

VIDEO DISPLAY CORP
Form DEF 14A
August 04, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

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 Pursuant to §240.14a-12

Video Display 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.
 - (1) Title of each class of securities to which transaction applies:
 - Fee paid previously with preliminary materials.
 - 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) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:
-

VIDEO DISPLAY CORPORATION

1868 Tucker Industrial Road

Tucker, Georgia 30084

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 30, 2011**

To Our Shareholders:

The Annual Meeting of Shareholders of Video Display Corporation (the Company) will be held on Tuesday, August 30, 2011, at 9:00 a.m., local time, at the Smoke Rise Golf and Country Club, 4900 Chedworth Drive, Stone Mountain, Georgia, for the following purposes:

1. To elect five Directors to serve until the next Annual Meeting of Shareholders or until their successors have been elected and qualified; and
2. To transact such other business as may properly come before the meeting or any reconvened meeting following any adjournment thereof.

Only shareholders of record at the close of business on July 29, 2011, will be entitled to receive notice of, and to vote at, the meeting. The transfer books will not be closed. A complete list of the shareholders entitled to vote at the meeting will be available for inspection by shareholders at the offices of the Company immediately prior to the meeting.

The Annual Meeting may be adjourned from time to time without notice other than announcement at the Annual Meeting, and any business for which notice of the Annual Meeting is hereby given may be transacted at any reconvened meeting following such adjournment.

Whether or not you plan to be present at the meeting, please complete, date and sign the enclosed proxy and return it promptly. Shareholders who are present at the meeting may revoke their proxy and vote in person if they so desire.

By Order of the Board of Directors,

Norma J. Mann
Secretary

Tucker, Georgia
August 3, 2011

VIDEO DISPLAY CORPORATION
1868 Tucker Industrial Road
Tucker, Georgia 30084
PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS
to be held on August 30, 2011

Information Concerning the Solicitation

This Proxy Statement is furnished to the shareholders by the Board of Directors of Video Display Corporation, 1868 Tucker Industrial Road, Tucker, Georgia 30084 (the Company), in connection with the solicitation of proxies by the Board of Directors to be voted at the Annual Meeting of Shareholders on Tuesday, August 30, 2011, at 9:00 a.m. and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the Meeting). The Company's 2011 Annual Report on Form 10-K, including financial statements for the year ended February 28, 2011, accompanies this Proxy Statement and is first being mailed to shareholders on or about August 5, 2011.

If the enclosed form of proxy is properly executed and returned, the shares represented thereby will be voted in accordance with its terms. If no choices are specified, the proxy will be voted:

FOR Election of Ronald D. Ordway, Gregory L. Osborn, David S. Cooper, Carolyn C. Howard and Roger W. Lusby III as Directors to serve until the next Annual Meeting of Shareholders.

In addition, a properly executed and returned proxy card gives the authority to vote in accordance with the proxy-holder's best judgment on such other business as may properly come before the meeting or any adjournment thereof. The proxy, given pursuant to this solicitation, is revocable at any time before it is exercised, by filing a revoking instrument, a duly executed proxy bearing a later date with the Secretary of the Company or by attending the Meeting and voting in person.

Each shareholder is entitled to one vote on each proposal per share of Common Stock held as of the record date. A majority of the issued and outstanding shares of Common Stock will constitute a quorum for the transaction of business at the Meeting. In determining whether a quorum exists at the Meeting for purposes of all matters to be voted on, all votes for or against, as well as all abstentions (including votes to withhold authority to vote in certain cases), with respect to the proposal receiving the most such votes, will be counted. The vote required for the election of directors is a majority of the votes cast by the shares represented at the meeting and entitled to vote, provided a quorum is present. Consequently, abstentions and broker non-votes will not be counted as part of the base number of votes to be used in determining if the proposal for the election of directors has received the requisite number of base votes for approval. Thus, with respect to the proposal for the election of directors, an abstention or broker non-vote will have no effect.

The cost of soliciting proxies will be borne by the Company. In addition to solicitation by mail, certain officers, directors and employees may, without compensation, solicit proxies by telephone and personal interview. The Company may reimburse brokerage firms and others for reasonable expenses incurred in forwarding solicitation material to the beneficial owners of the Company's Common Stock.

Shareholders' Proposals for Next Annual Meeting

For inclusion in the Proxy Statement and form of proxy for the next annual meeting, shareholder proposals consistent with Rule 14a-8(e) promulgated under the Securities Exchange Act of 1934 must be received by our Secretary at our principal business office on or before March 23, 2012. In order for a shareholder proposal made outside the requirements of Rule 14a-8(e) to be timely for the purposes of Rule 14a-4(c), such proposal must be received by our Secretary no later than July 6, 2012.

Outstanding Voting Securities

The Company has one class of Common Stock, no par value (Common Stock), of which 7,619,618 shares were issued and outstanding on June 24, 2011. Each outstanding share is entitled to one vote. The Company also has a class of preferred stock authorized, no shares of which are issued and outstanding at the present time. The Board has fixed the close of business on July 29, 2011, as the record date for determining the holders of Common Stock entitled to

vote at the Meeting.

PROPOSAL ONE
ELECTION OF DIRECTORS

Five Directors will be elected at the Meeting, each to serve until the next Annual Meeting of Shareholders or until a successor has been duly elected and qualified. The persons named in the accompanying Proxy intend to vote the proxies, if authorized, for the election as directors of the five persons named below as nominees.

If, prior to the Meeting, the Board should learn that any nominee will be unable to serve by reason of death, incapacity or other unexpected occurrence, the proxies that would have otherwise been voted for such nominee will be voted for such substitute nominee as selected by the Board. Alternatively, the proxies may, at the Board's discretion, be voted for such fewer number of nominees as results from such death, incapacity or other unexpected occurrence. The Board has no reason to believe that any of the nominees will be unable to serve.

THE BOARD RECOMMENDS THAT YOU VOTE FOR PROPOSAL ONE, THE ELECTION OF THESE FIVE NOMINEES AS DIRECTORS.

The directors, their ages, their principal occupations for at least the past five years, other public company directorships held by them and the year each was first elected as a director of the Company are set forth below.

Name	Age	Present Position with the Company	First Year Serving on Board
Ronald D. Ordway	69	Chairman of the Board, Chief Executive Officer and Director	1975
Gregory L. Osborn	54	Chief Financial Officer	
Roger W. Lusby III(1)(2)(3)	53	Director	
David S. Cooper (1)(4)	62	Director	
Carolyn C. Howard (1)(2)(3)(5)	48	Director	2001

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

(3) Member of Nominating & Governance Committee.

(4) Chairperson of Nominating & Governance Committee.

(5) Chairperson of Audit and Compensation Committees.

Mr. Ordway is a founder of the Company and has served as Chairman of the Board, and Chief Executive Officer (CEO) since 1975.

Mr. Osborn is a CPA and has been the Chief Financial Officer of the Company since 2007. Prior to joining Video Display Corporation he was involved in the mattress industry in various capacities including controller and CFO. He is a graduate of Georgia State University with a B.B.A. in accounting.

Mr. Lusby is a managing partner of Frazier & Deeter, LLC. Prior to joining Frazier & Deeter, LLC he was with an international accounting firm. He has a B.S. from Berry College and a Master of Taxation from Georgia State University.

Mr. Cooper is an attorney with Baker, Donelson, Bearman, Caldwell & Berkowitz, PC. He has practiced corporate and securities law for over 25 years. He has a B.A. from Harvard University, a Masters of Business Administration from Emory University and a Juris Doctor in Law from Emory University. Mr. Cooper is a CPA and a member of the American Bar Association, the Georgia Bar Association, and the Atlanta Bar Association.

Ms. Howard has been employed since the late 1980s by Howard Interests, a venture capital firm, of which she is a cofounder and co-manager. She has owned and managed a personnel and staffing firm, held a position in banking with a focus on Fannie Mae/Freddie Mac lending. She has held positions with securities firms trading and covering institutional accounts and currently is a member of the Board of Directors of MDU Communications, traded on the OTC-BB. Ms. Howard has acted as CEO and COO of one of New Hampshire's largest food service and bottled water companies, prior to selling it to Vermont Pure Springs, a publicly traded company.

The Board of Directors has determined that Ms. Howard, Mr. Cooper and Mr. Lusby are qualified as independent Directors as defined by the NASDAQ listing standards.

Two of the five directors were elected to their current term of office at the Company's Annual Meeting of Shareholders in August 2001. There are three new directors on the ballot for the first time. The terms of office of our directors expire at the next Annual Meeting of Shareholders. The number of Directors of the Company to be elected at the Annual Meeting has been fixed at five.

OTHER INFORMATION ABOUT THE BOARD AND ITS COMMITTEES*Directors Compensation for Fiscal Year 2011*

The Company's policy is to pay directors who are not also officers of the Company \$1,000 per month, plus reimbursement of travel expenses. Additionally, the Company issues to non-employee directors options to purchase 3,000 shares of the Company's common stock at the market close price on the day of the Company's annual meeting, subject to one-year vesting requirements for attending. The following table sets forth information concerning cash and non-cash compensation paid to the directors during fiscal year 2011.

Name	Fees Paid in		All Other Compensation (\$)	Total (\$)
	Cash Case (\$)	Option Awards (\$)		
Ronald Ordway				
Murray Fox				
Carlton Sawyer ⁽¹⁾	\$ 12,000	\$ 5,619		\$17,619
Peter Frend ⁽²⁾	\$ 12,000	\$ 1,807		\$13,807
Carolyn Howard ⁽³⁾	\$ 12,000	\$ 5,619		\$17,619

(1) Mr. Sawyer had 6,000 shares of option awards outstanding at 02/28/11.

(2) Mr. Frend had 6,000 shares of option awards outstanding at 02/28/11.

(3) Ms. Howard had 9,000 shares of option awards outstanding at 02/28/11.

Board Meetings and Attendance

The Board held one attended meeting and five meetings via telephone conference during the last fiscal year, with all actions by the Board subsequently ratified by execution of consent resolutions by each member of the Board. During fiscal year 2011, all of the Directors attended at least 75% of the aggregate number of meetings of the Board and meetings of committees of the Board on which they served. Although the Company does not have a policy with regard to Board members' attendance at the Company's annual meetings of stockholders, all of the directors are encouraged to attend such meetings. All of our directors were in attendance at our 2010 Annual Meeting of Stockholders.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Company, including its Chief Executive Officer, Chief Financial Officer and Controller. The Code of Business Conduct and Ethics is available on the Company's website at www.videodisplay.com.

Shareholder Communications with the Board

Shareholders may contact the Board or any of the individual Directors by writing to them c/o Secretary of the Company, Video Display Corporation, 1868 Tucker Industrial Road, Tucker, Georgia 30084. Inquiries sent by mail may be sorted and summarized by the Secretary before they are forwarded to the addressee.

*Standing Committees of the Board***Audit Committee**

The Audit Committee is comprised of Carolyn C. Howard (Chairperson) and Peter Frend. The Committee held six meetings during fiscal 2011. As required by currently applicable listing requirements of NASDAQ, all members are independent. The Board of Directors has determined that Peter Frend is an audit committee financial expert as defined in the rules of the Securities and Exchange Commission and NASDAQ. The Committee has a charter, referred to as the Audit Committee Charter posted on the Investor Relations section of the Company's website (www.videodisplay.com). See Report of the Audit Committee herein.

Compensation Committee

The Compensation Committee is comprised of Carolyn C. Howard (Chairperson) and Peter Frend. The Compensation Committee held three meetings during fiscal 2011. The Compensation Committee administers the Company's Employee Stock Option Plan and also makes recommendations to the Board with respect to the compensation paid to the Chief Executive Officer and other Corporate Officers. The Committee has a charter, referred to as the Compensation Committee Charter posted on the Investor Relations section of the Company's website (www.videodisplay.com). See Report of the Compensation Committee herein.

Nominating and Governance Committee

The Nominating and Governance Committee is comprised of Peter Frend (Chairman) and Carolyn C. Howard. The Nominating and Governance Committee held three meetings during fiscal 2011. The duties of the Nominating and Governance Committee include proposing a slate of Directors for election by the shareholders at each Annual Meeting and proposing candidates to fill vacancies on the Board. The Committee has a charter, referred to as the Corporate Governance Guidelines posted on the Investor Relations section of the Company's website (www.videodisplay.com). When appropriate, the Nominating and Governance Committee will conduct research to identify suitable candidates for Board membership, and seeks individuals who could be expected to make a substantial contribution to the Company. It will consider candidates proposed by shareholders. Candidates should be considered able and willing to represent the interests of all shareholders and not those of a special interest group. Any shareholder wishing to propose a candidate for consideration should forward the candidate's name and a detailed background of the candidate's qualifications to the Secretary of the Company.

COMMON STOCK OWNERSHIP

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of July 15, 2011 with respect to (i) those persons known by the Company to own more than 5% of the outstanding Common Stock of the Company; (ii) each director of the Company; (iii) each executive officer listed in the Summary Compensation Table who is not a director; and (iv) the beneficial ownership of all directors and executive officers as a group. The percentage of beneficial ownership is based on 7,619,618 shares of our common stock outstanding as of July 15, 2011 plus stock options exercisable within 60 days held by the particular person or group. Our only voting security is our common stock. Except as indicated in the footnotes to this table, the persons named have sole voting and investment power over the shares owned by them.

Name and Address of Beneficial Owner	Number of Shares(a)	Percent of Class
Ronald D. Ordway Tucker, Georgia 30084	2,708,264(b)	35.5%
Jonathan R. Ordway Tucker, Georgia 30084	2,077,163	27.3%
Murray Fox Bainbridge, OH 44146	12,000	%(c)
Carolyn C. Howard Jaffrey Center, New Hampshire	270,900(d)	3.6%
David Heiden Tucker, Ga. 30084	45,984(e)	%(c)
All Executive Officers and Directors as a group (7 persons)	3,037,148(f)	39.9%

(a) Information relating to beneficial ownership of Common Stock is based upon information furnished by each five percent shareholder, director and executive officer using beneficial ownership concepts set forth in rules promulgated by the Securities and Exchange Commission under Section 13(d) of the Securities Exchange Act of 1934. Except as indicated in other footnotes to this table, each person possessed sole voting and investment power with respect to all shares set forth by his name.

(b) Includes 480,000 shares owned by Karen W. Ordway, wife of Ronald D. Ordway, as to which Mr. Ordway shares voting and investing power.

(c) Less than one percent.

(d) Includes 9,000 shares subject to exercisable stock options.

(e) Includes 20,000 shares subject to exercisable stock options.

(f) Includes 29,000 shares subject to exercisable stock options.

EXECUTIVE OFFICERS

The following table identifies all persons who served as executive officers and divisional officers of the Company at any time during fiscal year 2011, along with certain information including their ages and positions with the Company:

Name	Age	Present Position with the Company	Officer Since
Corporate Officers			
Ronald D. Ordway	69	Chairman of the Board, Chief Executive Officer and Director	1975
David Heiden	64	President	2007
Gregory L. Osborn	54	Chief Financial Officer	2007
Divisional Officers			
Michael Allen	50	President of Z-Axis, Inc.	
William Frohoff	58	President of Lexel Imaging Systems, Inc.	
Arthur V. Mengel	48	President of Aydin Displays, Inc.	
Arthur Mengel	76	President of Teltron Technologies, Inc.	
Marcial Vidal	59	President of VDC Display Systems	

All of the executive officers of the Company have served as officers and/or have been employed by the Company for at least the last five years except for Gregory L. Osborn, Chief Financial Officer who joined the Company on June 4, 2007. Mr. Osborn was previously in the mattress manufacturing and retail industries for 15 years serving in various capacities including controller and Chief Financial Officer until he joined Video Display Corporation. Each executive officer is elected by the Board, or by the Board of Directors of a subsidiary of the Company, and serves at the pleasure of such Board until his successor has been elected and has qualified, or until his earlier death, resignation, removal, retirement or disqualification.

TRANSACTIONS WITH AFFILIATES

During fiscal year 2011, the Company leased certain warehouse space from the Chief Executive Officer, Ronald D. Ordway, under net operating leases with the terms described below. Rent expense under these leases totaled approximately \$314,000 and \$314,000 in fiscal 2011 and 2010, respectively:

Facility	Lessor	Annual Base Rent	Expiration of Lease
Corporate Headquarters, Warehouse Tucker, Georgia	Ronald D. Ordway	\$ 194,000	October 31, 2018
Warehouse, Stone Mountain, Georgia	Ronald D. Ordway	\$ 120,000	May 31, 2018

The Board believes that the terms of the leases are reasonable and in the best interest of the Company. The Audit Committee has reviewed each of these leases and has determined that the terms of these leases are fair to the Company.

Officers and Shareholders

In June 2006, The Company repaid all amounts borrowed under previous loan agreements with the Chief Executive Officer, Ronald D Ordway, and entered into a new loan agreement in which Mr. Ordway loaned the Company \$6,000,000 as part of a refinancing of the Company's debt with a new banking relationship with RBC Centura and Regions Bank. The terms of the Note Agreement call for the Company to make monthly payments of \$33,333 plus interest at a rate of bank prime plus one percent. During fiscal 2011, Mr. Ordway loaned the Company an additional \$350,000 and the Company made principal payments of \$1,423,392 to Mr. Ordway leaving a balance of approximately \$1.8 million. The note is secured by a general lien on all assets of the Company, subordinate to the liens held by RBC Bank and Community & Southern Bank.

The Audit Committee has reviewed each of these loans and financings and has determined that their terms are fair to the Company.

EXECUTIVE COMPENSATION AND OTHER BENEFITS*Executive Compensation*

The following table sets forth, for the fiscal year ended February 28, 2011, the total compensation earned by our Chief Executive Officer, Chief Financial Officer and each of our three other most highly compensated executive officers who were serving as executive officers as of February 28, 2011 (collectively referred to as the named executive officers).

Summary Compensation Table

Name and Principal Position	Year	Salary (\$ (2))	Bonus (\$)	Stock Award (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Equity Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$ (1))	Total (\$)
Ronald D. Ordway Chairman of the Board, and Director	2011	196,923		10,056				206,979
	2010	160,000						160,000
	2009	194,615						194,615
Marcial Vidal Division President	2011	138,654		3,464				142,118
	2010	126,000						126,000
	2009	141,346	49,192					190,538
Gregory L. Osborn Chief Financial Officer	2011	125,000						125,000
	2010	125,000						125,000
	2009	125,000						125,000
David A Heiden President	2011	147,692		7,542				155,234
	2010	120,000						120,000
	2009	148,846						148,846
Arthur V. Mengel Division President	2011	135,053						139,053
	2010	116,830						116,830
	2009	123,930						123,930

(1) Amounts of All Other Compensation reflect Company matching contributions pursuant to the Company's 401(k) Retirement Plan (a qualified salary deferral plan under Section 401(k) of the Internal Revenue Code). All named executive officers are covered by the company's health insurance plan, which does not discriminate in scope, terms or operation, in favor of named executive officers or directors and is generally available to all salaried employees. As a result, the information regarding health insurance premiums paid to the named executive officers has been omitted from the Summary Compensation Table.

(2) Amounts represent all pre-tax salaries and include any amounts earned but deferred under the company's 401(k) plan.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards Equity Incentive Plan Awards:			Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		
Gregory L. Osborn	Exercisable	Unexercisable	Unearned Options (#)	\$ 7.71	06/04/2017
David A Heiden	20,000	35,000		\$ 3.25	1/13/2012

Option Exercises in 2011

The following table sets forth information regarding all exercises of stock options by the named executive officers during the 2011 fiscal year.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
None		\$

Compensation Committee Interlocks and Insider Participation

Carolyn C. Howard and Peter Frend served as members of the Compensation Committee of the Board of Directors during fiscal 2011. These individuals are not, and were not during the 2011 fiscal year, officers or employees of the Company, nor do they have, and did not have during the 2011 fiscal year, any relationship with the Company requiring disclosure under Securities and Exchange Commission regulations.

Compensation Discussion and Analysis

Overview and Philosophy The Compensation Committee currently consists of two independent directors, Ms. Carolyn Howard, Chairperson, and Mr. Peter Frend. The roles and responsibilities of the Committee are set forth in a written charter adopted by the Board of Directors. This charter is available from the Company upon request. The Committee reviews and approves the Company's executive and director compensation policies annually, administers the Company's Employee Stock Option Plan and makes recommendations to the Board regarding the compensation of the Chief Executive Officer and other Corporate Officers.

The Committee's policy, which applies to the Chief Executive Officer and to all other executive officers and directors, is to ensure that Video Display Corporation provides a balanced and competitive compensation package that takes into account its specific needs and circumstances, while maintaining compensation levels comparable to industry standards.

Components of Executive Compensation

The company sponsors a 401(k) retirement savings plan which covers its full-time employees who have been employed by the company for at least one (1) year. Eligible employees may elect to contribute a percentage of their compensation to the 401(k) plan, subject to the maximum amount established annually under Section 401(k) of the Internal Revenue Code. The Company did not make a contribution in 2011 and 2010.

Other than the agreements mentioned herein, we have no employment agreements with any of our named executive officers, nor do we have any compensatory plans or arrangements with respect to any named executive officers that results or will result from the resignation, retirement or any other termination of such executive officer's employment with Video Display Corporation or from a change-in-control of Video Display Corporation or a change in the named executive officer's responsibilities following a change-in-control wherein the amount involved, including all periodic payments or installments, exceeds \$100,000.

Compensation Committee Report on Executive Compensation

The Compensation Committee has furnished the following report on Executive Compensation:

In the fiscal year 2011, the Committee reviewed and considered its executive officers and director compensation packages. The Committee determined the compensation packages to be appropriate and in accordance with their aforementioned policy.

The Compensation Committee

Carolyn C. Howard, Chairperson

Peter Frend

Audit Committee Report

This Report of the Audit Committee is required by the Securities and Exchange Commission and shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed soliciting material or filed under such acts.

To the Board of Directors:

The following is the report of the Audit Committee of the Board of Directors of Video Display Corporation with respect to the Company's audited financial statements for the fiscal year ended February 28, 2011.

The Audit Committee operates under a written charter adopted by the Board. The members of the Committee are currently Carolyn Howard as Chairperson, Peter Freund and Carleton Sawyer. The Audit Committee directly appoints and evaluates the independent registered public accounting firm of the Company and pre-approves their services and compensation. Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the PCAOB (US) and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the Audit Committee has held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the matters required to be discussed by Statements on Auditing Standards No. 61 (Communications with Audit Committees) and No. 90 (Audit Committee Communications) with the independent registered public accounting firm.

The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent registered public accountants that firm's independence.

Based upon the Audit Committee's discussion with management and the independent registered public accounting firm and the Audit Committee's review of the representations of management and the report of the independent registered public accountants to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended February 28, 2011 filed with the Securities and Exchange Commission.

SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee

Carolyn C. Howard, Chairperson

Peter Freund, Carleton Sawyer

Audit Fees and All Other Fees

The aggregate fees billed to the Company by its independent registered public accountants, Carr, Riggs & Ingram during fiscal 2011 and fiscal 2010 are summarized below.

Audit Fees. Fees for audit services totaled approximately \$317,040 in fiscal 2011 and approximately \$275,000 in fiscal 2010 including fees associated with the annual audit and the reviews of the Company's quarterly reports on Form 10-Q.

Audit Related Fees. There were no payments to the above mentioned firm for audit related services in fiscal 2011 or for fiscal 2010. Audit related fees primarily pertained to the audit of the Company's 401(k) plan and consultation regarding tax preparation for which the Company engages the firm of Windham Brannon, P.C.

Tax Fees. There were no fees for tax services, including tax compliance, tax advice and tax planning, in fiscal 2011 or 2010 paid to the above mentioned independent audit firm. The firm of Windham Brannon P.C. is engaged for tax preparation matters.

All Other Fees. The Company's independent accountants did not receive fees for other services not described above in fiscal 2011 or 2010.

The Audit Committee retained the firm of Windham Brannon, P.C. for all tax services and the audit of the Company's 401(k) plan in fiscal 2011 and fiscal 2010. The Audit Committee has determined that such services and fees are compatible with the independent status of such auditors. During fiscal 2011, Carr Riggs & Ingram did not utilize any lease personnel in connection with the audit.

In accordance with the rules of NASDAQ and the SEC, the Audit Committee has the authority to pre-approve all independent audit engagement fees and terms and pre-approve all permitted non-audit engagements. All fiscal 2011 and 2010 services were pre-approved by the Audit Committee.

COMPENSATION PURSUANT TO PLANS

In 1992, the Company adopted a 401(k) Retirement Plan that covers substantially all employees. Upon recommendation of the Compensation Committee, the Company did not contribute to the plan for the year ended February 28, 2011.

The Company has established a stock option plan as a performance incentive program. The options may be granted to key employees at a price not less than fair market value at the time the options are granted and are exercisable beginning on the first anniversary of the grant for a period not to exceed ten years from date of grant. The following table provides information as of February 28, 2011 regarding compensation plans (including individual compensation arrangements) under which Common Stock of the Company is authorized for issuance.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Stock Option Plan			
Equity compensation plans approved by security holders	96,000	\$ 5.05	738,000
Equity compensation plans not approved by security holders			
Total	96,000	\$ 5.05	738,000

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's Common Stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended February 28, 2011, all Section 16(a) filing requirements applicable to directors, executive officers and greater than ten percent beneficial owners were complied with.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of the Company engaged Carr, Riggs & Ingram, Atlanta, Georgia, as independent accountants for the Company and its subsidiaries for each of the last five fiscal years ended February 28, 2011, February 28, 2010, February 28, 2009, February 29, 2008 and February 28, 2007.

Carr Riggs & Ingram reports on the Company's financial statements for the fiscal years ended February 28, 2011 and February 28, 2010 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. For the fiscal years ended February 28, 2011 and February 28, 2010, there have been no disagreements between the Company and Carr Riggs & Ingram on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Accordingly, the Company's management believes that the consolidated financial statements included in the Annual Report on Form 10-K for the period ended February 28, 2011, fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented and that the Annual Report on Form 10-K 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 periods covered by this report.

A representative from Carr Riggs & Ingram will be present at the Meeting. This representative will have an opportunity to make a statement and will be available to respond to questions.

OTHER MATTERS

THE COMPANY WILL FURNISH, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K (EXCLUSIVE OF EXHIBITS) FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2011 TO EACH PERSON WHO IS A SHAREHOLDER OF THE COMPANY UPON RECEIPT FROM ANY SUCH PERSON OF A WRITTEN REQUEST FOR SUCH ANNUAL REPORT. ALL SUCH REQUEST SHOULD BE SENT TO: CORPORATE SECRETARY (FORM 10-K REQUEST), VIDEO DISPLAY CORPORATION, 1868 TUCKER INDUSTRIAL ROAD, TUCKER, GEORGIA 30084.

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for shareholder communications such as this proxy statement with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. We may deliver a single proxy statement to multiple shareholders sharing an address unless we have received contrary instructions from the affected shareholders. We will undertake to deliver promptly upon written or oral request a separate copy of this proxy statement to a shareholder at a shared address to which a single copy of this proxy statement was delivered. Any such request should be directed to our Secretary at the address indicated on the first page of this proxy statement. If, at any time, you decide you wish to receive a separate copy of all future shareholder communications, or if you are receiving multiple copies of such shareholder communications and wish to receive only one, please notify us of your request at the address indicated on the first page of this proxy statement.

As of the date of this Proxy Statement, the Board does not know of any business which will be presented for consideration at the Meeting other than that specified herein and in the Notice of Annual Meeting of shareholders, but if other matters are presented, it is the intention of the persons designated as proxies to vote in accordance with their judgment on such matters.

Please SIGN, DATE and RETURN the enclosed Proxy promptly.

August 3, 2011

**6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN
THE ENCLOSED ENVELOPE. 6**

Proxy VIDEO DISPLAY CORPORATION

PROXY SOLICITED BY BOARD OF DIRECTORS

ANNUAL MEETING FOR HOLDERS OF COMMON STOCK AUGUST 30, 2011

The undersigned hereby constitutes and appoints R. D. Ordway and G.L. Osborn, either of them acting in the absence of the other, with full power of substitution the true and lawful attorneys and proxies of the undersigned, to attend the Annual Meeting of Shareholders of Video Display Corporation to be held at the Smoke Rise Golf and Country Club, 4900 Chedworth Drive, Stone Mountain, Georgia, on Tuesday, August 30, 2011, at 9:00 a.m. local time, and any adjournments thereof, and to vote all of the shares of Common Stock of said Corporation which the undersigned could vote, with all powers thereof the undersigned would possess if personally present at such meeting.

THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED AS SPECIFIED.

IF NO CHOICE IS SPECIFIED, THE SHARES WILL BE VOTED FOR THE ELECTION OF NOMINEES.

VIDEO DISPLAY CORPORATION

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

Annual Meeting Proxy Card

6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

A Election of Directors Management recommends: a vote FOR all nominees.

Election of Directors: For Against Abstain			For Against Abstain			For Against Abstain					
Ronald D.Ordway	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	02 - Gregory L. Osborn	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	03 - David S. Cooper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Carolyn Howard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	05- Roger W. Lusby III	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				

In their discretion the Proxies are authorized to vote upon other matters as may properly come before the meeting.

B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below
 Please sign exactly as the name appears on the left. If shares are jointly held, all joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized officer.

(mm/dd/yyyy) Please print data below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

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