

VERSAR INC
Form DEF 14A
October 12, 2011

SCHEDULE 14A INFORMATION

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

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

VERSAR, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No Fee Required

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Dear Stockholder:

You are cordially invited to attend Versar, Inc.'s Annual Meeting of Stockholders to be held at the Springfield Golf and Country Club, 8301 Old Keene Mill Road, Springfield, Virginia 22152, on Wednesday, November 16, 2011, at 10:00 a.m. local time.

The matters scheduled for consideration at the meeting are the election of directors and other matters described in the enclosed Proxy Statement. We will also report to you on Versar's condition and performance, 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 by car, from either I-95 or I-495. From I-95: exit Old Keene Mill Road West, entrance about two miles on the left to Springfield Golf and Country Club. Stay right to the Club House. From I-495: exit I-95 South to Old Keene Mill Road West, entrance about two miles on the left to Springfield Golf and Country Club. Stay right to the Club House.

The stockholders' interest in the affairs of Versar is encouraged and it is important that your shares be represented at the meeting. We hope you will be with us. **Whether you plan to attend or not, please complete, sign, date, and return the enclosed proxy card as soon as possible in the postpaid envelope provided.** Sending in your 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.

Sincerely yours,

Paul J. Hoepfer

Chairman of the Board

October 12, 2011

Important Notice Regarding the Availability of Proxy Materials for the Stockholder

Meeting to Be Held on November 16, 2011

This Proxy Statement and the Versar Annual Report to Stockholders for fiscal year 2011 are available at <http://www.cfpproxy.com/7054>

The 2011 Annual Meeting of Stockholders of Versar, Inc. will be held on Wednesday, November 16, 2011, at 10:00 a.m., local time, at the Springfield Golf and Country Club, 8301 Old Keene Mill Road, Springfield, Virginia 22152.

The matters to be acted on at the 2011 Annual Meeting of Stockholders of Versar, Inc. are:

Electing eight directors to serve until the Annual Meeting of Stockholders in 2012,

Ratifying the appointment of Grant Thornton LLP as the independent registered public accountants for Versar for the fiscal year 2012.

Versar also makes available on its internet website (www.versar.com) its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, all of its other filings with the Securities and Exchange Commission, any Statements of Changes of Beneficial Ownership (Form 4 Reports) filed by its directors and executive officers, the charters of each Committee of the Board of Directors, its Corporate Governance Guidelines and its Code of Business Ethics and Conduct. Information contained on Versar's website should not be deemed filed with, and is not incorporated by reference into, this Proxy Statement or any of Versar's other filings under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended, except to the extent that Versar specifically so provides.

You are invited to attend the meeting in person and, if you do, you may cast your vote in person at the meeting.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Versar, Inc.:

The 2011 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 Wednesday, November 16, 2011, at 10:00 a.m. local time for the following purposes:

1. To elect eight directors to serve until the 2012 Annual Meeting of Stockholders;
2. To ratify the appointment of Grant Thornton LLP as independent registered public accountants for fiscal year 2012, and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on September 30, 2011 will be entitled to notice of and to vote at the meeting and any adjournments or postponements thereof.

Your attention is directed to the Proxy Statement accompanying this Notice for a more complete statement regarding the matters to be acted upon at the meeting.

By Order of the Board of Directors,

James C. Dobbs

Secretary

October 12, 2011

IMPORTANT NOTICE

YOUR PROXY IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY AS SOON AS POSSIBLE IN THE POST-PAID ENVELOPE PROVIDED.

VERSAR, INC.

6850 Versar Center

Springfield, Virginia 22151

(703) 750-3000

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

NOVEMBER 16, 2011

GENERAL

This Proxy Statement and the enclosed proxy card are being mailed on or about October 12, 2011 to stockholders ("Stockholders") of Versar, Inc. ("Versar" or the "Company") in connection with the solicitation by the Board of Directors of the Company of proxies for use at the 2011 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournment(s) or postponement(s) thereof. The Annual Meeting will be held at 10:00 a.m. local time at the Springfield Golf and Country Club, 8301 Old Keene Mill Road, Springfield, Virginia 22152, on November 16, 2011. 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. Proxies in the form enclosed, if duly signed and received in time for voting, and not revoked, will be voted at the Annual Meeting in accordance with the directions specified therein.

On or about October 12, 2011, the Annual Report of the Company for fiscal year 2011 (including financial statements), the Notice of Annual Meeting, this Proxy Statement, and the enclosed proxy card are being mailed in a single envelope to holders of Versar's Common Stock, par value \$.01 per share ("Common Stock"), at the close of business on September 30, 2011 (the "Record Date").

Record Date and Voting Rights

Only holders of record of Common Stock on the Record Date are entitled to notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. There were 9,614,074 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.

The By-laws of the Company require that the holders of a majority of the outstanding shares of the Company's Common Stock 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 that 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. Assuming that a quorum is present for the Annual Meeting, then those eight nominees for director 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.

Proposal No. 2 must be approved by the affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote thereon. For purposes of Proposal No. 2, abstentions are counted for purposes of calculating shares present and entitled to vote but are not counted as shares voting and therefore have the effect of a vote against such proposal. For purposes of Proposal No. 2, broker non-votes are not counted as shares present and entitled to vote and therefore have no effect with respect to such proposal.

Any proxy which 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 accompanying proxy card (or their substitutes) will vote FOR the election of the Board of Directors nominees, FOR Proposal No. 2 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 other proposals, as indicated in the accompanying proxy card.

The cost of preparing, assembling and mailing all proxy materials will be borne by Versar. In addition to solicitation by mail, solicitations may be made by personal interview, telephone, and telegram by officers and regular employees of the Company or its subsidiaries, acting without additional compensation. In addition, Versar has engaged Georgeson to assist in the solicitation of proxies. Versar anticipates that the costs associated with this engagement will be approximately \$ 3,000 plus costs and expenses incurred by Georgeson. Versar 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 Versar for the out-of-pocket expenses incurred by them in this regard.

Principal Stockholders

The table below sets forth, as of September 26, 2011, 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
Dr. Robert L. Durfee(1) 6850 Versar Center Springfield, VA 22151	623,413	6.5%
Eliot Rose Asset Management, LLC(2) 1000 Chapel View Boulevard Cranston, Rhode Island 02920	1,124,300	11.7%
Tapestry Investment Partners, LP(3) 1000 Chapel View Boulevard Cranston, Rhode Island 02920	665,500	6.9%
Wedbush, Inc.(4) 1000 Wilshire Boulevard Los Angeles, California 90017	621,007	6.5%

(1) For a description of the nature of the beneficial ownership of Dr. Durfee, see SECURITY HOLDINGS OF MANAGEMENT. The information with respect to shares of Common Stock held by Dr. Durfee are based upon filings with the Securities and Exchange Commission (the SEC) and information supplied by Dr. Durfee.

(2) The information with respect to the shares of Common Stock held by Eliot Rose Asset Management LLC (Eliot Rose) is based on filings made on Schedule 13G with the SEC by Eliot Rose and Gary S. Siperstein filing as a group. According to such filings, Eliot Rose has sole voting and dispositive power with respect to such Common Stock. 665,500 shares beneficially owned by Tapestry Investment Partners, LP (Tapestry) are included in the total shares held by Eliot Rose.

- (3) The information with respect to the shares of Common Stock held by Tapestry is based on filings made on Schedule 13G with the SEC. According to such filings, Tapestry has sole voting and dispositive power with respect to such Common Stock. 665,500 shares beneficially owned by Tapestry are also included in the total shares held by Eliot Rose.
- (4) The information with respect to the Common Stock held by Wedbush, Inc. is based on filings made on Schedule 13G with the SEC by Wedbush, Inc., Edward W. Wedbush, Wedbush Securities, Inc., Wedbush Opportunity Capital, LLC and Wedbush Opportunity Partners, LP (collectively, Wedbush) filing as a group. Wedbush reports that Wedbush, Inc. has sole voting and sole dispositive power as to 190,099 shares. Edward W. Wedbush has the sole voting and sole dispositive power as to 214,071 shares. Wedbush Securities, Inc. has sole voting and sole dispositive power as to 31,208 shares. Wedbush, Inc., Edward W. Wedbush and Wedbush Securities, Inc. have shared voting power as to 479,962 shares and shared dispositive power as to 621,007 shares. Wedbush Opportunity Capital, LLC and Wedbush Opportunity Partners, LP have shared voting and dispositive power as to 30,287 shares.

PROPOSAL NO. 1**ELECTION OF DIRECTORS****Nominees for Election**

The Board of Directors (the Board) of the Company recommends the election of the eight persons named below who have been nominated by the Board of Directors to serve as directors of Versar until the fiscal year 2012 annual meeting of Stockholders and 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, except Jeffrey A. Wagonhurst who is newly nominated. If for any reason any of the persons named below should become unavailable to serve, an event that management does not anticipate, proxies will be voted for the remaining nominees and such other person or persons as may be designated by the Board of Directors.

Name	Served as Director	Business Experience and Age
Robert L. Durfee	1969 to the present	Independent consultant; Co-founder of the Company; Executive Vice President of the Company from 1986 to June 2004; and President of GEOMET Technologies, LLC, a subsidiary of the Company, from 1991 to June 2004. Age 75. Dr. Durfee is a highly experienced executive. His prior roles at Versar, including as one of the Company's founders and as President of a principal subsidiary, GEOMET Technologies, LLC, give him unique insight into the Company's businesses, particularly those aspects of environmental compliance, chemical agent destruction and personal protective equipment.
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 Westinghouse Government Operations Business Unit 1992 to 1994. Age 74. Mr. Gallagher was a highly experienced executive of a leading environmental and energy unit of a Fortune 500 company. With his significant financial, business, operations and contracting experience, Mr. Gallagher provides 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.
Amoretta M. Hoerber	2000 to the present	President, AMH Consulting since 1992; Director, Strategic Planning, 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 69.

Name	Served as Director	Business Experience and Age
Paul J. Hoeper	2001 to the present	<p>Ms. Hoeber's experience in government contracting, strategic planning and business development bring a unique perspective to the core Versar businesses as well as an understanding of the strategic planning process to advise Versar as it develops its key business competencies. Her extensive network and membership in several key U.S. government advisory boards also give her insight into the needs and priorities of Versar's biggest client group, the Federal government, specifically the Department of Defense.</p> <p>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 Fortune Financial from 1994 to January 1996. Mr. Hoeper was a director of Technology Research Corporation. Age 65.</p>
Amir A. Metry	2002 to the present	<p>Mr. Hoeper's experience as a merchant banker and senior Department of Defense official, plus his former role as a director of another public company, provide organizational, financial and business experience to the Board. Mr. Hoeper's participation in various government advisory groups and institutions enhances his leadership of the Board of Directors and contributes considerably to the strategic and risk management of issues that the Board focuses upon.</p> <p>Business consultant since 1995; part-time Versar employee from 1995 to April 2002; Founding Principal of ERM Program Management Corp. from 1989 to 1995; and Vice President, Roy F. Weston from 1981 to 1989. Age 69.</p>
Anthony L. Otten	2008 to the present	<p>Dr. Metry's prior business experience in the United States, overseas and ongoing charitable work in Egypt and the Sudan provides Versar with international business experience in an area that has become its largest business segment. Dr. Metry's experience includes launching new business and operations in the Middle East, Europe and the Pacific rim. Also, Dr. Metry's many years experience and present business relationships in engineering and environmental businesses enhances his leadership on organizational and compensation issues faced by Versar.</p> <p>Chief Executive Officer of Versar since February 2010; 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, Stillwater, LLC from 2004 to 2007; Principal, Grisanti, Galef and Goldress, Inc. from 2001 to 2004. Age 55.</p>

Name	Served as Director	Business Experience and Age
Ruth I. Dreessen	2010 to the present	<p>Mr. Otten, as Chief Executive Officer, brings the perspective and input of the senior management team to the Board discussions. As a former CEO, senior financial manager and entrepreneur, he brings a strategic vision with practical operating and financial implications to the Board's discussions.</p> <p>Managing Director, Lion Chemical Capital since October 2010; Executive Vice President and Chief Financial Officer of TPC Group, Inc. from November 2005 to May 2010; Senior Vice President and Chief Financial Officer of Westlake Chemical Corp. from 2003 to 2005. Worked for JP Morgan Chase & Co. (and predecessor companies) for 21 years in various banking capacities, ending as a Managing Director of an investment banking unit. Age 55.</p> <p>Ms. Dreessen is a highly experienced business executive with extensive experience in financial and accounting matters. She also has experience in improving stockholder value in public companies. These skills, plus the perspective she brings from her experience in a complementary business area, provides Versar with expertise in finance and accounting, plus strategic initiatives, including acquisitions.</p>
Jeffrey A. Wagonhurst, Sr.	New Nominee	<p>President of Versar since February 2010; Executive Vice President, Program Management Group of Versar since May 2009; Senior Vice President of Versar since September 2006; 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 64.</p> <p>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 provides a perspective and insight from Versar's largest client, the Department of Defense.</p>

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 believes that the Chairman should not be an employee. 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 Chief Executive Officer as necessary or appropriate. The Board believes this leadership structure has enhanced the Board's oversight of, and independence from, Company management; the ability of the Board to carry out its roles and responsibilities on behalf of the Stockholders; and the overall corporate

governance compared to the prior combined Chairman/Chief Executive Officer leadership structure. Further, the Board believes this structure is a more effective method of monitoring and evaluating the Chief Executive Officer's performance, thereby making the Chief Executive Officer more accountable.

Risk Oversight

Management of risk is the direct responsibility of the Company's Chief Executive Officer and the senior management team. The Board of Directors as a whole has oversight responsibility focusing on key risk management issues and 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 an effective risk management system will (1) identify in a timely fashion the material risks that the Company faces, (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.

In addition to the formal compliance program, the Board encourages management to promote a corporate culture that incorporates risk management into the Company's corporate strategy and day-to-day business operations. The Board also continually works, with the input of the Company's executive officers, to assess and analyze the most likely areas of future risk for the Company. We believe the Board's leadership structure, including strong Board Committee Chairpersons and open communication between 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, Nominating & Governance and Corporate Development Committees.

During fiscal year 2011, the members of the Executive Committee were Mr. Otten (Chairperson), Dr. Durfee, Ms. Hoeber and Mr. Hoeper. 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 as otherwise limited by law.

The Audit Committee, which the Board of Directors has determined is composed exclusively of non-employee directors who are independent, as defined by the NYSE Amex LLC (NYSE Amex) listing standards and the rules and regulations of the SEC, consisted of Mr. Gallagher (Chairperson), Mr. Hoeper, Ms. Dreessen, and Dr. Durfee. The Committee's primary responsibilities, as defined by its written charter, which is posted on the Company's website at www.versar.com under Corporate Governance, 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 Ms. Dreessen qualifies as an Audit Committee Financial Expert as defined under the rules and regulations of the SEC and is independent as noted above.

The Compensation Committee was comprised of Dr. Metry (Chairperson), Ms. Dreessen, Ms. Hoeber and Dr. Durfee during fiscal year 2011. The Board of Directors has determined that all members of the Compensation Committee are independent directors for purposes of Compensation Committee service in accordance with the listing standards of NYSE Amex. The Committee, pursuant to a written charter, which is posted on the Company's website at www.versar.com under Corporate Governance, approves goals and objectives related to executive compensation, reviews and adjusts compensation paid to the CEO of the Company and all executive officers, and administers the Company's incentive compensation plans, including cash bonus and stock option,

restricted share and restricted share unit grants under those plans. The Committee also reviews and recommends to the Board of Directors an appropriate compensation program for the Board of Directors. 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 14.

The Nominating & Governance Committee was comprised of Ms. Hoeber (Chairperson), Mr. Hoeper, Mr. Gallagher and Dr. Metry during fiscal year 2011. The Board of Directors has determined that all members of the Committee are independent directors in accordance with the listing standards of NYSE Amex. The Committee, pursuant to a written charter, which is posted on the Company's website at www.versar.com under Corporate Governance, reviews and approves Board committee charters, conducts assessments of Board performance, develops criteria for Board membership and proposes Board members who meet such criteria for annual election. The Committee also identifies potential Board members to fill vacancies which may occur between annual stockholder meetings. Stockholders may submit nominees for the Board of Directors in writing to the Chairman of the Nominating & Governance Committee at the Company's Springfield office, care of the Corporate Secretary. The Committee also develops and implements corporate governance principles and policies.

The Corporate Development Committee was comprised of Mr. Otten (Chairperson), Mr. Hoeper and Dr. Durfee during fiscal year 2010. The Committee, pursuant to a written charter, which is posted on the Company's website at www.versar.com under Corporate Governance, assists and advises management and, on behalf of the Board, monitors and oversees corporate development activities not in the ordinary course of the Company's business. The Committee also reviews any strategic alternatives under consideration.

Board and Committee Meetings; Annual Meeting Attendance

During fiscal year 2011, the Board of Directors met five times. The Executive and Corporate Development Committees did not meet. The Audit Committee met five times. The Compensation Committee met four times. The Nominating & Governance Committee met five times. All directors of the Company attended at least 75% of all meetings of the Board and committees on which they served. The Company does not have a policy requiring Board Members to attend the annual meeting of Stockholders. All of the Board members attended the 2010 annual meeting.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2011, Dr. Metry, Dr. Durfee, Ms. Hoeber and Ms. Dressen served as members of the Compensation Committee. No reportable relationships or transactions occurred for such committee members during fiscal year 2011.

Directors' Compensation

During fiscal year 2011, each non-employee director received an annual fee consisting of \$6,000 in cash, plus the grant of 4,000 shares of restricted stock which vest over a period of one year. Each non-employee director is also paid an attendance fee in cash of \$1,400 for each meeting of the Board or of its committees where the director is physically present and of \$700 for each meeting attended telephonically. In addition, the Chairmen of the Audit, Compensation and Nominating & Governance Committees are 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 is paid an additional \$13,000 a year in cash and is granted an additional 3,500 shares of restricted stock for additional responsibilities and efforts on behalf of the Company.

DIRECTOR COMPENSATION**FY2011**

Name(1)	Stock Awards		Total
	Fees Earned or Paid in Cash \$(2)	\$(3)	
Paul J. Hoeper	35,350	24,675	\$ 60,025
Robert L. Durfee	19,300	13,160	\$ 32,460
James L. Gallagher	32,000	13,160	\$ 45,160
Amoretta M. Hoeber	26,000	13,160	\$ 39,160
Amir A. Metry	32,000	13,160	\$ 45,160
Ruth I. Dreessen	10,900	13,160	\$ 24,060

- (1) Anthony L. Otten is not included in this table because as an employee he receives no extra compensation as a director. The compensation received by him in fiscal year 2011 is shown on the Summary Compensation Table included herein.
- (2) Includes all fees earned or paid for services as a director in fiscal year 2011, including annual retainer, committee or Board chair fees and meeting fees.
- (3) Represents the fair value of shares of restricted stock granted in fiscal year 2011 which is the amount recognized for financial reporting purposes in accordance with Financial Accounting Standards Board (FASB) ASC 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 17, 2010 for all stock awards, which was \$ 3.29 per share. Restricted stock awarded to directors in fiscal year 2011 vests on November 15, 2011, the day before the first annual meeting of Stockholders after the date of grant.

At the end of fiscal year 2011, the non-employee directors owned the following number of options, all of which are vested, and unvested restricted shares:

	Unvested Restricted Stock Awards	Vested and Unexercised Stock Options
Paul J. Hoeper	7,500	10,121
Robert L. Durfee	4,000	44,868(1)
James L. Gallagher	4,000	7,334
Amoretta M. Hoeber	4,000	10,521
Amir A. Metry	4,000	0
Ruth I. Dreessen	4,000	0

- (1) Includes 40,000 stock options granted while he was an employee of Versar.

Corporate Governance

The Company's business is managed by its executives under the oversight of the Board of Directors. Except for Mr. Otten (and Mr. Wagonhurst if he is elected a director), 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 Amex and SEC regulations.

The Board of Directors 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. The Board believes that independent directors must comprise a substantial majority of the Board. Throughout fiscal year 2011 all of the Board members, except Dr. Theodore M. Procriv a member of the Board till the November 17, 2010 Annual Meeting, and Mr. Otten met the NYSE Amex and SEC standards for independence. The Board has determined that all of the following six non-employee directors in fiscal year 2011 are independent directors: Paul J. Hoeper, Robert L. Durfee, Ruth I. Dreessen, James L. Gallagher, Amoretta M. Hoerber and Amir A. Metry.

To facilitate continuing director education, the Company maintains a corporate membership in the National Association of Corporate Directors (NACD). Our Board members enhance their knowledge of current governance best practices and emerging issues through their participation in 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 fiscal year 2011, there was a formal procedure to screen existing directors for the nominating process. This process was expanded in September 2011, when 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 Corporate 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; 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 which can be obtained from the Company's Secretary. Further, the nomination must contain information on 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. Under this new 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 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 less than four boards of other public companies.

Versar has not adopted a formal process for Stockholder communications with the Board of Directors. Stockholders and employees who desire to communicate directly to the Board of Directors, 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 Corporate Secretary

Versar, Inc.

6850 Versar Center

Springfield, VA 22151

Code of Business Ethics and Conduct

The Company's Board of Directors has adopted a Code of Business Ethics and Conduct most recently amended effective April 16, 2010, that 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. 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 2011 and through the date of this Proxy Statement, no waivers have been requested or granted.

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 2011, were timely filed, except that James C. Dobbs' Form 4 for the return of shares to the Company in April 2011 to pay for taxes occurring upon issuance of restricted stock and Peter J. Cooper's Form 4 for a sale of 3,682 shares in March 2011 were inadvertently filed late.

SECURITY HOLDINGS OF MANAGEMENT

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 named in the Summary Compensation Table that is currently employed with the Company, each nominee for director and the Company's directors and executive officers as a group, as of September 26, 2011.

Individual or Group	Shares of Common Stock Beneficially	
	Owned as of September 26, 2011(1)	
	Number	Percent
Paul J. Hoeper(2)	55,021	*
Ruth I. Dreessen	30,300	*
Robert L. Durfee(3)	623,413	6.5%
James L. Gallagher(4)	27,321	*
Amoretta M. Hoeber(5)	25,721	*
Amir A. Metry	21,536	*
Anthony L. Otten(6)	72,900	*
Jeffrey A. Wagonhurst, Sr.(7)	43,113	*
Cynthia A. Downes(8)	13,000	*