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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 2, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to __________

Commission file number 0-13200

Astro-Med, Inc.
(Exact name of registrant as specified in its charter)

Rhode Island **(State or other jurisdiction of incorporation or organization)**	**05-0318215** **(I.R.S. Employer Identification No.)**
600 East Greenwich Avenue, West Warwick, Rhode Island **(Address of principal executive offices)**	**02893** **(Zip Code)**

(401) 828-4000
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐ .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐ .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒ .

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, $.05 Par Value – 7,307,255 shares
(excluding treasury shares) as of May 22, 2015

[Table of Contents](#)

ASTRO-MED, INC.

INDEX

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRO-MED, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, Except Share Data)

	May 2, 2015 (Unaudited)	January 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,815	$ 7,958
Securities Available for Sale	15,837	15,174
Accounts Receivable, net	14,012	14,107
Inventories	14,488	15,582
Deferred Tax Assets	2,640	2,629
Restricted Cash	600	—
Line of Credit Receivable	170	173
Note Receivable	250	255
Asset Held for Sale	1,900	1,900
Prepaid Expenses and Other Current Assets	3,652	4,140
Total Current Assets	62,364	61,918
PROPERTY, PLANT AND EQUIPMENT	37,501	36,823
Less Accumulated Depreciation	(28,823)	(28,444)
Property, Plant and Equipment, net	8,678	8,379
OTHER ASSETS		
Note Receivable	131	256
Intangible Assets, net	2,609	2,698
Goodwill	991	991
Other	104	88
Total Other Assets	3,835	4,033
TOTAL ASSETS	$ 74,877	$ 74,330
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 4,065	$ 3,155
Accrued Compensation	2,426	3,302
Other Liabilities and Accrued Expenses	2,143	2,343
Deferred Revenue	546	621
Income Taxes Payable	59	148
Total Current Liabilities	9,239	9,569
Deferred Tax Liabilities	105	83
Other Long Term Liabilities	1,052	1,167
TOTAL LIABILITIES	10,396	10,819
SHAREHOLDERS' EQUITY		
Common Stock, $0.05 Par Value, Authorized 13,000,000 shares; Issued 9,593,005 shares and 9,544,864 shares at May 2, 2015 and January 31, 2015, respectively	478	477
Additional Paid-in Capital	43,869	43,589
Retained Earnings	40,434	39,735
Treasury Stock, at Cost, 2,293,606 shares at May 2, 2015 and January 31, 2015	(19,591)	(19,591)
Accumulated Other Comprehensive Income (Loss)	(709)	(699)
TOTAL SHAREHOLDERS' EQUITY	64,481	63,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 74,877	$ 74,330

See Notes to condensed consolidated financial statements (unaudited).

ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Net Sales	$22,206	$20,774
Cost of Sales	13,176	12,139
Gross Profit	9,030	8,635
Operating Expenses:		
Selling and Marketing	4,329	4,374
Research and Development	1,796	1,371
General and Administrative	1,457	1,191
Operating Expenses	7,582	6,936
Operating Income, net	1,448	1,699
Other Income (Expense)	234	(121)
Income before Income Taxes	1,682	1,578
Income Tax Provision	471	449
Net Income	$ 1,211	$ 1,129
Net Income Per Common Share—Basic	$ 0.17	$ 0.15
Net Income Per Common Share—Diluted	$ 0.16	$ 0.14
Weighted Average Number of Common Shares Outstanding:		
Basic	7,280	7,601
Diluted	7,454	7,848
Dividends Declared Per Common Share	$ 0.07	$ 0.07

See Notes to condensed consolidated financial statements (unaudited).

Table of Contents

ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Net Income	$ 1,211	$ 1,129
Other Comprehensive Income (Loss), Net of Taxes and Reclassification Adjustments:		
Foreign Currency Translation Adjustments	8	92
Unrealized Holding Gain (Loss) on Securities Available for Sale	(18)	(3)
Other Comprehensive Income (Loss)	(10)	89
Comprehensive Income	$ 1,201	$ 1,218

See Notes to condensed consolidated financial statements (unaudited).

ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended	
	May 2, 2015	May 3, 2014
Cash Flows from Operating Activities:		
Net Income	$ 1,211	$ 1,129
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	455	512
Share-Based Compensation	143	131
Deferred Income Tax Provision	10	59
Changes in Assets and Liabilities:		
Accounts Receivable	95	(166)
Inventories	1,094	(1,003)
Income Taxes	268	(731)
Accounts Payable and Accrued Expenses	(397)	(1,691)
Other	93	(735)
Net Cash Provided (Used) by Operating Activities	2,972	(2,495)
Cash Flows from Investing Activities:		
Proceeds from Sales/Maturities of Securities Available for Sale	2,435	2,880
Purchases of Securities Available for Sale	(3,127)	(2,574)
Restricted Cash	(600)	—
Release of Funds Held in Escrow From Sale of Grass	—	1,800
Proceeds Received on Disposition of Grass Inventory	—	2,355
Payments Received on Line of Credit and Note Receivable	125	—
Additions to Property, Plant and Equipment	(654)	(292)
Net Cash Provided (Used) by Investing Activities	(1,821)	4,169
Cash Flows from Financing Activities:		
Proceeds from Common Shares Issued Under Employee Benefit Plans and Employee Stock Option Plans, Net of Payment of Minimum Tax Withholdings	137	658
Dividends Paid	(510)	(533)
Net Cash Provided (Used) by Financing Activities	(373)	125
Effect of Exchange Rate Changes on Cash and Cash Equivalents	79	(91)
Net Increase in Cash and Cash Equivalents	857	1,799
Cash and Cash Equivalents, Beginning of Period	7,958	8,341
Cash and Cash Equivalents, End of Period	$ 8,815	$10,140
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for Income Taxes, Net of Refunds	$ 207	$ 1,471

See Notes to condensed consolidated financial statements (unaudited).

ASTRO-MED, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Overview

Headquartered in West Warwick, Rhode Island, Astro-Med Inc. designs, develops, manufactures and distributes a broad range of specialty printers and data acquisition and analysis systems. Our products are distributed through our own sales force and authorized dealers in the United States. We also sell to customers outside of the United States primarily through our Company offices in Canada, Europe and Southeast Asia as well as with independent dealers and representatives. Astro-Med, Inc. products are sold under the brand names Astro-Med ® Test & Measurement and QuickLabel ® Systems and are employed around the world in a wide range of aerospace, apparel, automotive, avionics, chemical, computer peripherals, communications, distribution, food and beverage, general manufacturing, packaging and transportation applications.

Unless otherwise indicated, references to "Astro-Med," the "Company," "we," "our," and "us" in this Quarterly Report on Form 10-Q refer to Astro-Med, Inc. and its consolidated subsidiaries.

(2) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods included herein. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

Results of operations for the interim periods presented herein are not necessarily indicative of the results that may be expected for the full year.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated 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, accrued expenses 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.

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

(3) Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

(4) Net Income Per Common Share

Basic net income per share is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of shares and, if dilutive, common equivalent shares for stock options and restricted stock units outstanding during the period. A reconciliation of the shares used in calculating basic and diluted net income per share is as follows:

	Three Months Ended	
	May 2, 2015	May 3, 2014
Weighted Average Common Shares Outstanding—Basic	7,280,246	7,600,780
Effect of Dilutive Options and Restricted Stock Units	173,936	247,520
Weighted Average Common Shares Outstanding—Diluted	7,454,182	7,848,300

For the three months ended May 2, 2015 and May 3, 2014 the diluted per share amounts do not reflect common equivalent shares outstanding of 76,200 and 75,600, respectively, because their effect would have been anti-dilutive, as the exercise price was greater than the average market price of the underlying stock during the period presented.

(5) Intangible Assets

Intangible assets are as follows:

	May 2, 2015			January 31, 2015		
($ In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Customer Contract Relationships	$ 3,100	$ (491)	$ 2,609	$ 3,100	$ (402)	$ 2,698
Backlog	300	(300)	—	300	(300)	—
Intangible assets, net	$ 3,400	$ (791)	$ 2,609	$ 3,400	$ (702)	$ 2,698

There were no impairments to intangible assets during the periods ended May 2, 2015 and May 3, 2014. Amortization expense of $89,000 and $175,000 in regards to the above acquired intangibles has been included in the condensed consolidated statements of income for the periods ended May 2, 2015 and May 3, 2014, respectively.

Estimated amortization expense for the next five years is as follows:

(In thousands)	Remainder of 2016	2017	2018	2019	2020
Estimated amortization expenses	$ 268	$349	$331	$278	$278

(6) Share-Based Compensation

Astro-Med has one equity incentive plan (the “Plan”) under which incentive stock options, non-qualified stock options, restricted stock units (“RSUs”), restricted stock awards (“RSAs”) and other equity based awards may be granted to directors, officers and certain employees. An aggregate of 1,000,000 shares were authorized for awards under the Plan. At May 2, 2015, 124,302 shares were available for grant under the Plan. Options granted to employees vest over four years. The exercise price of each stock option will be established at the discretion of the Compensation Committee; however, any incentive stock options granted must be at an exercise price of not less than fair market value at the date of grant. In fiscal year 2013, a portion of the Company’s executive’s long-term incentive compensation was awarded in the form of RSUs (“2013 RSUs”). The 2013 RSUs were earned based on the Company achieving specific thresholds of net sales and annual operating income as established under the fiscal 2013 Domestic Management Bonus Plan and vested fifty percent on the first anniversary of the grant date and fifty percent on the second anniversary of the grant date provided that the grantee was employed on each vesting date by Astro-Med or an affiliate company. All such 2013 RSUs were earned and vested as of March 2014. In April 2013, the Company granted options and RSUs to officers (“2014 RSUs”). Each 2014 RSU will be earned and vest as follows: twenty-five percent of the 2014 RSU vests on the third anniversary of the grant date, fifty percent of the 2014 RSU vests upon the Company achieving its cumulative budgeted net sales target for fiscal years 2014 through 2016 (the “Measurement Period”), and twenty-five percent of the total 2014 RSU vests upon the Company’s achieving a target average annual ORONA (operating income return on net assets as calculated under the Domestic Management Bonus Plan) for the Measurement Period. The grantee may not sell, transfer or otherwise dispose of more than fifty percent of the common stock issued upon vesting of the RSU until the first anniversary of the vesting date. On February 1, 2014, the Company accelerated the vesting of 4,166 of the RSUs held by Everett Pizzuti in connection with his retirement. None of the remaining 2014 RSUs, have vested as of May 2, 2015.

The 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. In addition to the automatic option grant under Plan, the Company has a Non-Employee Director Annual Compensation Program (the “Program”) which provides that each non-employee director is entitled to an annual cash retainer of $7,000 (the “Annual Cash Retainer”), plus $500 for each Board and committee meeting attended. In addition, effective August 1, 2014, the Chairman of the Board also receives an annual retainer of $6,000 and the Chair of the Audit Committee and Compensation Committee each receive an annual retainer of $4,000 each (“Chair Retainer”). The non-employee director may elect for any fiscal year to receive all or a portion of the Annual Cash Retainer and/or Chair Retainer (collectively the “Cash Retainer”) in the form of common stock of the Company, which will be issued under the Plan. If a non-employee director elects to receive all or a portion of the Cash Retainer in the form of common stock, such shares shall be issued in four quarterly installments on the first day of each fiscal quarter, and the number of shares of common stock to be issued shall be based on the fair market value of such common stock on the date such installment is payable. The common stock received in lieu of such Cash Retainer will be fully vested. However, a non-employee director who receives common stock in lieu of all or a portion of the Cash Retainer may not sell, transfer, assign, pledge or otherwise encumber the common stock prior to the first anniversary of the date on which such shares were issuable. In the event of the death or disability of a nonemployee director, or a change in control of the Company, any shares of common stock issued in lieu of such Cash Retainer, shall no longer be subject to such restrictions on transfer.

In addition, under the Program, each non-employee director receives RSAs with a value equal to $20,000 (the “Equity Retainer”) upon adjournment of each annual shareholders meeting. If a non-employee director is first appointed or elected to the Board of Directors effective on a date other than at the annual shareholders meeting, on the date of such appointment or election, the director shall receive a pro rata award of restricted common stock having a value based on the number of days remaining until the next annual meeting. The Equity Retainer will vest on the earlier of 12 months after the grant date or the date immediately prior to the next annual meeting of the shareholders following the meeting at which such RSAs were granted. However, a non-employee director may not sell, transfer, assign, pledge or otherwise encumber the vested common stock prior to the second anniversary of the vesting date. In the event of the death or disability of a non-employee director, or a change in control of the Company, the RSAs shall immediately vest and shall no longer be subject to such restrictions on transfer.

We account for compensation cost related to share-based payments based on fair value of the stock options, RSUs and RSAs when awarded to an employee or director. We have estimated the fair value of each option on the date of grant using the Black-Scholes option-pricing model. Our estimate 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. Reductions in compensation expense associated with the forfeited options are estimated at the date of grant, and this estimated forfeiture rate is adjusted periodically based on actual forfeiture experience. Our accounting for share-based compensation for RSUs and RSAs is also based on the fair value method. The fair value of the RSUs and RSAs is based on the closing market price of the Company's common stock on the grant date of the RSU or RSA.

Share-based compensation expense was recognized as follows:

	Three Months Ended	
(In thousands)	May 2, 2015	May 3, 2014
Stock Options	$ 75	$ 54
Restricted Stock Awards and Restricted Stock Units	68	77
Total	$ 143	$ 131

Stock Options

The fair value of stock options granted during the three months ended May 2, 2015 and May 3, 2014 was estimated using the following assumptions:

	Three Months Ended	
	May 2, 2015	May 3, 2014
Risk Free Interest Rate	1.6%	1.6%
Expected Volatility	22.7%	26.8%
Expected Life (in years)	5.0	5.0
Dividend Yield	2.0%	2.0%

The weighted average fair value per share for options granted was $2.43 during the first quarter of fiscal 2016 as compared to $2.93 during the first quarter of fiscal 2015.

Aggregated information regarding stock options granted under the Plan for the three months ended May 2, 2015 is summarized below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at January 31, 2015	656,011	$ 10.01	4.2	$ 3,225,000
Granted	85,000	13.95		
Exercised	(15,778)	8.12		
Expired or canceled	(2,293)	8.55		
Outstanding at May 2, 2015	722,940	$ 10.53	6.1	$ 2,601,468
Exercisable at May 2, 2015	443,977	$ 9.03	4.4	$ 2,260,318

As of May 2, 2015, there was $586,000 of unrecognized compensation expense related to unvested options, which will be recognized through March 2019.

Restricted Stock Units (RSUs) and Restricted Stock Awards (RSAs)

Aggregated information regarding RSUs and RSAs granted under the Plan for the three months ended May 2, 2015 is summarized below:

	RSAs & RSUs	Weighted Average Grant Date Fair Value
Unvested at January 31, 2015	72,245	$ 9.70
Granted	537	13.95
Vested	—	—
Forfeited	(2,800)	10.07
Unvested at May 2, 2015	69,982	$ 9.71

As of May 2, 2015, there was $175,000 of unrecognized compensation expense related to unvested RSUs and RSAs which will be recognized through April 2016.

Employee Stock Purchase Plan

Astro-Med has an Employee Stock Purchase Plan allowing eligible employees to purchase shares of common stock at a 15% discount from fair value on the date of purchase. A total of 247,500 shares were reserved for issuance under this plan. During the quarters ended May 2, 2015 and May 3, 2014, there were 732 and 815 shares respectively, purchased under this plan. As of May 2, 2015, 56,273 shares remain available.

(7) 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:

(In thousands)	May 2, 2015	January 31, 2015
Materials and Supplies	$ 9,487	$ 10,600
Work-In-Process	1,250	765
Finished Goods	7,229	7,372
	17,966	18,737
Inventory Reserve	(3,478)	(3,155)
	$ 14,488	$ 15,582

(8) Income Taxes

The Company’s effective tax rates for the period, which are based on the projected effective tax rate for the full year, are as follows:

	Three Months Ended
Fiscal 2016	28.0%
Fiscal 2015	28.5%

During the first quarter of fiscal 2016, the Company recognized an income tax expense of approximately $471,000. The effective tax rate in this quarter was directly impacted by a $135,000 tax benefit related to the statute of limitations expiring on a previously uncertain tax position. During the three months ended May 3, 2014, the Company recognized income tax expense of $449,000 which includes a benefit of approximately $100,000 related to the favorable resolution of a previously uncertain tax position.

As of May 2, 2015, the Company’s cumulative unrecognized tax benefits totaled $633,000 compared to $707,000 as of January 31, 2015. There were no other developments affecting unrecognized tax benefits during the quarter ended May 2, 2015.

(9) Note Receivable and Line of Credit Issued

On January 30, 2012, the Company completed the sale of its label manufacturing operations in Asheboro, North Carolina to Label Line Ltd. The net sale price of $1,000,000 was received in the form of a promissory note issued by Label Line Ltd. and is fully secured by a first lien on various collateral, including the Asheboro plant and plant assets. The note bears interest at 3.75% and is payable in sixteen quarterly installments of principal and interest which commenced on January 30, 2013. As of May 2, 2015, $375,000 remains outstanding on this note which approximates its estimated fair value.

The terms of the Asheboro sale also included an agreement for Astro-Med to provide Label Line Ltd. with additional financing in the form of a revolving line of credit in the amount of $600,000. This line of credit is fully secured by a first lien on various collateral of Label Line Ltd., including the Asheboro plant and plant assets, and bears interest at a rate equal to the United States prime rate plus an additional margin of two percent on the outstanding credit balance. The term of this revolving line of credit has been extended through January 31, 2016. As of May 2, 2015, $170,000 remains outstanding on this revolving line of credit. The estimated fair value of the line of credit approximates its carrying value.

(10) Segment Information

Astro-Med reports two segments: QuickLabel Systems (QuickLabel) and Test & Measurement (T&M). The Company evaluates segment performance based on the segment profit before corporate expenses.

Summarized below are the Net Sales and Segment Operating Profit for each reporting segment:

	Three Months Ended			
	Net Sales		Segment Operating Profit	
(In thousands)	May 2, 2015	May 3, 2014	May 2, 2015	May 3, 2014
QuickLabel	$15,644	$14,423	$ 1,977	$ 2,198
T&M	6,562	6,351	928	692
Total	$22,206	$20,774	2,905	2,890
Corporate Expenses			1,457	1,191
Operating Income			1,448	1,699
Other Income (Expense)—Net			234	(121)
Income Before Income Taxes			1,682	1,578
Income Tax Provision			471	449
Net Income			$ 1,211	$ 1,129

(11) Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2014-09 applies to all companies that enter into contracts with customers to transfer goods or services and is effective for public entities for interim and annual reporting periods beginning after December 15, 2016. Early application is not permitted and entities have the choice to apply ASU 2014-09 either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying ASU 2014-09 at the date of initial application and not adjusting comparative information. The Company is currently evaluating the requirements of ASU 2014-09 and has not yet determined its impact on the Company’s consolidated financial statements.

No other new accounting pronouncements, issued or effective during the first three months of the current year, have had or are expected to have a material impact on our consolidated financial statements.

(12) 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 ranging from one to 21 months. Securities available for sale 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 securities available for sale are as follows:

(In thousands) May 2, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State and Municipal Obligations	$ 15,841	$ 14	$ (18)	$ 15,837

January 31, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State and Municipal Obligations	$ 15,150	$ 26	$ (2)	$ 15,174

(13) Fair Value

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 (exit price). 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.

Cash and cash equivalents, accounts receivables, accounts payable, accrued compensation and other expenses and income tax payable are reflected in the condensed consolidated balance sheet at carrying value, which approximates fair value due to the short term nature of the these instruments.

Assets measured at fair value on a recurring basis are summarized below:

(In thousands) May 2, 2015	Level 1	Level 2	Level 3	Total
Money Market Funds (included in Cash and Cash Equivalents)	$2,409	$ —	$ —	$ 2,409
State and Municipal Obligations (included in Securities Available for Sale)	—	15,837	—	15,837
Total	$2,409	$15,837	$ —	$18,246

January 31, 2015	Level 1	Level 2	Level 3	Total
Money Market Funds (included in Cash and Cash Equivalents)	$3,028	$ —	$ —	$ 3,028
State and Municipal Obligations (included in Securities Available for Sale)	—	15,174	—	15,174
Total	$3,028	$15,174	$ —	$18,202

For our money market funds and state and municipal obligations, we utilize the market approach to measure fair value. The market approach is based on using quoted prices for identical or similar assets.

Non-financial assets measured at fair value on a recurring basis are summarized below:

May 2, 2015 (In thousands)	Level 1	Level 2	Level 3
Asset Held for Sale	$ —	$1,900	$ —

January 31, 2015 (In thousands)	Level 1	Level 2	Level 3
Asset Held for Sale	$ —	$1,900	$ —

Asset held for sale consists of Astro-Med's former Grass facility in Rockland, Massachusetts which is being actively marketed for sale. In accordance with ASC 360, "Property, Plant and Equipment," assets held for sale are written down to fair value less cost to sell and as such, the Company has recorded impairment charges of $220,000 and $779,000, in the fourth quarter of fiscal 2015 and 2014, respectively. The Company estimated the fair value of the Rockland facility using the market values for similar properties less the cost to sell and expects to sell this property within the next twelve months.

(14) Accumulated Other Comprehensive Loss

The changes in the balance of accumulated other comprehensive income (loss) by component are as follows:

(In thousands)	Foreign Currency Translation Adjustments	Unrealized Holding Gain on Available for Sale Securities	Total
Balance at January 31, 2015	$ (714)	$ 15	$(699)
Other Comprehensive Income (Loss)	8	(18)	(10)
Balance at May 2, 2015	$ (706)	$ (3)	$(709)

The amounts presented above in other comprehensive income (loss) are net of taxes, except for translation adjustment associated with our German Subsidiary.

(15) Commitments and Contingencies

Product Replacement Program

In April 2013, tests conducted by the Company revealed that one of its suppliers had been using a non-conforming part in power supplies for certain models of Astro-Med's Test & Measurement printers. No malfunctions have been reported by customers as a result of the non-conforming material.

Upon identifying this issue, Astro-Med immediately suspended production of the printers, notified all customers and contacted the supplier who confirmed the problem. Astro-Med is continuing to work with its customers to replace the non-conforming material on existing printers with conforming material. The estimated costs associated with the replacement program were $672,000, which was based upon the number of printers shipped during the period the non-conforming material was used. Those estimated costs were recognized and recorded as a reserve in the first quarter of fiscal 2014. As of May 2, 2015, the Company had expended $338,000 in replacement costs which have been charged against this reserve. The remaining reserve amount of $334,000 is included in Other Accrued Expenses in the accompanying condensed consolidated balance sheet dated May 2, 2015.

Astro-Med is currently receiving power supplies with compliant parts and has resumed printer production and shipments to customers.

Since the supplier deviated from the agreed upon specifications for the power supply while providing certificates of conformance to the original specifications, in January 2014, Astro-Med received a non-refundable $450,000 settlement from the supplier for recovery of the costs and expense associated with this issue. In addition to this cash settlement, the Company is receiving lower product prices from the supplier through fiscal 2017.

Table of Contents

(16) Line of Credit

The Company has a three-year, $10 million revolving line of credit available for ongoing working capital requirements, business acquisitions or general corporate purposes as needed. Any borrowings made under this line of credit bear interest at either a fluctuating base rate equal to the highest of (i) the Prime Rate, (ii) 1.50% above the daily one month LIBOR, and (iii) the Federal Funds Rate in effect plus 1.50% or at a fixed rate of LIBOR plus an agreed upon margin of between 0% and 2.25%, based on the Company's funded debt to EBITDA ratio as defined in the agreement. In addition, the new agreement provided for two financial covenant requirements, namely, Total Funded Debt to Adjusted EBITDA (as defined) of not greater than 3 to 1 and a Fixed Charge Coverage Ratio (as defined) of not less than 1.25 to 1, both measured at the end of each quarter on a rolling four quarter basis. As of May 2, 2015, there have been no borrowings against this line of credit and the Company was in compliance with its financial covenants.

(17) Subsequent Event

On May 20, 2015, the Company's shareholders approved the 2015 Equity Incentive Plan (the "2015 Plan") under which equity based awards, including incentive stock options, non-qualified stock options, RSUs and RSAs, may be granted to directors, officers, key employees and certain other individuals providing services to the Company. The maximum number of shares of common stock of the Company authorized for issuance under the 2015 Plan is 500,000, subject to adjustment for stock splits, stock dividends and other changes to the Company's capital structure.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

This section should be read in conjunction with Astro-Med's Condensed Consolidated Financial Statements included elsewhere herein and our Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

Astro-Med is a multi-national enterprise that leverages its proprietary data visualization technologies to design, develop, manufacture, distribute and service a broad range of products that acquire, store, analyze and present data in multiple formats. The Company organizes its structure around a core set of competencies, including research and development, manufacturing, service, marketing and distribution. It markets and sells its products and services through the following two sales product groups:

- QuickLabel Systems Product Group (QuickLabel)—offers product identification and label printer hardware, software, servicing contracts, and consumable products.
- Test and Measurement Product Group (T&M)—offers a suite of products and services that acquire and record visual and electronic signal data from local and networked sensors as well as wired and wireless networks. The recorded data is processed and analyzed and then stored and presented in various visual output formats. T&M products are offered in both fixed installation and portable versions. The Company supplies a range of products and services that include hardware, software and consumables to customers who are in a variety of industries, including aerospace, automotive, defense, rail, energy, industrial, and general manufacturing.

Astro-Med markets and sells its products and services globally through a diverse distribution structure of direct sales personnel, manufacturer's representatives and authorized dealers that deliver a full complement of branded products and services to customers in our respective markets.

Results of Operations

Three Months Ended May 2, 2015 vs. Three Months Ended May 3, 2014

Net sales by segment and current quarter percentage change over prior year for the three months ended May 2, 2015 and May 3, 2014 were:

(Dollars in thousands)	May 2, 2015	As a % of Net Sales	May 3, 2014	As a % of Net Sales	% Change Over Prior Year
QuickLabel	$15,644	*70.4 %*	$14,423	*69.4 %*	*8.5 %*
T&M	6,562	*29.6 %*	6,351	*30.6 %*	*3.3 %*
Total	$22,206	*100.0 %*	$20,774	*100.0 %*	*6.9 %*

Net sales for the first quarter of the current year were $22,206,000, representing a 6.9% increase as compared to the previous year's first quarter sales of $20,774,000. Sales through the domestic channels for the current quarter were $15,720,000, an increase of 7.5% over the prior year's first quarter. International sales for the first quarter of the current year were $6,486,000, representing a 5.4% increase from the previous year. Current year's first quarter international sales include an unfavorable foreign exchange rate impact of $953,000.

Hardware sales in the current quarter were $8,401,000, a slight decrease as compared to prior year's first quarter sales of $8,563,000. Hardware sales were down 3.4% in the T&M segment due primarily to a decline in sales Ruggedized product line sales in the current year. Current quarter hardware sales in the QuickLabel segment remained relatively constant with prior year. Consumables sales in the current quarter were $11,769,000, representing an 8.6% increase over prior year's first quarter consumable sales of $10,838,000. The current quarter increase in consumable sales as compared to the first quarter of the prior year is attributable to a double-digit increase in sales of digital color printer supplies and the label and tag products within the QuickLabel segment.

Service and other revenues of $2,036,000 in the current quarter were up 48.3% from prior year's first quarter service and other revenues of $1,374,000, primarily due to the increase in repairs and parts revenue during the quarter related to the fiscal 2014 Miltope acquisition.

Current year first quarter gross profit was $9,030,000, representing a 4.6% improvement as compared to prior year's first quarter gross profit of $8,635,000; however, the Company's gross profit margin of 40.7% in the current quarter reflects a decrease from the prior year's first quarter gross profit margin of 41.6%. The higher gross profit for the current quarter as compared to prior year is primarily attributable to higher sales, while the current quarter's decrease in margin is due to product mix and lower factory absorption.

Operating expenses for the current quarter were $7,582,000, an increase as compared to prior year's first quarter operating expenses of $6,936,000. Specifically, G&A expenses increased in the first quarter to $1,457,000 as compared to $1,191,000 in the prior year. The increase is due to increases in wages and benefits and professional fees spending. R&D expenses increased 30.9% in the current quarter as compared to the prior year, due to outside R&D design and product testing to accelerate on-going development. The R&D spending level, as a percentage of net sales, for the current quarter is 8.1% as compared to 6.6% for the same period of the prior year. Selling and marketing expenses for the current quarter decreased slightly to $4,329,000 as compared to $4,374,000 in the first quarter of the prior year.

Other income during the first quarter was $234,000 compared to other expense of $121,000 in the first quarter of the previous year. The increase in income was primarily due to the $248,000 of income recognized from a settlement in an escrow account related to the Miltope transaction. In addition, other expense in fiscal 2014 included a $251,000 write-down on the disposition of inventory related to the conclusion and settlement of the Grass Transition Service Agreement. The current quarter increase was slightly tempered by the increase in foreign exchange loss for the current quarter as compared to the same period of the prior year.

Table of Contents

The provision for federal, state and foreign taxes for the first quarter of the current year was $471,000 which includes a benefit of $135,000 related to the statute of limitations expiring on a previous uncertain tax position and reflects an effective tax rate of 28.0%. This compares to the prior year's first quarter tax provision on income of $449,000, which includes a benefit of $100,000 related to the favorable resolution of a previous uncertain tax position and reflected an effective tax rate of 28.5%.

The Company reported net income of $1,211,000 for the first quarter of the current year, generating EPS of $0.16 per diluted share as compared to the prior year's first quarter net income of $1,129,000 and related $0.14 per diluted share. Return on sales was 5.4% for the first quarter in both fiscal 2016 and fiscal 2015.

Segment Analysis

The Company reports two segments: QuickLabel Systems (QuickLabel) and Test & Measurement (T&M). The Company evaluates segment performance based on the segment profit before corporate and financial administration expenses.

Summarized below are the Net Sales and Segment Operating Profit for each reporting segment:

	Three Months Ended			
	Net Sales		Segment Operating Profit	
(In thousands)	May 2, 2015	May 3, 2014	May 2, 2015	May 3, 2014
QuickLabel	$15,644	$14,423	$ 1,977	$ 2,198
T&M	6,562	6,351	928	692
Total	$22,206	$20,774	2,905	2,890
Corporate Expenses			1,457	1,191
Operating Income			1,448	1,699
Other Expense—Net			234	(121)
Income Before Income Taxes			1,682	1,578
Income Tax Provision			471	449
Net Income			$ 1,211	$ 1,129

QuickLabel Systems—QuickLabel

Sales revenues from the QuickLabel product group increased 8.5% with sales of $15,644,000 in the first quarter of the current year as compared to $14,423,000 in the same period of the prior year. The current quarter received a strong contribution from the consumables product line as consumable sales increased 9.3% from the same period in the prior year. The current quarter increase in consumable sales is due to the increased demand for label and tag products as well as digital color printer supplies products, both which have experienced double-digit growth as compared to the prior year. QuickLabel's current quarter segment operating profit was $1,977,000, reflecting a profit margin of 12.6%, down from prior year's first quarter segment profit of $2,198,000 and related profit margin of 15.2 %. The decrease in QuickLabel's current year's segment operating profit and related margin is primarily due to product mix as well as higher manufacturing costs and R&D expenses.

Table of Contents

Test & Measurement—T&M

Sales revenues from the T&M products were $6,562,000 for the first quarter of the current fiscal year, representing a 3.3% increase as compared to sales of $6,351,000 for the same period in the prior year. The slight increment is traceable to the increased demand for our high speed data acquisition product lines as well as growth in parts and repairs revenue during the quarter. T&M's first quarter segment operating profit of $928,000 resulted in a 14.2% profit margin as compared to the prior year's segment operating profit of $692,000 and related operating margin of 10.9%. The higher segment operating profit and related margin were due to higher sales, and favorable product mix.

Financial Condition and Liquidity

The Company believes that cash provided by operations will continue to be sufficient to meet operating and capital needs for at least the next twelve months. However, in the event that cash from operations is not sufficient, the Company has a substantial cash and short term marketable securities balance as well as a $10.0 million revolving bank line of credit. Borrowings made under this line of credit bear interest at either a fluctuating base rate equal to the highest of (i) the Prime Rate, (ii) 1.50% above the daily one month LIBOR, and (iii) the Federal Funds Rate in effect plus 1.50% or at a fixed rate of LIBOR plus an agreed upon margin of between 0% and 2.25%, based on the Company's funded debt to EBITDA ratio as defined in the agreement. As of the filing date of this Quarterly Report on Form 10-Q, there have been no borrowings against this new line of credit and the entire line is currently available.

The Company's statements of cash flows for the three months ended May 2, 2015 and May 3, 2014 are included on page 6. Net cash flows provided by operating activities were $2,972,000 in the current year compared to cash used of $2,404,000 in the previous year. The increase in operating cash flow for the first three months of the current year as compared to the previous year is related to income tax payments made in the prior year in connection with the gain on the sale of Grass, as well as lower accounts receivable and inventory balances in the current year. The accounts receivables balance decreased to $14,012,000 at the end of the first quarter as compared to $14,107,000 at year-end and the accounts receivable collection cycle remained at 52 days sales outstanding from year end. Inventory declined to $14,488,000 at the end of the first quarter compared to $15,582,000 at year end and inventory days on hand decreased to 101 days on hand at the end of the current quarter from 106 days at year end.

The Company's cash, cash equivalents and investments at the end of the first quarter totaled $24,652,000 compared to $23,132,000 at year end. The increased cash and investment position at May 2, 2015 resulted from current quarter's net income and decreases in accounts receivables and inventory, as discussed above. This increase was partially offset by dividends paid of $510,000; restricted cash of $600,000; and cash used to acquire property, plant and equipment of $654,000.

The Company's backlog increased 20.6% from year-end to $14,537,000 at the end of the current first quarter.

Critical Accounting Policies, Commitments and Certain Other Matters

In the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015, the Company's most critical accounting policies and estimates upon which our financial status depends were identified as those relating to revenue recognition, warranty claims, bad debts, inventories, income taxes, long-lived assets, goodwill and share-based compensation. We considered the disclosure requirements of Financial Release ("FR") 60 ("FR-60") regarding critical accounting policies and FR-61 regarding liquidity and capital resources, certain trading activities and related party disclosures, and concluded that nothing materially changed during the quarter that would warrant further disclosure under these releases.

Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. We generally use the words "believes," "expects," "intends," "plans," "anticipates," "likely," "continues," "may," "will," and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors which could cause actual results to differ materially from those anticipated include, but are not limited to (a) general economic, financial and business conditions; (b) declining demand in the test and measurement markets, especially defense and aerospace; (c) competition in the specialty printer industry; (d) ability to develop market acceptance of our products and effective design of customer required features; (e) competition in the data acquisition industry; (f) the impact of changes in foreign currency exchange rates on the results of operations; (g) the ability to successfully integrate acquisitions and realize benefits from divestitures; (h) the business abilities and judgment of personnel and changes in business strategy; (i) the efficacy of research and development investments to develop new products; (j) the launching of significant new products which could result in unanticipated expenses; (k) bankruptcy or other financial problems at major suppliers or customers that could cause disruptions in the Company's supply chain or difficulty in collecting amounts owed by such customers; (l) and other risks included under "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015. We assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The registrant is a smaller reporting company and is not required to provide this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to have materially affected, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no pending or threatened legal proceedings against the Company believed to be material to the financial position or results of operations of the Company.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, which could materially affect our business, financial condition or future operating results. The risks described in our Annual Report on 10-K are not the only risks that we face, as additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating result as well as adversely affect the value of our common stock.

There have been no material updates to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the first quarter of fiscal 2016, the Company made the following repurchases of its common stock:

	Total Number of Shares Repurchased	Average Price paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Be Purchased Under The Plans or Programs
February 1—February 28	—	$ —	—	390,000
March 1—March 28	—	$ —	—	390,000
March 29—May 2	—	$ —	—	390,000

Item 6. Exhibits

The following exhibits are filed as part of this report on Form 10-Q:

10.1 Senior Executive Short-Term Incentive Plan

10.2 General Manager Employment Contract

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 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

(101) The following materials from Registrant's Quarterly Report on Form 10-Q for the period ended May 2, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed Consolidated Financial Statements. Filed electronically herein.

SIGNATURES

Pursuant to the requirements 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: May 29, 2015

By /s/ Gregory A. Woods
Gregory A. Woods,
President, Chief Executive Officer and Director
(Principal Executive Officer)

By /s/ Joseph P. O'Connell
Joseph P. O'Connell
Senior Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

ASTRO-MED INC.

SENIOR EXECUTIVE SHORT TERM INCENTIVE PLAN

Adopted March 27, 2015

1. Purpose and Objectives

The overall purpose of this Senior Executive Short Term Incentive Plan ("Plan") is to recognize and reward executives for their collective contributions to the Company's success. The Plan rewards Participants based on the achievement of performance goals that are critical to the Company's growth and profitability.

The objectives of the Plan are to:

(a) Recognize and reward achievement of the Company's annual business goals;

(b) Motivate and reward superior performance;

(c) Provide a competitive total compensation package that enables the Company to attract and retain talent needed to grow the Company; and

(d) Encourage teamwork and collaboration among the Company's leadership and across business groups.

2. Eligibility/Participants

(a) Subject to the provisions of the Plan, the Chief Executive Officer shall recommend to the Committee selected Senior Executives to be eligible for participation in the Plan. Selection of Senior Executives shall be approved on an annual basis by the Committee and set forth in a resolution. Participant eligibility for one Plan Year does not guarantee selection and eligibility for a subsequent Plan Year.

(b) A Participant who is employed by the Company (and on the payroll) for the full Plan Year is eligible for a full year's Award. Participants who are employees for at least six months but less than twelve months during a Plan Year are entitled to 25% of the Award based upon the Target Award Percentage for such Participant established by the Committee as provided under Section 3. Employees with less than six (6) months of service during the Plan Year are not eligible to participate in the Plan until the following year, unless the Committee approves an exception.

(c) No Award will be earned or paid to an employee on leave of absence.

(d) Participants who terminate employment during the Plan Year (other than in the case of death, Disability or Retirement as provided in Section 6 or as the Committee may otherwise determine in its sole discretion) will not be eligible to receive an Award with respect to such Plan Year, and the Bank Balance (as defined in Section 6 below) of such Participant shall be forfeited immediately upon such Termination.

(e) Employees who are participating in other Company incentive plans (e.g. Sales Incentive Plan, etc.) are not eligible under this Plan without written approval of the Committee.

3. Performance Goals

(a) Awards are earned based on achieving or exceeding annual financial objectives, established by the Committee. Annually, the Committee shall establish in writing one or more performance goals which, when measured at the end of the Plan Year, shall determine the amount of the Award to be earned and paid to the Participant ("Performance Goals"). Unless otherwise determined by the Committee for any Plan Year, the Performance Goals shall be (i) Consolidated Net Sales ("Revenue"), (ii) Consolidated Operating Income ("OpInc") and (iii) Economic Value Added ("EVA").

(b) The Committee shall determine annually the percentage of the Target Award that shall be allocated to each Performance Goal ("Performance Goal Allocation Percentage"). Unless otherwise determined by the Committee for any Plan Year, the Performance Goal Allocation Percentages shall be as follows: Revenue (25%); OpInc (55%); and EVA (20%).

4. Award Opportunity

(a) Performance with respect to Performance Goals will be evaluated against target performance levels. Each Participant will have a Target Award, expressed as a percentage of Base Salary (the "Target Award Percentage"), which the Committee shall established annually for each Participant and which may vary as to each Participant and from year to year for any Participant. For example, if a Participant's Target Award Percentage is 20% and the Participant's Base Salary is $150,000, then the Participant's "Target Award" would be equal to $30,000.

(b) Performance of each specific Performance Goal shall be calculated independently to determine the amount of the award for each Performance Goal (each, an "Award Component"). The total Award under the Plan earned by any Participant with respect to any Plan Year shall be equal to the sum of the separate Award Components determined as provided in subparagraph (c) below. Other than the limitations set forth in Section 5(d) below a Participant's Award is uncapped.

(c) Each Award Component shall be calculated using the following formula, which includes an "Adjustment Factor" as set forth in subparagraph (d) below:

Award Component = **Target Award** multiplied by the **Performance Goal Allocation Percentage** multiplied by the **Performance Goal Adjustment Factor**

(d) Each Award Component will be independently adjusted by an "Adjustment Factor," determined as follows:

(i) If the actual performance exceeds the Performance Goal for the Plan Year, the Adjustment Factor for such Performance Goal will be 1 plus the percentage by which actual performance exceeds the Performance Goal. For example, if actual performance exceeds the Performance Goal by 4%, the Adjustment Factor for that Award Component would be increased by 4% to 1.04.

(ii) If actual performance is less than the Performance Goal for the Plan Year, the Adjustment Factor shall be 1 minus 10 percentage points for each percentage point by which actual performance is less than the Performance Goal. For example, if actual performance is 97% of the specific Performance Goal, then the Adjustment Factor for that Award Component would be reduced by 30% to 0.70. No Award shall be paid with respect to a specific Performance Goal if the actual performance does not exceed 90% of such Performance Goal. Thus, if actual performance does not exceed 90% of the Performance Goal, then the Award Component for that Performance Goal will be zero.

(e) Awards under the Plan are subject to the following limitations:

(i) All combined annual Awards under the Plan cannot exceed 15% of the Company's Consolidated Operating Income for the applicable Plan Year determined without deduction for the combined Awards under the Plan for such Plan Year (the "Global Limit"). To the extent Awards calculated under this Section 4 would exceed the Global Limit, Awards for all Participants shall be reduced *pro rata* as necessary to comply with the Global Limit.

(ii) In any Plan Year in which the EVA Performance Goal is less than $1 million, the maximum Award to a Participant under the Plan for such Plan Year may not exceed two (2) times the Participant's Target Award.

(iii) The aggregate Awards earned must be fully accounted for when determining whether a Performance Goal based upon Operating Income has been achieved (i.e., adequate reserves for Awards must be provided in the Operating Income reported by the Company).

(iv) Subject to the exercise of the Committee's discretion under Sections 9(c) and 9(d) hereof, all Awards earned based on achieving Performance Goals based on Operating Income shall be based on operating income from the Company's normal operating activities and exclude the financial results from unbudgeted mergers, acquisitions, sales of assets, divestitures, etc.

5. Award Bank and Award Payouts

(a) All Awards under the Plan shall be credited to a Participant's "Award Bank" account, which shall be a book account maintained by the Company. The resultant balance in the Participant's account after crediting the Award for the Plan Year (the "Bank Balance") is then used to determine the Participant's Payout Amount for the Plan Year. The Bank Balance in excess of the Payout amount for any Plan Year is not vested and shall remain subject to a risk of forfeiture. Awards shall be credited to the Award Bank and any Payout Amounts may be paid only after review and written approval by the Committee.

(b) Subject to the limitations in Section 4(e) hereof, the "Payout Amount" shall be equal to the sum of (i) the lesser of (A) the Participant's Award calculated for the Plan Year in accordance with Section 4 or (B) the Participant's Target Award for the Plan Year *plus* (ii) 30% of the Participant's Bank Balance (after deduction of the amount paid or to be paid to the Participant under clause (i) hereof).

(c) A Participant's Award (determined in accordance with Section 4) and Payout Amount (determined in accordance with this Section 5) shall be calculated as soon as the Company's financial results are reported and performance against Performance Goals can be measured and evaluated and the Payout Amount will be paid to the Participant in cash as soon as the Company's audited financial statements for the Plan Year are issued but in no event later than the April 15 th following the end of the applicable Plan Year.

(d) Notwithstanding any other provisions hereof, in the event of a Participant's Disability, death or Retirement the amount to be paid to a Participant (or the Participant's estate) shall be determined under Section 6(a) or (b), as applicable.

6. Termination of Employment.

Except as specifically provided otherwise in any employment agreement between the Company and a Participant:

(a) If a Participant's employment with the Company terminates due to the Participant's Disability, death or Retirement during a Plan Year, the Participant's Award for the Plan Year shall be prorated to the date of Disability, death or Retirement and 100% of such prorated Award shall be paid to the Participant (or the Participant's estate) in accordance with Section 5(c) above.

(b) If a Participant's employment with the Company terminates due to the Participant's Disability, death or Retirement subsequent to the Plan Year but prior to the payout date, the Participant's (or the Participant's estate, in the case of death) Payout Amount shall be equal to 100% of the Award earned by the Participant for such Plan Year, which shall be paid to the Participant (or the Participant's Estate) in accordance with Section 5(c) above.

(c) If a Participant's employment with the Company terminates due to the Participant's Disability, death or Retirement, the Participant (or the Participant's estate, in the case of death) shall vest in full and be entitled to receive the Participant's Bank Balance in cash as soon as administratively practicable but in no event later than the April 15th of the year following the year in which the Disability, death or Retirement occurred.

(d) If the employment of a Participant with the Company is terminated for any reason other than death, Disability or Retirement, then the Participant's rights with respect to the Participant's Bank Balance as of the date of Termination will be forfeited and neither the Participant nor the Participant's heirs, personal representatives, successors or assigns shall have any future rights with respect to the Bank Balance.

7. Change in Control

Except as specifically provided otherwise in any employment agreement between the Company and a Participant in the event of a Change in Control:

(a) For the Plan Year in which the Change in Control occurs, the Award for such Plan Year shall be determined by performance measures through the last day of the quarter immediately preceding the date of the Change in Control and shall be prorated to the date of the Change in Control; and

(b) A Participant's Bank Balance shall vest in full on the Change in Control and become immediately payable in cash within 30 days following the Change in Control.

8. Effective Date

The Plan is effective for the fiscal year beginning February 1, 2015, and shall remain in effect until such time as it shall be terminated by the Committee.

9. Plan Administration

(a) Authority of the Committee . The Plan shall be administered by the Committee. The Committee shall have full and final authority, in each case subject to, and consistent with, the provisions of the Plan, to select Senior Executives to become Participants, grant Awards, determine the annual Performance Goals, and the amount and other terms and conditions of, and all other matters relating to, Awards, construe and interpret the Plan and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. Any determination by the Committee will be final and binding on all Participants.

(b) Limitation of Liability . The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any executive officer, other officer or employee of the Company or a subsidiary, the Company's independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company or a subsidiary acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

(c) Discretion . The Plan is designed to encourage focus on the Company's annual business plan goals while providing the flexibility and discretion needed to be responsive to the Company's business needs. The Committee shall have the right to apply positive or negative discretion in determining the amount of any Award as needed to reflect business environment and market conditions that may affect the Company's performance.

(d) Plan Changes or Discontinuance . The Committee is authorized to make adjustments in the Performance Goals and Awards in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any subsidiary or any business unit, or the financial statements of the Company or any subsidiary, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant. In addition, the Committee may add to, amend, modify or discontinue any of the terms or conditions of the Plan or Performance Goals at any time.

10. Miscellaneous

(a) Nonassignability . No Award will be assignable or transferable (including pursuant to a pledge or security interest) other than by will or by laws of descent and distribution.

(b) Ethics . The altering, inflating, and/or inappropriate manipulation of performance/financial results or any other infraction of recognized ethical business standards, will subject the employee to disciplinary action up to and including Termination of employment. In addition, any incentive compensation as provided by the Plan to which the Participant would otherwise be entitled will be revoked. Participants who have willfully engaged in any activity injurious to the Company will, upon Termination of employment, death, or Retirement, be obligated to repay any Award earned during the Performance Period in which the wrongful conduct occurred.

(c) Taxes . The Company and any subsidiary is authorized to withhold from any Award, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award.

(d) Non-Uniform Determinations . The Committee's determinations under the Plan need not be uniform and may be made selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated. Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations and to establish non-uniform and selective target Awards.

(e) Other Payments or Awards . Nothing contained in the Plan will be deemed in any way to limit or restrict the Company, the Board or the Committee from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

(f) Unfunded Plan . This is an unfunded Plan. No provision of the Plan will require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor will the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants will have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they will have the same rights as other employees under generally applicable law.

(g) Rights of Employees . Nothing contained in the Plan will confer upon any employee or Participant any right to continue in the employ or other service of the Company or constitute any contract or limit in any way the right of the Company to discharge any employee or Participant at any time for any reason.

(h) Governing Law . The Plan and the Awards hereunder shall, in all respect, be governed by, and construed and enforced in accordance with the laws of the State of Rhode Island.

(i) Invalidity . Each provision in the Plan is severable, and if any provision is held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

(j) Section Headings . The section headings contained herein are for the purposes of convenience only, and in the event of any conflict, the text of the Plan, rather than the section headings, will control.

(k) Code Section 409A . It is the intent of the Company that Awards under the STIP will fall within the short-term deferral exception to Section 409A of the Internal Revenue Code (“Code”) provided at Treasury Regulations, Section 1.409A-1(b)(4). This Agreement shall be interpreted consistently with this intent. However, to the extent that any Award is determined to constitute “nonqualified deferred compensation” within the meaning of Code Section 409A (a “409A Award”), the Award shall be subject to such additional rules and requirements as may be reasonably specified by the Committee in order to comply with Section 409A. If any amount under a 409A Award is payable upon a “separation from service” (within the meaning of Section 409A), to a Participant who is then considered a “specified employee” (within the meaning Treas. Reg., Section 1.409A-1 (i)), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation from service, or (ii) the Participant’s death, but only to the extent such delay is necessary to prevent such payment from being subject to additional tax pursuant to Section 409A.

11. Definitions and Construction

(a) Definitions . Whenever used herein, the following terms shall have their respective meanings set forth below:

“Award” means a cash incentive award made to a Participant under the Plan.

“Base Salary” means a Participant’s base salary as of the last day of the Plan Year.

“Board” means the Board of Directors of the Company as it may be comprised from time to time.

“Change in Control” shall mean the first to occur of:

(i) the acquisition of more than 50% of the beneficial ownership of the combined voting securities of the Company by any person or group (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than the Company or its subsidiaries or any employee benefit plan of the Company or any person who was an officer or director of the Company on the effective date of the Plan;

(ii) consummation by the Company of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners of the voting securities of such entity immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, securities representing more than 50% of the voting power of then outstanding voting securities of the corporation resulting from such a reorganization, merger or consolidation, provided that the forgoing shall not apply if the transaction is structured as “merger of equals” and the Board determines that a Change in Control has not occurred;

(iii) the sale, exchange or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company (on a consolidated basis) to a party which is not controlled by or under common control with the Company; or

(iv) the date a majority of the members of the Company's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority if the members of the Company's Board before the date of such appointment or election;

provided , *however* , that notwithstanding the foregoing, with respect to any Award that is determined to be "non-qualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of any payment in respect of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

"Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. If no committee of the Board has been appointed to administer the Plan, the Board shall exercise all of the powers of the Committee granted herein, and, in any event, the Board may in its discretion exercise any or all of such powers,

"Company" means Astro-Med, Inc., a Rhode Island corporation, or any successor company thereto.

"Disability" shall mean that the Participant meets one of the following requirements: (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to last for a period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering participants of the Company, or (iii) the Participant is determined to be disabled by the Social Security Administration or in accordance with a disability insurance program, provided that the definition of disability applied under such disability insurance program complies with (i) or (ii) above.

"Economic Value Added" or "EVA" means Consolidated Net Operating Profit after Taxes *minus* the product of Capital multiplied by the Cost of Capital, as determined by the Committee in its sole discretion, where "Capital" means the sum of all debt and equity capital, net of excess cash and after corrective accounting adjustments.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

"Participant" means any Senior Executive selected by the Committee to receive an Award under the Plan.

"Performance Goals" means criteria selected by the Committee pursuant to Section 3(a) hereof to measure the Company's financial performance and also, when appropriate, the achievement of specified strategic goals and/or operational objectives.

"Performance Goal Allocation Percentage" means the percentage of a Target Award allocated to each Performance Goal by the Committee pursuant to Section 3(b) hereof.

"Plan Year" shall mean the fiscal year beginning February 1st and ending January 31 st of the following calendar year.

"Retirement" shall mean the date that the Participant incurs a "separation from service" within the meaning of Treasury Regulations, Section 1.409A-1(h)(1), provided that the Participant has attained the age of sixty-five (65) years prior to such separation from service.

"Senior Executive" shall mean the person who has been identified as an "executive officer" of the Company in filings with the Securities and Exchange Commission and any Vice President or Director Level Manager of the Company.

"Target Award Percentage" has the meaning set forth in Section 4(a) hereof.

"Termination" of employment means a "separation from service" as defined in Treasury Regulations, Section 1.409A-1(h)(1).

(b) Construction . Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural, the plural shall include the singular and the masculine shall include the feminine and neuter, as the context requires. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

Geschäftsführer-Anstellungsvertrag
General Manager Employment Contract

Zwischen der
Astro-Med., Inc., West Warwick, Rhode Island USA
- nachfolgend „Gesellschaft" genannt -
und
Herrn Michael Morawetz, Sudetenstr. 12 - 36396
Steinau an der Straße - nachfolgend:
„Geschäftsführer" - genannt kommt folgender
Vertrag zustande:

Between
Astro-Med., Inc., West Warwick, Rhode Island USA
- hereinafter referred to as the "Company", on behalf of the Company and its wholly-owned subsidiary, Astro-Med GmbH
and
Herr Michael Morawetz, Sudetenstr. 12 - 36396
Steinau an der Strasse - hereinafter referred to as the "General Manager", the following contract is agreed:

Präambel

Die Parteien haben am 20. Juni 1989 einen Anstellungsvertrag (Anlage l) geschlossen. Um einerseits den Vertrag zu aktualisieren, andererseits aber bestimmten rechtlichen Gegebenheiten Rechnung zu tragen, vereinbaren die Parteien das Folgende:

Preamble

In order to document their mutual agreement concerning the terms of General Manager's employment, the parties agree to the following:

§ 1 Aufgaben und Vertretungsverhältnisse

Der Geschäftsführer ist verantwortlich für das Verkaufsgebiet Europa (inkl. der an Russland angrenzenden Länder und Kanada, Insbesonders für den Verkauf, die Dienst- leistungen und alle verkaufsfördernden Maßnahmen, einschließlich der Herstellung der „QLS Media Products" und für die Leitung der deutschen Niederlassung, einschließlich deren Mitarbeiter. Er stellt der Astro-Med GmbH seine gesamte Arbeits-kraft, seine Kenntnisse und Erfahrungen zur Verfügung. Er leitet die Astro-Med GmbH und vertritt sie gerichtlich und außer-gerichtlich. Es ist Ihm hierbei jedoch nicht gestattet, Geschäfte mit sich im Namen der Astro-Med GmbH mit sich selbst oder als Vertreter eines Dritten abzuschließen, es sei denn, das Rechts-geschäft besteht ausschließlich in der Erfüllung einer Verbindlichkeit (§ 181 BGB). Die Nieder-lassungsleiter Frankreich, Canada und UK unterstehen dem Geschäftsführer. Er ist auch Geschäftsführer der französischen Niederlassung

Die Gesellschaft kann weitere Geschäftsführer sowie Prokuristen bestellen. Es steht der Gesellschaft frei, hierbei die Vertretungsverhältnisse im Rahmen der Gesetze

§ 1 Job remit and representation arrangements

The General Manager is responsible for the sales territory of Europe (including Russia) and Canada for sales, services and all sales promotion work, including the production of QLS Media Products, and for managing Astro-Med GmbH and the German operation, including its staff. He shall place his entire working capacity, knowledge and experience at the Company's disposal. He shall manage Astro-Med GmbH and represent it in and out of court. In this context, however, he shall not be permitted to conclude transactions on behalf of Astro-Med GmbH or the Company with himself or as representative of a third party, unless the legal transaction concerned consists solely of repaying a debt (§ 181 BGB). Until such time as the Company appoints one or more other general managers as provided in the following paragraph, the Company's French, UK and Canadian Operations report to the General Manager.

The Company can appoint additional general managers and authorized signatories. The Company shall have the right at its discretion to specify the representation arrangements within the framework of statute law and to revise them at any time; the General Manager shall have no nach ihrem Ermessen zu bestimmen und jederzeit neu zu ordnen; der Geschäfts-führer hat keinen Anspruch auf Einzelvertretungsberechtigung. Im Falle der Ernennung weiterer Geschäftsführer werden diese Geschäftsführer kein Weisungsrecht gegenüber H. Morawetz haben. Ernennung weiterer Geschäftsführer werden diese Geschäftsführer kein Weisungsrecht gegenüber H. Morawetz haben.

entitlement to sole representation. If any additional general managers shall be appointed, these general managers shall have no disciplinary authority to give directions to the General Manager.

§ 2 Geschäftsführungsbefugnis und -Ordnung, genehmigungspflichtige Geschäfte

Der Geschäftsführer führt die Geschäfte der Astro-Med GmbH und auch als Gerand (Geschaeftsfuehrer) der Astro-Med SNC Niederlassungnach innen und außen und hat in den Angelegenheiten der Gesellschaft die Sorgfalt eines ordentlichen Kaufmannes anzuwenden.

Sieht der Gesellschaftsvertrag vor, daß der bzw. die Geschäftsführer zur Durchführung bestimmter Maßnahmen die Zustimmung des Chief Executive Officers (CEO) der Gesellschaft einzuholen haben, so hat der Geschäftsführer dies zu beachten und zu befolgen.

Bestellt die Gesellschaft weitere Geschäftsführer oder Prokuristen, so kann sie die Geschäftsbereiche nach ihrem Ermessen bestimmen und jederzeit neu ordnen; der Geschäftsführer hat keinen Anspruch auf Führung eines bestimmten Geschäftsbereichs. Die Gesellschaft kann die jeweiligen Geschäftsführungsbefugnisse in einer Geschäftsordnung regeln.

§ 2 Managerial prerogatives and standing rules, transactions subject to approval

The General Manager shall manage Astro-Med GmbH’s business, hold the position of SNC Gérant for the Astro-Med SNC Branch in France, both internally and externally, and shall exercise the due care and diligence of a prudent businessman in the Company’s affairs.

If the by-laws or other directive from the Company specify that the General Manager(s) must obtain the consent of the Chief Executive Officer (CEO) for carrying out particular measures, the General Manager must respect and comply with this.

If the Company appoints additional general managers, or authorized signatories, it can specify their responsibilities at its own discretion and reallocate them at any time; the General Manager shall have no entitlement to managing a particular area of responsibility. The Company can regulate the managerial prerogatives in a list of standing rules.

§ 3 Art und Umfang der Tätigkeit; Nebentätigkeiten

Der Geschäftsführer orientiert Art und Zeit seiner Tätigkeit an den Belangen der Astro-Med GmbH und ist an bestimmte Arbeitszeiten nicht gebunden.

Der Geschäftsführer hat bei seiner Tätigkeit die Gesetze, den Gesellschaftsvertrag, die einschlägigen Regularien der Gesellschaft, einen

§ 3 Nature and scope of the job, sideline activities

The General Manager shall focus the nature and time of his activities on the concerns of the Astro-Med GmbH, and shall not be bound by specific working hours.

The General Manager shall in his work comply with the laws, the Company’s Policies or by-laws, any listing of transactions requiring approval, any standing rules and individual instructions from the etwaigen Katalog zustimmungspflichtiger Geschäfte, eine etwaige Geschäftsordnung sowie Einzelweisungen des CEO zu beachten. Einmal im Jahr wird der Geschäftsführer aufgefordert, eine Entsprechenserklärung nach dem "Code of Conduct" abzugeben, die dann ebenfalls Bestandteil des Arbeitsvertrages wird.

(1) Ohne vorherige Zustimmung der
(2) Gesellschaft ist es dem Geschäftsführer nicht gestattet, Nebentätigkeiten auszuüben und Ehrenämter zu bekleiden.

CEO. Once a year, the General Manager shall be requested to submit a declaration of conformity under the "Code of Conduct", which shall then also become a constituent part of the employment contract.

Without the Company's prior consent, the General Manager shall not be permitted to perform sideline activities or occupy honorary posts.

§ 4 Geheimhaltung, Umgang mit Geschäftsunterlagen

Der Geschäftsführer hat, auch nach seinem Ausscheiden, über sämtliche Angelegenheiten der Gesellschaft strengste Verschwiegenheit zu wahren. Für jeden Fall eines schuldhaften Verstoßes gegen seine Verschwiegenheitspflicht ist der Geschäftsführer zum Schadensersatz verpflichtet.

Sämtliche Unterlagen, die Astro-Med GmbH betreffend, die sich in seinem Besitz befinden, hat der Geschäftsführer im Falle seines Ausscheidens unverzüglich an die Astro-Med GmbH zurückzugeben. Ein Zurückbehaltungsrecht hieran steht im nicht zu. Kopien von Geschäftsunterlagen darf der Geschäftsführer nicht fertigen oder zurückbehalten.

§ 4 Secrecy, dealing with business documents

The General Manger must, even after leaving the Company, observe the strictest secrecy regarding the Company's affairs. For each case of a culpable violation of his obligation to maintain secrecy, the General Manager shall be obligated to pay damages.

In the event of his leaving the Astro-Med GmbH, the General Manager must immediately return to Astro-Med GmbH all documents and all other Astro-Med GmbH property in his possession relating to the Astro-Med GmbH. He shall have no right of retention to these. The General Manager may not make or retain copies of business documents.

5 Vergütung und Auslagenerstattung

Der Geschäftsführer erhält für seine Tätigkeit ein Monatsgehalt von 157590,00 EUR, das am Monatsende fällig ist und unter Einbehaltung und Abführung der gesetzlichen Abzüge, insbesondere der Steuer und des Arbeitnehmeranteils der Sozialversicherungsbeiträge, ausgezahlt wird. Des Weiteren wird bei entsprechender Leistung- und Zielerreichung ein Bonus (Anlage 1) ausbezahlt.

Die Astro-Med GmbH übernimmt zusätzlich zu Abs. 1 die Zahlung des Arbeitgeberanteils der Beiträge zu den Sozialversicherungen.

§ 5 Remuneration and reimbursement of expenses

For his work for the Company, Astro-Med GmbH shall pay the General Manager shall receive an annual salary of €157,590 effective April 1, 2014, due for payment at the end of each month, and to be paid out after retention and subsequent remittance of the statutory deductions, particularly tax and the employee's portion of the social insurance contributions. In addition, a bonus may be paid given appropriate performance and target achievement (Attachment 1).

Astro-Med GmbH shall, in addition to paragraph 1, pay the employer's portion of the contributions to social insurance.

Das Gehalt wird einmal jährlich anhand der Leistungsentwicklung und Zielerreichung überprüft und ggf. angepaßt.

The salary shall be reviewed once a year against criteria of performance development and target achievement, and adjusted as appropriate.

Ist der Geschäftsführer aufgrund von Krankheit oder Berufsunfähigkeit zur Ausübung seiner Tätigkeit nicht imstande, so wird seine Vergütung während des bestehenden Vertragsverhältnisses für die Dauer von 6 Wochen unter Anrechnung des vom Geschäftsführer bezogenen Krankengeldes weitergezahlt.

If by reason of illness or incapacity the General Manager is unable to perform his work, his remuneration shall continue to be paid during the existing contractual relationship for a period of 6 weeks, offsetting the sickness benefit received by the General Manager.

Der Geschäftsführer erhält von der Gesellschaft einen Pkw der oberen

Mittelklasse zur Verfügung gestellt, den er während der Dauer des Vertragsverhältnisses zu beruflichen und privaten Zwecken nutzen darf. Die laufenden Kosten der Pkw-Nutzung trägt die Astro-Med GmbH. Die auf die private Nutzung entfallende Steuerbelastung trägt der Geschäftsführer. Ein Zurückbehaltungsrecht an dem Fahrzeug in irgendeiner Form besteht nicht.

Astro-Med GmbH shall provide the General Manager with an automobile, from the upper mid range category, which he may use throughout the duration of the contractual relationship for business and private purposes. The running costs for car utilization shall be borne by the Astro-Med GmbH. The tax burden arising from private use shall be borne by the General Manager. No right of retention whatever exists for the vehicle.

Die Gesellschaft schließt für den Geschäftsführer eine Gruppenunfallversicherung ab zu folgenden Bedingungen:
(Class 1 employee). The policy has an Accidental Death and Dismemberment benefit of $300,000 USD.

The Company shall take out group accident travel insurance policy that covers the General Manager (Class 1 employee). The policy has an Accidental Death and Dismemberment benefit of $300,000 USD.

§ 6 Urlaub

§ 6 Holiday

Der Geschäftsführer ist berechtigt, jährlich Urlaub von insgesamt 30 Tagen zu nehmen.

The General Manager is entitled to take a total of 30 days’ holiday per annum.

Urlaub, der bis zum 31.3. des jeweiligen Folgejahres nicht genommen worden ist, verfällt ersatzlos, es sei denn, der Geschäftsführer unterrichtet den COO oder den CEO der Gesellschaft schriftlich bis spätestens zum 31.1. des jeweiligen Folgejahres darüber, daß er seinen Urlaub nicht fristgemäß in vollem Umfange nehmen kann.

Holiday which has not been taken by the 31 March of the succeeding year in question shall lapse without replacement, unless the General Manager notifies the Company’s CEO in writing by 31 January at the latest of the succeeding year, that he is unable to take his holiday in full before the deadline.

§ 7 Vertragsdauer und Beendigung

Dieser Vertrag tritt mit der Unterzeichnung der Vereinbarung in Kraft und gilt als auf unbestimmte Zeit geschlossen, es sei denn, er wird gemäß den Bestimmungen 7.2,7.3 oder 7.4 dieser Vereinbarung gekündigt. Er endet jedoch ohne Kündigung spätestens am Ende des Monats, in dem der Geschäftsführer das gesetzliche Rentenalter erreicht.

Der Vertrag kann von jeder Partei außerordentlich fristlos gekündigt werden, wenn ein wichtiger Grund vorliegt.

Er kann ohne Vorliegen von Gründen ordentlich mit einer Frist von sechs Monaten zum Quartalsende gekündigt werden.

Im Falle einer betriebsbedingten Kündigung durch die Gesellschaft, zahlt die Gesellschaft an den Geschäftsführer zusätzlich zu den monatlichen Bezügen eine Abfindung in Höhe von einem Bruttomonatsgehalt pro Beschäftigungsjahr bei der Astro-Med GmbH bis zum Beendigungszeitpunkt, aber

es werden keine weiteren Zahlungen des Jegliche Kündigung bedarf der Schriftform. Kündigt der Geschäftsführer, so hat er seine Kündigung an die Gesellschaft zu richten.

Die Bestellung des Geschäftsführers ist jederzeit widerruflich. Eine Abberufung des Geschäftsführers durch die Gesellschaft beinhaltet die Kündigung dieses Vertrages zum nächstmöglichen ordentlichen Zeitpunkt. Hierbei gelten die im vorangehenden Absatz zur Kündigung aufgestellten Grundsätze entsprechend.

Beruft die Gesellschaft den Geschäftsführer ab oder kündigt die Gesellschaft diesen Vertrag ordentlich oder außerordentlich, so ist sie in jedem Fall berechtigt, den Geschäftsführer von seiner Verpflichtung zur Arbeitsleistung jederzeit, auch teilweise, unter Anrechnung auf noch bestehende Urlaubsansprüche zu entbinden.

Grundgehalts oder weitere Abfindungszahlungen gewährt.

§ 7 Duration and termination of the contract

This contract comes into force on the date of the respective signatures and remains valid unless terminated by either party in accordance with Section 7(2), 7(3) or 7(4). It shall, however, end without notice of termination at the latest on the last day of the month in which the General Manager achieves the legal retirement age.

The contract can be terminated by either of the parties for good cause without giving or observing a notice period.

The contract can be terminated in the standard manner without citing reasons by giving six months’ notice to the end of a quarter.

If the Company terminates this contract without cause, the General Manager shall be entitled to receive a one-time termination payment equal to one months’ base pay for each year of employment at Astro-Med GmbH (net of any statutory deductions or required employer contributions) in addition to the monthly salary payments until the date of cessation of the contract, but no further payments of base salary or additional compensation shall be due.

Any notice of termination must be given in writing. If the General Manager gives notice, he shall address his notice to the Company. The appointment of the General Manager can be revoked at any time. A dismissal enforced by the Company entails the termination of this contract at the next possible due date. The principles on termination listed in the preceding paragraph shall apply analogously here.

If the Company dismisses the General Manager or if the Company terminates this contract, either with due notice or summarily for good cause, then it shall in all cases be entitled at any time to relieve the General Manager from his obligation to perform his job, in whole or in part, allowing for the still-existing holiday entitlement.

§ 8 Geltendmachung von Ansprüche

Die aus diesem Dienstvertrag resultierenden beiderseitigen Ansprüche sind innerhalb von drei Monaten nach Fälligkeit gegenüber dem anderen Vertragsteil schriftlich geltend zu machen. Geschieht die Geltendmachung nicht fristgerecht, verfallen die jeweiligen Ansprüche ersatzlos. Für diesen Vertrag wird die Anwendbarkeit deutschen Rechts vereinbart. Als Gerichtstand wird soweit möglich Frankfurt vereinbart.

§ 8 Assertion of claims

The mutual claims resulting from this employment contract must be asserted in writing to the other contracting party within three months after falling due. If such assertion is not made before the deadline, the claims involved shall lapse without replacement. It is agreed for this contract to apply German law. Jurisdiction takes place in Germany/Frankfurt.

§ 9 Schlussbestimmungen

This contract replaces all former contracts.

Änderungen und Ergänzungen dieses Vertrages bedürfen der Schriftform. Die Aufhebung des Schriftformerfordernisses ist ihrerseits nur bei Einhaltung der Schriftform wirksam.

Sollten Bestimmungen dieses Vertrages unwirksam sein, so wird die Wirksamkeit des Vertrages und der in ihm enthaltenen

übrigen Bestimmungen hiervon nicht berührt. Anstelle der unwirksamen Bestimmung gilt die Bestimmung, die den beabsichtigten Regelungsgehalt in bestmöglichster Weise zur Geltung bringt

Folgende Anlagen bestehen und sind ergänzender wesentlicher Bestandteil des Vertrages:
Anlage 1 Compensation Plan: Vice President of International Branches

§ 9 Final provisions

This contract replaces all former contracts.

Alterations and supplements to this contract must be made in writing signed by the party against whom they are to be enforced. Cancellation of this requirement for the written form must in its turn be made in writing to take effect.

If provisions of the contract are inoperative, this shall not affect the validity of the contract itself and the other provisions contained therein. In place of the inoperative provision, the provision shall apply which most effectively encapsulates the intended prescriptive content involved.

The following attachments exist and form a supplementary constituent part of this contract:
Attachment 1 Compensation Plan: Vice President of International Branches

West Warwick, Rhode Island USA

/s/ Gregory A. Woods 26 Nov 14
Gregory A. Woods Date
President & Chief Executive Officer (CEO)
Astro-Med, Inc.

Steinau den

/s/ Michael Morawetz
Michael Morawetz 11/12/14 Date

Exhibit 31.1

CERTIFICATION

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory A. Woods certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Astro-Med, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 29, 2015

/s/ Gregory A. Woods
Gregory A. Woods,
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

Certification of Chief Financial Officer Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph P. O’Connell certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Astro-Med, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 29, 2015

/s/ Joseph P. O’Connell
Joseph P. O’Connell,
Senior Vice President, Treasurer and
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**ASTRO-MED, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Astro-Med, Inc. (the “Company”) on Form 10-Q for the period ended May 2, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gregory A. Woods, President, Chief Executive Officer and Director, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 29, 2015

/s/ Gregory A. Woods
Gregory A. Woods,
President, Chief Executive Officer and Director
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Astro-Med, Inc. and will be retained by Astro-Med, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

ASTRO-MED, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Astro-Med, Inc. (the “Company”) on Form 10-Q for the period ended May 2, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph P. O’Connell, Senior Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 29, 2015

/s/ Joseph P. O’Connell
Joseph P. O’Connell,
Senior Vice President, Treasurer and
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Astro-Med, Inc. and will be retained by Astro-Med, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.