



VERSAR

NEWS RELEASE

FOR IMMEDIATE RELEASE

December 12, 2016

VERSAR, INC. ANNOUNCES LOAN AMENDMENT WITH BANK OF AMERICA; ELIMINATES OUTSTANDING DEFAULTS AND ALLOWS FOCUS ON DRIVE TOWARD PROFITABLE GROWTH

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December 12, 2016 – Versar, Inc. (NYSE MKT: VSR) today announced that it has signed an amendment to its Loan Agreement with Bank of America, eliminating the Company's outstanding defaults and giving it the opportunity to focus on its drive toward a return to profitable growth.

The execution of the amendment to the original Loan Agreement successfully concludes a process begun in May, when the Company announced a default under certain of the Company's financial maintenance covenants of its loan with Bank of America.

The amendment includes a \$13 million revolving credit facility that is available to Versar for the original availability period of the Loan Agreement, until September 30, 2018. The maturity date of the term loan portion of the Loan Agreement is now September 30, 2017, versus March 31, 2017.

The amendment calls for Versar to continue to report financial performance to Bank of America. It includes a covenant reducing the Consolidated Asset Coverage ratio, adds a covenant regarding minimum quarterly Consolidated EBITDA, and deletes the covenants relating to Consolidated Total Leverage, Consolidated Fixed Charge Coverage and Consolidated Senior Leverage ratios. Versar will continue working with its Chief Restructuring Officer and financial advisor.

The company believes that the amended Loan Agreement enables Versar to file its outstanding Annual Report on Form 10-K for fiscal 2016, as well as subsequent Quarterly Reports on Form 10-Q filings for the first and second quarters of fiscal 2017, with the Securities and Exchange Commission. The Company is working towards completing all outstanding filings as soon as possible. Versar delayed its filings as it conducted discussions with prospective lenders.

Versar and Bank of America signed the amendment to the Loan Agreement on December 9, 2016, upon the conclusion of the sixth forbearance agreement with Bank of America. Versar operated successfully within the obligations established by each of the forbearance agreements.

According to Versar Chief Executive Officer Tony Otten, "Versar is extremely gratified to enter into a newly amended loan agreement with Bank of America. This amended agreement with our valued existing lender underscores the confidence that Versar and its financial partners have in the Company. It also enables us to focus on our drive to return to profitable growth."

VERSAR, INC., headquartered in Springfield, Virginia, is a publicly-traded global project management company providing sustainable value oriented solutions to government and commercial clients in the construction management, environmental services, and professional services market areas.

For more information, please contact Investor Relations at:

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VERSAR operates the following websites: www.versar.com and www.versarpps.com.

Find out more about **VERSAR** at



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This news release contains forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described herein and in Versar's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 26, 2015, as updated from time to time in the Company's periodic filings. The forward-looking statements are made as of the date hereof and Versar does not undertake to update its forward-looking statements.

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