

# TRANSACT

Technologies Incorporated

November 28, 2012

## TransAct Technologies Incorporated Board of Directors Issues Letter to Shareholders

HAMDEN, Conn., Nov. 28, 2012 (GLOBE NEWSWIRE) --

To Our Shareholders,

As you are all aware, TransAct Technologies Incorporated (Nasdaq:TACT) has recently received communications from a shareholder voicing concerns regarding shareholder value, the direction of TransAct, and the compensation of our chief executive officer, Bart C. Shuldman, and has strongly urged the Board of Directors ("Board") to hire outside advisors to explore strategic alternatives. In this shareholder's view, a sale of the Company right now is the only way to maximize the value of TransAct. The Board respectfully disagrees with the positions taken by this shareholder. The Board and management believe they have established a strong three part foundation for growth and unanimously believe that the pipeline of new products and other actions described below are the best path to deliver value to all of our shareholders. Both your Board and management are focused on executing their business plan for your benefit.

First, and most important, we would like to describe the platform for growth that we have established. The Company has diversified from a niche impact printer company heavily dependent on the domestic point of sale market to a company with diversified thermal and inkjet printers, terminals and software products designed to address existing, new and potentially large markets. During the last two years, your management has prepared for expansions into two new opportunities, the Food Safety and Nutritional Labeling market and the Oil and Gas exploration market, which have the possibility of becoming strong revenue streams including recurring consumable sales. The acquisition of Printrex, Inc. allowed TransAct to take advantage of synergies between the companies to expand into the Oil and Gas exploration and medical and mobile markets. In addition, TransAct has finished the testing phase for and has introduced to the hospitality market the Ithaca 9700, a terminal that includes TransAct developed software that makes food spoilage more manageable by quickly printing easy-to-read expiration and "enjoy by" date labels so that our food service customers know exactly what's fresh and what's not. In addition, the Ithaca 9700 can also be used to print nutritional and information labels for such items as 'grab-and-go' sandwiches. With our biggest customer in the food service industry approving the new Ithaca 9700 for their franchise and company owned stores, we are already on a path to creating a strong presence in the Food Safety and Nutritional Labeling market, which has the potential to result in the development of a strong customer base like the one that TransAct has built in the casino, gaming and lottery industries. In addition, the Company continues to sell into the world-wide casino market its Epic series of printers and EPICENTRAL Print System which expands TransAct's printer capability with software that allows customers to print receipts and coupons. While we acknowledge that market acceptance of some of these products has been slower than we anticipated, we still believe that these products have enabled us to expand our market share of the casino printer market.

Second, our foundation for growth does not end with a discussion of our new products. Despite tumultuous times, we have invested in innovation and expansion into new markets, while remaining debt free with a strong balance sheet, all while continuing to provide the high level of service and quality products our customers have come to expect from TransAct. Our relationships with key customers remain strong in part due to our commitment to upgrade and tailor our products to our customers' needs. We believe that our reputation for customer service and industry leading reliability create lasting customer loyalty providing the basis for us to increase our share of the markets in which we currently operate as well as in those markets we are entering.

Third, the Board and management have taken advantage of opportunities to provide value to our shareholders through return of capital. This fall, the Board approved commencement of a quarterly cash dividend, which along with TransAct's stock repurchase program provides TransAct's shareholders with a source of cash and liquidity. During 2012, the Company has repurchased over \$5.5 million of its stock at an average share price of \$8.30. Since March 2011, TransAct has purchased over 10% of its common shares, returning approximately \$8.2 million back to our shareholders. To provide even more return to our shareholders, on November 15, 2012, the Company separately announced its adoption of a Rule 10b5-1 plan to repurchase up to an additional \$4 million of its stock through May 2013.

**Your Board Believes In and Supports the Company's Strategy.** However, we also want to be clear that we are cognizant of our fiduciary duties to TransAct's shareholders and appreciate constructive criticism that helps TransAct improve its direction and performance. Rest assured, we take your comments seriously. We want you to know that the Board regularly discusses the Company's products, prospects, strategic direction and the possibility of strategic alternatives. The Board continually reviews and assesses the success of our new product initiatives. In addition, the Board has had numerous discussions with shareholders about the expressions of views. Some of our shareholders have discussed with us the performance and compensation of our chief executive officer, Mr. Bart Shuldman. Under Mr. Shuldman's direction, management has been able to

steer TransAct into financial stability in a very unstable global economy and is currently positioning TransAct for growth. Even our most vocal critic of Mr. Shuldman has admitted that under Mr. Shuldman's leadership TransAct "has innovated, diversified and won business seemingly above its weight class." We believe that under Mr. Shuldman's direction, TransAct will continue to do these things. As we have discussed in more detail in our proxy statement, in determining the appropriate level of compensation for TransAct's senior executives, including Mr. Shuldman, the independent directors of the Board worked with a leading compensation consulting firm in 2009. The firm indicated that the compensation of all of our senior executives is competitively comparable with that of senior executives of companies of a similar size. In addition, your Board has also made efforts to strengthen the alignment of the interests of Mr. Shuldman and our chief financial officer, Steve DeMartino, with that of our shareholders, by requiring that 30% and 20%, respectively, of their earned cash bonuses be paid in vested stock units payable in three years from the grant date.

We currently believe that TransAct's diversified product base, investments in innovative technology and expansion into new countries and markets have laid a solid foundation for growth and have strong potential to increase shareholder value. Although we believe that the potential for company growth and long-term share value enhancement provides a better opportunity for our shareholders as a whole than a near-term sale before we can bear the fruits of our new and strong foundation, we want to emphasize that your Board and management remain committed to considering alternatives that maximize shareholder value, including entering into discussions and considering credible value enhancing offers from third parties that properly take into account the Company's current position and future prospects.

Sincerely,

The Board of Directors of TransAct Technologies Incorporated

### **About TransAct Technologies Incorporated**

TransAct Technologies Incorporated (Nasdaq:TACT) is a leader in developing and manufacturing market-specific solutions, including printers, terminals, software and other products for transaction-based and other industries. These industries include casino, gaming, lottery, banking, kiosk, point-of-sale, food safety, hospitality, oil and gas, and medical and mobile. Each individual market has distinct, critical requirements for printing and the transaction is not complete until the receipt and/or ticket is produced. TransAct printers and products are designed from the ground up based on market specific requirements and are sold under the Ithaca®, Epic, EPICENTRAL® and Printrex® product brands. TransAct distributes its printers through OEMs, value-added resellers, selected distributors, and direct to end-users. TransAct has over 2.4 million printers installed around the world. Beyond printers, TransAct is committed to providing world-class printer service, spare parts, accessories and printing supplies required by a growing worldwide installed base of printers. Through its TransAct Services Group, TransAct provides a complete range of supplies and consumables items used in the printing and scanning activities of customers in the hospitality, banking, retail, food safety, gaming, government and oil and gas exploration markets. Through its webstore, <http://www.transactsupplies.com>, and a direct selling team, TransAct addresses the on-line demand for these products. TransAct is headquartered in Hamden, CT. For more information, please visit <http://www.transact-tech.com> or call 203.859.6800.

The TransAct Technologies, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=10061>

### **Forward-Looking Statements:**

Certain statements in this letter include forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue" or the negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, but are not limited to, customer acceptance and market share gains, both domestically and internationally, in the face of substantial competition from competitors that have broader lines of products and greater financial resources; introduction of new products into the marketplace by competitors; successful product development; dependence on significant customers; dependence on significant vendors; dependence on contract manufacturers for the assembly of a large portion of our products in China; the ability to protect intellectual property; the ability to recruit and retain quality employees as the Company grows; dependence on third parties for sales outside the United States, including Australia, New Zealand, Europe, Latin America and Asia; economic and political conditions in the United States, Australia, New Zealand, Europe, Latin America and Asia; marketplace acceptance of new products; risks associated with foreign operations; availability of third-party components at reasonable prices; price wars or other significant pricing pressures affecting the Company's products in the United States or abroad; risks associated with potential future acquisitions; the outcome of the lawsuit between TransAct and Avery Dennison Corporation; and other risk factors detailed from time to time in TransAct's reports filed with the Securities and Exchange Commission. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The forward-looking statements speak only as of the date of this letter and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

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