

AEROSONIC CORP /DE/
Form DEF 14A
May 31, 2011

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

SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

AEROSONIC CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11

Title of each class of securities to which transaction applies:

Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set for the amount on which the filing fee is calculated and state how it was determined):

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Amount previously paid:

Form, Schedule or Registration Statement No.:

Date Filed:

AEROSONIC CORPORATION
(A DELAWARE CORPORATION)
1212 North Hercules Avenue
Clearwater, Florida 33765

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JULY 14, 2011

TO THE STOCKHOLDERS OF AEROSONIC CORPORATION:

The 2011 Annual Meeting of Stockholders of Aerosonic Corporation will be held at our headquarters located at 1212 North Hercules Avenue, Clearwater, Florida 33765 on Thursday, July 14, 2011, beginning at 10:00 a.m., EDT, for the following purposes:

1. To elect two directors to the Board of Directors to hold office until their successors are duly elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending January 31, 2012;
3. To approve an amendment to the Aerosonic Corporation 2004 Stock Incentive Plan; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing is more fully described in the proxy statement attached hereto and made a part of this Notice. The Board of Directors has fixed the record date for determining the stockholders entitled to notice of and to vote at the meeting and any adjournment or postponement thereof as of the close of business on May 26, 2011.

A complete list of the stockholders entitled to vote at the meeting shall be open to inspection by any stockholder of Aerosonic Corporation, for any lawful purpose germane to the meeting, at any time during usual business hours for a period of ten days prior to the meeting at our offices located at 1212 North Hercules Avenue, Clearwater, Florida 33765 (telephone number: 727.461.3000).

By Order of the Board
of Directors,

Douglas J. Hillman,
President & Chief
Executive Officer
May 31, 2011
Clearwater, Florida

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. HOWEVER, WE ENCOURAGE YOU TO VOTE BY PROXY SO THAT YOUR SHARES WILL BE REPRESENTED AND VOTED AT THE MEETING EVEN IF YOU CANNOT ATTEND. PLEASE SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE. OF COURSE, YOU MAY VOTE IN PERSON AT THE MEETING IF YOU SO CHOOSE.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on July 14, 2011: The Company's proxy statement and annual report to stockholders for the fiscal year ending January 31, 2011 are available at www.aerosonic.com/annualreports.html.

Directions to attend the Annual Meeting and vote in person are available at <http://www.aerosonic.com/contactus.html>

AEROSONIC CORPORATION
1212 North Hercules Avenue
Clearwater, Florida 33765

PROXY STATEMENT

Annual Meeting of Stockholders to be held on July 14, 2011

GENERAL INFORMATION

The Notice of the Annual Meeting of Stockholders, this proxy statement and the accompanying proxy card (the “proxy materials”) are being mailed to you commencing on or about June 10, 2011 in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Aerosonic Corporation, a Delaware corporation (“Aerosonic,” the “Company,” “we,” “us,” or “our”), to be voted at the Annual Meeting of Stockholders to be held at our headquarters located at 1212 North Hercules Avenue, Clearwater, Florida 33765, beginning at 10:00 a.m., EDT, on Thursday, July 14, 2011. A copy of the Company’s Annual Report to Stockholders on Form 10-K for the fiscal year ended January 31, 2011 is being mailed with these proxy materials.

All proxies that are properly executed and delivered will be voted on all matters that properly come before the meeting for a vote. If your proxy specifies instructions with respect to the matters being voted upon, the proxy holders will act in accordance with your instructions. If no instructions are specified, your shares will be voted FOR the election of the nominees to the Board, FOR the ratification of appointment of the independent registered public accounting firm, FOR the approval of the amendment of the Aerosonic Corporation 2004 Stock Incentive Plan, and in the discretion of the proxy holders as to any other matters that may properly come before the meeting.

Whether or not you attend the meeting, your vote is important. Accordingly, regardless of the number of shares you own, you are asked to vote promptly by signing and returning the accompanying proxy card.

Your shares can only be voted at the meeting if you are represented by proxy or are present in person.

VOTING SECURITIES AND VOTING RIGHTS

Record Date

The Board has fixed the close of business on May 26, 2011 as the record date for determining the stockholders who are entitled to notice of, and to vote at, the meeting and at any adjournment thereof. As of May 26, 2011, there were 3,758,265 shares of our common stock outstanding. Each stockholder of record on the record date is entitled to one vote per share held. There are no other classes of voting stock issued and outstanding.

Revocability of Proxies

You have the right to revoke your proxy any time prior to it being voted by (i) delivering a written revocation or duly executed proxy bearing a later date to the Corporate Secretary (at 1212 North Hercules Avenue, Clearwater, Florida 33765) or (ii) attending the meeting and voting your shares in person.

Quorum

A majority of our outstanding shares of common stock entitled to vote at the meeting must be present in person or represented by proxy to have a quorum for the transaction of business at the meeting. We count shares that reflect

withheld votes, abstentions or “broker non-votes” (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the brokers or nominees do not have discretionary power) as shares present for purposes of determining a presence of a quorum, but not in determining the number of shares voted for or against any nominee for election as a director or any other proposal.

Required Vote

Under Delaware law and our Bylaws, the affirmative vote of the holders of a plurality of the shares represented and entitled to vote at the meeting at which a quorum is present is required to elect a director. For Proposal No. 1, the two director nominees receiving the highest number of affirmative votes cast will be elected as directors. Ratification of the appointment of our independent registered accounting firm and the approval of the amendment to our 2004 Stock Incentive Plan each require the affirmative vote of at least a majority of the shares present at the meeting, either in person or by proxy, and entitled to vote on the proposal.

Treatment of Withheld Votes, Abstentions and Broker Non-Votes

Withheld votes and broker non-votes with regard to the election of directors will be counted for purposes of determining the presence of a quorum at the meeting, but will not be voted in the election of the directors, and therefore, will have no effect on the determination of the outcome of the votes for the election of the directors.

For the ratification of the appointment of our independent registered accounting firm and the approval of the amendment to the Aerosonic 2004 Stock Incentive Plan, abstentions will have the same effect as votes against the proposal because they are treated as present and entitled to vote for purposes of determining the pool of votable shares, but do not contribute to the affirmative votes required to approve the proposal. Proxies that reflect broker non-votes with regard to these proposals will be treated as unvoted for purposes of determining approval of the proposal. They will have the effect of neither a vote for nor a vote against that proposal, and therefore have no effect on the outcome of the vote.

As noted above, if voting instructions are not provided with respect to the election of the directors or the amendment to the Aerosonic Corporation 2004 Stock Incentive Plan, the broker or other record holder can register the shares as being present at the meeting for purposes of determining the presence of a quorum but will not be able to vote these proposals. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares. Further, if voting instructions are not provided with respect to the ratification of the independent registered public accounting firm, the broker or other record holder will be able to exercise its discretionary authority and vote on this proposal.

ELECTION OF DIRECTORS

Proposal No. 1.—To elect two directors to our Board of Directors

Our Bylaws provide for a classified Board, with the number of directors which shall constitute the whole Board determined by the Board, as may be fixed from time to time by action of the Board and the number of classes into which the directors shall be classified being three. The Board currently has fixed the number of directors at five directors, two of whom are designated as Class I directors with a term expiring in 2011, two of whom are designated as Class II directors with a term expiring in 2012 and one of whom is designated as a Class III director with a term expiring in 2013. At each Annual Meeting of Stockholders, directors in one class are elected for a full term of three years to succeed those directors whose terms are expiring. This year, the two Class I director nominees will stand for election for a three-year term expiring at the 2014 annual meeting. The Nominating/Corporate Governance Committee of the Board has nominated Donald Russell and Thomas E. Whytas as directors to serve as a Class I directors, and the Board has endorsed such nomination.

The persons named in the enclosed proxy will vote all properly executed proxies for the election of Donald Russell and Thomas E. Whytas unless authority to vote is withheld. The nominees have indicated their willingness to serve, if elected. However, if the nominees should be unable to serve, the shares of common stock represented by proxies may be voted for a substitute nominee designated by the Board. Management has no reason to believe that the above-mentioned persons will not serve his term as a director.

Set forth below is the name, age (as of May 31, 2011), principal occupation, and length of service of the individuals nominated for election to the Board. The nominees were previously elected by the stockholders and are currently serving as directors of the Company.

Nominees as Class I Directors

Donald Russell, age 59, has been a director since February 2006. Mr. Russell is the managing partner of Sigma Group, LLC, an executive coaching firm. Mr. Russell is also CEO and a director of Old UGC, Inc. He also was a director of Etrials Worldwide Inc., a publicly traded software company, until its merger with Merge in 2009. He was Vice Chairman of the Board of Directors of CEA Acquisition Corporation from 2004 through February 2006. Mr. Russell has been Chairman of the Investment Committee for CEA Capital Partners USA, L.P. since February 1997 and a member of the Investment Committee of Seaport Capital Partners II, L.P. since its inception in February 2000. From

July 1987 to June 1994, he was President of Communication Equity Associates' New York Affiliate, CEA, Inc., and was responsible for overseeing its mergers, acquisitions and corporate financing businesses in the cable television and broadcasting industries. From 1974 to 1978 Mr. Russell worked for National Westminster Bank USA as a commercial lending officer. Mr. Russell has a B.A. in economics from Colgate University. In determining Mr. Russell's qualifications to serve as a director, the Board has considered, among other things, his experience and expertise in investment banking and public company leadership.

Thomas E. Whytas, age 46, has been a director since May 2004. Mr. Whytas, a U.S. military veteran, has 22 years of experience in the aerospace industry. He is currently the Chief Financial Officer of Medical Education Technologies Inc. (METI), the industry leader in medical simulation technology. Prior to METI, he served 15 years at CAE USA Inc. in positions of increasing responsibility up through the position of Chief Financial Officer and Finance Director of CAE's U.S. operations. A Certified Public Accountant, Mr. Whytas also holds a Master's Degree in Accounting from the University of South Florida. In determining Mr. Whytas' qualifications to serve as a director, the Board has considered, among other things, his experience and expertise in financial matters in manufacturing companies, including defense contracting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE NOMINEES TO THE BOARD OF DIRECTORS AS SET FORTH ABOVE.

DIRECTORS AND EXECUTIVE OFFICERS

Continuing Directors

Class II Directors (whose term will expire in 2012)

Roy Robinson, age 61, has been a director since January 2008 when he was appointed to fill a vacancy on the Board. Mr. Robinson served as CEO of Seattle based Aviation Technologies, Inc. from 2003 until his retirement in 2007. Previously, he was President of ELDEC Corporation (“ELDEC”). Following the acquisition of ELDEC by the Crane Aerospace Group, he was appointed Chief Operating Officer of the Crane Aerospace Group of companies which included ELDEC, Hydro-Aire, Lear Romec, and Resistoflex. In determining Mr. Robinson’s qualifications to serve as a director, the Board has considered, among other things, his experience and expertise in the aerospace industry, including the operational, management, and executive positions he has held previously in other aerospace companies.

P. Mark Perkins, age 54, joined the Company as our Executive Vice President of Sales and Marketing in 1998. Prior to joining the Company, he was Vice President of Sales and Marketing at Gulf Aerospace, Inc. from 1992 to 1998. Previously, he served as Vice President and General Manager of National Aviation Academy. He also served as Assistant Vice President of Commercial Lending with SunTrust Bank. He has over 20 years of experience in various segments of the aviation industry, including Sales, Corporate Strategy, Business and Product Development as well as Investor Relations. Mr. Perkins was elected to our Board in 1997 while at Gulf Aerospace. In determining Mr. Perkins’ qualifications to serve as a director, the Board has considered, among other things, his experience and expertise in the aerospace and banking industries, including the operational, management, and executive positions he has held previously in other aerospace companies.

Class III Director (whose term will expire in 2013)

Douglas J. Hillman, age 55, joined the Company in April 2008 as our President and Chief Executive Officer. Mr. Hillman has held various executive and management positions within the Aerospace industry for over 25 years. He joined Aerosonic from Kearfott Guidance & Navigation Corporation, a manufacturer of precision guidance components, where he served as Vice President/General Manager since 2005. From 2001 through 2005, he worked for Bird Technologies Group, a designer/manufacturer of communication equipment, holding positions ranging from Vice President/General Manager to Chief Operating Officer. Prior to Bird Technologies Group, he held numerous management positions of increasing responsibility at Moog Inc., a global manufacturer of precision control systems for aerospace and industrial applications. Mr. Hillman received MBA and BSEE degrees from the State University of New York at Buffalo. He currently serves on the Dean’s Council for the University’s School of Engineering. He has served on our Board since 2008. In determining Mr. Hillman’s qualifications to serve as a director, the Board has considered, among other things, his experience and expertise in the aerospace industry, including the operational, management, and executive positions he has held previously in other aerospace companies.

Please see “Compensation of Directors” for information on the compensation arrangements with our directors.

Non-Director Executive Officers

Set forth below are the names, ages (as of May 31, 2011), and positions of each of the individuals who, in addition to Messrs. Hillman and Perkins, are serving as our executive officers as of May 31, 2011.

Thomas W. Cason, age 56, has served as our Executive Vice President and Chief Operating Officer since August 2008. Mr. Cason has held a number of senior operations roles, including Executive Vice President and Chief Operating Officer of DeMorgan Communities, an affordable housing developer, from 2006 through 2008. From 2003

to 2006, he served as Operations Director at Honeywell Aerospace, a provider of cabin management systems for the private corporate jet industry. He holds MBA, MS and BS degrees from Virginia Tech.

Kevin J. Purcell, age 53, has served as our Executive Vice President and Chief Financial Officer since May 2009. Before he joined the Company, he served as Vice President and Chief Financial Officer of Herley Industries, Inc., a manufacturer of microwave technology solutions, from 2006 until 2009. Prior to joining Herley, he served as Vice President Finance, Contracts and Compliance for Smiths Aerospace LLC, Customer Services Americas, a manufacturer of aircraft control and diagnostic systems, from 2002 until 2006. Other prior experience included senior financial positions including Vice President and CFO, Controller and Director as well as a number of years in the Government Contractor Advisory Services group of KPMG. He received his B.B.A. degree in financial accounting from Iona College and his M.B.A. degree from Pepperdine University. He is a Certified Public Accountant, a Certified Management Accountant, and a member of the American Institute of Certified Public Accountants, the Institute of Management Accountants, the National Contract Management Association and Financial Executives International.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of the Board of Directors

As required under the NYSE Amex listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the Board. The Board consults with our counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the NYSE Amex, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent auditors, the Board has affirmatively determined that the following directors are independent directors within the meaning of the applicable NYSE Amex listing standards: Messrs. Robinson, Russell and Whytas. In making this determination, the Board found that none of these directors had a material or other disqualifying relationship with us. Mr. Hillman, our President and Chief Executive Officer, and Mr. Perkins, our Executive Vice President of Sales and Marketing, are not independent directors by virtue of their employment with us.

Meetings and Committees of the Board of Directors

During the year ended January 31, 2011 ("fiscal year 2011"), the Board held four meetings. During fiscal year 2011, each of the directors attended at least 75% of the aggregate number of meetings of the Board and meetings of committees thereof on which he served. We encourage all directors to attend the Annual Meeting of Stockholders, but do not require them to attend. In 2010, all of the then-current directors attended the Annual Meeting of Stockholders.

The Board currently has, and appoints members of, a standing Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee.

Audit Committee. The Audit Committee is composed entirely of "independent directors" as determined by the "audit committee" independent director standards of the NYSE Amex. Its members are Thomas E. Whytas (chairman), Roy Robinson and Donald Russell. The Board has determined that Mr. Whytas is the Audit Committee's designated "financial expert." The Audit Committee met five times during fiscal year 2011. The functions performed by the Audit Committee are described in the Audit Committee Report, set forth below, and in the Audit Committee Charter adopted by the Board, a copy of which is available on our website at www.aerosonic.com under Investors/Governance.

Compensation Committee. The Compensation Committee members are Donald Russell (chairman), Roy Robinson and Thomas E. Whytas, each of whom is an "independent" director as determined by standards established by the NYSE Amex for compensation committees. The Compensation Committee, which met two times during fiscal year 2011, reviews and approves our employee benefit plans, administers our executive compensation plans, and reviews and makes recommendations to the Board with respect to compensation of our executive officers and outside directors, as set forth in its Charter, a copy of which is available on our website at www.aerosonic.com under Investors/Governance. See "Compensation Discussion and Analysis" for a discussion of our compensation philosophy and how the Compensation Committee determines the compensation of our executive officers and the role of our compensation consultants in recommending compensation levels.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee members are Roy Robinson (chairman), Donald Russell and Thomas E. Whytas, each of whom is an "independent director" as determined by standards established by the NYSE Amex for nominating committees. The Nominating Committee reviews and assesses the composition of the Board, assists in identifying potential new candidates as directors, and submits its

recommendations for nomination of directors to the Board. The Nominating Committee also regularly reviews the size and composition of the Board, individual director performance and recommends to the Board any changes it deems appropriate. The policies and function of the Nomination Committee are detailed in its Charter, which is currently available on our website at www.aerosonic.com under Investors/Governance. The Nominating Committee met one time during fiscal year 2011.

Our Bylaws provide that stockholders may make nominations for election to the Board and the Nominating Committee will consider those nominees. To recommend a prospective nominee to the Nominating Committee for consideration at an annual meeting, stockholders must submit the prospective nominee's name and qualifications to the Corporate Secretary, in writing, by delivering or sending such recommendation not less than 90 days nor more than 120 days prior to the anniversary of the preceding year's annual meeting to the following address: Aerosonic Corporation, 1212 North Hercules Avenue, Clearwater, Florida, 33765, Attention: Corporate Secretary. Stockholders are urged to assure delivery of their recommendations by arranging for some form of delivery receipt. The Nominating Committee did not receive any nominations during the required time period for consideration at this year's annual meeting.

The Nominating Committee's policy regarding the consideration and selection of director candidates (whether recommended by directors, members of management, stockholders, or any other persons) is to seek candidates who have a demonstrable record of personal and professional ethics and integrity, business and professional experience, knowledge of our industry, academic achievements, service on other boards of directors, and civic involvement. The Nominating Committee has not set any objective minimum qualifications that must be met by a nominee, but rather seeks to identify candidates with outstanding backgrounds and experience as measured by the above selection criteria.

The Nominating Committee's process for identifying and evaluating director nominees includes active solicitation of suggestions from our management, as well as engaging in an active dialogue with executives and directors within our industry and in related industries. The Nominating Committee also considers nominations submitted by stockholders as discussed above. Although the Nominating Committee does not have a formal policy regarding diversity, the Nominating Committee considers the diversity of viewpoints, backgrounds and experiences, as well as other various factors relevant to any particular nominee in identifying nominees for a directorship. The Nominating Committee requires a background check by an independent contractor of any candidate it deems as an appropriate nominee, before making a recommendation of that person to the Board. The Company has not paid any fees to third parties to identify or evaluate or assist in identifying or evaluating potential nominees, but may consider the use of such third parties in the future.

Board Leadership Structure

The Board currently includes three independent directors and two employee directors. The Company does not have an official Chairman of Board position; however, the Company's Bylaws direct the President and CEO to organize and preside over meetings of the Board. We have also implemented a lead independent director position ("Lead Director"), which is currently filled by Mr. Russell.

The Lead Director must be an independent director and has several defined duties that are designed to enhance effective governance and coordination. These include: providing a focal point for communication between management and the outside directors; reviewing and approving Board agendas as proposed by the President and CEO; providing for Board development; and coordinating oversight of Board activities.

We believe that our current board leadership structure is appropriate because the majority of the members of our board of directors are independent directors, and all significant committees are led and staffed by our independent directors.

The Board's Role in Risk Oversight

It is management's responsibility to manage risk and bring to the Board's attention any material risks to the Company. The Board has oversight responsibility through its Audit Committee, which oversees the Company's risk policies and processes relating to the financial statements and financial reporting processes and the guidelines, policies and processes for mitigating those risks. The Audit Committee holds regular meetings with management to review the inherent risks associated with the financial reporting process.

The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board as disclosed in the descriptions of each of the committees above and coordinated by the Lead Director with the full Board retaining responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chairman regarding the committee's considerations and actions.

Code of Conduct

We have adopted a Code of Conduct that includes a code of ethics that applies to all of our employees and directors (including our principal executive officer and our principal financial and accounting officer). This Code of Conduct is posted on our website and is available for review at www.aerosonic.com/codeofconduct.html.

Communications to the Board from Stockholders

The Board welcomes communications from our stockholders and requests that all such communications be sent to Aerosonic Corporation, 1212 North Hercules Avenue, Clearwater, Florida 33765, Attention: Corporate Secretary. All communications that relate to matters that are within the scope of responsibilities of the Board or its committees will be forwarded to the appropriate directors by the Corporate Secretary. Communications also may be addressed to one or more directors, or to the entire Board. If a stockholder requests that any such communication be treated as confidential and delivered only to one or more directors, it may be submitted in a sealed envelope with a request that the communication be treated as a confidential matter for immediate delivery to the intended recipient(s).

COMPENSATION OF DIRECTORS

Each independent director receives annual compensation of \$40,000 in the form of cash-based compensation and stock-based compensation. Mr. Russell receives additional annual cash compensation of \$10,000 for his role as Lead Director.

Cash-Based Compensation. In fiscal year 2011, non-employee directors earned cash compensation of \$20,000 each. Mr. Russell, our Lead Director, earned additional cash compensation of \$10,000. The Company does not pay additional fees (in cash or otherwise) for attending Board or committee meetings. Normally, each non-employee director is paid his respective cash compensation on a quarterly basis, on or about the last day of January, April, July and October. The Company also reimburses non-employee directors for actual travel and out-of-pocket expenses incurred in connection with their service to the Company.

Stock-Based Compensation. In fiscal year 2011, each non-employee director also earned stock-based compensation of \$20,000. All stock-based compensation is accrued quarterly and valued as of the last day of each fiscal quarter. The number of shares issued at each of these dates is determined by dividing the stock price at the close of business on those dates into the \$5,000 quarterly compensation amount, and rounding up to the nearest whole share. The shares are issued under the Aerosonic Corporation 2004 Stock Incentive Plan.

Director Compensation Table

The following table shows for our non-employee directors all compensation for fiscal year 2011:

Name	Fees earned or paid in cash (\$)	Stock awards (\$)(1)	Total (\$)
Roy Robinson	\$ 20,000	\$ 20,000	\$ 40,000
Donald Russell	\$ 30,000	\$ 20,000	\$ 50,000
Thomas E. Whytas	\$ 20,000	\$ 20,000	\$ 40,000

(1) Amounts do not include stock awards granted to the above-named directors consisting of 1,530 shares of common stock each, totaling 4,590 shares, for services provided for the first quarter of fiscal year 2012 and issued prior to May 31, 2011.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Act"), as amended, requires our directors and specified officers to file reports on Forms 3, 4 and 5 with respect to their ownership and changes in ownership of our equity securities with the SEC and the NYSE Amex and to furnish us with copies of these reports.

Based solely upon a review of the copies of these Form 3, 4, and 5 reports and amendments thereto that we received, and certain written representations that we received from these persons, we believe that all applicable filing requirements were complied with for fiscal year 2011 and do not know of any persons who may have failed to file on a timely basis any required form, except as follows:

Donald Russell, Roy Robinson and Thomas E. Whytas were each issued stock on November 11, 2010, and the respective Form 4's reporting the transactions were filed on November 16, 2010.

Review of Related Person Transactions

We do not have a formal written policy for the review and approval of transactions with related parties. However, our Code of Conduct provides guidelines for approval by our Chief Executive Officer of transactions between Aerosonic, on the one hand, and our directors and/or employees on the other hand. In particular, our Code of Conduct prohibits conflicts of interest and provides non-exclusive examples of conduct that would violate the prohibition. If any of our employees are unsure as to whether a conflict of interest exists, the employee is instructed that he or she should consult with the Chief Executive Officer or in the case of a director, to the Audit Committee of the Board, and must comply with any actions the Audit Committee decides is necessary to protect against the conflict of interest.

We annually require each of our directors and executive officers to complete a directors' and officers' questionnaire that elicits information about related party transactions. Our Board annually reviews all transactions and relationships disclosed in the directors' and officers' questionnaires, and the Board makes a formal determination regarding each director's independence. If a director is determined to no longer be independent, such director, if he or she serves on any of the Audit Committee, the Nominating/Corporate Governance Committee, or the Compensation Committee, will be removed from such committee prior to (or otherwise will not participate in) any future meetings of the committee. If the transaction presents a conflict of interest, the Board will determine the appropriate response.

For the fiscal years ended January 31, 2010 and January 31, 2011, there were no material related party transactions reportable under Item 404 of Regulation S-K.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Based on a review of filings with the Securities and Exchange Commission (the "SEC"), as well as information available to us, the following table sets forth information as of May 26, 2011 (except as noted below) as to our common stock owned by (a) each of our directors, (b) each of our named executive officers, (c) all of our current directors and executive officers as a group and (d) each person who, to our knowledge, beneficially owned more than 5% of our common stock. As of May 26, 2011, we had 4,189,032 of our common shares issued and 3,758,265 common shares outstanding.

Name of Beneficial Owner (and address of owners of more than 5%)	Amount of Shares Beneficially Owned (1)		Percent of Class	
Douglas J. Hillman	145,972	(2)	3.88	%
Kevin J. Purcell	28,862	(3)	*	
P. Mark Perkins	69,750	(4)	1.86	%
Roy Robinson	33,193		*	
Thomas E. Whytas	39,155		1.04	%
Donald Russell	116,877	(5)	3.11	%
All current directors and executive officers as a group (7 persons)	470,309		12.51	%