual periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. We do not expect the adoption of ASU 2010-06 to have a material impact on our consolidated financial position or results of operations.

Revenue Recognition

In October 2009, the FASB issued ASU 2009-13, Revenue Recognition (Topic 605) Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force and ASU 2009-14, Software (Topic 985) Certain Arrangements That Include Software Elements a consensus of the FASB Emerging Issues Task Force. ASU 2009-13 provides amendments to the criteria in Subtopic 605-25 for separating consideration in multiple-deliverable arrangements. The amendments in this update established a selling price hierarchy for determining the selling price of a deliverable. ASU 2009-13 also eliminates the residual method of allocating arrangement consideration. ASU 2009-14 removes (1) tangible products containing software components and (2) non-software components that function together to deliver the tangible products essential functionality from the scope of software revenue guidance (ASC 965-605). ASU 2009-14 also provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are covered by the scope of the software revenue guidance. ASU 2009-13 and ASU 2009-14 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the impact of adopting these updates on our consolidated financial position and results of operations.

Other Accounting Changes

In May 2009, the FASB issued guidance included in ASC 855, Subsequent Events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued. In particular, the guidance addresses: the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. This guidance became effective for interim and annual reporting periods ending after June 15, 2009. The adoption did not have a material impact on our consolidated financial position or results of operations.

Except for ASU s discussed above, all other ASUs issued by the FASB as of the filing date of this Annual Report on Form 10-K are not expected to have a material effect on our consolidated financial statements.

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2 Acquisition

On December 15, 2009, Astro-Med completed the acquisition of substantially all of the assets of Label Line Ltd., a manufacturer of labels and tags located in Asheboro, North Carolina. Label Line is part of Astro-Med s QuickLabel Systems brand and is reported as part of the QuickLabel segment. The results of Label Line s operations have been included in the consolidated financial statements of the Company since the acquisition date.

The cash purchase price of the acquisition was $1,450,000. In addition to the $1,450,000 cash purchase price, the Company has also agreed to payment of a potential earnout totaling up to $200,000 to the former owners of Label Line. Payment of this contingent consideration is based on the Label Line business ability to exceed certain revenue targets during the 24 month period subsequent to the acquisition. Based on a model provided by our professional independent valuation provider, the estimated fair value of this earnout was $142,000 as of the acquisition date. Acquisition-related costs of approximately $67,000 are included in the general and administrative expenses in the Company s consolidated statement of operations for the fiscal year ended January 31, 2010. The acquisition was accounted for under the acquisition method in accordance with the guidance provided by FASB ASC 805, Business Combinations (ASC 805).

The purchase price associated with the acquisition is as follows:

Cash Consideration	$ 1,450,000
Additional Earnout Cash Consideration	142,000
Total Purchase Price	$ 1,592,000

The purchase price of the acquisition has been allocated on the basis of estimated fair value as follows:

Accounts Receivable	$ 798,000
Inventories	327,000
Property and Equipment	972,000
Identifiable Intangible assets	415,000
Total Assets Acquired	2,512,000
Accounts Payable	735,000
Deferred Tax Liability	73,000
Total Liabilities Assumed	808,000
Gain on Bargain Purchase	112,000
	$ 1,592,000

The purchase price allocation resulted in the recognition of a gain on bargain purchase of approximately $112,000 which is included in other income in the consolidated statement of operations for the year ended January 31, 2010, in accordance with ASC 805. The gain on bargain purchase resulted from the value of the identifiable net assets acquired exceeding the value of the purchase consideration.

As part of the acquisition, the Company entered into a lease agreement with the previous owners for the current Label Line facility. This lease has a three year term with an option for a three year renewal. The facility is approximately 75,000 square feet. Based on the model utilized by our professional independent valuation provider, this lease was determined to be favorable due to comparable market values.

44

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table reflects the fair value of the acquired identifiable intangible assets and related estimated useful lives:

	Fair Value	Useful Life (Years)
Trade Name	$ 15,000	3
Favorable Lease	400,000	6
Total	$ 415,000	

Included in the income statement for fiscal 2010 is amortization expense of $12,000 in regards to the above acquired intangibles. Amortization of intangibles is expected to be approximately $72,000 in 2011 and 2012, $71,000 in 2013, $67,000 in 2014 and 2015 and $55,000 in 2016.

The following unaudited pro forma information assumes the acquisition of Label Line occurred on either February 1, 2009 or 2008 (in thousands, except per share data). This information has been prepared for informational purposes only and does not purport to represent the results of operations that would have happened had the acquisition occurred as of the date indicated, nor of future results of operations:

	Year Ended January 31, 2010	Year Ended January 31, 2009
Net revenues	$ 69,300,000	$ 77,100,000

The impact on net income and earnings per share would not have been material to the Company in either year.

Note 3 Securities Available for Sale

Pursuant to our investment policy, securities available for sale include state and municipal securities with various contractual or anticipated maturity dates and an auction rate security. These securities are carried at fair value, with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in shareholders equity until realized. Realized gains and losses from the sale of available for sale securities, if any, are determined on a specific identification basis. A decline in the fair value of any available for sale security below cost that is determined to be other than temporary will result in a write-down of its carrying amount to fair value. No such impairment charges were recorded for any period presented. All short-term investment securities have original maturities greater than 90 days. The fair value, amortized cost and gross unrealized gains and losses of the securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
January 31, 2010				
State and Municipal Obligations	$ 9,114,511	$ 35,385	$ (33,350)	$ 9,116,546
Auction Rate Security	500,000		(11,330)	488,670
	$ 9,614,511	$ 35,385	$ (44,680)	$ 9,605,216

	Amortized Cost	Gross Unrealized	Gross Unrealized	Fair Value

		Gains	Losses	
January 31, 2009				
State and Municipal Obligations	$ 10,116,775	$ 117,938	$	$ 10,234,713
Auction Rate Securities	1,000,000		(109,075)	890,925
	$ 11,116,775	$ 117,938	$ (109,075)	$ 11,125,638

45

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The expected maturity dates of these securities are as follows:

	January 31, 2010	January 31, 2009
Less than one year	$ 8,131,612	$ 3,876,135
One to five years	1,473,604	6,672,745
Greater than five years		576,758
	$ 9,605,216	$ 11,125,638

Actual maturities may differ as a result of sales or earlier issuer redemptions.

Note 4 Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and include material, labor and manufacturing overhead. The components of inventories are as follows:

	January 31, 2010	January 31, 2009
Materials and Supplies	$ 7,422,465	$ 8,021,888
Work-in-Progress	898,332	1,333,935
Finished Goods	3,718,509	3,470,604
	$ 12,039,306	$ 12,826,427

Included within finished goods inventory is $1,248,784 and $1,184,927 of demonstration equipment at January 31, 2010 and 2009, respectively.

Note 5 Accrued Expenses

Accrued expenses consisted of the following:

	January 31, 2010	January 31, 2009
Sales and VAT taxes	$ 297,872	$ 215,087
Warranty	260,235	302,464
Dealer commissions	154,081	133,857
Professional fees	122,110	135,160
Health insurance reimbursement reserve	100,000	100,000
Freight	58,518	81,814
Other	591,541	634,288
	$ 1,584,357	$ 1,602,670

Note 6 Line of Credit

The Company has a $3,500,000 revolving bank line of credit, all of which is currently available. Borrowings under this line of credit bear interest based on LIBOR plus 200 basis points. This line of credit is subject to annual review by the lender.

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7 Shareholders Equity

Common Stock: During fiscal 2010 and 2009, the Company did not repurchase any shares of its common stock. The Company repurchased 55,300 shares of its common stock for $480,068 in fiscal 2008. The Company s Board of Directors has authorized the purchase of up to an additional 392,289 shares Company s common stock on the open market as of January 31, 2010.

Astro-Med maintains the following benefit plans involving its common stock:

Stock Plans: As of January 31, 2010, Astro-Med has one equity incentive plan (2007 Equity Incentive Plan) under which incentive stock options, non-qualified stock options, restricted stock and other equity-based awards may be granted to officers and key employees. To date, only options have been granted under this plan. Options granted to employees vest over four years. An aggregate of 1,000,000 shares were authorized for awards under the 2007 Equity Incentive Plan. The exercise price of each stock option will be established at the discretion of the Compensation Committee, however, any incentive stock options granted under the 2007 Equity Incentive Plan must be at an exercise price of not less than fair market value at the date of grant. The 2007 Equity Incentive Plan provides for an automatic annual grant of ten-year options to purchase 5,000 shares of stock to each non-employee director upon the adjournment of each shareholders meeting. Each such option is exercisable at the fair market value as of the grant date and vests immediately prior to the next succeeding shareholders meeting. During fiscal 2010, 2009 and 2008, 15,000 shares were awarded each year to non-employee directors. At January 31, 2010, 811,500 shares were available for grant under the 2007 Equity Incentive Plan.

Summarized option data for all plans is as follows:

	Number of Shares	Option Price Per Share	Weighted Average Option Price Per Share
Options Outstanding, January 31, 2009	1,765,550	$ 2.40 11.90	$ 6.04
Options Granted	85,000	$ 5.78 6.84	$ 6.18
Options Exercised	(121,735)	$ 3.59 4.41	$ 3.61
Options Expired	(39,864)	$ 3.59 11.90	$ 5.05
Options Outstanding, January 31, 2010	1,688,951	$ 2.40 11.90	$ 6.24
Options Exercisable, January 31, 2010	1,450,731	$ 2.40 11.90	$ 5.86

Set forth below is a summary of options outstanding at January 31, 2010:

Range of	Outstanding			Exercisable	
Exercise prices	Options	Weighted Average Exercise Price	Remaining Contractual Life	Options	Weighted Average Exercise Price
$2.40-$5.45	882,431	$ 3.97	1	882,431	$ 3.97
$5.78-$8.72	560,670	$ 7.85	6	443,598	$ 8.17
$8.73-$11.90	245,850	$ 10.73	7	124,702	$ 10.94
	1,688,951			1,450,731	

47

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair value of each stock option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Years Ended January 31,		
	2010	2009	2008
Risk-free interest rate	1.54% 2.12%	3.13% 3.95%	4.5%
Expected life (years)	5	5	5
Expected volatility	41.9%	46.5%	48.1%
Expected dividend yield	3.85% 4.39%	2.04% 3.82%	1.9%

The weighted average fair value of options granted during fiscal 2010, 2009 and 2008 was $1.36, $3.40 and $4.74, respectively. As of January 31, 2010, there was $436,687 of unrecognized compensation expense related to the unvested stock options granted under the plans. The expense is to be recognized over a weighted average of two years. Share-based compensation expense has been recognized as follows:

	Years Ended January 31,		
	2010	2009	2008
Cost of Sales	$ 72,889	$ 79,690	$ 97,134
Operating Expenses	341,510	392,735	488,194
Total	$ 414,399	$ 472,425	$ 585,328

As of January 31, 2010, the aggregate intrinsic value (the aggregate difference between the closing stock price of the Company s common stock on January 31, 2010, and the exercise price of the outstanding options) that would have been received by the option holders if all options had been exercised was $2,933,748 for all exercisable options and $3,026,509 for all options outstanding. The weighted average remaining contractual terms for these options are 2.7 years for options that are exercisable and 3.4 years for all options outstanding. The total aggregate intrinsic value of options exercised during fiscal 2010 and 2009 was $271,094 and $174,177, respectively.

Employee Stock Purchase Plan (ESPP): Astro-Med s ESPP allows eligible employees to purchase shares of common stock at a 15% discount from fair market value on the date of purchase. A total of 247,500 shares were initially reserved for issuance under this plan. Summarized plan activity is as follows:

	Years Ended January 31,		
	2010	2009	2008
Shares reserved, beginning	93,860	100,192	103,244
Shares purchased	(9,342)	(6,332)	(3,052)
Shares reserved, ending	84,518	93,860	100,192

Employee Stock Ownership Plan: Astro-Med has an Employee Stock Ownership Plan (ESOP) providing retirement benefits to all eligible employees. Annual contributions in amounts determined by the Company s Board of Directors are invested by the ESOP s Trustees in shares of common stock of Astro-Med. Contributions may be in cash or stock. Astro-Med s contributions (paid or accrued) amounted to $80,000 in each of fiscal 2010, 2009 and 2008 which were recorded as compensation expense. All shares owned by the ESOP have been allocated to participants.

48

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8 Income Taxes

The components of income before income taxes are as follows:

	Years Ended January 31,		
	2010	2009	2008
Domestic	$ 1,758,973	$ 2,142,252	$ 3,710,798
Foreign	1,923,237	2,435,180	1,343,068
	$ 3,682,210	$ 4,577,432	$ 5,053,866

The components of the provision for income taxes are as follows:

	Years Ended January 31,		
	2010	2009	2008
Current:			
Federal	$ (241,936)	$ (77,513)	$ 191,378
State	179,686	373,024	273,531
Foreign	542,723	984,222	886,049
	480,473	1,279,733	1,350,958
Deferred:			
Federal	233,320	175,653	(243,017)
State	155,092	139,184	(321,246)
Foreign	47,478	18,875	(42,667)
	435,890	333,712	(606,930)
	$ 916,363	$ 1,613,445	$ 744,028

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate (34%) to income before income taxes due to the following:

	Years Ended January 31,		
	2010	2009	2008
Income tax provision at statutory rate	$ 1,251,951	$ 1,556,327	$ 1,718,314
State taxes, net of federal tax effect	220,954	338,057	(174,684)
Change in valuation allowance	45,228	(531,735)	480,463
Reversal of reserves no longer required	(237,807)		(446,538)
Italian subsidiary receivable write off			(657,478)
Italian net operating loss		616,534	
Share-based compensation	74,381	68,852	124,612

Tax-exempt income	(68,000)	(131,753)	(117,652)
R&D credits	(118,333)	(111,431)	(95,212)
Other, net	(252,011)	(191,406)	(87,797)
	$ 916,363	$ 1,613,445	$ 744,028

49

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During 2010, the Company recorded a benefit of $335,000 related to the resolution of a previously uncertain tax position as a result of the conclusion of an IRS examination of the Company s Federal returns for fiscal year 2008. During 2009, the Company wrote off the deferred tax asset of approximately $617,000 related to the net operating loss carryforward of the Italian subsidiary as a result of the dissolution of this subsidiary. As a full valuation allowance had been recorded in prior years, this write-off had no impact on the provision for income taxes. During fiscal 2008, the Company recorded a benefit of $167,000 related to the completion of an IRS examination, a benefit of $319,000 related to changes in uncertain R&D and foreign tax credit positions, an expense of $40,000 related to differences between the prior year tax provision and the actual return as filed and benefits of $728,000 related to the restructuring of the sales and service centers located in Italy and the Netherlands.

The components of deferred income tax expense arise from various temporary differences and relate to items included in the statement of operations. The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at January 31, 2010 and 2009 are as follows:

	January 31,	
	2010	2009
Deferred Tax Assets:		
Inventory Reserves	$ 1,458,849	$ 1,385,122
R&D Credits	250,847	193,739
Vacation Accrual	373,415	364,568
Foreign Tax Credits		231,587
Deferred Service Contract Revenue	268,002	331,624
Reserve for Doubtful Accounts	172,370	189,166
Other	974,917	1,313,908
	3,498,400	4,009,714
Deferred Tax Liabilities:		
Accumulated Tax Depreciation in Excess of Book Depreciation	875,567	849,733
Deferred Tax Gain on Sale of Real Estate	1,235,098	1,235,098
Other	616,088	555,798
	2,726,753	2,640,629
Subtotal	771,647	1,369,085
Valuation Allowance	(179,746)	(224,974)
Net Deferred Tax Assets	$ 591,901	$ 1,144,111

The valuation allowance at January 31, 2010, relates to certain state R&D tax credit carryforwards which are expected to expire unused.

50

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Several prior year state tax returns are expected to be reviewed by the various taxing authorities during the next twelve months. The Company believes that it is reasonably possible that the related unrecognized tax benefits, accrued interest and penalties could decrease income tax expense by up to approximately $510,000 due to either the review of these returns or the expiration of certain statutes of limitation. A reconciliation of unrecognized tax benefits, excluding interest and penalties follows:

	2010	2009	2008
Balance at February 1	$ 1,127,452	$ 1,372,767	$ 2,016,280
Decreases in prior period tax positions		(134,323)	(520,845)
Increases in current period tax positions	76,379	80,712	506,057
Decreases related to settlements with tax authorities	(360,494)	(152,917)	(659,593)
Foreign currency translation adjustments	31,888	(38,787)	30,868
Balance at January 31	$ 875,225	$ 1,127,452	$ 1,372,767

If the $875,225 is recognized, $600,677 would decrease the effective tax rate in the period in which each of the benefits is recognized and the remainder would be offset by a reversal of deferred tax assets.

During fiscal 2010, the Company recognized $64,169 of potential interest and penalties, which are included as a component of income tax expense in the accompanying statement of operations. At January 31, 2010, the Company had accrued potential interest and penalties of $360,191.

During the fourth quarter of fiscal 2010, the Internal Revenue Service officially concluded its examination the Company s federal returns for fiscal year 2008. As a result of these tax return years being settled, we recorded a benefit of the $335,000 related to the resolution of a previously uncertain tax position.

During the fourth quarter of fiscal 2008, the Internal Revenue Service officially concluded its examination of the Company s fiscal 2005 and 2006 Federal tax returns. As a result, the Company received a $140,100 federal tax refund during fiscal 2009.

The Company is subject to federal, state and local income taxes and non-U.S. tax examinations in accordance with the statute of limitation in each applicable jurisdictions.

At January 31, 2010, the Company has indefinitely reinvested $3,399,850 of the cumulative undistributed earnings of its foreign subsidiary, all of which would be subject to U.S. taxes if repatriated to the U.S. Through January 31, 2010, the Company has not provided deferred income taxes on the undistributed earnings of this subsidiary because such earnings are considered to be indefinitely reinvested. Non-U.S. income taxes are, however, provided on these undistributed earnings.

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9 Leases and Other Contractual Obligations

Minimum payments under noncancellable operating leases at January 31, 2010 were as follows:

2011	$ 328,244
2012	211,351
2013	167,764
2014	72,646
2015 and Thereafter	66,437
Minimum Lease Payments	$ 846,442

The Company incurred rent expense in the amount of $470,000, $557,000 and $612,000 for the fiscal years 2010, 2009 and 2008, respectively.

The Company has purchase obligations in the amount of $5,508,473 due within one year for goods and services with defined terms as to price, quantity, delivery and termination liability.

Note 10 Nature of Operations, Segment Reporting and Geographical Information

The Company s operations consist of the design, development, manufacture and sale of specialty data recorder and acquisition systems, label printing and applicator systems, neuropsychological instrumentation systems and consumable supplies. The Company organizes and manages its business as a portfolio of products and services designed around a common theme of data acquisition and information output. The Company reports three reporting segments consistent with its sales product groups: Test & Measurement (T&M); QuickLabel Systems (QuickLabel) and Grass Technologies (Grass).

T&M produces data recording equipment used worldwide for a variety of recording, monitoring and troubleshooting applications for the aerospace, automotive, metal mill, power and telecommunications industries. QuickLabel produces an array of high-technology digital label printers, labeling software and consumables for a variety of commercial industries worldwide. Grass produces a range of instrumentation equipment and supplies for clinical neurophysiology (EEG and epilepsy monitoring), polysomnography (PSG Sleep Monitoring) and biomedical research applications used worldwide by universities, medical centers and companies engaged in a variety of clinical and research activities. The accounting policies of the reporting segments are the same as those described in the summary of significant accounting policies herein. The Company evaluates segment performance based on the segment profit before corporate and financial administration expenses.

Business is conducted in the United States and through foreign affiliates in Canada and Europe. Virtually all manufacturing activities are conducted in the United States. Sales and service activities outside the United States are conducted through wholly-owned entities and, to a lesser extent, through authorized distributors and agents. Transfer prices are intended to produce gross profit margins as would be associated with an arms-length transaction.

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summarized below are the Net Sales and Segment Operating Profit (both in dollars and as a percentage of Net Sales) for each reporting segment:

($ in thousands)	Net Sales			Segment Operating Profit			Segment Operating Profit % of Net Sales		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
T&M	$ 14,247	$ 15,796	$ 16,505	$ 1,148	$ 2,463	$ 3,056	8.1%	15.6%	18.5%
QuickLabel	33,294	37,398	38,144	2,517	3,664	4,222	7.6%	9.8%	11.1%
Grass	16,490	18,589	17,722	2,217	2,553	1,583	13.4%	13.7%	8.9%
Total	$ 64,031	$ 71,783	$ 72,371	5,882	8,680	8,861	9.2%	12.1%	12.2%
Corporate Expenses				3,919	4,054	4,147			
Gain on Legal Settlement				1,391					
Restructuring Charges						515			
Operating Income				3,354	4,626	4,199			
Other Income (Expense), Net				328	(49)	855			
Income Before Income Taxes				3,682	4,577	5,054			
Income Tax Provision				916	1,613	744			
Net Income				$ 2,766	$ 2,964	$ 4,310			

No customer accounted for greater than 10% of net sales in fiscal 2010, 2009 or 2008.

Other information by segment is presented below:

($ in thousands)	Assets	
	2010	2009
T&M	$ 8,275	$ 8,243
QuickLabel	19,761	16,173
Grass	10,860	11,278
Corporate*	25,780	26,461
Total	$ 64,676	$ 62,155

* *Corporate assets consist of cash, investments, income tax accounts and miscellaneous fixed assets.*

($ in thousands)	Depreciation			Capital Expenditures		
	2010	2009	2008	2010	2009	2008

T&M	$ 484	$ 465	$ 472	$ 330	$ 834	$ 623
QuickLabel	568	514	713	1,106	479	744
Grass	415	427	402	186	352	3,367
Total	$ 1,467	$ 1,406	$ 1,587	$ 1,622	$ 1,665	$ 4,734

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Geographical Data

Presented below is selected financial information by geographic area:

($ in thousands)	Net Sales			Long-Lived Assets	
	2010	**2009**	**2008**	**2010**	**2009**
United States	$ 44,296	$ 49,960	$ 50,479	$ 14,320	$ 12,711
Europe	12,164	13,824	13,563	410	455
Canada	2,989	3,244	2,697		
Asia	2,922	2,745	2,938		
Central and South America	1,174	921	1,736		
Other	486	1,089	958		
Total	$ 64,031	$ 71,783	$ 72,371	$ 14,730	$ 13,166

Included in long-lived assets is goodwill assigned to the following segments: T&M $0.7 million and Grass $1.6 million at January 31, 2010 and 2009.

Note 11 Profit-Sharing Plan

Along with the ESOP described in Note 7, Astro-Med sponsors a Profit-Sharing Plan (the Plan) which provides retirement benefits to all eligible domestic employees. The Plan allows participants to defer a portion of their cash compensation and contribute such deferral to the Plan through payroll deductions. The Company makes matching contributions up to specified levels. The deferrals are made within the limits prescribed by Section 401(k) of the Internal Revenue Code.

All contributions are deposited into trust funds. It is the policy of the Company to fund any contributions accrued. The Company s annual contribution amounts are determined by the Board of Directors. Contributions paid or accrued amounted to $234,239, $263,124 and $230,160 in fiscal 2010, 2009 and 2008, respectively.

Note 12 Product Warranty Liability

Astro-Med offers a one-year warranty for the majority of its products. The specific terms and conditions of warranties vary depending upon the product sold and country in which the Company does business. For products sold in the United States, a basic limited warranty, including parts and labor is provided. The Company estimates the costs based on historical claims experience and records a liability in the amount of such estimates at the time product revenue is recognized. The Company regularly assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Activity in the product warranty liability is as follows:

	January 31,		
	2010	**2009**	**2008**
Balance, beginning of the year	$ 302,464	$ 368,073	$ 354,901
Warranties issued	511,604	295,306	522,968
Settlements made	(553,833)	(360,915)	(509,796)
Balance, end of the year	$ 260,235	$ 302,464	$ 368,073

54

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13 Concentration of Risk

Credit is generally extended on an uncollateralized basis to almost all customers after review of credit worthiness. Concentration of credit and geographic risk with respect to accounts receivable is limited due to the large number and general dispersion of accounts which constitute the Company s customer base. The Company periodically performs on-going credit evaluations of its customers. The Company has not historically experienced significant credit losses on collection of its accounts receivable.

Excess cash is invested principally in investment grade government and state municipal securities. The Company has established guidelines relative to diversification and maturities that maintain safety of principal, liquidity and yield. These guidelines are periodically reviewed and modified to reflect changes in market conditions. The Company has not historically experienced any significant losses on its cash equivalents or investments.

Note 14 Commitments and Contingencies

Astro-Med is subject to contingencies, including legal proceedings and claims arising in the normal course of business that cover a wide range of matters including, among others, contract and employment claims, workers compensation claims, product liability, warranty and modification, adjustment or replacement of component parts of units sold.

Direct costs associated with the estimated resolution of contingencies are accrued at the earliest date at which it is deemed probable that a liability has been incurred and the amount of such liability can be reasonably estimated. While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the Company believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations. It is possible, however, that future results of operations for any particular future period could be materially affected by changes in our assumptions or strategies related to these contingencies or changes out of the Company s control.

Note 15 Fair Value Measurements

We measure our financial assets at fair value on a recurring basis in accordance with the guidance provided in ASC 820, Fair Value Measurement and Disclosures which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, ASC 820 establishes a three-tiered hierarchy for inputs used in management s determination of fair value of financial instruments that emphasizes the use of observable inputs over the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect management s belief about the assumptions market participants would use in pricing a financial instrument based on the best information available in the circumstances.

The fair value hierarchy is summarized as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

55

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables represent the fair value hierarchy for our financial assets (cash equivalents and investments in marketable securities) measured at fair value on a recurring basis:

January 31, 2010	Level 1	Level 2	Level 3	Total
Money market funds	$ 8,126,245	$	$	$ 8,126,245
State and municipal obligations	9,116,546			9,116,546
Governmental obligations	1,249,998			1,249,998
Auction rate security			488,670	488,670
Total	$ 18,492,789	$	$ 488,670	$ 18,981,459

January 31, 2009	Level 1	Level 2	Level 3	Total
Money market funds	$ 4,770,188	$	$	$ 4,770,188
State and municipal obligations	10,234,713			10,234,713
Governmental obligations	1,400,000			1,400,000
Auction rate securities			890,925	890,925
Total	$ 16,404,901	$	$ 890,925	$ 17,295,826

The Level 3 asset consists of an auction rate security whose underlying assets are backed by municipal assets. While we continue to earn interest on our auction rate security at the maximum contractual rate, this investment is not currently trading and therefore does not currently have a readily determinable market value. The Company uses the services of a global investment management and advisory firm to manage its auction rate security position. This investment management firm has developed and implemented a proprietary methodology for pricing auction rate securities using a disciplined discounted cash flow approach to establish fair market valuation. As of January 31, 2010, we used the market valuation as published by our investment management firm relative to our one remaining auction rate security. Accordingly, we recorded an unrealized loss of $11,330 related to our auction rate security as of January 31, 2010. We believe this unrealized loss is primarily attributable to the limited liquidity of this investment and have no reason to believe that any of the underlying issuers are presently at risk of default. Management has the intent and the ability to hold this security for an indefinite period of time and, accordingly, believes that the unrealized loss on its auction rate security holding is temporary in nature.

The following table provides a summary of changes in fair value of the Company s auction rate securities:

	January 31, 2010	January 31, 2009
Beginning Balance	$ 890,925	$ 6,250,000
Transferred to variable rate demand notes*		(700,000)
Sales	(500,000)	(5,025,000)
Purchases		475,000
Realized gain included in net income	109,075	
Unrealized loss included in other comprehensive income (loss)	(11,330)	(109,075)
Ending Balance	$ 488,670	$ 890,925

* During fiscal 2009, the Company s investment advisor redefined variable rate demand notes as fixed income municipal securities as these investments continue to trade in a liquid market.

56

Table of Contents

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16 Restructuring

During the fourth quarter of fiscal 2008, the Company restructured its sales and service centers located in Italy and the Netherlands in order to reduce costs and streamline operations. The restructuring involved a reduction of employees, closing the two sales and service centers and disposing of certain assets and other miscellaneous expenses. The following table summarizes the activity and balances of the restructuring reserve:

	Severance	Lease	Other	Total
Balance at February 1, 2008	$ 207,230	$ 33,701	$ 58,830	$ 299,761
Reserve transfer	(52,000)		52,000	
Utilization of reserve	(155,230)	(33,701)	(110,830)	(299,761)
Balance at January 31, 2009	$	$	$	$

All restructuring activity for these sales and service centers has been concluded as of January 31, 2009.

Note 17 Litigation Settlement

In November 2009, Astro-Med was awarded a $1,391,000 judgment related to a lawsuit filed by the Company against a former employee and a competitor business. At issue in the lawsuit was the violation of a non-competition agreement which the former employee had signed as a condition of employment with Astro-Med. The $1,391,000 judgment includes both punitive and exemplary damages, as well as attorney fees (all of which have been previously expensed) and related interest earned on the judgment and was recorded as a gain on legal settlement in the accompanying statement of operations and as a receivable in prepaid and other current assets in the accompanying balance sheet for the fiscal year ended 2010. In November 2009, the Company also filed a motion to amend the original judgment to include additional legal fees of $73,000. This motion was granted on February 12, 2010. On February 17, 2010, the Company collected a total of $1,495,000 related to this legal proceeding, which includes the $1,391,000 gain on legal settlement recorded in the fourth quarter of fiscal 2010 and $104,000 for interest and the additional attorney fees as granted by the February 12, 2010 motion. The $104,000 will be recorded as an additional gain on legal settlement in the first quarter of fiscal 2011.

Table of Contents

ASTRO-MED, INC.

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Description	Balance at Beginning of Year	Provision Charged to Operations	Deductions(2)	Balance at End of Year
Allowance for Doubtful Accounts(1):				
Year Ended January 31,				
2010	$ 576,735	$ 70,000	$ (127,946)	$ 518,789
2009	$ 591,018	$ 83,129	$ (97,412)	$ 576,735
2008	$ 588,508	$ 105,000	$ (102,490)	$ 591,018

(1) The allowance for doubtful accounts has been netted against accounts receivable as of the respective balance sheet dates.
(2) Uncollectible accounts written off, net of recoveries, also includes foreign exchange adjustment.

58