

STG Group, Inc.
Form DEF 14A
April 29, 2016

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 Pursuant to §240.14a-12

STG GROUP, INC.

(Name of Registrant as Specified in its Charter)

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(3) Filing Party:

(4) Date Filed:

STG GROUP, INC.
11091 Sunset Hills Road, Suite 200
Reston, Virginia

To the Stockholders of STG Group, Inc.:

You are cordially invited to attend the 2016 annual meeting of stockholders (the “Annual Meeting”) of STG Group, Inc. (the “Company”) to be held on Thursday, June 23, 2016 at 10:00 a.m., local time, at the offices of Morrison & Foerster LLP, located at 2000 Pennsylvania Avenue, N.W. Suite 6000, Room 5A, Washington, D.C. 20006 to consider and vote upon the following proposals:

1. To elect the two Class I directors named in the Proxy to serve on the Company’s Board of Directors (the “Board”) until the 2019 annual meeting of stockholders or until their successors are elected and qualified;
2. To ratify the selection by our Audit Committee of BDO USA LLP to serve as our independent registered public accounting firm for fiscal year 2016;
3. Such other matters as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “**FOR**” THE ELECTION OF EACH NOMINEE FOR DIRECTOR AND “**FOR**” THE RATIFICATION OF BDO USA LLP TO SERVE AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

The Board has fixed the close of business on April 28, 2016 as the record date (the “Record Date”) for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any postponement or adjournment thereof. Accordingly, only stockholders of record at the close of business on the Record Date are entitled to notice of, and shall be entitled to vote at, the Annual Meeting or any postponement or adjournment thereof.

Your vote is important. You are requested to carefully read the proxy statement and accompanying Notice of Annual Meeting for a more complete statement of matters to be considered at the Annual Meeting.

By Order of the Board,

/s/ Simon S. Lee
Chairman of the Board of Directors

*This proxy statement is dated April 29, 2016
and is being mailed with the form of proxy on or shortly after April 29, 2016.*

IMPORTANT

Whether or not you expect to attend the Annual Meeting, you are respectfully requested by the Board of Directors to sign, date and return the enclosed proxy promptly, or follow the instructions contained in the proxy card or voting instructions. If you grant a proxy, you may revoke it at any time prior to the Annual Meeting or vote in person at the Annual Meeting.

PLEASE NOTE: If your shares are held in street name, your broker, bank, custodian, or other nominee holder cannot vote your shares in the election of directors unless you direct the nominee holder how to vote, by returning your proxy card or by following the instructions contained on the proxy card or voting instruction form.

STG GROUP, INC.
11091 Sunset Hills Road, Suite 200
Reston, Virginia

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 23, 2016**

To the Stockholders of STG Group, Inc.:

NOTICE IS HEREBY GIVEN that the 2016 annual meeting of stockholders (the “Annual Meeting”) of STG Group, Inc., a Delaware corporation (the “Company”), will be held on Thursday, June 23, 2016 at 10:00 a.m., local time, at the offices of Morrison & Foerster LLP, located at 2000 Pennsylvania Avenue, N.W. Suite 6000, Room 5A, Washington, D.C. 20006, to consider and vote upon the following proposals:

1. To elect the two Class I directors named in the Proxy to serve on the Board until the 2019 annual meeting of stockholders or until their successors are elected and qualified;
2. To ratify the selection by our Audit Committee of BDO USA LLP to serve as our independent registered public accounting firm for fiscal year 2016; and
3. Such other matters as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof.

Only stockholders of record of the Company as of the close of business on April 28, 2016 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. Each share of common stock entitles the holder thereof to one vote.

Your vote is important. Proxy voting permits stockholders unable to attend the Annual Meeting to vote their shares through a proxy. By appointing a proxy, your shares will be represented and voted in accordance with your instructions. You can vote your shares by completing and returning your proxy card. Proxy cards that are signed and returned but do not include voting instructions will be voted by the proxy as recommended by the Board of Directors. You can change your voting instructions or revoke your proxy at any time prior to the Annual Meeting by following the instructions included in this proxy statement and on the proxy card.

Even if you plan to attend the Annual Meeting in person, it is strongly recommended you complete and return your proxy card before the Annual Meeting date to ensure that your shares will be represented at the Annual Meeting if you are unable to attend. You are urged to review carefully the information contained in the enclosed proxy statement prior to deciding how to vote your shares. You may also access our proxy materials at the following website:

www.stginc.com.

By Order of the Board,

/s/ Simon S. Lee
Chairman of the Board of Directors

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STG GROUP, INC.
11091 Sunset Hills Road, Suite 200
Reston, Virginia

PROXY STATEMENT

2016 ANNUAL MEETING OF STOCKHOLDERS

To be held on Thursday, June 23, 2016, at 10:00 a.m., local time
at the offices of Morrison & Foerster LLP
2000 Pennsylvania Avenue, N.W.
Suite 6000, Room 5A,
Washington, D.C. 20006

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS

Why did you furnish me this proxy statement?

This proxy statement and the enclosed proxy card are furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or “Board”) of STG Group, Inc., a Delaware corporation (the “Company,” “we,” “us,” and “our”), for use at the annual meeting of stockholders (the “Annual Meeting”) to be held on Thursday, June 23, 2016 at 10:00 a.m., local time, at the offices of Morrison & Foerster LLP, located at 2000 Pennsylvania Avenue, N.W. Suite 6000, Room 5A, Washington, D.C. 20006, or at any adjournments or postponements thereof. This proxy statement summarizes the information that you need to make an informed decision on the proposals to be considered at the Annual Meeting. This proxy statement and the enclosed proxy card were first sent to the Company’s stockholders on or about April 29, 2016.

What is included in these materials?

These materials include:

• This Proxy Statement for the Annual Meeting; and
• The Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission (the “SEC”) on March 30, 2016.

What proposals will be addressed at the Annual Meeting?

Stockholders will be asked to consider the following proposals at the Annual Meeting:

1. To elect the two Class I directors named in the Proxy to serve on the Board until the 2019 annual meeting of stockholders or until their successors are elected and qualified; and
2. To ratify the selection by our Audit Committee of BDO USA LLP to serve as our independent registered public accounting firm for fiscal year 2016.

We will also consider any other business that properly comes before the Annual Meeting.

How does the Board of Directors recommend that I vote?

Our Board of Directors unanimously recommends that stockholders vote **“FOR”** each nominee for Director and **“FOR”** the ratification of the selection of BDO USA LLP as our independent registered public accounting firm.

Who may vote at the Annual Meeting of stockholders?

Stockholders who owned shares of the Company’s common stock, par value \$0.0001 per share, as of the close of business on April 28, 2016 (the “Record Date”) are entitled to vote at the Annual Meeting.

As of the Record Date, there were 16,107,071 issued and outstanding shares of common stock.

How many votes must be present to hold the Annual Meeting?

Your shares are counted as present at the Annual Meeting if you attend the Annual Meeting and vote in person, if you properly submit your proxy or if your shares are registered in the name of a bank or brokerage firm and you do not provide voting instructions and such bank or broker casts a vote on the ratification of accountants. In order for us to conduct the Annual Meeting, a majority of our outstanding shares of common stock as of April 28, 2016 must be present at the Annual Meeting. This is referred to as a quorum. On April 28, 2016, there were 16,107,071 shares of common stock outstanding and entitled to vote.

How many votes do I have?

Each share of common stock is entitled to one vote on each matter that comes before the Annual Meeting. Information about the stock holdings of our directors and executive officers is contained in the section of this Proxy Statement entitled “Security Ownership of Certain Beneficial Owners and of Management and Related Stockholder Matters” beginning on page 16.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with the Company’s transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares, and the proxy materials were sent directly to you by the Company.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and the proxy materials were forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. Those instructions are contained in a “vote instruction form.”

What is the proxy card?

The proxy card enables you to appoint Charles L. Cosgrove, our Chief Financial Officer, as your representative at the Annual Meeting. By completing and returning the proxy card, you are authorizing Mr. Cosgrove to vote your shares at the Annual Meeting in accordance with your instructions on the proxy card. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the Annual Meeting, it is strongly recommended you complete and return your proxy card before the Annual Meeting date just in case your plans change. If a proposal comes up for vote at the Annual Meeting that is not on the proxy card, the proxies will vote your shares, under your proxy, according to their best judgment.

If I am a stockholder of record of the Company's shares, how do I vote?

There are three ways to vote:

In person. If you are a stockholder of record, you may vote in person at the Annual Meeting. The Company will give you a ballot when you arrive.

By Internet. You may vote your shares at www.voteproxy.com.

By Mail. You may vote by proxy by filling out the proxy card and sending it back in the envelope provided.

If I am a beneficial owner of shares held in street name, how do I vote?

There are two ways to vote:

In person. If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the brokerage firm, bank, broker-dealer or other similar organization that holds your shares. Please contact that organization for instructions regarding obtaining a legal proxy.

By Internet. You may vote your shares at www.voteproxy.com.

By Mail. You may vote by proxy by filling out the vote instruction form and sending it back in the envelope provided by your brokerage firm, bank, broker-dealer or other similar organization that holds your shares.

Will my shares be voted if I do not provide my proxy?

If you hold your shares directly in your own name, they will not be voted if you do not provide a proxy.

Your shares may be voted under certain circumstances if they are held in the name of a brokerage firm. Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters, including the ratification of accountants. At the Annual Meeting, these shares will be counted as voted by the brokerage firm in the ratification of accountants.

Brokers are prohibited from exercising discretionary authority on non-routine matters. Proposals one and two are considered non-routine matters, and therefore brokers cannot exercise discretionary authority regarding these proposals for beneficial owners who have not returned proxies to the brokers (so-called "broker non-votes"). In the case of broker non-votes, and in cases where you abstain from voting on a matter when present at the Annual Meeting and entitled to vote, those shares will still be counted for purposes of determining if a quorum is present.

What vote is required to elect directors?

Directors are elected by a plurality of the votes cast at the Annual Meeting. Shares not voted on the election of directors will have no effect on the vote for election of directors.

What vote is required to ratify the selection by our Audit Committee of BDO USA LLP as our independent registered public accounting firm?

Approval of the proposal to ratify the selection of BDO USA LLP as our independent registered public accounting firm requires the affirmative vote of the majority of the shares present in person or by proxy and entitled to vote on the matter at the Annual Meeting. An abstention will be counted as a vote against this proposal.

Are the Company's major stockholders obligated to vote "FOR" either of the preceding proposals?

Global Defense & National Security Holdings, LLC ("Global Defense LLC"), and Simon S. Lee Management Trust, Simon Lee Family Trust, AHL Descendants Trust, JSL Descendants Trust and Brian Lee Family Trust (the foregoing trusts, collectively, the "Stockholder Trusts") are parties to a Voting Agreement, dated as of November 23, 2015 (the "Voting Agreement"). Pursuant to the Voting Agreement, Global Defense LLC and the Stockholder Trusts are obligated to vote "FOR" the proposal to elect the two Class I directors named in the Proxy to serve on the Board until the 2019 annual meeting of stockholders. Global Defense LLC and the Stockholder Trusts may direct the vote with respect to 90.5% of our outstanding common stock in the aggregate.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. You may vote again by signing and returning a new proxy card or vote instruction form with a later date or by attending the Annual Meeting and voting in person if you are a stockholder of record. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to the Company's Chief Financial Officer at 11091 Sunset Hills Road, Suite 200, Reston, Virginia 20190, a written notice of revocation prior to the Annual Meeting.

Please note, however, that if your shares are held of record by a brokerage firm, bank or other nominee, you must instruct your broker, bank or other nominee that you wish to change your vote by following the procedures on the voting form provided to you by the broker, bank or other nominee. If your shares are held in street name, and you wish to attend the Annual Meeting and vote at the Annual Meeting, you must bring to the Annual Meeting a legal proxy from the broker, bank or other nominee holding your shares, confirming your beneficial ownership of the shares and giving you the right to vote your shares.

What happens if I do not indicate how to vote my proxy?

If you just sign your proxy card without providing further instructions, your shares will be voted "FOR" for all the director nominees and the proposals being placed before our stockholders at the Annual Meeting.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed except as may be necessary to meet legal requirements.

Where do I find the voting results of the Annual Meeting?

We will announce voting results at the Annual Meeting. The final voting results will be tallied by the inspector of election and published in the Company's Current Report on Form 8-K, which the Company is required to file with the SEC within four business days following the Annual Meeting.

Who bears the cost of soliciting proxies?

The Company will bear the cost of soliciting proxies in the accompanying form and will reimburse brokerage firms and others for expenses involved in forwarding proxy materials to beneficial owners or soliciting their execution. In addition to solicitations by mail, the Company, through its directors and officers, may solicit proxies in person, by telephone or by electronic means. Such directors and officers will not receive any special remuneration for these efforts.

Who can help answer my questions?

You can contact our Chief Financial Officer, Charles L. Cosgrove, at (703) 691-2480 or by sending a letter to Charles L. Cosgrove at the offices of the Company at 11091 Sunset Hills Road, Suite 200, Reston, Virginia 20190 with any questions about the proposals described in this proxy statement or how to execute your vote.

THE ANNUAL MEETING

We are furnishing this proxy statement to you as a stockholder of STG Group, Inc. as part of the solicitation of proxies by our Board for use at our Annual Meeting to be held on Thursday, June 23, or any adjournment or postponement thereof.

Date, Time, Place and Purpose of the Annual Meeting

The Annual Meeting will be held at the offices of Morrison & Foerster LLP, located at 2000 Pennsylvania Avenue, N.W. Suite 6000, Room 5A, Washington, D.C. 20006, on Thursday, June 23, at 10:00 a.m., local time. You are cordially invited to attend the Annual Meeting, at which stockholders will be asked to consider and vote upon the following proposals, which are more fully described in this proxy statement:

- To elect the two Class I directors named in the Proxy to serve on the Board until the 2019 annual meeting of stockholders or until their successors are elected and qualified; and
- To ratify the selection by our Audit Committee of BDO USA LLP to serve as our independent registered public accounting firm for fiscal year 2016.

Record Date, Voting and Quorum

Our Board fixed the close of business on April 28, 2016, as the Record Date for the determination of holders of our outstanding common stock entitled to notice of and to vote on all matters presented at the Annual Meeting. As of the record date, there were 16,107,071 shares of common stock issued and outstanding and entitled to vote. Each share of common stock entitles the holder thereof to one vote.

The holders of common stock entitled to cast a majority of all votes that could be cast by the holders of all of the outstanding common stock, present in person or represented by proxy at the Annual Meeting, constitute a quorum.

Required Vote

The affirmative vote of a plurality of the votes cast at the Annual Meeting by the holders of common stock entitled to vote in the election directors is required to elect directors. Global Defense LLC, and the Stockholder Trusts are parties to the Voting Agreement, pursuant to which Global Defense LLC and the Stockholder Trusts are obligated to vote “FOR” the proposal to elect the two Class I directors named in the Proxy to serve on the Board until the 2019 annual meeting of stockholders;. Global Defense LLC and the Stockholder Trusts may direct the vote with respect to 90.5% of our outstanding common stock in the aggregate.

The approval of the proposal to ratify the selection of BDO USA LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the common stock present in person or represented by proxy and entitled to vote on this matter at the Annual Meeting.

Voting

You can vote your shares at the Annual Meeting by proxy or in person.

You can vote by proxy by having one or more individuals who will be at the Annual Meeting vote your shares for you. These individuals are called “proxies” and using them to cast your ballot at the Annual Meeting is called voting “by proxy.”

If you wish to vote by proxy, you must complete the enclosed form, called a “proxy card,” and mail it in the envelope provided.

If you complete the proxy card as described above, you will designate our Chief Financial Officer to act as your proxy at the Annual Meeting. He will then vote your shares at the Annual Meeting in accordance with the instructions you have given him through the proxy card or voting instructions, as applicable, with respect to the proposals presented in this proxy statement. Proxies will extend to, and be voted at, any adjournment(s) or postponement(s) of the Annual Meeting.

Alternatively, you can vote your shares in person by attending the Annual Meeting. You will be given a ballot at the meeting.

While we know of no other matters to be acted upon at this year’s Annual Meeting, it is possible that other matters may be presented at the Annual Meeting. If that happens and you have signed and not revoked a proxy card, your proxy will vote on such other matters in accordance with the best judgment of Mr. Lee.

A special note for those who plan to attend the Annual Meeting and vote in person: if your shares are held in the name of a broker, bank or other nominee, you must bring a statement from your brokerage account or a letter from the person or entity in whose name the shares are registered indicating that you are the beneficial owner of those shares as of the record date. In addition, you will not be able to vote at the Annual Meeting unless you obtain a legal proxy from the record holder of your shares.

Our Board is asking for your proxy. Giving the Board your proxy means you authorize it to vote your shares at the Annual Meeting in the manner you direct. You may vote for or withhold your vote for each nominee or proposal or you may abstain from voting. All valid proxies received prior to the Annual Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted “FOR” the election of each nominee for Director and “FOR” the ratification of the selection of BDO USA LLP as our independent registered public accounting firm and as the proxy holders may determine in their discretion with respect to any other matters that may properly come before the Annual Meeting.

Stockholders who have questions or need assistance in completing or submitting their proxy cards should contact our Chief Financial Officer, Charles L. Cosgrove, at (703) 691-2480.

Stockholders who hold their shares in “street name,” meaning the name of a broker or other nominee who is the record holder, must either direct the record holder of their shares to vote their shares or obtain a legal proxy from the record holder to vote their shares at the Annual Meeting.

Revocability of Proxies

Any proxy may be revoked by the person giving it at any time before the polls close at the Annual Meeting. A proxy may be revoked by filing with our Chief Financial Officer, (STG Group, Inc., 11091 Sunset Hills Road, Suite 200, Reston, Virginia 20190) either (i) a written notice of revocation bearing a date later than the date of such proxy or (ii) a subsequent proxy relating to the same shares, or (iii) by attending the Annual Meeting and voting in person.

Simply attending the Annual Meeting will not constitute revocation of your proxy. If your shares are held in the name of a broker or other nominee who is the record holder, you must follow the instruction of your broker or other nominee to revoke a previously given proxy.

Attendance at the Annual Meeting

Only holders of common stock, their proxy holders and guests we may invite may attend the Annual Meeting. If you wish to attend the Annual Meeting in person but you hold your shares through someone else, such as a broker, you must bring proof of your ownership and identification with a photo at the Annual Meeting. For example, you may bring an account statement showing that you beneficially owned shares of STG Group, Inc. as of the record date as acceptable proof of ownership.

Solicitation of Proxies

The Company will bear the cost of soliciting proxies on behalf of the Company. Some banks and brokers have customers who beneficially own common stock listed of record in the names of nominees. We intend to request banks and brokers to solicit such customers and will reimburse them for their reasonable out-of-pocket expenses for such

solicitations. The solicitation of proxies by mail may be supplemented by telephone, telegram and personal solicitation by officers, directors and other employees of the Company, but no additional compensation will be paid to such individuals.

No Right of Appraisal

Neither Delaware law nor our amended and restated Certificate of Incorporation provide for appraisal or other similar rights for dissenting stockholders in connection with any of the proposals to be voted upon at the Annual Meeting. Accordingly, our stockholders will have no right to dissent and obtain payment for their shares.

Other Business

We are not currently aware of any business to be acted upon at the Annual Meeting other than the matters discussed in this proxy statement. The form of proxy accompanying this proxy statement confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Annual Meeting and with respect to any other matters which may properly come before the Annual Meeting. If other matters do properly come before the Annual Meeting, or at any adjournment(s) or postponement(s) of the Annual Meeting, we expect that shares of our common stock, represented by properly submitted proxies will be voted by the proxy holders in accordance with the recommendations of our Board.

Principal Offices

The principal executive offices of our Company are located at STG Group, Inc., 11091 Sunset Hills Road, Suite 200, Reston, Virginia 20190. The Company's telephone number at such address is (703) 691-2480.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**Directors and Officers**

Certain information, as of April 28, 2016, with respect to each of the current officers and directors is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, and the year in which each person became an officer or director.

The business address of each director listed below is 11091 Sunset Hills Road, Suite 200, Reston, Virginia 20190.

Name	Age	Position	Year Appointed/ Elected
Simon S. Lee	67	Class III Director	2015
Paul A. Fernandes	56	President	2015
Charles L. Cosgrove	61	Chief Financial Officer	2015
Dale R. Davis	55	Chief Integration Officer	2015
Gavin Long	40	Senior Vice President, Corporate Development	2013
Damian Perl ^(d)	47	Class III Director	2013
Vice Admiral (ret.)			
Robert B. Murrett ^{(a)(b)(c)(e)}	63	Class I Director	2014
Hon. David C. Gompert ^{(a)(b)(c)(d)(e)}	70	Class I Director	2013
Hon. Ronald R. Spoehel ^{(a)(b)(c)(d)}	58	Class II Director	2014

(a)Member of Audit Committee

(b)Member of Nominating Committee

(c)Member of Compensation Committee

(d)Member of Business Performance Committee

(e)Member of Government Security Committee

Simon S. Lee, Chairman of the Board

Simon S. Lee founded STG Group Holdings, Inc. (“Holdings”), which is now a wholly-owned subsidiary of the Company, in 1986 as the Software Technology Group. Before founding Holdings, Mr. Lee performed in senior

technical positions with various technology firms in the Washington, DC area. Mr. Lee served as the Chief Executive Officer of Holdings from its founding until November 2015, and has served as the Company's Chairman of the Board since November 2015.

Mr. Lee holds a B.S. in Industrial Engineering from Korea University and an M.S. in Systems Engineering from the George Washington University.

Paul A. Fernandes, President

Paul A. Fernandes joined Holdings in 2004 and has served as our President since November 2015.

Mr. Fernandes has previously served as Holdings' Chief Operating Officer, Senior Vice President, Defense Sector, and Senior Vice President of Holdings' Civil Agencies Sector.

Mr. Fernandes has a B.S. degree in Management from Bellevue University and served in the U.S. Air Force.

Charles L. Cosgrove, Chief Financial Officer

Charles L. Cosgrove joined the Company in November 2015. From February 2013 until November 2015, Mr. Cosgrove served as Chief Financial Officer and Treasurer for CRGT, Inc., a government information technology contractor overseeing accounting, finance, contracts, and financial operations. From June 2010 until July 2012, Mr. Cosgrove was Executive Vice President and Chief Financial Officer for Comtech Mobile Data Corporation, a wholly owned subsidiary of Comtech Telecommunications Corp. (NASDAQ: CMTL). From June 2008 until February 2010 Mr. Cosgrove served as Vice President & Business Unit Controller for the Government & Infrastructure Unit of KBR Inc. (NYSE: KBR). He holds a BS in Business Administration and Accounting from Georgetown University.

Dale R. Davis, Chief Integration Officer

Mr. Davis has been our Chief Integration Officer since November 2015 and was our Chief Executive Officer, President and Director from July 2013 until November 2015. Prior to his employment as our Chief Integration Officer, Mr. Davis was also employed by Global Strategies Group ("GLOBAL"), where his most recent principal role was as Executive Vice President (Operations), and he was a member of the executive board. Mr. Davis' role within Global Strategies Group also included oversight of Global Strategies Group corporate development. Mr. Davis joined

GLOBAL in February 2006 as the Managing Director of Global Integrated Security (Middle East). In 2010, he was Executive Director, National Security Initiatives for GLOBAL before taking up his post as Executive Vice President (Operations). Prior to joining GLOBAL, Mr. Davis was Security and Brand Enforcement Manager, Middle East, for British American Tobacco between 2004 and 2006. Between 2003 and 2005, he was Adjunct Professor at the Joint Special Warfare University, and prior to that was Director of International Programs at the Virginia Military Institute. Mr. Davis served between 1983 and 1995 as a U.S. Marine Officer with command and staff assignments across Asia and the Middle East. Mr. Davis serves on the Advisory Board of the Council of American Colleges Abroad as well as the Advisory Board of the Department of International Studies, Virginia Military Institute. He holds a B.S. in Electrical Engineering from Virginia Military Institute and an M.A. in National Security Affairs from the Naval Postgraduate School. Mr. Davis brings to our management team thirty years of experience in the defense and national security sectors and ten years of commercial operations and profit and loss leadership experience.

Gavin Long, Senior Vice President, Corporate Development

Mr. Long has served as our Senior Vice President, Corporate Development since February 2016. From November 2015 through January 2016, Mr. Long was Senior Vice President, Corporate Development at GLOBAL. While at GLOBAL, Mr. Long also served as Senior Vice President, Corporate Development from October 2013 through the closing of our initial business combination (the “Business Combination”) in November 2015. Between 2010 and 2013, Mr. Long was a Partner and Managing Director at Civitas Group, a strategy and management consultancy focused on the national security sector. While at Civitas, Mr. Long helped formulate M&A strategies for many of the large defense contractors. Between 2008 and 2010, Mr. Long was Director of Strategy, Development and Planning for BAE Systems, working to establish the U.S. intelligence and security line of business. Prior to BAE Systems, Mr. Long was a Vice President with Imperial Capital, a New York and Los Angeles-based, full service investment bank, between 2004 and 2008. He joined Imperial Capital via the acquisition of USBX Inc., a national security market-focused M&A boutique. Mr. Long has participated in over forty transactions, with an aggregate value of over \$4 billion. He began his career with Arthur Andersen Corporate Finance, where he was a part of the Technology M&A practice between 1998 and 2001. Mr. Long holds a B.A. in Philosophy from Appalachian State University.

Damian Perl, Director

Mr. Perl is the Chairman and Chief Executive Officer of Global Strategies Group (GLOBAL), a worldwide business investing and operating in the defense and national security sector, which he founded in 1998. GLOBAL was the sponsor of Global Defense & National Security Systems, Inc. (“GDEF”), the NASDAQ listed SPAC that acquired Holdings in November 2015. He served as Chairman of the Board of the SPAC from its IPO in 2013 until the closing of the Business Combination, and since then has been a board member of the Company. Notably, GDEF was the first SPAC to complete its initial business combination in the defense sector.

Mr. Perl was also previously a director of the NASDAQ listed company GTEC, a company that he had acquired in 2007 (as SFA, Inc. and The Analysis Corporation). After merging and rebranding the two companies as Global Defense Technology & Systems, Inc. (GTEC) and undertaking their transformation, Mr. Perl became a director of GTEC in April 2009 and was instrumental in its initial public offering in November 2009. Mr. Perl remained on the GTEC board after its initial public offering and oversaw two further acquisitions and its ultimate sale in April 2011 to Ares Management LLC.

Mr. Perl began his career with the British military. He is a member of various military associations, the Emerging Markets Private Equity Association and the International Institute for Strategic Studies. He holds a degree in Physiology and Biomechanics. Mr. Perl brings to our Board of Directors over two decades of experience in the defense and national security sectors, and a wealth of experience in counter-terrorism and counter-insurgency.

Hon. David C. Gompert, Director

Mr. Gompert has been our Director since August 2013. He is Distinguished Visiting Professor for National Security Studies at the United States Naval Academy and Adjunct Senior Fellow of the RAND Corporation. Mr. Gompert has served as a Director of Global Integrated Security (USA) Inc., the U.S. security services business of Global Strategies Group, since 2011. Between 2009 and 2011, Mr. Gompert was with the Office of the Director of National Security, initially as the Principal Deputy Director. In 2010, he served as Acting Director of National Intelligence, providing strategic oversight of the U.S. Intelligence Community, and serving as President Barack Obama's chief intelligence advisor. Between 2004 and 2009, Mr. Gompert was a Senior Fellow at the RAND Corporation and Distinguished Research Professor at the Center for Technology and National Security Policy, National Defense University. From 2003 to 2004, he served as the Senior Advisor for National Security and Defense, Coalition Provisional Authority, Iraq. He served as President of RAND Europe from 2000 to 2003, and was Vice President of RAND and Director of the National Defense Research Institute from 1993 to 2000. Mr. Gompert was a special assistant to former President George H. W. Bush, as well as the senior director for Europe and Eurasia on the staff of the National Security Council from 1990 to 1993. At Unisys from 1989 to 1990, he was president of the systems management group and vice president for strategic planning and corporate development. From 1983 to 1989, he was AT&T's vice president of civil sales and programs, and its director of international market planning. Mr. Gompert held several senior positions at the State Department from 1975 to 1983, including deputy to the under secretary for political affairs, deputy director of the Bureau of Political-Military Affairs and special assistant to former Secretary of State Henry Kissinger. He is Chairman of the Advisory Board of the Institute for the Study of Early Childhood Education, a Trustee of Hopkins House Academy, and a member of the Advisory Board of the Naval Academy Center for Cyber Security Studies. Mr. Gompert is also a Distinguished Adjunct Professor at Virginia Commonwealth University and a Member of the American Academy of Diplomacy. He holds a B.S. in Engineering from the U.S. Naval Academy and a M.P.A. from Princeton University's Woodrow Wilson School of Public and International Affairs. Mr. Gompert brings to our Board of Directors experience in senior roles in the defense and national security sectors and private sector executive leadership experience.

Hon. Ronald R. Spoehel, Director

Mr. Spoehel has been our Director since April 2014. Since 2009, Mr. Spoehel has been a private investor and served on a number of public and private company boards of directors. Mr. Spoehel served as Chief Financial Officer of the National Aeronautical and Space Administration from 2007 to 2009. Previously, he served as a Director, Executive Vice President and Chief Financial Officer of ICx Technologies, Inc; as a Director, Executive Vice President and Chief Financial Officer of ManTech International Corporation; as an executive officer of Harris Corporation; and as an executive officer of ICF Kaiser International, following ten years in investment banking. Mr. Spoehel serves on the Board of Profire Energy, Inc. and also serves and has served on the boards of directors of private companies in the U.S. and internationally.

Vice Admiral (ret.) Robert B. Murrett, Director

Vice Admiral (ret.) Murrett has been our director since October 2014. Robert B. Murrett is a professor on the faculty of the Maxwell School of Citizenship and Public Affairs at Syracuse University, and serves as the Deputy Director of the Institute for National Security and Counterterrorism (INSCT) at the University, a position he has held since 2011. He is on the adjunct staff of the RAND Corporation, the Institute for Defense Analyses, and chairs the MITRE Intelligence Advisory Board. He also serves on the Senior Advisory Group for the Network and Space Systems branch of the Boeing Corporation. He is a member of the Board for the Institute for Veterans and Military Families, and is responsible for a series of ongoing research projects between the University and the Syracuse Veterans Administration Medical Center.

Previously, Murrett was a career intelligence officer in the U.S. Navy, serving in assignments throughout the Pacific, Europe, and the Middle East through his thirty-four years of duty, retiring in the grade of Vice Admiral. His duty stations included service as Operational Intelligence Officer for the U.S. Pacific Fleet, Assistant Naval Attaché at the U.S. Embassy in Oslo, Norway, and Director for Intelligence, U.S. Joint Forces Command. For the last ten years, he served as Vice Director for Intelligence, U.S. Joint Chiefs of Staff (2002 to 2006), Director of Naval Intelligence (2005 to 2006), and Director of the National Geospatial-Intelligence Agency (NGA) (2006 to 2010). He holds an undergraduate degree from the University of Buffalo, and a master's degree from the Walsh School of Foreign Service at Georgetown University.

Corporate Governance

The Board of Directors

Our amended and restated certificate of incorporation provides for a Board of Directors classified into three classes as nearly equal in number as possible, whose terms of office expire in successive years. Our Board of Directors now consists of five directors as set forth below.

Director Independence

The Board of Directors has determined that each of the Hon. David C. Gompert, Vice Admiral (ret.) Murrett and the Hon. Ronald R. Spoehel are independent. The Board of Directors affirmatively determined that no director (other than Messrs. Perl and Lee) has a material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company.

We currently have the following standing committees: the Audit Committee, the Nominating and Governance Committee, the Compensation Committee, the Business Performance Committee and the Government Security Committee. Each of the standing committees of the Board of Directors is composed entirely of independent directors.

Lead Director

In April 2016, the Board, on the recommendation of the independent directors of the Board, created the position of Lead Director. The Hon. Ronald R. Spoehel serves as the Lead Director. In that role, he presides over the Board's executive sessions, during which our independent directors meet without management, and he serves as the principle liaison between management and the independent directors of the Board. The Lead Director also:

- determines the agenda of the executive sessions in consultation with the other independent directors;
- provides timely agreed upon feedback to the Board and the Chairman from the executive sessions;
- has the authority to call meetings of the independent directors, which is in addition to the authority that any director of any committee of directors may have to call meetings in accordance with the Board resolutions or the charter controlling the governance of such committee;
- consults with and advises the Chairman and Chief Executive Officer regarding Board meeting agendas and frequency and all information sent to the Board, including the quality, quantity, appropriateness and timeliness of such information;
- provides such assistance and cooperation in preparation for and conduct of Board meetings as the Chairman may request;
- is available, when appropriate, for consultation and direct communication with major stockholders, lenders and relevant financial institutions; and
- works in conjunction with the Compensation Committee and members of the Board and other committees as appropriate to evaluate the performance of the Chief Executive Officer and deliver the annual performance evaluation to the Chief Executive Officer together with the Chairman of the Compensation Committee.

Committee Membership, Meetings and Attendance

During the fiscal year ended December 31, 2015, 7 meetings of the Board were held.

The Nominating and Governance, Audit and Compensation Committees each adopted new charters in December 2015. During the fiscal year ended December 31, 2015:

- the Nominating and Governance Committee held 1 meeting;
- the Audit Committee held 3 meetings;
- the Compensation Committee held 1 meeting;

Each of our incumbent directors attended or participated in at least 75% of the meetings of the Board of Directors and the respective committees of which he is a member held during the period such incumbent director has been a director during fiscal year ended December 31, 2015.

We encourage all of our directors to attend our annual meetings of stockholders. There was 1 member of the Board in attendance at our last Annual Meeting.

Audit Committee

We have an Audit Committee of the Board of Directors which consists of the Hon. David C. Gompert, Vice Admiral (ret.) Murrett and the Hon. Ronald R. Spoehel (Chair). Our Board of Directors has determined that each of the Hon. David C. Gompert, Vice Admiral (ret.) Murrett and the Hon. Ronald R. Spoehel is an independent director. The Audit Committee's duties, which are specified in our Audit Committee Charter, include, but are not limited to:

- reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommending to the Board whether the audited financial statements should be included in our Form 10-K;
- discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- discussing with management major risk assessment and risk management policies;
- monitoring the independence of the independent auditor;
-

verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;

- reviewing and approving all related-party transactions;
- inquiring and discussing with management our compliance with applicable laws and regulations;
- pre-approving all audit services and permitted non-audit services to be performed by our independent auditor, including the fees and terms of the services to be performed;
- appointing or replacing the independent auditor;
- determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work; and
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies.

The Audit Committee will at all times be composed exclusively of “independent directors” who are “financially literate.” We define “financially literate” as being able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement.

In addition, we have and intend to continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual’s financial sophistication. The Board has determined that the Hon. Ronald R. Spoehel qualifies as an “audit committee financial expert,” as defined under rules and regulations of the SEC.

Our Audit Committee has a formal written charter, which has been posted on the Company’s website and can be found at www.stginc.com.

Nominating and Governance Committee

We have a Nominating and Governance Committee (the “Nominating Committee”) of the Board, which consists of the Hon. David C. Gompert (Chair), Vice Admiral (ret.) Murrett and the Hon. Ronald R. Spoehel. The Nominating Committee is responsible for overseeing the selection of persons to be nominated to serve on our Board of Directors. The Nominating Committee considers persons identified by its members, management, stockholders, investment bankers and others.