

TSR INC
Form DEF 14A
September 28, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

TSR, Inc.

(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):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) A m o u n t P r e v i o u s l y
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- 2) F o r m , S c h e d u l e o r R e g i s t r a t i o n
No.:
- 3) Filing Party:
 - 4) Date Filed:



TSR, Inc.
400 OSER AVENUE
HAUPPAUGE, NY 11788

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on December 7, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of TSR, Inc. (the "Company"), a Delaware corporation, will be held at the offices of the Company at 400 Oser Avenue, Suite 150, Hauppauge, New York 11788, on December 7, 2011 at 9:00 a.m. local time, to consider and act upon the following matters.

1. To elect two (2) Class II Directors.
2. To ratify the appointment by the Board of Directors of J.H. Cohn LLP as the independent registered public accountants of the Company to audit and report on its consolidated financial statements for the fiscal year ending May 31, 2012.
3. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Stockholders of record at the close of business on October 28, 2011 will be entitled to vote at the meeting or any adjournments thereof. A list of stockholders entitled to vote at the Meeting will be open for examination by any stockholder of the Company, for any purpose germane to the meeting, during ordinary business hours at the offices of the Company for the ten-day period prior to the Meeting.

By Order of the Board of Directors,

John G. Sharkey, Secretary
Hauppauge, New York
October 31, 2011

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED, SELF-ADDRESSED ENVELOPE SO THAT YOUR SHARES ARE REPRESENTED. NO POSTAGE IS NEEDED IF THE PROXY IS MAILED WITHIN THE UNITED STATES.

TSR, Inc.
400 Oser Avenue
Hauppauge, NY 11788

ANNUAL MEETING OF STOCKHOLDERS
to be held on December 7, 2011

PROXY STATEMENT

The accompanying form of proxy is solicited on behalf of the Board of Directors of the Company for use at the Annual Meeting of the Stockholders of the Company to be held at the offices of the Company at 400 Oser Avenue, Suite 150, Hauppauge, New York 11788, on December 7, 2011 at 9:00 a.m. or at any adjournment thereof. The solicitation of proxies will be made by mail and the cost will be borne by the Company.

Proxies in the accompanying form which are properly executed and duly returned to the Company and not revoked will be voted as specified and, if no direction is made, will be voted for each of the proposals set forth in the accompanying Notice of Meeting. Each proxy granted is revocable and may be revoked at any time prior to its exercise by advising the Company in writing of its revocation. In addition, a Stockholder who attends the Meeting in person may, if he wishes, vote by ballot at the Meeting, thereby canceling any proxy previously given.

This Proxy Statement, the enclosed form of proxy and the Company's Annual Report for the fiscal year ended May 31, 2011 were first mailed on or about October 31, 2011 to holders of record as of October 28, 2011.

A majority of the issued and outstanding shares of Common Stock entitled to vote constitutes a quorum at the Meeting. Shares of Common Stock represented in person or by proxy at the Meeting (including shares that abstain or do not vote with respect to one or more of the matters presented at the Meeting) will be tabulated by the inspectors of election appointed for the Meeting whose tabulation will determine whether or not a quorum is present. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum with respect to any matter, but will not be counted as votes in favor of such matter. If a broker holding stock in "street name" indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a matter, those shares will not be considered as present and entitled to vote with respect to that matter. Accordingly, a "broker non-vote" on a matter will have no effect on the voting.

Candidates for election as members of the Board of Directors who receive the highest number of votes, up to the number of directors to be chosen, shall stand elected, and an absolute majority of the votes cast is not a prerequisite to the election of any candidate to the Board of Directors. Accordingly abstentions have no effect on the outcome of the election.

Directions to attend the Annual Meeting where you may vote in person can be found on the "Contact Us" section of our website at www.tsrconsulting.com.

Important Notice Regarding the Availability of Proxy Materials
for the Stockholders Meeting to be held on December 7, 2011

This Proxy Statement, a copy of the form of proxy and the Company's Annual Report for the fiscal year ended May 31, 2011 are available on the home page of our website at www.tsrconsulting.com.

The outstanding voting stock of the Company as of September 23, 2011 consisted of 2,017,416 shares of Common Stock, par value one (\$.01) cent per share (the "Common Stock"), with each share entitled to one vote. Only Stockholders of record at the close of business on October 28, 2011 are entitled to vote at the Meeting.

As of September 23, 2011 the following persons were known to Management to be beneficial owners of more than five percent of the Company's Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership at September 23, 2011 (1)	Percent of Class
Joseph F. Hughes (2) 400 Oser Avenue Hauppauge, New York 11788	919,633 (3)	45.6%

(1) Unless otherwise stated herein, each beneficial owner has sole voting power and sole investment power.

(2) The beneficial owner is an officer and director of the Company.

(3) 875,151 of the shares listed as beneficially owned by Mr. Hughes are owned directly by JW Hughes Family LLC in which Mr. Hughes is the manager. The shares owned by JW Hughes Family LLC include 106,834 shares of common stock in which his wife owns the pecuniary interest and 55,660 shares of common stock in which other family members hold the pecuniary interest. Mr. Hughes disclaims beneficial ownership of the shares owned by JW Hughes Family LLC, except to the extent of his pecuniary interest. The shares listed as beneficially owned by Mr. Hughes also includes 800 shares held of record by his wife, as to which Mr. Hughes disclaims beneficial ownership.

All executive officers and directors of the Company as a group (7 persons) beneficially owned shares of the Company's common stock as of September 23, 2011 as follows:

Amount of Shares Beneficially Owned	Percent of Class
927,093	45.9%

PROPOSAL 1 - ELECTION OF DIRECTORS

At the Meeting, two (2) Class II Directors are to be elected for a three year term expiring at the Company's 2014 Annual Meeting or until his successor has been elected and qualified.

If the nominee listed below is unavailable for election at the date of the Annual Meeting, the shares represented by the proxy will be voted for such nominee as the person or persons designated to vote shall, in their judgment, designate. Management at this time has no reason to believe that the nominee will not be available or will not serve if elected.

Set forth in the following table is certain information with respect to the nominee, as of September 23, 2011.

Name of Director and Nominee for Election	Age	Nominee for Class of Director	Nominee for Term Expiring
Christopher Hughes	50	Class II	2014
James J. Hill	78	Class II	2014

Directors and Executive Officers of the Company.

The following table sets forth certain information concerning the executive officers and directors of the Company, including equity securities beneficially owned, as of September 23, 2011. The statements as to securities beneficially owned are based upon information furnished by the officers and directors of the Company:

Name	Age	Position	Year First Officer or Director	Common Stock of the Company Owned Beneficially Directly or Indirectly	Percentage Of Class
Joseph F. Hughes	80	Chairman of the Board, Chief Executive Officer, President, Treasurer and Director	1969	919,633 (1)	45.6%
John G. Sharkey	52	Vice President, Finance, Controller and Secretary	1990	6,750	0.3%
James J. Hill (2,3,4,5)	78	Director	1989	-	-
Robert A. Esernio (2,3,4,6)	82	Director	2001	-	-
Christopher Hughes	50	Sr. VP, Pres., TSR Consulting Services, Inc. and Director	2000	11,842 (7)	0.6%
Raymond A. Roel (2,3,4)	55	Director	2005	-	-

(1) See footnotes to table of stock ownership of certain stockholders.

(2) Member of the Compensation Committee of the Board of Directors.

(3) Member of the Audit Committee of the Board of Directors.

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- (4) Member of the Nominating Committee of the Board of Directors.
- (5) Mr. Hill is Chairman of the Compensation Committee.
- (6) Mr. Esernio is Chairman of the Audit and Nominating Committees.
- (7) Includes 11,132 shares held by JW Hughes Family LLC of which Christopher Hughes and his wife hold the pecuniary interest through their ownership of membership interests in JW Hughes Family LLC. Christopher Hughes disclaims beneficial ownership of the 5,566 shares of common stock in which his wife holds the pecuniary interest.

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The Company maintains the following committees of the Board of Directors: the Compensation Committee, the Nominating Committee and the Audit Committee.

The Board of Directors has determined that each member of each committee meets the applicable laws and regulations, including those of The NASDAQ Capital Market, regarding “independence”. The Board of Directors also has determined that Robert A. Esernio, an independent director who serves as the Chair of the Board’s Audit Committee, is an “audit committee financial expert” as such term is defined in applicable regulations of the Securities and Exchange Commission.

During the fiscal year ended May 31, 2011, the Board of Directors held eight meetings and the Audit Committee held four meetings. The Compensation Committee and the Nominating Committee each held one meeting. During such fiscal year, no director attended fewer than 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of all committees of the Board of which he was a member.

The Audit Committee

The Audit Committee’s current members are Robert A. Esernio (Chairman), James J. Hill and Raymond A. Roel. The Audit Committee’s primary functions are to assist the Board in monitoring the integrity of the Company’s financial statements and systems of internal control. The Audit Committee has direct responsibility for the appointment, independence and performance of the Company’s independent auditors. The Audit Committee is responsible for pre-approving any engagements of our independent auditors. The Audit Committee operates under a written charter approved by the Board on September 16, 2004, and amended as of October 10, 2008. A copy of this audit committee charter is available to security holders on the Company’s website at www.tsrconsulting.com.

The Compensation Committee

The Compensation Committee’s current members are James J. Hill (Chairman), Robert A. Esernio and Raymond A. Roel. The Compensation Committee does not have a charter. The Compensation Committee reviews the total compensation package for all executive officers, including the Chief Executive Officer; considers modification of existing compensation and benefit programs and employment agreements with officers and the adoption of new plans and employment agreements with officers; and administers the plans.

The Nominating Committee

The Nominating Committee’s current members are Robert A. Esernio (Chairman), James J. Hill and Raymond A. Roel. A copy of the Nominating Committee Charter is available to security holders on the Company’s website at www.tsrconsulting.com. The Nominating Committee determines the criteria for nominating new directors, recommends to the Board of Directors candidates for nomination to the Board of Directors and oversees the evaluation of the Board of Directors. The Nominating Committee’s process to identify and evaluate candidates for nomination to the Board of Directors includes consideration of candidates for nomination to the Board of Directors recommended by stockholders. Such stockholder recommendations must be delivered to our Corporate Secretary, together with the information required to be filed in a Proxy Statement with the Securities and Exchange Commission regarding director nominees and each such nominee must consent to serve as a director if elected, no later than the deadline for submission of stockholder proposals as set forth in our Bylaws and under the section of this Proxy Statement entitled “Stockholder Nominations.” In considering and evaluating such stockholder proposals that have been properly submitted, the Nominating Committee will apply substantially the same criteria that the Nominating Committee believes must be met by a Nominating Committee-recommended nominee as described below. To date, we have not received any recommendations from stockholders requesting that the Nominating Committee consider a candidate for inclusion among the Nominating Committee’s slate of nominees in our proxy statement.

In addition, certain identification and disclosure rules apply to director candidate proposals submitted to the Nominating Committee by any single stockholder or group of stockholders that has beneficially owned more than five percent of the Common Stock for at least one year (a “Qualified Stockholder Proposal”). If the Nominating Committee receives a Qualified Stockholder Proposal that satisfies the necessary notice, information and consent provision referenced above, the Proxy Statement will identify the candidate and the stockholder (or stockholder group) that recommended the candidate and disclose whether the Nominating Committee chose to nominate the candidate. However, no such identification or disclosure will be made without the written consent of both the stockholder (or stockholder group) and the candidate to be so identified. The procedures described in this paragraph are meant to establish additional requirements and are not meant to replace or limit stockholders’ general nomination rights in any way.

In evaluating director nominees, the Nominating Committee currently considers the following factors:

- the Company’s needs with respect to the particular talents and experience of our directors;
- the knowledge, skills and experience of nominees, including experience in business or finance, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board of Directors;
 - familiarity with the Company’s business and businesses similar or analogous to ours;
 - experience with accounting rules and practices and corporate governance principles; and
- such other factors as the Nominating Committee deems are in our best interests and the best interests of our stockholders.

Qualified candidates for membership on the Board will be considered without regard to race, color, creed, religion, national origin, age, gender, sexual orientation or disability. While the Nominating Committee does not have a formal policy with respect to diversity, the Nominating Committee believes that it is desirable that Board members represent a diversity of backgrounds, including gender and race, as well as diversity of viewpoints and experience.

The Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. If any member of the Board does not wish to continue in service or if the Nominating Committee or the Board of Directors decides not to re-nominate a member for re-election, the Nominating Committee identifies the desired skills and experience of a new nominee, and discusses with the Board of Directors suggestions as to individuals who meet the criteria.

Board Leadership Structure

Mr. Joseph Hughes serves as both the Company’s Chief Executive Officer and Chairman of the Board of Directors. Mr. Joseph Hughes has served in this capacity since the Company’s formation in 1969. The Company does not presently have a lead independent director. In view of the small size of the Company and Mr. Hughes’ traditional role as both Chief Executive Officer and Chairman of the Board of Directors, the Board of Directors believes that this is the most appropriate governance structure for the Company. With over 40 years of experience as Chief Executive Officer of the Company, Mr. Hughes has a breadth of unique and specialized knowledge about our business operations. Mr. Hughes solicits input from the Company’s board of directors regarding the board agenda and processes.

The Board of Directors’ Audit Committee, of which Robert Esernio acts as Chairman and which consists entirely of independent directors, act independently of the Chairman and exercise an oversight role in this capacity, and our non-management directors, each of whom are independent directors under the rules of the NASDAQ Capital Market, also meet regularly in executive session without any members of management present and Mr. Esernio currently presides at such sessions.

The Company believes the role of management is to identify and manage risks confronting the Company. The Board of Directors plays an integral part in the Company's risk oversight, particularly in reviewing the processes used by management to identify and report risk, and also in monitoring corporate actions so as to minimize inappropriate levels of risk. The Board of Directors as a whole is also responsible for overseeing strategic and enterprise risk. A discussion of risks that the Company faces is conducted at regularly scheduled meeting of the Board of Directors and committee meetings.

Executive Sessions of Independent Directors

Directors who are independent under the NASDAQ Capital Market listing standards and applicable laws and regulations meet in executive session without management present at least two times each fiscal year.

Code of Ethics

The Company has adopted a code of ethics that applies to all of the employees, including the chief executive officer and chief financial and accounting officers. The code of ethics is posted on the home page of its website at www.tsrconsulting.com. The Company intends to post on its website all disclosures that are required by law or NASDAQ Capital Market listing standards concerning any amendments to, or waivers from, our code of ethics. Stockholders may request a free copy of the code of ethics by writing to Corporate Secretary, TSR, Inc., 400 Oser Avenue, Hauppauge, NY 11788. Disclosure regarding any amendments to, or waivers from, provisions of the code of ethics that apply to the Company's directors or principal executive and financial officers will be included in a Current Report on Form 8-K within five business days following the date of the amendment or waiver, unless website posting of such amendments or waivers is then permitted by the rules of the NASDAQ Capital Market.

Stockholder Nominations

Under the Company's By-laws a stockholder must follow certain procedures to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders. Among other requirements, these procedures require any nomination or proposed item of business to be submitted in writing to the Company's Corporate Secretary at its principal executive offices. The Company must receive the notice of a stockholder's intention to introduce a nomination or proposed item of business at an annual meeting no later than 75 days nor more than 120 days prior to the anniversary date of the prior year's annual meeting.

However, if the annual meeting is scheduled to be held on a date more than 30 days before the anniversary date or more than 60 days after the anniversary date, a stockholder's notice must be given not later than the later of (i) the 75th day prior to the scheduled date of the annual meeting or (ii) the 15th day following the day on which public announcement of the date of the annual meeting is first made by the Company.

Stockholder Communications with Directors

Generally, stockholders who have questions or concerns should contact the Company's Corporate Secretary at (631) 231-0333. Any stockholder, who wishes to address questions regarding the Company's business directly with the Board of Directors, or any individual director, should direct his or her questions, in writing, in care of the Company's Secretary, at the Company's offices at 400 Oser Avenue, Hauppauge, NY 11788.

Attendance at Annual Meeting

There is no Company policy requiring directors to attend annual meetings of stockholders, but directors are encouraged to attend. All of the directors attended the 2010 annual meeting.

Directors and Executive Officers

Mr. Joseph F. Hughes, from 1953 until forming the Company in 1969, was employed by International Business Machines Corporation ("IBM") in various systems engineering, marketing and administrative positions. Immediately prior to his employment with the Company, Mr. Hughes was responsible for managing the market and technical sales group serving colleges and universities with IBM in Long Island and Westchester County. We believe that Mr. Joseph Hughes' long experience with Company makes him well qualified to serve on the Company's Board of Directors.

Mr. John G. Sharkey has a Masters Degree in Finance. He received his Certified Public Accountant certification from the State of New York. From 1987 until joining the Company in October 1990, Mr. Sharkey was Controller of a publicly held electronics manufacturer. From 1984 to 1987, he served as Deputy Auditor of a commercial bank,

having responsibility over the internal audit department. Prior to 1984, Mr. Sharkey was employed by KPMG LLP as a senior accountant.

Mr. James J. Hill has been a Director of the Company since December 1989. In 1998, he retired from MRA Publications, Inc., a medical publishing business for which he had been Executive Vice President of Sales and Marketing since 1979. Mr. Hill received a Bachelor of Science Degree in Business Administration from the University of Arizona in 1958 and a Bachelor of Foreign Trade Degree from the American Institute of Foreign Trade in Arizona in 1959. We believe that Mr. Hill's experience in business, as well as his knowledge of the Company as a result of having served as a member of its board of directors since 1989, make him well qualified to serve on the Company's Board of Directors.

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Mr. Robert A. Esernio has been a Director of the Company since April 2001. From 1969 through 1990 Mr. Esernio was a partner in the international accounting and consulting firm of Grant Thornton LLP. Mr. Esernio was also a professor of Accounting at St. John's and Long Island Universities from 1958 through 1985 when he retired with Emeritus status. Mr. Esernio received a Bachelor of Business Administration Degree; Magna cum Laude from St. John's University in 1956 and a Master of Business Administration Degree from New York University in 1963. We believe that Mr. Esernio's experience as an independent public accountant and in connection with the review and auditing of financial statements of public companies, as well as his knowledge of the Company as a result of having served as a member of its board of directors since 2001, make him well qualified to serve on the Company's Board of Directors.

Mr. Christopher Hughes has been a Director of the Company from April 2000 until September 2004 and again from January 2005 until the present. He has been employed by the Company since 1985 and was a Vice President-Sales for the Company's computer programming services subsidiary from 1991 through 2006. In 2007 he was appointed Senior Vice President of the Company and President of the subsidiary. He is the son of Mr. Joseph F. Hughes, Chairman of the Board. Mr. Christopher Hughes is a 1984 graduate of St. Bonaventure University. We believe that Mr. Christopher Hughes' long experience with Company make him well qualified to serve on the Company's Board of Directors.

Mr. Raymond A. Roel has been a Director of the Company since January 2005. Since 1996, Mr. Roel has been employed by McCann Worldgroup, a unit of Interpublic Group of Companies, Inc. His most recent position is Associate Director of Worldwide Communications. Mr. Roel is a 1977 graduate of Brown University. We believe that Mr. Roel's experience in business, including his background in marketing, as well as his knowledge of the Company as a result of having served as a member of its board of directors since 2005, make him well qualified to serve on the Company's Board of Directors.

The Company's executive officers are elected by, and serve at the discretion of, the Board of Directors.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock Awards	Option Awards	Non- Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
Joseph F. Hughes President and Chief Executive Officer	2011	\$450,000	\$	—	—	—	—	\$47,000	\$515,000
	2010	450,000	18,000 13,000	—	—	—	—	45,000	508,000
John G. Sharkey Vice President, Finance	2011	175,000	50,000	—	—	—			
	2010	175,000	30,000	—	—				