VERSAR INC
Form DEF 14A
September 30, 2015

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 x 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))**
x	Definitive Proxy Statement
¨	Definitive Additional Materials
¨	Soliciting Materials Pursuant to §240.14a-12

Versar, Inc.

(Name of Registrant as Specified by 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.

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(1) Amount previously paid:

(2) Form, Schedule or Registration No.:

(3) Filing Party:

(4) Date filed:

September 30, 2015

On behalf of the Board of Directors and management team, I cordially invite you to attend Versar, Inc.'s 2015 Annual Meeting of Stockholders to be held at the Springfield Golf and Country Club, 8301 Old Keene Mill Road, Springfield, Virginia 22152, on Tuesday, November 10, 2015, at 10:00 a.m. local time.

Scheduled for consideration at the meeting are the election of directors and other matters described in the enclosed Proxy Statement. We will also report on Versar's condition and performance for fiscal year 2015 and you will have the opportunity to question management on matters that affect the interests of all stockholders.

You can reach the Springfield Golf and Country Club from either I-95 or I-495. From I-95: take the exit to Old Keene Mill Road West. After about two miles, the entrance will be on the left. Stay on the right to find the Club House. From I-495: exit from I-95 South to Old Keene Mill Road West. After about two miles, the entrance will be on the left. Stay on the right to find the Club House.

Stockholders may access our proxy materials and 2015 annual report through the Internet. This allows us to provide you with the Annual Meeting information in an efficient manner, while reducing any environmental impact. On or about September 30, 2015 we will mail to stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to find and download our proxy materials and the 2015 Annual Report online. If you receive a Notice by mail, you will not receive a printed copy of the materials unless you specifically request one. Details on how to request printed copies of the materials and a proxy card by mail will be included in the Notice.

We encourage stockholders' interest in the affairs of Versar and it is important that your shares of stock are represented at the Meeting. We hope you will be able to join us. **Whether you plan to attend or not, we encourage you to vote as promptly as possible via the Internet or by telephone. If you request a printed copy of the proxy materials, please complete, sign, date, and return the proxy card you will receive in response to your request as soon as possible or you can vote via the Internet or by telephone.** Returning your signed proxy will not limit your right to vote in person or to attend the Meeting, but it will assure your representation if you cannot attend. Your vote is important.

We look forward to seeing you at the Annual Meeting.

Sincerely yours,

Paul J. Hoeper
Chairman of the Board

NOTICE OF 2015 ANNUAL MEETING

The 2015 Annual Meeting of Stockholders of Versar, Inc. (the "Company") will be held at the Springfield Golf and Country Club, 8301 Old Keene Mill Road, Springfield, Virginia 22152, on Tuesday, November 10, 2015, at 10:00 a.m. local time for the following purposes:

1. Election of Eight Directors to serve until the 2016 Annual Meeting of Stockholders;
2. Advisory Vote on Executive Compensation;
3. Ratification of the Appointment of Grant Thornton LLP as Independent Registered Public Accounting Firm for Fiscal Year 2016; and
4. Transaction of such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only those stockholders of record at the close of business on September 22, 2015 will be entitled to receive notice of and to vote at the Meeting and any adjournments or postponements thereof. I direct your attention to the Proxy Statement accompanying this Notice for a more complete statement regarding the matters to be acted upon at the Meeting.

Whether you plan to attend the 2015 Annual Meeting or not, we encourage you to vote as promptly as possible via the Internet or by telephone. If you request a printed copy of the proxy materials, please complete, sign, date, and return the proxy card you will receive in response to your request as soon as possible. Returning your signed proxy will not limit your right to vote in person or to attend the meeting, but it will assure your representation if you cannot attend. Your vote is important.

By Order of the Board of Directors,

James D. Villa
Secretary

September 30, 2015

IMPORTANT

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on November 10, 2015. This Proxy Statement and the Versar Annual Report to Stockholders for fiscal year 2015 are available at www.investorvote.com/VSR.

Notice of 2015 Annual Meeting of Stockholders

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SUMMARY INFORMATION

This summary highlights information contained elsewhere in this Proxy Statement and Versar, Inc.'s Annual Report on Form 10-K for fiscal year 2015. For more complete information about these topics, please review the entire Proxy Statement and Annual Report.

ANNUAL MEETING

Date:	November 10, 2015
Time:	10:00 a.m. EST
Location:	Springfield Golf and Country Club, 8301 Old Keene Mill Road Springfield, Virginia 22152
Record Date:	September 22, 2015
Voting:	Each share of stock is entitled to one vote on each matter to be voted upon at the Annual Meeting

FINANCIAL PERFORMANCE*

Gross Revenue	Net Income (Loss)	Earnings Per Share
Gross revenue for fiscal year 2015 was $159.9 million, an increase of 45% compared to $110.3 million during the 2014 fiscal year.	Net income for fiscal year 2015 was $1.4 million, an increase of 521% compared to net (loss) of $0.3 million during the 2014 fiscal year.	Net income per share for fiscal year 2015 was $0.14, an increase of 567% compared to net (loss) per share of $0.03 during the 2014 fiscal year.

*All financial results set forth above are from continuing operations.

SHAREHOLDER VOTING MATTER

Voting Matter	Board Vote Recommendation	See Page Number
Proposal No. 1 Election of Directors	FOR each nominee	5
Proposal No. 2 Advisory Vote on Executive Compensation	FOR	32
Proposal No. 3 Ratification of Accountants	FOR	33

DIRECTOR NOMINEES

Nominee	Age	Director Since	Principal Occupation	Committee Membership
Robert L. Durfee	79	1969	Business Consultant	Audit, Compensation, Executive
James L. Gallagher	78	2000	President, Gallagher Consulting Group	Audit (Chair), Nominating & Governance

Amoretta M. Hoeber	73	2000	President, AMH Consulting	Nominating & Governance (Chair), Compensation, Executive
Paul J. Hoeper (Chairman)	69	2001	Business Consultant	Audit, Nominating & Governance, Executive
Amir M. Metry	73	2001	Business Consultant	Compensation (Chair), Nominating & Governance
Anthony L. Otten	59	2008	Chief Executive Officer, Versar, Inc.	Executive (Chair)
Frederick M. Strader	62	2014	Business Consultant	Audit, Compensation
Jeffrey A. Wagonhurst	66	2011	President & Chief Operating Officer, Versar, Inc.	Executive

SUMMARY INFORMATION

HOW TO VOTE

Stockholders of Record	**Street Name Stockholders**	**Employee Plan Participants**
If you hold your shares in your own name through Versar's transfer agent, Registrar and Transfer Company, you may vote by Internet, telephone or mail.	If you own your shares through a bank or other holder of record, you may vote by Internet, telephone or mail. Please review the voting instructions on your voting instruction form.	If you own your shares through participation in an employee stock or retirement benefit plan, you may vote by Internet, telephone or mail.
By Internet – stockholders may vote on the Internet by going to www.investorvote.com/VSR and following the instructions provided.	You may vote in person at the Annual Meeting only if you obtain a proxy, executed in your favor, from the bank, broker or other holder of record through which you hold your shares. The Board recommends that you vote using one of the other voting methods, since it may be impractical for most stockholders to attend the Annual Meeting.	By Internet – plan participants may vote on the Internet by going to www.investorvote.com/VSR and following the instructions provided.
By Telephone – stockholders may vote by calling 1-800-652-8683 (toll-free) and following the recorded instructions.		By Telephone – plan participants may vote by calling 1-800-652-8683 (toll-free) and following the recorded instructions.
By Mail – stockholders must request a paper copy of the proxy materials to receive a proxy card and follow the instructions given for mailing. A paper copy of the proxy materials may be obtained by going to www.investorvote.com/VSR and following the instructions provided.		By Mail – plan participants must request a paper copy of the proxy materials to receive a vote authorization form and follow the instructions given for mailing. A paper copy of the proxy materials may be obtained by going to www.investorvote.com/VSR and following the instructions provided.
If you vote by telephone or via the Internet, you do not need to return your Proxy Card. Telephone and Internet voting are available 24 hours a day and will close at 11:59 p.m.		Telephone and Internet voting are available 24 hours a day and will close at 11:59 p.m. EDT on November 5, 2015, or other date as determined by the plan trustee.

EDT on November 9, 2015.

You may vote in person at the Annual Meeting by completing, signing, dating and returning your proxy card in person at the Annual Meeting. The Board recommends that you vote using one of the other voting methods, since it may be impractical for most stockholders to attend the Annual Meeting.

You may vote in person at the Annual Meeting only if you obtain a proxy, executed in your favor, from the trustee of the plan through which you hold your shares. The Board recommends that you vote using one of the other voting methods, since it may be impractical for most stockholders to attend the Annual Meeting.

GENERAL INFORMATION

Versar, Inc.

6850 Versar Center

Springfield, VA 22151

(703) 750-3000

2015 PROXY STATEMENT

The Board of Directors of the Company (the "Board") is providing you with these proxy materials in connection with the solicitation of proxies for use at Versar, Inc.'s 2015 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournment(s) or postponement(s) thereof. In this Proxy Statement, Versar may also be referred to as "we", "our", "the Company" or "the Corporation".

This year, we are distributing our proxy materials to our Stockholders under the Securities and Exchange Commission's Notice and Access rules. On or about September 30, 2015, Stockholders will receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of this Proxy Statement and the 2015 Annual Report. The Notice contains instructions on how to access those documents and vote over the Internet. The Notice also contains instructions for requesting paper copies of our proxy materials, this Proxy Statement, the 2015 Annual Report and a Proxy Card or voting instruction card. This process will conserve resources and reduce the costs of printing and distributing our proxy materials.

The Purpose of the Annual Meeting

At the Annual Meeting, stockholders will act upon the matters set forth in the Notice of Meeting, including the election of directors, an advisory vote on executive compensation and ratification of the selection of the Company's independent registered public accounting firm. The Company's senior management will also present information about the Company's performance during fiscal year 2015 and will answer questions from Stockholders.

Record Date and Voting Rights

Stockholders owning Versar's Common Stock at the close of business on September 22, 2015 (the "Record Date") or their legal proxy holders are entitled to notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. There were 9,815,569 shares of Common Stock outstanding and entitled to vote as of the Record Date. Each share of Common Stock entitles the holder to one vote on all matters of business at the Meeting.

Voting Procedures

The By-laws of the Company require that the holders of a majority of the outstanding shares of the Company's Common Stock who are entitled to vote at the Annual Meeting be present in person or represented by proxy in order for a quorum to exist for the transaction of business at such Meeting. Abstentions and "broker non-votes" (which occur if a broker or other nominee does not have discretionary voting authority and has not received voting instructions from the beneficial owner with respect to the particular item) are counted for purposes of determining the presence or absence of a quorum for the transaction of business.

GENERAL INFORMATION

Assuming that a quorum is present for the Annual Meeting, then those eight (8) nominees for director pursuant to Proposal No. 1 who receive the highest number of votes cast will be elected. Abstentions and broker non-votes will have no effect on the outcome of the election of directors. For Proposals Nos. 2 and 3, the affirmative vote of a majority of the shares of Common Stock present in person or by proxy at the Annual Meeting and entitled to vote thereon will be considered approval of the advisory vote on executive compensation and the ratification of the Company’s accountants, respectively. In each case, abstentions are counted for purposes of calculating shares of Common Stock present and entitled to vote, but are not counted as shares voting and therefore have the effect of a vote against such Proposal Nos. 2 and 3. Broker non-votes are not counted as shares of Common Stock present and entitled to vote and therefore have no effect with respect to Proposals Nos. 2 and 3. Any proxy that is returned by a Stockholder properly completed and which is not revoked will be voted at the Annual Meeting in the manner specified therein. Unless contrary instructions are given, the persons designated as proxy holders in the Proxy Card (or their substitutes) will vote FOR Proposal No. 1, the election of the Board nominees, FOR Proposal No. 2, the advisory vote on executive compensation and FOR Proposal No.3, the ratification of the Company’s registered independent public accounting firm and in the proxy holders’ discretion with regard to all other matters. Any unmarked proxies, including those submitted by brokers (other than broker non-votes) or custodians, nominees or fiduciaries, will be voted in favor of the nominees for the Board of Directors and for the other proposals, as indicated above and as indicated in the Proxy Card.

Revocation of Proxies

Any person giving a proxy pursuant to this Proxy Statement may revoke it at any time before it is exercised at the meeting by filing with the Secretary of the Company an instrument revoking it or by delivering to the Company a duly executed proxy bearing a later date. In addition, if the person executing the proxy is present at the Annual Meeting, he or she may revoke such proxy by voting his or her shares in person.

Method and Cost of Soliciting Votes

The cost of preparing, assembling, posting and mailing all proxy materials will be borne by the Company. In addition to solicitation by mail, solicitations may be made by email, personal interview and telephone by officers and other employees of the Company or its subsidiaries, acting without additional compensation. The Company anticipates that banks, brokerage houses, and other custodians, nominees, and fiduciaries will forward this material to beneficial owners of shares of Common Stock entitled to vote at the Annual Meeting, and such persons will be reimbursed by the Company for their out-of-pocket expenses.

PROPOSAL NO.1 – ELECTION OF DIRECTORS

Nominees for Election

The Board recommends the election of the eight (8) persons named below who have been nominated by the Board to serve as directors of the Company until the 2016 Annual Meeting of Stockholders or until their successors have been duly elected and qualified or their earlier resignation or removal. The persons named in the accompanying proxy will vote for the election of the nominees named below unless authority is withheld. Each nominee is presently a director of the Company and has served as such for the time indicated opposite his or her name. If for any reason any of the persons named below should become unavailable to serve as a result of an event unanticipated by management, proxies will be voted for the remaining nominees and such other person or persons as may be designated by the Board.

Director Qualifications and Experience

NAMESERVED AS DIRECTOR

Robert L. Durfee, Ph.D. 1969 to the present

Business consultant since 2004; Co-founder of the Company; Executive Vice President of the Company from 1986 to June 2004; President of GEOMET Technologies, LLC, a subsidiary of the Company, from 1991 to June 2004. Age 79.

Dr. Durfee is a highly experienced executive. His prior roles at Versar, which include being one of the Company's founders and President of Versar's subsidiary, GEOMET Technologies, LLC, give him unique insight into the Company's businesses, particularly in the aspects of environmental compliance, munitions disposal and control of hazardous or toxic materials.

James L. Gallagher 2000 to the present

President, Gallagher Consulting Group since September 1999; President of Westinghouse Government and Environmental Services from 1996 to 1999; Executive Vice President of Westinghouse Government and Environmental Services from 1994 to 1996; Vice President and General Manager of Westinghouse Government, Operations Business Unit from 1992 to 1994. Age 78.

Mr. Gallagher has served as a highly experienced executive of a leading environmental and energy unit of a Fortune 500 company. With his significant financial, business, operations and contracting background, Mr. Gallagher provides expert leadership to the Board's Audit Committee. His experience in construction management and outsourcing of large government facilities is important to two of the Company's core businesses. As a former consultant to the U.S. Department of Energy, Mr. Gallagher is able to provide knowledge of markets and client needs in the energy sector.

PROPOSAL NO.1 – ELECTION OF DIRECTORS

NAME SERVED AS DIRECTOR

Amoretta M. Hoeber 2000 to the present

President, AMH Consulting since 1992; Director, Strategic Planning of TRW Federal Systems Group and TRW Environmental Safety Systems, Inc. from 1986 to 1992; Deputy Under Secretary, U.S. Army from 1984 to 1986; Principal Deputy Assistant Secretary, U.S. Army from 1981 to 1984. Age 73.

Ms. Hoeber's experience in government contracting, strategic planning, and business development brings a unique perspective to the core Versar businesses. Her deep understanding of the strategic planning process brings high-value insight to Versar as it develops its key business competencies. Her extensive network and membership in several key U.S. government advisory boards also allows her to give her insight into the needs and priorities of Versar's biggest client group, the U.S. government, specifically the U.S. Department of Defense.

Paul J. Hoeper 2001 to the present

Business consultant since February 2001; Assistant Secretary of the Army for Acquisition, Logistics and Technology, from May 1998 to January 2001; Deputy Under Secretary of Defense, International and Commercial Programs, from March 1996 to May 1998; President of Fortune Financial from 1994 to January 1996. Age 69.

Mr. Hoeper's experience as a merchant banker and senior Department of Defense official, plus his past service as a director of several public companies, provide organizational, financial and business experience to the Board. Since leaving the government, Mr. Hoeper has been an active participant and presenter at conferences focusing on general corporate governance and the specific governance needs of companies, like Versar, that focus on government contracts. Mr. Hoeper's participation in various government advisory groups and institutions enhances his leadership of the Board and enables him to contribute in a meaningful way to the strategic and risk management tasks of the Board.

Amir A. Metry, Ph.D. 2002 to the present

Business consultant since 1995; part-time Versar employee from 1995 to April 2002; Founding Principal of ERM Program Management Corp. from 1989 to 1995; Vice President of Roy F. Weston from 1981 to 1989. Age 73.

Dr. Metry's prior business experience in the United States and overseas, including ongoing charitable work in Egypt and the Sudan, provide Versar with international business experience in an area that has become its largest business segment. Dr. Metry's experience also includes launching new business and operations in the Middle East, Europe and the Pacific Rim. Additionally, Dr. Metry's many years of experience and present business relationships in engineering and environmental businesses enhances his leadership on organizational and compensation issues faced by Versar.

PROPOSAL NO.1 – ELECTION OF DIRECTORS

NAMESERVED AS DIRECTOR

Anthony L. Otten 2008 to the present

Chief Executive Officer of Versar since February 2010; Director of Orion Energy Systems, Inc. since August 2015; Managing Member of Stillwater, LLC from July 2009 to February 2010; Director of New Stream Capital, LLC and Operating Partner of New Stream Asset Funding, LLC from 2007 to June 2009; Managing Member of Stillwater, LLC from 2004 to 2007; Principal of Grisanti, Galef and Goldress, Inc. from 2001 to 2004. Age 59.

Mr. Otten, as Chief Executive Officer, brings the perspective and input of the senior management team to the Board discussions. As former chief executive officer of a number of companies, senior financial manager and entrepreneur, he brings a strategic vision with practical operating and financial implications to the Board's discussions.

Frederick M. Strader 2014 to the present

Business consultant since 2013. President and Chief Executive Officer of Textron Systems, Inc. from January 2010 to December 2012; Executive Vice President and Chief Operating Officer of Textron Systems, Inc. from January 2008 to December 2009; President and Chief Executive Officer of United Industrial Corporation from August 2003 to December 2007; Chief Operating Officer and Executive Vice President of United Industrial Corporation from 2001 to 2003. Prior to 2001, he spent 21 years at United Defense, L.P. and its former parent, FMC Corporation, in a variety of finance, strategy, operations and general management positions. Retired U.S. Army Reserve officer and member of the Army Acquisition Corps. Age 62.

Mr. Strader's experience in government contracting, leadership and management of public companies, and service as a board member provide him with unique insight and experience for the Board. Mr. Strader is a highly experienced executive who has led several companies serving the Department of Defense and other government agencies. He also has significant experience in finance and the government acquisition process which enable him to provide valuable input for Versar's strategic direction.

Jeffrey A. Wagonhurst 2011 to the present

President and Chief Operating Officer of Versar since February 2010; Executive Vice President, Program Management Group of Versar from May 2009 to February 2010; Senior Vice President of Versar from September 2006 to May 2009; joined Versar as Army Program Manager in February 1999; retired from government service in

May 1997 as a Colonel after a 30 year career with the U.S. Army. Age 67.

Mr. Wagonhurst is an experienced business executive and leader who brings the perspective and input of Versar's operational management to the Board's discussions. As a long time Versar executive and senior military officer, he brings perspective and insight from Versar's largest client, the U.S. Department of Defense.

Our Corporate Governance Guidelines provide that each director nominee must be under the age of 72 at the time of their election to the Board and should not have served as a director for more fifteen (15) years. However these requirements do not apply to any director who was serving at the time of adoption of the guidelines in July 1, 2008.

CORPORATE GOVERNANCE

Board’s Leadership Structure

The Board has determined that the positions of Chairman of the Board (“Chairman”) and Chief Executive Officer (“CEO”) should be held by different persons. In addition, the Board has determined that the Chairman should not be an employee of the Company. Since July 1, 2000, the Board has been led by an independent non-executive Chairman. Under the Company’s Corporate Governance Guidelines, the Chairman of the Board is responsible for coordinating the Board’s activities, including the scheduling of meetings of the full Board, scheduling of executive sessions of the non-employee directors, and setting relevant items on the Board’s agenda, in consultation with the CEO as necessary. The Board believes that this leadership structure enhances the Board’s oversight of, and independence from, Company management and has strengthened the ability of the Board to carry out its roles and responsibilities on behalf of the Stockholders, and the overall corporate governance of the Company. Further, the Board believes that this structure is a more effective method of monitoring and evaluating the CEO’s performance.

Risk Oversight

Management of risk is the direct responsibility of the Company’s CEO and the senior management team. The Board has oversight responsibility focusing on key risk management issues and evaluating the risk mitigation processes.

Versar faces a variety of enterprise risks, including legislative and regulatory risk, liquidity risk, compliance risk and operational risk. The Board believes that an effective risk management process will (1) identify in a timely fashion the material risks facing the Company, (2) communicate appropriate information regarding senior executive management strategies and their associated risks to the Board or relevant Board Committee, (3) implement appropriate and responsive risk management strategies consistent with the Company’s risk profile, and (4) integrate risk management into the Company’s decision-making process.

In addition to the formal compliance program, the Board encourages senior management to promote a corporate culture that incorporates risk management into the Company’s corporate strategy and daily operations. The Board also continually works, with the input of the Company’s senior management, to assess and analyze the most likely areas of future risk for the Company. We believe that the Board’s leadership structure, including strong Board Committee Chairs and open communication between senior management and directors, promotes effective oversight of Versar’s risk management program.

Committees of the Board of Directors

The Board of Directors of Versar has standing Executive, Audit, Compensation and Nominating & Governance Committees. The written charters for each Committee may be found on the Company's website at www.versar.com under Corporate Governance located under the "Investors" tab.

Executive Committee. During fiscal year 2015, the members of the Executive Committee were Mr. Otten (Chair), Dr. Durfee, Ms. Hoeber, Mr. Hoeper and Mr. Wagonhurst. The primary duty of the Executive Committee is to act in the Board's stead when the Board is not in session, during which time the Committee possesses all the powers of the Board in the management of the business and affairs of the Company, except to undertake any action that pursuant to applicable law, regulation or listing standard must be performed by the full Board or by another committee of the Board or which cannot be delegated to a committee of the Board.

CORPORATE GOVERNANCE

Audit Committee. The Audit Committee, which the Board has determined is composed exclusively of non-employee directors who are independent, as defined by the NYSE MKT LLC (“NYSE MKT”) listing standards and the rules and regulations of the SEC, consisted of Mr. Gallagher (Chair), Dr. Durfee, Mr. Hoeper and Mr. Strader during fiscal year 2015. The Committee’s primary responsibilities among other things, are to provide oversight of the Company’s accounting and financial controls, review the scope of and procedures to be used in the annual audit, review the financial statements and results of the annual audit, and retain, and evaluate the performance of, the independent accountants and the Company’s financial and accounting personnel. The Board of Directors has determined that Mr. Strader qualifies as an Audit Committee Financial Expert as such term is defined under Item 407(d)(5) of Regulation S-K and is independent as noted above.

Compensation Committee. The Compensation Committee, which the Board has determined is composed exclusively of non-employee directors who are independent, as defined by the NYSE MKT listing standards and the rules and regulations of the SEC, consisted of Dr. Metry (Chair), Dr. Durfee, Ms. Hoeber and Mr. Strader during fiscal year 2015. The Committee’s primary responsibilities are to, among other things, approve the goals and objectives related to executive compensation, review and adjust compensation paid to the CEO and all executive officers, and administer the Company’s incentive compensation plans, including cash bonus and non-equity incentive plan compensation, restricted stock and restricted stock units granted under those plans. The Committee also reviews and recommends to the Board an appropriate compensation program for the Board. The role of executive officers of the Company in determining or recommending the amount or form of executive compensation is discussed under the caption “Compensation Discussion and Analysis” beginning on page 16. The Committee has also delegated limited authority to the CEO to determine the compensation arrangements for some of our non-executive officers.

Nominating & Governance Committee. The Nominating & Governance Committee, which the Board has determined is composed exclusively of non-employee directors who are independent in accordance with NYSE MKT listing standards, consisted of Ms. Hoeber (Chair), Mr. Gallagher, Mr. Hoeper and Dr. Metry during fiscal year 2015. The Committee’s primary responsibilities are to, among other things, review and approve Board committee charters, conduct assessments of Board performance, develop criteria for Board membership and propose Board members who meet such criteria for annual election. The Committee also identifies potential Board members to fill vacancies that may occur between annual stockholder meetings. Stockholders may submit nominees for the Board in writing to the Chair of the Nominating & Governance Committee at the Company’s Springfield office, care of the Company’s Secretary. The Committee also develops and implements corporate governance principles and policies.

Board and Committee Meetings; Annual Meeting Attendance

During fiscal year 2015, the Board met five (5) times. The Executive Committee met one (1) time. The Audit Committee met six (6) times. The Compensation Committee met four (4) times. The Nominating & Governance Committee met two (2) times. All directors of the Company attended at least 75% of all meetings of the Board and committees on which they served. Although, the Company does not have a policy requiring Board Members to attend the Annual Meeting of Stockholders, all Board members attended the 2014 Annual Meeting of the Stockholders.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2015, Dr. Metry, Dr. Durfee, Ms. Hoeber and Mr. Strader served as members of the Compensation Committee. No reportable relationships or transactions occurred for such committee members during fiscal year 2015.

CORPORATE GOVERNANCE

Director Compensation Fiscal Year 2015

During fiscal year 2015, each of the Company's non-employee directors received an annual fee consisting of $8,000 in cash, in addition to a grant of 8,000 shares of restricted stock which will vest after one year. Each non-employee director was paid an attendance fee of $1,400 in cash for each meeting of the Board or of its committees for which the director was physically present and $700 in cash for each meeting attended telephonically. In addition, the Chairs of the Audit, Compensation and Nominating & Governance Committees were paid an additional $6,000 a year in cash as compensation for increased responsibility and work required in connection with those positions. The non-employee Chairman of the Board was paid an additional $15,000 in cash and was granted an additional 5,000 shares of restricted stock for additional responsibilities and efforts on behalf of the Company.

Name (1)	**Fees Earned or Paid in Cash ($) (2)**	**Stock Awards ($) (3)**	**Total ($)**
Paul J. Hoeper	39,100	38,610	77,710
Robert L. Durfee	26,900	23,760	50,660
James L. Gallagher	29,400	23,760	53,160
Amoretta M. Hoeber	28,700	23,760	52,460
Amir A. Metry	28,700	23,760	52,460
Frederick M. Strader	17,100	23,760	40,860

(1) Anthony L. Otten and Jeffrey A. Wagonhurst are not included in this table because as employees of Versar, they receive no extra compensation for their service as directors. Their compensation for fiscal year 2015 is shown on the Summary Compensation Table included herein on page 23.

(2) Includes all fees earned or paid for services as a director in fiscal year 2015, including annual retainer, committee or Board chair fees and meeting fees.

(3) Represents the grant date fair value of shares of restricted stock granted in fiscal year 2015 which is the amount recognized for financial reporting purposes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 718 ("Topic 718"). In accordance with Topic 718, the grant date fair value of each share of restricted stock is based on the closing price of Versar's Common Stock on the date of the grant, November 13, 2014 for all stock awards, which was $2.97 per share. Restricted stock awarded to Directors in fiscal year 2015 vests on November 9, 2015, the day before the first annual meeting of Stockholders after the date of grant.

At the end of fiscal year 2015, the non-employee directors owned the following number of unvested shares of restricted stock:

NAME	Unvested Restricted Stock Awards
Paul J. Hoeper	13,000
Robert L. Durfee	8,000
James L. Gallagher	8,000
Amoretta M. Hoeber	8,000
Amir A. Metry	8,000
Frederick M. Strader	8,000

CORPORATE GOVERNANCE

Corporate Governance

The Company’s business is managed by its senior management team under the oversight of the Board. Except for Mr. Otten and Mr. Wagonhurst, no member of the Board is an employee of the Company. The Board limits membership of the Audit, Compensation and Nominating & Governance Committees to persons determined to be independent under NYSE MKT listing standards and SEC rules and regulations.

The Board has established Corporate Governance Guidelines that, along with the charters of the Board’s committees and the Company’s Code of Business Ethics and Conduct, provide a framework for the governance of the Company. The Corporate Governance Guidelines and committee charters are posted on the Company's website www.versar.com under Corporate Governance (located under the “Investors” tab). The Board believes that independent directors must constitute a substantial majority of the Board. Throughout fiscal year 2015, all of the Board members, except Mr. Otten and Mr. Wagonhurst, met the NYSE MKT and SEC standards for independence. The Board has determined that all of the following six (6) non-employee directors in fiscal year 2015 are independent directors: Paul J. Hoeper, Robert L. Durfee, James L. Gallagher, Amoretta M. Hoeber, Amir A. Metry and Frederick M. Strader.

To facilitate continuing director education, the Company maintains a corporate membership in the National Association of Corporate Directors (NACD). Our Board members continue to enhance their knowledge of current governance best practices and emerging issues through their participation in both local and national NACD events and conferences.

Under the Corporate Governance Guidelines, the Nominating & Governance Committee is responsible for determining which individuals, including existing directors, shall be submitted to the Board for nomination and to the Stockholders for election as directors. In September 2011, the Board adopted a written Procedure for Director Nominations by Stockholders. Under this Procedure, Stockholders may recommend an individual for nomination to the Nominating & Governance Committee by written submission addressed to the Committee care of the Company’s Secretary, 6850 Versar Center, Springfield, Virginia 22151. The submitting Stockholder must include his or her name, address, telephone number; the number of Versar shares owned and the time period for which such shares have been held; a statement from the holder of the shares (usually a broker or bank) verifying the Stockholder’s holdings and a statement from the Stockholder as to whether the Stockholder has a good faith intention to continue to hold the reported shares through the date of the Company’s next annual meeting of Stockholders. The nominating Stockholder must also submit certain information concerning the proposed nominee. The type of information required can be obtained from the Company’s Secretary. Further, the nomination must contain information describing the relationship, if any, between the proposed nominee and the nominating Stockholder, the Company’s competitors, customers, and suppliers, and any others with special interests regarding the Company. The nomination must also contain a statement on the qualifications of the proposed nominee, a statement from the Stockholder regarding whether, in the Stockholder's view, the nominee would represent all Stockholders, and the consent by the nominee to be interviewed by the Committee and if nominated and elected, to serve as a director of the Company. Under this procedure, the recommending Stockholder must submit a recommendation no later than 120 calendar days prior to the date set forth in the most recent proxy statement for the next contemplated annual meeting of Stockholders. The Nominating & Governance Committee would evaluate any director candidates proposed by a Stockholder using the same criteria and process it uses for other potential nominees. The Corporate Governance Guidelines require that director nominees should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Stockholders. Each director nominee must have experience in areas relevant and necessary to the Company's activities, including leadership experience over an extended period of time, be under the age of 72, and serve on fewer than four boards of public companies, including Versar.

CORPORATE GOVERNANCE

Communications with the Board

Versar has not adopted a formal process for Stockholder communications with the Board because the Company otherwise tries to ensure that the views of its Stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to Stockholders in a timely manner. Stockholders, employees and other interested parties who desire to communicate directly to the Board, any of the Board's Committees, the non-employee directors as a group or any individual director should write to the address below:

Name of Addressee

c/o Company Secretary

Versar, Inc.

6850 Versar Center

Springfield, VA 22151

Related Persons Transactions

The Company does not generally engage in related party transactions with its directors or executive officers or their affiliates. If a proposed related transaction arises, the Company will present the transaction to the full Board for its review and approval.

Code of Business Ethics and Conduct

The Company's Board has adopted a Code of Business Ethics and Conduct, most recently restated in December 2012, which applies to all directors and employees, including the Company's principal executive officer, principal financial officer, principal accounting officer and controller. The Code of Business Ethics and Conduct is posted on the Company's web site www.versar.com under Corporate Governance (located under the "Investors" tab). The Company intends to disclose on its website any amendments or modifications to the Code of Business Ethics and Conduct and any waivers granted under this Code to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. In fiscal year 2015 and through the date of this Proxy Statement, no such waivers have been requested or granted.

STOCK OWNERSHIP INFORMATION

Stock Ownership of Certain Beneficial Owners

The table below sets forth, as of September 3, 2015, the only persons known by the Company to be the beneficial owners of more than 5% of the outstanding shares of Common Stock.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership**	**Percent of Class of Stock**	
Ariel Investments, LLC (1) 200 E. Randolph Drive, Suite 200 Chicago, IL 60601	1,684,308	17.16	%
Wedbush, Inc. (2) 1000 Wilshire Boulevard Los Angeles, California 90017	679,270	6.92	%
Dr. Robert L. Durfee (3) 6850 Versar Center Springfield, VA 22151	614,448	6.26	%
Illinois Municipal Retirement Fund (4) 2211 York Road, Suite 500 Oak Brook, IL 60523	557,335	5.68	%

(1) The information with respect to the shares of Common Stock held by Ariel Investments, LLC (“Ariel”) is based on a filing made on Schedule 13G/A on May 8, 2015 with the U.S. Securities and Exchange Commission (SEC) by Ariel. Ariel reports sole voting power as to 1,073,326 shares and sole dispositive power as to 1,684,308 such shares.

(2) The information with respect to the shares of Common Stock held by Wedbush, Inc. is based on filings made on Schedule 13G/A on February 18, 2015 with the SEC by Wedbush, Inc., Edward W. Wedbush and Wedbush Securities, Inc. (collectively, “Wedbush”) filing as a group. Wedbush reports that Wedbush, Inc. has sole voting and sole dispositive power as to 171,099 shares. Edward W. Wedbush has the sole voting and sole dispositive power as to 246,246 shares. Wedbush Securities, Inc. has sole voting and sole dispositive power as to 77,820 shares. Wedbush, Inc. has shared voting and dispositive power as to 289,499 shares. Edward W. Wedbush has shared voting power as to 535,745 and shared dispositive power as to 679,270 shares. Wedbush Securities, Inc. has shared voting power as to 289,499 shares and shared dispositive power as to 433,024.

(3) For a description of the nature of the beneficial ownership of Dr. Durfee, see “Stock Ownership of Directors and Officers” on page 14. The information with respect to shares of Common Stock held by Dr. Durfee is based upon filings with the SEC and information supplied by Dr. Durfee.

(4) The information with respect to the shares of Common Stock held by Illinois Municipal Retirement Fund (“IMRF”) is based on filings made on Schedule 13G on February 11, 2013 with the SEC by IMRF. IMRF reports sole voting

and shared dispositive power with respect to all such shares.

STOCK OWNERSHIP INFORMATION

Stock Ownership of Directors and Officers

The following table sets forth certain information regarding the ownership of Versar's Common Stock by the Company's Directors and each named executive officer listed in the Summary Compensation Table, each nominee for Director and the Company's Directors and executive officers as a group, as of September 3, 2015.

	Shares of Common Stock Beneficially Owned as of September 3, 2015 (1)		
Individual or Group	**Number**	**Percent**	
Paul J. Hoeper	95,590	*	
Robert L. Durfee (2)	614,448	6.26	%
James L. Gallagher	49,890	*	
Amoretta M. Hoeber	48,290	*	
Amir A. Metry	57,519	*	
Anthony L. Otten (3)	103,253	1.05	%
Frederick M. Strader	8,000	*	
Jeffrey A. Wagonhurst (4)	58,946	*	
Cynthia A. Downes (5)	18,416	*	
Linda M. McKnight	6,098	*	
James D. Villa (6)	9,780	*	
All directors and executive officers as a group (13 persons) (7)	1,082,201	11.02	%

* = Less than 1%

(1) For the purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 under the Securities and Exchange Act, as amended, under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or to direct the voting of the security or the power to dispose or to direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within 60 days of September 3, 2015. The table includes all unvested shares of restricted stock and restricted stock units owned by the individual.

(2) Includes 34,000 shares owned by adult children of Dr. Durfee as to which he shares voting and investment power.

(3) Includes 1,672 restricted stock units that have not yet vested. Mr. Otten is a Trustee of Versar Inc.'s 401(k) Plan and as such, he has shared investment power as to 223,880 shares and shared voting power as to 223,880 shares held by this plan. Mr. Otten disclaims beneficial ownership of the plan shares arising solely from his position as Trustee, none of which are included in the above table.

(4) Includes 1,337 restricted stock units that have not yet vested.

(5)

Includes 1,183 restricted stock units that have not yet vested. Ms. Downes is a Trustee of Versar Inc.'s 401(k) Plan and as such she has shared investment power over 223,880 shares and shared voting power over 223,880 shares held by this plan. Ms. Downes disclaims beneficial ownerships of the plan shares arising solely from her position as Trustee, none of which are included in the above table.

(6) Includes 5,625 restricted stock units that have not yet vested. Mr. Villa is a Trustee of Versar Inc.'s 401(k) Plan and as such, he has shared investment power as to 223,880 shares and shared voting power as to 223,880 shares held by this plan. Mr. Villa disclaims beneficial ownership of the plan shares arising solely from his position as Trustee, none of which are included in the above table.

(7) Excludes shares held by Versar Inc.'s 401(k) Plan as described in notes 3, 5 and 6. Includes restricted stock units that have not yet vested.

STOCK OWNERSHIP INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) requires Versar’s executive officers, directors and persons who beneficially own more than 10% of Versar’s Common Stock to file initial reports of ownership and reports of changes in ownership with the SEC. Based solely on Versar’s review of such reports furnished to Versar, Versar believes that all reports required to be filed by persons subject to Section 16(a) of the Exchange Act, and the rules and regulations thereunder, during fiscal year 2015, were timely filed, except that the Forms 5 for Ms. Downes, Mr. Otten and Mr. Wagonhurst reporting a forfeiture of restricted stock units were inadvertently filed late.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The following Compensation Discussion and Analysis reviews the executive compensation program, policies, and decisions of the Company's Compensation Committee with respect to the Company's executive officers listed in the Summary Compensation Table below (the "Named Executive Officers"). For fiscal year 2015, the Named Executive Officers are:

Name	**Position**
Anthony L. Otten	Chief Executive Officer
Jeffrey A. Wagonhurst	President and Chief Operating Officer
Cynthia A. Downes	Executive Vice President, Chief Financial Officer and Treasurer
Linda M. McKnight	Senior Vice President, Business Development
Jeffrey M. Moran	Senior Vice President, Environmental Services Group (ceased employment on June 1, 2015)
James D. Villa	Senior Vice President, General Counsel and Chief Compliance Officer

Executive Compensation Philosophies and Policies

The compensation philosophy of the Compensation Committee (the "Committee") is built on the principles of pay for performance, stock ownership and alignment of management interests with the long-term interest of the Stockholders. The Committee's executive compensation policies are designed to provide competitive levels of compensation that integrate pay with performance, recognize individual initiative and achievements and assist the Company in attracting and retaining qualified executive officers. The target levels of new executive officers' overall compensation are intended to be consistent with compensation in the professional services industry for similar executives. For current executive officers, the Committee focuses on providing significant incentive compensation to drive the Company's performance, instead of annual salary increases, except as required in the case of misaligned salary levels or as deemed necessary following review of the executives' overall compensation packages in light of surveys of executive compensation at similar companies in the professional services industry conducted by the Committee's compensation consultant. In addition, the Committee seeks to establish a clear and transparent executive compensation process that reflects the understanding, input and decision factors that make the compensation and incentive system a valuable tool to increase Stockholder value.

The Company's executive compensation program includes three components:

- Base Salary – Salaries are based on those paid to other executives in the professional services industry as determined based on information provided by the Committee's compensation consultant, as described below.

- Long-Term Equity Incentive Awards – The purpose of this element of the Company's executive compensation program is to link the Company's most senior managers' compensation with the long-term interests of the Company's Stockholders, as well as the performance of the Company in a single fiscal year. Long-term incentive awards are granted to named executive officers and other employees usually in the form of restricted stock or restricted stock units from a pool established under an incentive pay for performance plan at the beginning of each fiscal year by the Committee as discussed below, and the Committee bases its decision to grant such awards if a pool is established on the individual's performance and potential to contribute to the creation of stockholder value. In February 2015, the Committee approved a Long-Term Incentive Compensation Program under which long-term incentive awards in the form of restricted stock units will be granted to the Company's Chief Executive Officer, President/Chief Operating Officer and Chief Financial Officer based on achievement of certain defined growth in diluted earnings per share each year. The Long-Term Incentive Compensation Program is effective from fiscal year 2015 until 2017. The Company had a similar program that operated for fiscal years 2011 through 2014.

COMPENSATION DISCUSSION AND ANALYSIS

- Non-Equity Incentive Plan Compensation – Non-equity incentive plan compensation is paid in cash pursuant to the above-noted incentive pay for performance plan and seeks to reward performance achieved during the applicable fiscal year. This pay for performance incentive plan balances the short-term and long-term needs of the Company. Under the non-equity incentive plan compensation element of the plan, a cash incentive pool is created each fiscal year upon the Company's attainment of certain financial targets set by the Board. If the Company meets the targets, the Committee then determines the allocation of a pre-determined portion of the cash incentive pool among the executive officers based on each executive officer's position and individual contribution to the Company's performance. Each executive officer's performance is measured against financial, profitability, growth, strategic and operational goals consistent with the Company's business plan. For the immediate future, greater emphasis is focused on the short-term well-being of Versar in determining the allocation of cash awards to executive officers.

Impact of 2014 "Say on Pay" Advisory Vote.

We provided our stockholders with an advisory "say on pay" vote on the compensation of our named executive officers at our 2014 Annual Meeting of Stockholders. We received approximately 89.8% support in such vote. The Compensation Committee evaluated the results of this vote when making the determinations described herein and, as a result, the Compensation Committee has continued to apply substantially similar effective principles and philosophy it has used in previous years in determining executive compensation and made no material changes in fiscal year 2015. The Compensation Committee will continue to consider stockholder concerns and feedback in the future.

Incentive Compensation Philosophy and Policies

Incentive Compensation Pay For Performance Plan

The Committee annually establishes a company-wide Incentive Compensation Pay For Performance Plan ("Incentive Plan") at its first meeting held during the fiscal year. The Incentive Plan is based on a set of general principles that apply to all elements of compensation and establish the rules for awarding non-equity incentive plan compensation and stock-based compensation. The Incentive Plan consists of two parts: the first part is a written Incentive Compensation Plan, which was adopted in September 2010 and, the second part consists of annual general principles and guidelines for incentive compensation, including performance criteria, defined incentive groups and the target percentages of the pool to be allocated to each group for the fiscal year. The guidelines applicable to all elements of the Company's compensation and that apply directly to the Incentive Plan each year include:

- The senior management team’s compensation is linked to Versar’s profitability, growth and strategic position;
- The Incentive Plan’s key concept, pay for performance, balances short-term needs and long-term goals of the Company and the senior management team;
- The Pay For Performance concept is applicable to all elements of compensation, including base salary and merit increases, non-equity incentive plan compensation and restricted stock awards;
- The Incentive Plan is simple, rational, consistent and based on agreed-upon measurable parameters;
- The Incentive Plan is based upon the Company’s achievement of certain levels of pre-tax income; and

COMPENSATION DISCUSSION AND ANALYSIS

- The Incentive Plan is driven by a combination of metrics, depending on the level of management. The intent is that all levels of management have a significant portion of their compensation tied to the Company's performance.

For fiscal year 2015, the Committee determined that individual Incentive Plan awards would be based 30% to 60% on financial goals emphasizing the short-term well-being of Versar and 40% to 70% upon meeting strategic growth and sustainability goals of Versar over a longer period.

Restricted Stock Awards. Awards of restricted stock or restricted stock units ("restricted stock") take into account both past performance and the need to provide the executive officers, other managers and key employees with incentives to drive future performance of the Company. Restricted stock is also used as an incentive for future performance, in particular for new key employees, and long-term retention and commitment to the Company's future. Restricted stock awards are currently made under the Company's 2010 Stock Incentive Plan. While this Plan allows the use of stock options and other forms of stock-based awards, the Committee has determined that all awards will currently be in the form of restricted stock and restricted stock units, because restricted stock provides an opportunity to tie employees' incentives to the growth of Stockholder value, while potentially having less of an impact from an accounting standpoint on the earnings of the Company than stock options.

In the fiscal year 2015 Incentive Plan, the number of restricted shares available for award was based on the same measure used to establish the size of the cash bonus pool, subject to a minimum and maximum award range. For fiscal year 2015, the minimum pool for restricted stock awards was set at 25,000 shares and the maximum pool was 150,000 shares. Shares of restricted stock are awarded from the pool in the discretion of the Compensation Committee. The Incentive Plan for fiscal year 2016 follows the same format as the previous year, and the minimum pool will be 25,000 shares and the maximum pool will be 150,000 shares.

Non-Equity Incentive Plan Compensation. Under the Incentive Plan, if the Company meets the minimum pre-tax income targets set in advance by the Board, then a non-equity incentive plan compensation pool is created. For fiscal year 2015, the Board set the sole criteria for the creation of the non-equity incentive plan compensation pool as the Company's pre-tax income. The minimum goal for fiscal year 2015 was $3.1 million in pre-tax income, with a non-equity incentive plan compensation pool of $155,000 at that level. The non-equity incentive plan compensation pool was designed to increase as pre-tax income reached higher levels so that at $4.7 million of pre-tax income, a $1.2 million non-equity incentive plan compensation pool would be created. For fiscal year 2016, the Board has again adopted a pre-tax income target for the non-equity incentive plan compensation pool. At this time, the Company believes that disclosure of the fiscal year 2016 pre-tax income target could cause competitive harm to the Company's business. The Company believes that the fiscal year 2016 target is attainable, but will be challenging to achieve. The target depends on increasing net income in what continues to be a very competitive U.S. government services market.

The fiscal year 2015 non-equity incentive plan compensation pool was divided into six (6) levels: Executive Team, Senior Vice Presidents, Vice Presidents, Directors, Supervisors below Director Level and Non-Supervisors. There are varying percentages of participation by each group. If the Named Executive Officers and other senior managers are entitled to non-equity incentive plan compensation, the Committee will determine the allocation of non-equity incentive plan compensation among the named executive officers and other senior managers from the pools established for each category of employee, based on each executive officer's or manager's position, contribution to the Company including the achievement of established performance goals, and information regarding mid-range bonuses paid by others in the professional services industry based on information provided by its compensation consultant discussed below. The Incentive Plan for fiscal year 2016 also divides the incentive groups into six (6) levels: Executive Team, Senior Vice Presidents, Vice Presidents, Directors, Supervisors below Director Level and Non-Supervisors.

COMPENSATION DISCUSSION AND ANALYSIS

Long-Term Incentive Compensation Program

On February 3, 2015, the Committee approved the Versar, Inc. 2015 Long-Term Incentive Compensation Program (the “LTICP”) adopted under the Company’s 2010 Stock Incentive Plan (the “2010 Plan”). The LTICP was effective as of June 28, 2014. The LTICP provides for the creation for each of fiscal years 2015, 2016 and 2017 of a performance pool equal to 30% of the amount by which the Company’s diluted earnings per share exceeds any fiscal year’s target diluted earnings per share (which was $0.299 for the 2015 Performance Period and will be $0.329 for the 2016 Performance Period and $0.362 for the 2017 Performance Period), times the weighted average number of shares of the Company’s common stock outstanding, on a diluted basis (the “LTICP Pool”). The LTICP Pool shall in no event be less than zero for any fiscal year.

In any year that an LTICP Pool is created, each participant in the LTICP shall receive a restricted stock award pursuant to the 2010 Plan. The number of shares of restricted stock received by each participant will be calculated by multiplying the LTICP Pool by each participant’s designated percentage and then dividing the result by the fair market value of the Company’s common stock on the last day of the fiscal year to which the award relates. Each participant must be employed by the Company on the date the award amounts are determined in order to be eligible to receive an award, except as specified by the LTICP. The participants in the LTICP are the Company’s Chief Executive Officer, President/Chief Operating Officer and Chief Financial Officer, and their participation percentages are 60%, 25% and 15%, respectively, subject to change by the Compensation Committee for any fiscal year.

One third of the restricted shares granted from the LTICP Pool will vest immediately following the September Compensation Committee meeting at which such award is confirmed, and the remaining restricted shares will vest in equal proportions on the first and second anniversaries of the valuation date applicable to the restricted share award. Such restricted stock shall be forfeited if employment is terminated prior to vesting upon the terms set forth in the award agreement. Any unvested restricted shares will be subject to accelerated vesting if the Company’s Board of Directors determines in its discretion that the award recipients have complied with the terms of and objectives as set forth in the LTICP. Further, vesting will be suspended in any year in which the LTICP Pool is equal to zero or, in periods following fiscal year 2017, if the Company fails to achieve the performance measures then established for that fiscal year. If in a succeeding performance period, as defined by the LTICP, an LTICP Pool is created, the previously suspended restricted stock awards will vest. Participation in the LTICP will generally cease upon termination of a participant’s service with the Company provided that if a participant’s service with the Company is terminated without cause, or by the participant for good reason, or as a result of retirement, death or disability after the end of a fiscal year but before the receipt of restricted shares under the LTICP has been determined, such participant will continue to participate and receive restricted shares from the LTICP Pool for the then completed fiscal year as if a continuing employee of the Company at that time. Upon a Change in Control, as defined by the 2010 Plan, all participation in the LTICP will cease and no further awards will occur. However, upon a Change in Control, any unvested restricted shares previously granted pursuant to the LTICP will immediately vest.

Compensation Process

Incentive Compensation Pay For Performance Plan

As noted above, in establishing the annual Incentive Plan, the Committee annually reviews the overall compensation of senior management, as well as the size and composition of the non-equity portion and stock-based award portion of the Incentive Plan at the beginning of each fiscal year.

COMPENSATION DISCUSSION AND ANALYSIS

At the same time, the Committee gathers data regarding the Company's performance during the immediately preceding fiscal year to determine the awards to be made under the Incentive Plan for that then completed fiscal year.

In making its compensation decisions, the Committee has historically, and again in fiscal year 2015, engaged the services of Steve Parker of HR-3D Solutions, a compensation consulting firm. Annually, Mr. Parker compiles information from publicly available compensation surveys and benchmarks, including those prepared by Towers Watson, Radford Surveys + Consulting, and Culpepper and Associates, Inc., regarding companies in the professional services industry. The compilation prepared by Mr. Parker for fiscal 2015 included compensation data for different executive levels of professional services companies of various sizes and in various geographic locations, but did not include the names of the individual companies used to compile the survey data. The publicly available compensation surveys and benchmarks used to prepare the compilation were chosen by Mr. Parker based on general direction from the Committee. Under the direction of Dr. Metry, Mr. Parker provided detailed information by type of executive position for fiscal year 2015 focused on professional service companies with revenues in a range similar to that achieved by Versar over the same period. The compilation included an average of the mid-range of salaries and bonus percentages for the various executive levels within the professional services industry. In making compensation decisions, the Committee's goal is to over time provide for executives' salaries and bonuses within the mid-range averages shown by the compilation.

The Committee also takes into account the accounting and tax impact to the Company of the proposed compensation. Section 162(m) of the Internal Revenue Code has not been a relevant factor in the Committee's compensation decisions to date, because the levels of compensation historically paid to the executive officers have been substantially below the $1 million threshold set forth in Section 162(m). If the Committee were to consider compensation increases sufficient to reach this threshold, it would seek advice regarding application and impact of Section 162(m). In setting compensation, the Committee also considers ways to minimize the adverse tax consequences from the impact of Section 409A of the Internal Revenue Code. If an executive officer is entitled to nonqualified deferred compensation benefits, as defined by and subject to Section 409A, and such benefits do not comply with Section 409A, the executive officer would be subject to adverse tax treatment (including accelerated income recognition in the first year that benefits are no longer subject to a substantial risk of forfeiture) and a 20% penalty tax. Versar's compensation plans and programs are, in general, designed to comply with the requirements of Section 409A so as to avoid possible adverse tax consequences.

Long-Term Incentive Compensation Program

The Committee annually reviews the LTICP in order to determine if the calculation of the LTICP Pool and the vesting schedule of awards, remain appropriate, and to determine if the participants in the pool and their respective participation percentages should be modified. Otherwise, as the process in which awards are granted under the terms of the LTICP is fixed pursuant to the terms of the LTICP, the Committee has no further discretion with respect to awards under the LTICP.

Compensation Decisions

Base Salary

For current executive officers, the Committee intends to focus on providing significant incentive compensation to drive the Company's performance rather than on annual salary increases, except as required in the case of misaligned salary levels or as deemed necessary following review of the executives' overall compensation packages in light of surveys conducted by Mr. Parker of executive compensation at similar companies in the professional services industry. Based on the executive compensation analysis and survey, Mr. Parker found that the salaries of the Company's Chief Executive Officer and Chief Operating Officer were below industry standard.

COMPENSATION DISCUSSION AND ANALYSIS

Effective May 4, 2015, after giving consideration to the executive compensation analysis and compensation survey, the Committee approved (i) a base salary increase for Anthony L. Otten, the Company's Chief Executive Officer, from $325,000 to $375,000; and (ii) a base salary increase for Jeffrey A. Wagonhurst, the Company's President and Chief Operating Officer, from $260,000 to $270,000, to align their respective salaries within the middle range of those executive officers occupying the same position within the same industry.

Stock Based Awards

Restricted stock or restricted stock units may be awarded to executive officers pursuant to the terms of the annual Incentive Plan and the LTICP if the specified criteria are met. In fiscal year 2015, the Company did not achieve the targets necessary to trigger the award of restricted stock or restricted stock units under the 2015 Incentive Plan and the LTICP. Thus, no awards were made to the Named Executive Officers for fiscal year 2015. Further, no stock awards were made to the Named Executive Officers during fiscal year 2015 in recognition of prior years' performance.

Non-Equity Incentive Plan Compensation

In fiscal year 2015, the Company did not achieve the targets necessary to trigger the accrual of a bonus pool under the 2015 Incentive Plan. Thus, no non-equity incentive plan compensation was paid to the named executive officers for fiscal year 2015.

Separation of Mr. Moran

On June 11, 2015, Jeffrey Moran, the former Senior Vice President of the Environmental Services Group, and Versar entered into a Separation Agreement and General Release providing for the termination of Mr. Moran's employment with Versar effective June 1, 2015.

Pursuant to the Separation Agreement and General Release, Mr. Moran was paid all salary earned through and including June 1, 2015 and all accrued but unused personal leave as of the separation date, up to a cap of 200 hours, as well as other accrued leave, less any applicable taxes and deductions. Further, Versar paid Mr. Moran a lump sum payment in an amount equal to $51,154, less any withholding and other taxes required by law, as severance. Pursuant to the Separation Agreement and General Release, Mr. Moran also provided a general release to the Company of any and all claims, demands and liabilities relating to Mr. Moran's employment by Versar. The Separation Agreement and General Release also contains non-disclosure and non-solicitation covenants.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and had the opportunity to discuss the Compensation Discussion and Analysis with management. Based on this review, the Compensation Committee recommends to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K.

Compensation Committee of the Board of Directors:

Dr. Amir A. Metry, Chair

Dr. Robert L. Durfee

Amoretta M. Hoeber

Frederick M. Strader

COMPENSATION TABLES

Summary Compensation Table

The following table presents compensation information earned by the Company's Principal Executive Officer, Principal Financial Officer, each of the Company's three other most highly compensated executive officers during the fiscal year ended June 26, 2015 and one additional former executive officer who would have been one of the most highly compensated had he remained with the Company through the end of fiscal year 2015. We refer to these executive officers as our Named Executive Officers in this Proxy Statement.

Name and Principal Position	**Year**	**Salary ($)(1)**		**Bonus ($)**	**Stock Awards ($)(2)**	**Non-Equity Incentive Plan Compensation ($)(3)**	**All Other Compensation ($)(4)**		**Total ($)**
Anthony L. Otten	2015	331,068		-	-	-	20,196		351,264
Chief Executive Officer	2014	325,000		-	16,252	-	16,802		358,054
	2013	307,692		-	158,114	-	24,659		490,465
Jeffrey A. Wagonhurst	2015	261,154		-	-	-	19,390		280,544
President and Chief Operating Officer	2014	263,285	(5)	-	13,000	-	17,422		293,707
	2013	253,076		-	73,581		21,257		347,914
Cynthia A. Downes	2015	230,000		-	-	-	14,723		244,724
Executive Vice President and Chief	2014	230,000		-	11,499	-	64,836	(6)	306,335
Financial Officer	2013	223,077		-	53,388	-	58,641		335,106
Linda M. McKnight	2015	200,000		-	-	-	13,681		213,681
Senior Vice President,	-	-		-	-	-	-		-
Business Development	-	-		-	-	-	-		-
Jeffrey M. Moran (7)	2015	183,748		-	-		81,435	(8)	265,183
Former Senior Vice President,	-	-		-	-	-	-		-
Environmental Services Group	-	-		-	-	-	-		-
James D. Villa	2015	210,000		-	-	-	16,940		226,940
Senior Vice President,	-	-		-	-	-	-		-
General Counsel and Chief Compliance Officer	-	-		-	-	-	-		-

(1) Includes regular base salary earnings in fiscal year 2015, 2014 and 2013.

(2) Represents the fair value of shares of restricted stock units granted in fiscal years 2015, 2014 and 2013. The reported amounts represent the grant date fair values of the awards, in accordance with FASB ASC Topic 718. The

grant date fair value is determined by multiplying the number of shares granted by the closing price of the Company's Common Stock on the grant date.

(3) Non-equity incentive plan compensation amounts represent amounts awarded for performance during the fiscal year and paid after the fiscal year end.

COMPENSATION TABLES

(4) Consists of the following: Any severance payments, payments for accrued personal time off after leaving the Company, Company paid life insurance, Company paid disability, executive medical reimbursement, and Company match to employee's 401(k) Plan contribution and relocation expenses.
(5) Includes $2,500 for payout of accrued personal time off in excess of 200 hours and $785 for service achievement award
(6) Includes $51,167 for relocation expenses.
(7) Mr. Moran was Senior Vice President of Environmental Services Group until June 1, 2015.
(8) Includes $13,870 as payment for accrued personal time off upon resignation and $51,154 as severance payment.

Grants of Plan Based Awards

Name	**Grant Date**	**Estimate Future Payouts Under Non-Equity Incentive Plan Awards**			**All Other Stock Awards: Number of Shares of**	**Grant Date Fair Value of Stock and**
		Threshold ($)	**Target ($)**	**Maximum ($)**	**Stock or Units (#)**	**Option Awards ($)**
Anthony L. Otten	-	182,000	227,500	-	0	0
Jeffrey A. Wagonhurst	-	93,600	117,000	-	0	0
Cynthia A. Downes	-	82,800	103,500	-	0	0
Linda M. McKnight	-	56,000	70,000	-	0	0
Jeffrey M. Moran	-	53,200	66,500	-	0	0
James D. Villa	-	58,800	73,500	-	0	0

Outstanding Equity Awards at Fiscal Year-End

Name	**Option Awards**			**Stock Awards**	
	Number of Securities Underlying Unexercised Options (#) Exercisable	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**

				Have Not Vested (#)	
Anthony L. Otten	0	-	-	0	0
Jeffrey A. Wagonhurst	0	-	-	0	0
Cynthia A. Downes	0	-	-	0	0
Linda M. McKnight	0	-	-	0	0
Jeffrey M. Moran	0	-	-	0	0
James D. Villa	0	-	-	1,875(1)	7,594
				3,750(2)	15,187

(1) Represents the remaining unvested shares from the restricted stock unit award granted on May 7, 2014. The restricted stock units awarded to Mr. Villa was awarded in connection with his joining the Company. 50% of the restricted stock units vest on each of the next two anniversaries of the award date.

COMPENSATION TABLES

(2) Represents the remaining unvested shares from the restricted stock unit award granted on May 7, 2014. The restricted stock units awarded to Mr. Villa was awarded in connection with his joining the Company. 50% of the restricted stock units vest on each of the next two anniversaries from the date the Chief Executive Officer certifies that Mr. Villa has completed certain performance objectives.

Stock Vested

Name	Number of Shares Acquired on Vesting (#)		Value Realized on Vesting ($)(1)
Anthony L. Otten	15,000	(2)	49,350
Jeffrey A. Wagonhurst	7,500	(2)	24,675
Cynthia A. Downes	6,000	(2)	19,740
Linda M. McKnight	2,500	(3)	9,650
Jeffrey M. Moran	977	(4)	3,371
	2,500	(2)	8,225
James D. Villa	1,875	(5)	7,237

(1) Calculated by multiplying the number of shares by the fair market value of the Company’s Common Stock (based on the closing price for the Common Stock on the NYSE MKT) on the date of vesting.
(2) Represents the shares that vested on September 5, 2014 from the restricted stock unit award granted on September 5, 2012.
(3) Represents the shares that vested on May 7, 2015 from the restricted stock unit award granted on May 7, 2013.
(4) Represents the shares that vested on August 27, 2014 from the restricted stock unit award granted on August 27, 2013.
(5) Represents the shares that vested on May 7, 2015 from the restricted stock unit award granted on May 7, 2014.

CHANGE IN CONTROL AGREEMENTS

On September 13, 2013, the Company entered into a change in control severance agreement with each of Mr. Otten, Mr. Wagonhurst, Ms. Downes and Ms. McKnight. On May 12, 2014, the Company entered into a change in control severance agreement with Mr. Villa. The agreements provide that there is a “change in control” occurs upon the first of the following events: an acquisition of a controlling interest (defined as 25% or more of the combined voting power of the Company’s then outstanding securities); if during the term of the agreement, individuals serving on the board at the time of the agreement, or their approved replacements, cease to constitute a majority of the board; a merger approval (subject to exceptions listed in the agreement); a sale of all or substantially all of the Company’s assets; a complete liquidation or dissolution of the Company, or a going private transaction. Except for Mr. Villa whose agreement expires on May 12, 2016, each of the agreements has a term expiring on September 13, 2015 or the date on which the executive officer ceases to serve in his or her current position with the Company, in each case prior to the occurrence of a potential change in control or a change in control, each as defined in the agreement. On September 2, 2015, the Board approved amending the change in control severance agreements with Mr. Otten, Mr. Wagonhurst, Ms. Downes, Ms. McKnight and Mr. Villa with the term to be extended until September 13, 2017. If a potential change in control occurs during the term, the termination date is automatically extended to the later of the existing termination date or the date that is six months from the date of the potential change in control. If a change in control occurs during the term, the termination date will not apply and the agreement will terminate only on the last day of the 24th calendar month beginning after the calendar month in which the change in control occurred. Under each of the agreements, severance benefits are payable to an executive officer if, during the term of the agreement and after a change in control has occurred, the executive’s employment is terminated by the Company without cause (other than as a result of his death or disability) or if the executive resigns for good reason (*e.g.*, as a result of change in title, salary reduction, or change in geographic location). Severance benefits will also be triggered if, after a potential change in control, but before an actual change in control, the executive’s employment is terminated without cause or the executive resigns for good reason, if the termination is at the direction of a person who has entered into an agreement with the Company that will result in a change in control, or the event constituting good reason is at the direction of such a person. Finally, benefits will be triggered if a successor to the Company fails to assume the agreement. Severance benefits include: (i) a lump sum cash payment equal to two times the executive’s annual base salary, or, if higher, the annual base salary in effect immediately before the change in control, potential change in control or good reason event; (ii) a lump sum cash payment equal to two times the higher of the amounts paid to the executive under any existing bonus or incentive plan in the calendar year preceding the termination of his employment or the calendar year in which the change in control occurred; (iii) a lump sum payment for any amounts accrued under any other incentive plan; (iv) a continuation for 24 months of the life, disability and accident benefits the executive was receiving before the end of his employment; (v) a continuation for 18 months of the health and dental insurance benefits he or she was receiving before the end of his or her employment; (vi) a lump sum payment of $16,000 in lieu of medical and tax accounting benefits made available by the Company to its officers; (vii) all unvested options will immediately vest and remain exercisable of the longest period of time permitted by the applicable stock option plan; and (viii) all unvested restricted stock awards will immediately vest. Further, the Company provides certain medical benefits to retired executive officers who serve as chief executive officer, president, executive vice president, senior vice president, corporate vice president, or a Board-elected vice president. A termination following a change in control will be deemed retirement for purposes of the provision of these medical benefits.

CHANGE IN CONTROL AGREEMENTS

The following table estimates and summarizes potential payments and benefits, other than the benefits ordinarily available to salaried employees, that Mr. Otten would have received had his employment been terminated on the last day of fiscal year 2015 under the circumstances described below.

	Salary $	Bonus $	Benefits $(1)
Termination or resignation following a change of control	750,000	0	37,694
Termination or resignation following a potential change of control	750,000	0	37,694
Successor fails to assume the contract	750,000	0	37,694

(1) Payment for benefit costs paid by the Company on behalf of Mr. Otten that are not generally available to other employees for insurance and medical benefits calculated based on current applicable premiums.

The following table estimates and summarizes potential payments and benefits, other than the benefits ordinarily available to salaried employees, that Mr. Wagonhurst would have received had his employment been terminated on the last day of fiscal year 2015 under the circumstances described below.

	Salary $	Bonus $	Benefits $(1)
Termination or resignation following a change of control	540,000	0	31,334
Termination or resignation following a potential change of control	540,000	0	31,334
Successor fails to assume the contract	540,000	0	31,334

(1) Payment for benefit costs paid by the Company on behalf of Mr. Wagonhurst that are not generally available to other employees for insurance and medical benefits calculated based on current applicable premiums.

The following table estimates and summarizes potential payments and benefits, other than the benefits ordinarily available to salaried employees, that Ms. Downes would have received had her employment been terminated on the last day of fiscal year 2015 under the circumstances described below.

	Salary $	Bonus $	Benefits $(1)
Termination or resignation following a change of control	460,000	0	31,526

Termination or resignation following a potential change of control	460,000	0	31,526
Successor fails to assume the contract	460,000	0	31,526

(1) Payment for benefit costs paid by the Company on behalf of Ms. Downes that are not generally available to other employees for insurance and medical benefits calculated based on current applicable premiums.

The following table estimates and summarizes potential payments and benefits, other than the benefits ordinarily available to salaried employees, that Mr. Villa would have received had his employment been terminated on the last day of fiscal year 2015 under the circumstances described below.

	Salary $	Bonus $	Benefits $(1)
Termination or resignation following a change of control	420,000	0	19,139
Termination or resignation following a potential change of control	420,000	0	19,139
Successor fails to assume the contract	420,000	0	19,139

(1) Payment for benefit costs paid by the Company on behalf of Mr. Villa that are not generally available to other employees for insurance and medical benefits calculated based on current applicable premiums.

CHANGE IN CONTROL AGREEMENTS

The following table estimates and summarizes potential payments and benefits, other than the benefits ordinarily available to salaried employees, that Ms. McKnight would have received had her employment been terminated on the last day of fiscal year 2015 under the circumstances described below.

	Salary $	Bonus $	Benefits $(1)
Termination or resignation following a change of control	400,000	0	24,816
Termination or resignation following a potential change of control	400,000	0	24,816
Successor fails to assume the contract	400,000	0	24,816

(1) Payment for benefit costs paid by the Company on behalf of Ms. McKnight that are not generally available to other employees for insurance and medical benefits calculated based on current applicable premiums.

RISK CONSIDERATIONS

During fiscal year 2015, the Compensation Committee considered the impact of the Company’s executive compensation policies and practices, and the incentives created by its policies and practices, on the Company’s risk profile, and concluded that such policies and practices do not motivate imprudent risk taking. In addition, the Committee periodically reviews all of the Company’s compensation policies and procedures, including the incentives they create, and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. In conducting this review, the Committee also reviews the compensation program for any design features which have been identified by experts as having the potential to encourage excessive risk-taking, including:

- excessive focus on equity;
- compensation mix overly weighted toward annual incentives;
- highly leveraged payout curves and uncapped payouts;
- unreasonable goals and thresholds; and
- steep payout cliffs at performance levels that may encourage short-term business decisions to meet payout thresholds.

In reaching its conclusion, the Committee identified several design features of its compensation program that reduce the likelihood of excessive risk taking:

- the Company’s program and policies are designed to provide a balanced mix of cash and restricted equity, annual and longer-term incentives;
- maximum payout levels for non-equity incentive plan compensation are capped based on a review of the Company’s economic position and prospects, as well as the compensation offered by comparable companies;
- the Committee has discretion to alter, including to reduce, incentive plan payouts or make discretionary awards; and
- the Incentive Plan uses pre-tax income as the performance measure for determining incentive payouts, which encourages executives to take a balanced approach focused on corporate profitability, rather than other measures, such as revenue targets, which may incentivize executives to drive sales levels without regard to cost structure.

AUDIT COMMITTEE REPORT AND AUDITOR FEES

In fiscal year 2015, the Board's Audit Committee consisted of four (4) non-employee directors, James L. Gallagher (Chair), Dr. Robert L. Durfee, Paul J. Hoeper and Frederick M. Strader. Each member has been determined to be an independent director under NYSE MKT listing standards and SEC rules and regulations. Further, the Board determined that Frederick M. Strader was qualified as an Audit Committee Financial Expert. Pursuant to the Committee's written charter, the Committee evaluates audit performance, manages the relationship with the Company's independent registered public accounting firm, assesses policies and procedures relating to internal controls and evaluates complaints regarding auditing and accounting matters. This report relates to the activities of the Audit Committee in carrying out such roles for fiscal year 2015.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements and reporting process, which includes the Company's systems for internal financial controls and other financial statement requirements under the Sarbanes Oxley Act. In carrying out its oversight responsibilities, the Committee met with management and reviewed with management the audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended June 26, 2015. This review included a discussion of the quality and acceptability of the Company's financial reporting and internal controls, including the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements.

The Committee also reviewed with the Company's independent registered public accounting firm, Grant Thornton LLP ("Grant Thornton"), which is responsible for expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles, its judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed with the Committee under generally accepted auditing standards and Statement on Auditing Standards (SAS) 61. In addition, the Committee received written disclosures and a letter from Grant Thornton required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence, and has discussed with Grant Thornton their independence. The Committee meets periodically and as necessary with Grant Thornton (with Company management present) to discuss the results of its examination, evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting, financial management, accounting and internal controls. The Committee also meets privately with Grant Thornton (without Company management present) as deemed necessary by the Committee. In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended June 26, 2015 for filing with the SEC.

Under the Committee's charter and the requirements of the Sarbanes Oxley Act and Rule 10A-3 adopted by the SEC, the responsibility for the appointment, compensation, retention and oversight of the work of the Company's independent registered public accounting firm rests with the Audit Committee. Based upon a review of Grant

Thornton’s qualifications, resources, personnel and performance, the Committee has selected Grant Thornton as the Company’s independent registered public accounting firm for fiscal year 2016 and is submitting its decision for Stockholder ratification at the Annual Meeting.

Submitted by the Audit Committee of the Board of Directors:

James L. Gallagher, Chair

Dr. Robert L. Durfee

Paul J. Hoeper

Frederick M. Strader

AUDIT COMMITTEE REPORT AND AUDITOR FEES

Pre-Approval of Independent Auditor Fees and Services Policy

The Audit Committee has adopted a pre-approval policy for services and fees by its registered public accounting firm. Pursuant to this policy, the Audit Committee is required to pre-approve the audit and non-audit services to be performed by the independent registered public accounting firm in order to assure that the provision of such services does not impair the firm's independence. The services and estimated fees are presented to the Audit Committee for consideration in the following categories: Audit, Audit-Related, Tax and All Other (each as defined in Schedule 14A of the Securities Exchange Act of 1934). All services by Grant Thornton rendered in fiscal years 2015 and 2014 received prior approval by the Audit Committee. The Committee expects that all services performed by Grant Thornton in fiscal year 2016 will be subject to pre-approval by the Audit Committee.

Audit Fees

In fiscal years 2015 and 2014, Versar paid Grant Thornton $291,774 and $281,360, respectively, for quarterly reviews and the annual fiscal year audit. Versar also made payments of $5,222 and $4,879 in fiscal years 2015 and 2014 to SGV & Co. for audit services in the Philippines. Versar paid Grant Thornton $23,332 and $36,614 for audit services in the United Kingdom in fiscal year 2015 and 2014.

Audit-Related Fees

Versar paid Grant Thornton $22,575 in fiscal year 2015 and $137,467 in fiscal year 2014 for audit-related fees for assurance and related services.

Tax Fees

In fiscal years 2015 and 2014, Versar paid $114,126 and $249,182, respectively, to Grant Thornton for federal and state tax compliance services. Versar paid $0 and $1,318 in fiscal years 2015 and 2014 to SGV & Co. for tax advisory services in the Philippines.

All Other Fees

In fiscal years 2015 and 2014, Versar paid $36,987 and $36,815, respectively, to Grant Thornton for various tax consulting, including acquisition accounting advice. In fiscal year 2015, Versar paid Grant Thornton $11,785 for various tax consulting and stamp duty filings in the United Kingdom.

PROPOSAL NO. 2 – ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the rules of the Securities and Exchange Commission, we are providing Stockholders with a non-binding advisory vote on our compensation program for our named executive officers. This non-binding advisory vote is commonly referred to as a "say on pay" vote. The non-binding advisory vote on the compensation program for our named executive officers, as disclosed in this Proxy Statement, will be determined by the vote of a majority of the voting power of the shares present or represented at the 2015 Annual Meeting of Stockholders, eligible to vote on this proposal and voting affirmatively or negatively on the proposal.

Stockholders are urged to read the sections of this Proxy Statement related to executive compensation, including the Compensation Discussion and Analysis, the Compensation Tables and the related narrative discussions, which discuss how our executive compensation policies and procedures implement our compensation philosophy and contain tabular information and narrative discussion about the compensation of our named executive officers. The Compensation Committee and the Board of Directors believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving our goals. Accordingly, we will ask our Stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussions is hereby APPROVED."

As an advisory vote, this proposal is not binding on the Company. However, our Board and Compensation Committee, which is responsible for designing and administering our executive compensation program, value the opinions expressed by our Stockholders in their vote on this proposal, and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL, ON A NON-BINDING ADVISORY BASIS, OF THE COMPENSATION COMMITTEE'S EXECUTIVE COMPENSATION PHILOSOPHY, POLICIES AND DETERMINATIONS FOR OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE "EXECUTIVE COMPENSATION" SECTION OF THIS PROXY STATEMENT.

PROPOSAL NO. 3 – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee of the Board of Directors considers it desirable that its appointment of the firm of Grant Thornton as independent registered public accounting firm of the Company for fiscal year 2016 be ratified by the Stockholders. Grant Thornton has been the Company's accounting firm since 2002. Representatives of Grant Thornton will be present at the Annual Meeting, will be given an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from the Stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON AS THE COMPANY'S INDEPENDENT ACCOUNTING FIRM.

2016 ANNUAL MEETING OF THE STOCKHOLDERS

It is presently contemplated that the 2016 Annual Meeting of Stockholders will be held on or about November 15, 2016. In order for any appropriate stockholder proposal, including proposals for director nominees, to be considered for inclusion in the proxy materials for the 2016 Annual Meeting of Stockholders, such proposal must be received by the Secretary of the Company no later than May 31, 2016, by certified mail, return receipt requested and must comply with applicable federal proxy rules. A proposal submitted for consideration at the 2016 Annual Meeting of Stockholders subsequent to May 31, 2016 shall be considered untimely and will not be included in the Company's proxy materials. Further, any proposals for consideration at the 2016 Annual Meeting of Stockholders for which the Company does not receive notice on or before August 14, 2016 shall be subject to the discretionary vote of the proxy holders at the 2016 Annual Meeting of Stockholders.

OTHER MATTERS

As of the date of this Proxy Statement, management of the Company has no knowledge of any matters to be presented for consideration at the Annual Meeting other than those referred to above. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote such proxy, to the extent entitled, in accordance with their best judgment.

By Order of the Board of Directors,

James D. Villa
Secretary

September 30, 2015