

GLOBECOMM SYSTEMS INC
Form DEF 14A
October 05, 2012
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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

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

Definitive Proxy Statement

(as permitted by Rule 14a-6(e)(2))

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

GLOBECOMM SYSTEMS INC.

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(Name of Registrant as Specified in Its Charter)

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GLOBECOMM SYSTEMS INC.

45 Oser Avenue

Hauppauge, New York 11788

Notice of Annual Meeting of Stockholders

November 15, 2012

The Annual Meeting of Stockholders of Globecomm Systems Inc. (the Company) will be held at the principal executive offices of the Company, 45 Oser Avenue, Hauppauge, New York 11788 on November 15, 2012, at 10:00 a.m. (Eastern Standard Time) (the Annual Meeting) for the following purposes:

- (1) To elect eight directors to serve until the next annual meeting or until their respective successors shall have been elected and qualified;
- (2) To consider and vote on a proposal to amend the Company's 2006 Stock Incentive Plan (the 2006 Plan) to increase the number of shares of Common Stock which may be issued under the 2006 Plan and to make certain other revisions thereto as described in the Proxy Statement;
- (3) To ratify the appointment of Ernst & Young LLP as independent registered public accounting firm of the Company for the fiscal year ending June 30, 2013;
- (4) To conduct an advisory (non-binding) vote on executive compensation as described in the Proxy Statement; and

(5) To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on September 21, 2012 will be entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting and for a period of ten days prior to the Annual Meeting between the hours of 9:00 a.m. and 5:00 p.m. at the principal executive office of the Company at the address above.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to stockholders via the Internet. We believe that the e-proxy process expedites stockholders' receipt of proxy materials and lowers the cost and reduces the environmental impact of our Annual Meeting of stockholders. Accordingly, we have mailed to our stockholders of record and beneficial owners a Notice Regarding the Availability of Proxy Materials (the Notice) containing instructions on how to access the Proxy Statement and our Annual Report to Stockholders for the fiscal year ended June 30, 2012 (the Annual Report) via the Internet and how to vote online. The Notice also contains instructions on how you can receive a paper copy of the proxy materials. If you elect to receive a paper copy of our proxy materials, our Annual Report will be mailed to you along with the Proxy Statement.

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The Notice is being mailed to our stockholders beginning on or about October 5, 2012. The attached Proxy Statement is being made available to our stockholders beginning on or about October 5, 2012.

Whether or not you expect to attend the Annual Meeting, your proxy vote is important to the Company. To vote your shares, you can use the Internet or call the toll-free number, in each case as described in the Notice, in the attached Proxy Statement and on your proxy card; or complete, sign and date your proxy card and return your proxy card by mail in the enclosed envelope, which requires no additional postage if mailed in the United States or Canada. You can, of course, vote in person at the Meeting.

By Order of the Board of Directors

Julia Hanft
Secretary

October 5, 2012

IT IS IMPORTANT THAT THE ENCLOSED PROXY CARD

BE COMPLETED AND RETURNED PROMPTLY.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 15, 2012: The Company's Proxy Statement for the Annual Meeting of Stockholders and the Annual Report to Stockholders for the fiscal year ended June 30, 2012 are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=77373&p=proxy>.

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GLOBECOMM SYSTEMS INC.

45 Oser Avenue

Hauppauge, New York 11788

PROXY STATEMENT

October 5, 2012

GENERAL INFORMATION

This proxy statement is furnished to stockholders of record of Globecomm Systems Inc. (the Company, we, us or our) as of September 21, 2012 in connection with the solicitation of proxies by the board of directors of the Company (the Board of Directors) for use at the Annual Meeting of Stockholders to be held at the principal executive office of the Company at 45 Oser Avenue, Hauppauge, New York 11788 on November 15, 2012, at 10:00 a.m. (eastern standard time) (the Annual Meeting).

As permitted by the Securities and Exchange Commission rules, the Company is making this proxy statement and its annual report available to its stockholders electronically via the Internet. On or about October 5, 2012, we mailed to our stockholders of record and beneficial owners as of the close of business on September 21, 2012 a Notice Regarding the Availability of Proxy Materials (the Notice) containing instructions on how to access this proxy statement and our Annual Report to Stockholders for the fiscal year ended June 30, 2012 (the Annual Report), online. If you received the Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy statement and Annual Report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained in the Notice.

The mailing address of the principal executive office of the Company is 45 Oser Avenue, Hauppauge, New York 11788.

Stockholders Entitled to Vote

The Company has only one class of voting securities outstanding, its common stock, par value \$0.001 per share (the Common Stock). All stockholders of record at the close of business on September 21, 2012 are entitled to vote at the Annual Meeting. At the close of business on September 21, 2012, a total of 23,269,942 shares of Common Stock were outstanding. Each record holder of shares of Common Stock is entitled to one vote per share. A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting and for a period of ten days prior to the Annual Meeting between 9:00 a.m. and 5:00 p.m. at the principal executive offices of the Company at the address specified above. Each share is entitled to one vote on all matters that properly come before the Annual Meeting.

Voting Procedures

If you are the record holder of your shares, you can vote in person at the Annual Meeting or by proxy in one of the following three ways:

1. *Vote by Mail:* If you received your proxy materials by mail, you can vote by mail by completing, signing, dating and mailing the enclosed proxy card in the postage-paid envelope.

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2. *Vote by Telephone:* Call the toll-free number 1-800-690-6903. You will need to provide the control number printed on your proxy card, and follow the instructions on your card and the voice prompts.

3. *Vote over the Internet:* Go to the website www.proxyvote.com. You will need to provide the control number printed on your proxy card, and follow the instructions on your card and the website.

If you vote by telephone or over the Internet, do not return your proxy card.

If you are not the record holder of your shares (i.e., they are held in street name by a broker, bank or other nominee), you will receive instructions from the record holder asking you how you wish to vote. Telephone and Internet voting will be offered by most brokers and banks. Please refer to the proxy card and other information provided by the record holder to see which voting options are available to you. If you wish to vote your shares in person at the Annual Meeting, you must first obtain a proxy issued in your name from the record holder.

Voting of Proxies

All valid proxies received prior to the Annual Meeting will be voted in accordance with the instructions specified by the stockholder. If a proxy card is returned without instructions, the persons named as proxy holders on your proxy card will vote in accordance with the recommendations of the Board of Directors, which are as follows:

FOR election of the nominated directors (Proposal 1);

FOR the amendments to increase the number of shares that may be issued under the Company's 2006 Stock Incentive Plan (the 2006 Plan) and to make certain other revisions thereto (Proposal 2);

FOR ratification of Ernst & Young LLP, as independent registered public accounting firm of the Company (Proposal 3);

FOR an advisory (non-binding) vote approving the executive compensation of the Company's named executive officers (Proposal 4). With respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

Changing Your Vote

A proxy may be revoked at any time prior to its being voted by delivering written notice to the Secretary of the Company, by delivering a properly executed later-dated proxy (including by telephone or over the Internet), or by voting in person at the Annual Meeting.

Quorum

The presence, in person or by proxy, of the stockholders of a majority of the shares entitled to vote at the Annual Meeting constitutes a quorum for the transaction of business.

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Vote Required

Assuming a quorum is present:

Directors will be elected by a plurality of the votes cast in person or by proxy at the Annual Meeting.

The proposal to increase the number of shares that may be issued under the Company's 2006 Plan and to make certain other revisions thereto requires an affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting.

The proposal to ratify the appointment of Ernst & Young LLP, as independent registered public accounting firm of the Company, requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting.

The proposal for an advisory (non-binding) vote approving the executive compensation of the Company's named executive officers requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting.

Effect of Abstentions

If you vote abstain (rather than vote for or against) with respect to a proposal, your shares will count as present for purposes of determining whether a quorum is present but not for the purposes of determining the number of votes cast with respect to a particular proposal.

Effect of Broker Non-Votes

Depending on the proposal, your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms, which are members of the New York Stock Exchange (the NYSE), have the authority under the NYSE rules to cast votes on certain routine matters if they do not receive instructions from their customers. The proposal to ratify the appointment of the independent registered public accounting firm (Proposal 3) is considered a routine matter for which brokerage firms may vote shares without receiving voting instructions. Brokerage firms do not have authority under the NYSE rules to vote on non-routine matters. The election of directors (Proposal 1), the amendment to increase the number of shares that may be issued under the Company's 2006 Plan and to make certain other revisions thereto (Proposal 2) and the advisory (non-binding) vote on executive compensation (Proposal 4) are non-routine matters. If you do not provide the brokerage firm with voting instructions on these proposals, your shares will not be voted on and are called broker non-votes. If any broker non-votes occur at the Annual Meeting with respect to your shares, the broker non-votes will count for purposes of determining whether a quorum is present but not for purposes of determining the number of votes cast with respect to a particular proposal.

Cost of Solicitation of Proxies

Proxies are being solicited by the Company's Board of Directors. The expense of this solicitation, including the cost of preparing and mailing this Proxy Statement and the accompanying Annual Report, will be paid by the Company. Copies of solicitation material may be furnished to banks, brokerage houses and other custodians, nominees and fiduciaries for forwarding to beneficial owners of shares of the Company's Common Stock, and normal handling charges may be paid for such forwarding service. In addition to solicitations by mail, directors and regular employees of the Company may solicit proxies in person or by telephone or telegraph.

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In addition, Alliance Advisors LLC (Alliance) has been retained by the Company to assist in the solicitation of proxies. The Company has agreed to pay Alliance \$12,000 and to reimburse Alliance for its reasonable out-of-pocket expenses and variable fees in connection with such services. The Company may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses incurred in forwarding solicitation materials to the beneficial owners of shares held of record by such persons.

Where You Can Find More Information

If you have any questions concerning this proxy statement, would like to request additional copies of this Proxy Statement or need help voting your shares, please contact our proxy solicitor:

Alliance Advisors LLC

200 Broadacres Drive 3rd Floor

Bloomfield, NJ 07003

Shareholders Call Toll Free: (877) 777-4652

Banks and Brokers Call Collect: (973) 873-7700

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The Board of Directors has nominated for election to the Board of Directors the eight persons named below to serve until the next annual meeting of stockholders or until their successors have been elected and qualified.

The number of directors who currently serve on the Board of Directors is eight. Each of the current directors has been nominated for, and has agreed to stand for, re-election. The Board of Directors may fill any current or future vacancy upon identification of a qualified candidate.

The Board of Directors recommends that you vote in favor of the election of each of the nominees named below as directors of the Company to serve until the next annual meeting of stockholders, and the persons named as proxies in the enclosed proxy will vote the proxies received by them for the election of each of the nominees unless otherwise specified on those proxies. All of the nominees have indicated a willingness to serve as directors, but if any nominee becomes unavailable to serve before the election, the shares represented by valid proxies will be voted in favor of the remaining nominees unless the Board of Directors nominates a substitute, in which case the proxies may be voted for the substitute.

The name, age, business experience, director qualifications and certain other information regarding each of the nominees for director are set forth on the following pages.

Director Nominee	Age	Position with the Company	Director Since
David E. Hershberg	75	Chairman and Chief Executive Officer	1994
Keith A. Hall	43	President and Chief Operating Officer	2009
Richard E. Caruso	66	Director ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	2000
Harry L. Hutcherson, Jr.	70	Director ⁽¹⁾⁽⁴⁾⁽⁵⁾	2003
Brian T. Maloney	58	Director ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	2002
Jack A. Shaw	73	Director ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	2004
A. Robert Towbin	77	Director ⁽⁵⁾	1997
C. J. Waylan	71	Director ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	1997

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

(3) Member of Nominating and Corporate Governance Committee.

(4) Member of Strategy Committee.

(5) The Board of Directors has determined, based on written inquiries, that these directors are independent as defined in Section 5605(a)(2) of the NASDAQ Stock Market Rules.

David E. Hershberg founded the Company in 1994 and has been its Chief Executive Officer and Chairman of the Board of Directors since its inception. In addition, Mr. Hershberg was President of the Company from September 2008 to June 2009. From 1976 to 1994, Mr. Hershberg was the President of Satellite Transmission Systems, Inc. (STS), a provider of satellite ground segment systems and networks, which he founded and which became a subsidiary of California Microwave, Inc. (CMI), and is currently part of Narda Satellite

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Networks, a subsidiary of L3 Communications Corporation. From 1990 to 1994, Mr. Hershberg also served as Group President of the Satellite Communications Group of CMI, where he also had responsibility for EFData, Inc., a manufacturer of satellite communications modems, and for Viasat Technology Corp., a manufacturer of communications systems that specialized in portable and mobile satellite communications equipment. Mr. Hershberg was a director of Primus Telecommunications Group, Inc. (Primus) from 1995 to 2009. Mr. Hershberg holds a B.S. in Electrical Engineering from Rensselaer Polytechnic Institute, an M.S. in Electrical Engineering from Columbia University and an M.S. in Management Science from Stevens Institute of Technology.

Mr. Hershberg brings to the Board of Directors over 50 years of experience in the satellite communications industry. As the founder of the Company, he adds in-depth knowledge, strong leadership capabilities, strategic planning and mergers and acquisitions experience, an understanding of a broad range of technologies and operating expertise. He has founded or was responsible for several satellite communication companies becoming successful. During his 18 years as President and Chief Executive Officer of STS, the company became the global leader and premier company in the field of satellite communications ground station systems. Mr. Hershberg's prior experience on the Primus board of directors provides the Company with in-depth knowledge on proper board oversight, including valuable perspectives and insights from his prior service on the Primus compensation committee. As an industry pioneer, he serves on numerous industry panels and speaks at many satellite communication conferences.

Keith A. Hall has been President and Chief Operating Officer and a director of the Company since July 2009. From June 2008 to June 2009, Mr. Hall served as Senior Vice President and General Manager of Globecomm Network Services and from 2003 to June 2008, he served as Vice President and General Manager of Globecomm Network Services Corporation. Mr. Hall served as Senior Director of Project Management of Globecomm Network Services Corporation from 2000 to 2003. From 1996 to 1999, Mr. Hall was employed by Globecomm Systems as a Senior Project Engineer. From 1992 to 1996, Mr. Hall was employed by STS as a Systems Engineer. Mr. Hall holds a B.S.E.E. from Auburn University and an M.B.A. from Dowling College.

As President and Chief Operating Officer of the Company, Mr. Hall brings to the Board of Directors business leadership, strategic planning and acquisition and operating experience. With over 20 years of knowledge of the satellite communications industry and his prior role serving as the Company's Senior Vice President and General Manager of the Company's Network Services, he has extensive experience in growing the services portion of the Company's business.

Richard E. Caruso has been a senior executive in the telecommunications and consulting industries. Since 2010 he has been at GlobalLogic, a research and development services company. He is currently the General Manager of the Communications Business Unit of GlobalLogic. During 2008, Mr. Caruso served as Managing Director, Communications Industry of Tata Consulting Services, an information technology consulting and outsourcing company. From 2004 to 2007, Mr. Caruso was Managing Director, Technology, Communications & Media Industries of BearingPoint, Inc., a provider of business consulting, systems integration and managed services. From 2001 to 2003, Mr. Caruso was a Senior Partner at TechLeaders Consulting, LLC, an information technology consulting company. From 1999 to 2001, Mr. Caruso served as President of Hosting Solutions and Storage Networking at Nortel Networks Corporation, a global supplier of networking solutions and services. From 1994 to 1999, Mr. Caruso served as Vice President and General Manager of Global Solutions for IBM's Communications Sector. From 1983 to 1994, Mr. Caruso held various senior executive positions with Bellcore/Telcordia, including Corporate Vice President of Technology and Industry Markets. From 1969 to 1983, Mr. Caruso held various positions at AT&T Bell Labs, most recently Executive Director of the Network Provisioning Systems Lab. Mr. Caruso holds a B.S. in Industrial Engineering from Rutgers University and an M.S. in Industrial Engineering from the New Jersey Institute of Technology.

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Mr. Caruso's current role at GlobalLogic brings to the Board of Directors business leadership, strategic planning and a market perspective. His past experience at IBM, along with other senior management positions previously held at Bellcore/Telcordia and Nortel Networks, have given him extensive experience in the communications and information technology industries. This technology experience contributes to the Board of Directors' understanding of the impact of changing technology on the Company's business. Mr. Caruso also provides a global business perspective, based on his leadership at IBM. He currently serves as a member of the Company's Audit and Nominating and Corporate Governance Committees and is the Chairperson of the Company's Compensation Committee.

Harry L. Hutcherson, Jr. has been affiliated with Navigant Consulting, Inc. (formerly, Peterson Consulting) as an independent contract consultant providing financial analytical and business consulting on various large projects since 1992. From 1977 through 1992, Mr. Hutcherson was an audit partner of Arthur Andersen LLP. Mr. Hutcherson is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, the Greater Washington Society of Certified Public Accountants and the Virginia State Society of Certified Public Accountants. Mr. Hutcherson holds a B.S. in Accounting from the University of Richmond.

Mr. Hutcherson brings financial expertise to the Board of Directors as a former senior partner at a major international accounting firm. With his financial analytical and business consulting experience, he also brings significant management expertise to the Board of Directors. Mr. Hutcherson was nominated to serve as a director on the Company's Board of Directors due to his extensive experience in business, finance, accounting and auditing, SEC reporting, public company management and mergers and acquisitions. Additionally, he provides the Board of Directors with consulting on risk management and fraud controls. He currently serves as the Chairperson and financial expert of the Company's Audit Committee, and is a member of the Company's Strategy Committee.

Brian T. Maloney is currently an independent consultant in the technology and telecommunications industries. Mr. Maloney served as Chief Executive Officer of Ygomi LLC, a private equity firm, from October 2008 through October 2009. From May 2006 to January 2008, Mr. Maloney was President of Global Industries at Unisys Corporation, a worldwide information technology consulting services and solutions company. Prior to joining Unisys Corporation, Mr. Maloney was an independent consultant in the telecommunications industry from January 2005 to April 2006. From 2002 to September 2004, Mr. Maloney served as Chief Operating Officer for Perot Systems Corporation. From 1978 to 2002, Mr. Maloney held various positions with AT&T, most recently as Senior Vice President of AT&T, and as President and Chief Executive Officer of AT&T Solutions. Mr. Maloney received a B.S. in English from Hunter College and an M.A. in English from Columbia University.

As a former president and chief executive officer of AT&T Solutions, Mr. Maloney brings to the Board of Directors business leadership, strategic planning, human resources and operating experience from a large diversified company. Based on his past experiences at AT&T Solutions and as an independent consultant in the technology and telecommunications sector, he has extensive experience in the communications industry. Mr. Maloney also provides a global business perspective, based on his leadership role in global business operations at Unisys Corporation. Mr. Maloney's recent role at a private equity firm provides the Board of Directors with capital markets, mergers and acquisitions and corporate finance expertise. He currently serves as a member of the Company's Audit, Compensation and Strategy Committees and is Chairperson of the Company's Nominating and Corporate Governance Committee.

Jack A. Shaw is currently retired. He held various positions at Hughes Electronics Corporation (Hughes) from 1998 to December 2003, most recently as its President and Chief Executive Officer and as a member of its board of directors. From 1998 to 2001, Mr. Shaw served as Senior Executive Vice President of Hughes.

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Mr. Shaw is currently a director of Sirius XM Radio Inc. (Sirius XM) and is a senior member of the Institute of Electrical and Electronics Engineers. He is also on the Board of Trustees of Trine University. Mr. Shaw holds a B.S. in Electrical Engineering from Purdue University.

As a former president and chief executive officer of Hughes, Mr. Shaw brings to the Board of Directors business leadership and strategic planning, mergers and acquisitions and international operating experience. With his past experience at Hughes, and as a current director of Sirius XM, a large satellite radio company and a publicly-traded company, he has extensive experience in the satellite communications industry. His current role on the Sirius XM board of directors provides the Company with in-depth knowledge on proper board oversight, as well as valuable perspectives and insights from his service on their nominating and corporate governance and compensation committees. He currently serves as a member of the Company's Compensation, Nominating and Corporate Governance and Strategy Committees.

A. Robert Towbin has been the Executive Vice President of Stephens Inc. since 2006, prior to which he served as a managing Director from December 2001 to 2005. Mr. Towbin is a Director of Intertrust Technologies, a private company owned by Sony, Phillips and Stephens, Inc. From 2000 to 2001, he was Co-Chairman of C.E. Unterberg, Towbin Co. and from 1995 to 1999 was Senior Managing Director of C.E. Unterberg, Towbin. From 1994 to 1996, Mr. Towbin was President and Chief Executive Officer of the Russian-American Enterprise Fund, a U.S. government-owned investment fund, and later, Vice Chairman of its successor fund, the U.S. Russia Investment Fund. Mr. Towbin was a Managing Director of Lehman Brothers and Co-Head of High Technology Investment Banking from 1987 to 1994. From 1959 to 1987, Mr. Towbin was Vice Chairman and a Director of L.F. Rothschild, Unterberg, Towbin Holdings Inc. and its predecessor companies. Mr. Towbin served on the board of directors of the following public companies: Anken Chemical Corp., AVX Corporation, Bradley Real Estate, Convergent Technology, Empire Airlines, Gerber Scientific, Inc., Graphic Controls Corp., Kyocera, J. Rothschild Holdings, PLC, North Fork Bancorporation, Inc., Plessey, Inc. and Pulte Homes Corp. Mr. Towbin holds a B.A. from Dartmouth College.

With over 50 years of experience in investment banking, Mr. Towbin brings to the Board of Directors relevant experience in the areas of capital markets, finance, executive leadership and mergers and acquisitions and broad international business exposure. Mr. Towbin's prior experience on the board of directors of a number of other public companies provides the Company with in-depth knowledge on proper board oversight. With over 15 years of service, he also provides continuity to the Board of Directors.

C. J. Waylan is a retired executive from the telecommunication and satellite communications industries. Dr. Waylan served as Executive Vice President for GTE Mobilnet and President of GTE Spacenet Corporation (collectively, GTE) until his retirement in 1996. From 1996 to 1997, he was Executive Vice President of NextWave Telecom, Inc., a start-up provider of wireless communications and from 1997 to 2006, he was President and Chief Executive Officer of CCI International, NV, a mobile satellite communications company. Dr. Waylan was a member of the board of directors of Radyne Corporation (Radyne) from 2000 to 2008 and served as Chairman of the board for the last two years. He was also a director of CCI International, NV from 1997 to 2006. He holds a B.S. from the University of Kansas as well as an M.S. in Electrical Engineering and a Ph.D. from the Naval Postgraduate School.

Based on Dr. Waylan's prior executive officer roles at GTE, he brings to the Board of Directors industry experience, business leadership, strategic planning, human resources and mergers and acquisitions and operating experience. As a former Chairman of the board of directors of Radyne, a publicly-traded company, Dr. Waylan brings to the Board of Directors relevant experience in the areas of operations, management, finance, executive leadership, strategic planning and corporate governance. He also brings to the Board of Directors valuable perspectives and insights from his prior service on Radyne's corporate governance and nominating committee.

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and compensation committee. With over 15 years of service, he also provides continuity to the Board of Directors. He currently serves as a member of the Company's Audit, Compensation and Nominating and Corporate Governance Committees, and is the Chairperson of the Company's Strategy Committee.

The Board of Directors recommends a vote FOR each of the eight nominees.

Information About the Board of Directors and Committees

Risk Oversight. Our Board of Directors as a whole is responsible for overseeing the Company's risk management process. The Board of Directors focuses on the Company's general risk management strategy and the most significant risks facing the Company, and seeks to ensure that appropriate risk mitigation strategies are implemented by management. The Board of Directors has principally delegated responsibility for the management of the Company's risk management process to the Audit Committee.

Among other duties, the Audit Committee reviews with management (a) Company processes with respect to risk assessment and management of risks that may be material to the Company, (b) the Company's system of disclosure controls and system of internal controls over financial reporting and (c) the Company's compliance with legal and regulatory requirements, including its disclosure of the material risks associated with the Company and its industry. All committees report to the full Board of Directors as appropriate, including when a matter rises to the level of a material or enterprise level risk. The Board of Directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and receives information relating to material Company risks from management and from the Company's contracts and finance departments.

Leadership Structure. The Board of Directors and the Nominating and Corporate Governance Committee frequently review the Company's corporate governance practices. The positions of Chairman and Chief Executive Officer are currently combined at the Company. The Board of Directors recently reviewed this structure and determined that the current structure is appropriate because the size of the Board of Directors permits regular communication among all of the independent directors, and between the independent directors and the Company's senior management. This structure allows for information to flow to the independent directors so that they can provide meaningful input during deliberations.

Further, the Board of Directors believes that Mr. Hershberg's service as both Chairman of the Board and Chief Executive Officer is in the best interests of the Company and its stockholders. Mr. Hershberg possesses the skills, experience and maturity in the positions, along with in-depth knowledge of the issues, opportunities and challenges facing the Company and its businesses, and is thus best positioned to develop agendas that ensure that the Board of Directors' time and attention are focused on the matters that are most critical to the Company and its stockholders. The combined role has produced decisive leadership, helps ensure clear accountability and enhances the Company's ability to communicate its message and strategy clearly and consistently to the Company's stockholders, employees, customers and suppliers, each of which the Board of Directors believes makes the Company more effective.

In light of the Board of Directors' current determination to continue to combine the positions of Chairman and Chief Executive Officer, the Nominating and Corporate Governance Committee and the Board of Directors also discussed the potential merits of adding a lead independent director position. However, the Nominating and Corporate Governance Committee and the Board of Directors determined that such a role was not needed at this time as communication among board members and management is frequent and open and that such additional

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position may in fact hinder such open communication. Nonetheless, the Nominating and Corporate Governance Committee and the Board of Directors will continue to review the structure of the Chairman and Chief Executive Officer positions and the potential merits of a lead independent director position and will maintain a structure that it believes is in the best interests of the Company and its stockholders.

Committees of the Board of Directors. The Board of Directors currently has a standing Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Strategy Committee. Each member of the Audit, Compensation, Nominating and Corporate Governance and Strategy Committees is an independent director as defined in Section 5605(a)(2) of the NASDAQ Stock Market Rules. The current membership for each committee is as follows:

Nominating and Corporate			
Audit Committee	Compensation Committee	Governance Committee	Strategy Committee
Harry L. Hutcherson, Jr.	Richard E. Caruso	Brian T. Maloney	C. J. Waylan
(Chairperson)	(Chairperson)	(Chairperson)	(Chairperson)
Richard E. Caruso	Brian T. Maloney	Richard E. Caruso	Harry L. Hutcherson, Jr.
Brian T. Maloney	Jack A. Shaw	Jack A. Shaw	Brian T. Maloney
C. J. Waylan	C. J. Waylan	C. J. Waylan	Jack A. Shaw

Audit Committee. The Audit Committee reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters, including the selection of the Company's independent registered public accounting firm, the scope of the annual audits, the fees to be paid to the independent registered public accounting firm, the performance of the Company's independent registered public accounting firm and the accounting practices of the Company. The Audit Committee also serves as the Board of Directors' Qualified Legal Compliance Committee within the meaning of Section 307 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Board of Directors has determined that Mr. Hutcherson is qualified as an audit committee financial expert as defined in Item 407(d)(5)(ii) of the Securities and Exchange Commission ("SEC") Regulation S-K. The Board of Directors has determined that Mr. Hutcherson is independent, as defined in Section 5605(a)(2) of the NASDAQ Stock Market Rules. The Audit Committee held seven meetings during fiscal 2012.

Additionally, the Audit Committee reviews and approves all related party transactions required to be disclosed pursuant to the rules of the SEC. See "Compensation Discussion and Analysis" "Approval of Related Party Transactions" below.

Compensation Committee. The Compensation Committee makes recommendations to the Board of Directors in order to determine the salaries and incentive compensation of the executive officers and directors of the Company. The Compensation Committee also administers various incentive compensation and stock and benefit plans, including awards to directors