

ENGLOBAL CORP
Form DEF 14A
April 29, 2011

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
AND PROXY STATEMENT

April 29, 2011

Dear Stockholder:

I am pleased to invite you to the Annual Meeting of Stockholders of ENGlobal Corporation (“ENGlobal”). The meeting will be held at the Crowne Plaza Houston North Greenspoint, 425 N. Sam Houston Parkway E, Houston, Texas on Thursday, June 16, 2011 at 10:00 a.m., local time.

At the meeting, you and the other stockholders will be asked to vote on the following:

- the election of five directors to the Board of Directors of ENGlobal;
- the ratification of the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011; and
- any other business which properly comes before the meeting or at any adjournment or postponement thereof.

This year we are furnishing proxy materials to our stockholders over the Internet. You may read, print and download our proxy statement and annual report at <http://www.proxyvote.com>. On or about May 6, 2011, we will mail our stockholders a notice containing instructions on how to access our proxy materials and vote online. The notice also provides instructions on how you can request proxy materials to be sent to you by mail or email and how you can enroll to receive proxy materials by mail or email for future meetings.

Only stockholders of record at the close of business on April 18, 2011 are entitled to notice of, and to vote at, the meeting and any adjournment or postponement thereof. Each share entitles the holder to one vote. You can vote over the Internet at <http://www.proxyvote.com> or by casting a ballot at the meeting. You may also vote by telephone by following the instructions found on the Internet site. If you request to receive proxy materials by mail or email, you may vote by any of the above methods or by mailing a proxy card. For specific voting information, see “General Information” beginning on page 1 of the enclosed proxy statement. Please submit a proxy or voting instructions in advance of the meeting even if you plan to attend the meeting. Submitting a proxy or voting instructions will not prevent you from attending the meeting in person, if you so desire, but will help ENGlobal ensure a quorum and reduce the expense of additional proxy solicitation.

Attendance is limited to stockholders of ENGlobal, their proxy holders and our guests. Stockholders holding stock in brokerage accounts must bring a brokerage statement or other evidence of share ownership as of April 18, 2011 in order to be admitted to the meeting.

Sincerely,

William A. Coskey, P.E.
Chairman of the Board

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

Time and Date 10:00 a.m., local time, on Thursday, June 16, 2011

Place Crowne Plaza Houston North Greenspoint
425 N. Sam Houston Parkway E.
Houston, Texas

Items of Business (1) To elect five Directors to the Board of Directors of ENGlobal;
(2) To ratify the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011; and
(3) To consider such other business as may properly come before the meeting.

Except with respect to the procedural matters incident to the conduct of the Annual Meeting, we are not aware of any other business to be brought before the Annual Meeting.

Adjournments and Postponements Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.

Record Date You are entitled to notice of, and to vote at, the Annual Meeting only if you were an ENGlobal stockholder as of the close of business on April 18, 2011.

Meeting Admission You are entitled to attend the Annual Meeting only if you were an ENGlobal stockholder as of the close of business on April 18, 2011 or hold a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. If you are not a stockholder of record but hold shares through a broker or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to April 18, 2011, a copy of the voting instruction card provided by your bank or brokerage firm, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Annual Meeting.

The Annual Meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m., local time, and you should allow ample time for the check-in procedures.

Voting Your vote is very important. Whether or not you plan to attend the Annual Meeting, we encourage you to read the accompanying Proxy Statement and vote as soon as possible. This will not only ensure the presence of a quorum at the Annual Meeting but also that your shares are voted in accordance with your wishes. You will be able to vote either via the Internet, by telephone or by mailing a completed proxy card as an alternative to voting in person at the meeting. For detailed information regarding voting, please refer to the section entitled "Questions and Answers – How Do I Vote?" on page 4 of this Proxy Statement and the instructions on the proxy or voting instruction card.

By Order of the Board of Directors,

Natalie S. Hairston
Chief Governance Officer and Corporate
Secretary

This notice of Annual Meeting and Proxy Statement and form of proxy
are first being distributed to stockholders on or about April 29, 2011.

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2011 ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

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GENERAL INFORMATION

We are providing these proxy materials to you in connection with the solicitation of proxies by the Board of Directors of ENGlobal Corporation (“ENGlobal”) for the 2011 Annual Meeting of Stockholders (the “Meeting”) and for any adjournment or postponement of the Meeting. In this Proxy Statement, we refer to ENGlobal as the “Company,” “we,” “our” or “us.”

We are making these proxy materials available to you on the Internet. On or about May 6, 2011, we will mail a notice to our stockholders containing instructions on how to access the proxy materials at <http://www.proxyvote.com> and vote online. In addition, stockholders may request proxy materials to be sent to them by mail or email.

Who is soliciting my proxy?

We, the Board of Directors of ENGlobal (the “Board”), are making these proxy materials available to you in connection with our solicitation of proxies for use at the Meeting. Specified directors, officers, and employees of ENGlobal may also solicit proxies on our behalf by mail, phone, fax, or in person.

Who is paying for this solicitation?

ENGlobal will pay for the solicitation of proxies, including the cost of preparing and assembling these proxy materials, making these proxy materials available on the Internet, mailing notices to our stockholders, and mailing these proxy materials to our stockholders on request. We have retained and pay a fee to Broadridge Financial Solutions, Inc. to assist us in making our proxy materials available on the Internet and tabulating our proxies, but we pay no separate compensation solely for the solicitation of proxies.

What is the purpose of the Meeting?

At the Meeting, stockholders will be asked to (1) elect directors and (2) ratify the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011.

Who is entitled to vote at the Meeting?

Only stockholders of record at the close of business on April 18, 2011, the record date for the Meeting, are entitled to receive notice of and to vote at the Meeting. If you were a stockholder of record on that date, you are entitled to vote all of the shares you held on that date at the Meeting, or any postponements or adjournments of the Meeting.

If your shares are registered directly in your name, you are the holder of record of these shares and we will send the notice and online access and voting instructions directly to you. If you hold your shares in a brokerage account or through a bank or other holder of record, you hold the shares in “street name,” and your broker, bank or other holder of record will send voting instructions to you.

How many votes do I have?

You have one vote at the Meeting, or any postponements or adjournments of the Meeting, for each share of our Common Stock you owned as of the record date. Stockholders do not have cumulative voting rights.

How do I vote?

You may submit a proxy or voting instructions over the Internet at <http://www.proxyvote.com> by following the instructions provided in the notice mailed to you or by voting in person at the Meeting. You may also submit a proxy or voting instructions by telephone by following the instructions found on the Internet site. If you request proxy materials by mail or email, you may submit a proxy or voting instructions by any of the above methods or by completing and mailing a proxy card.

If you hold your shares in street name, you have the right to direct your broker, bank or other holder of record how to vote by following the instructions sent to you by the holder of record. If you desire to vote in person at the Meeting, as a holder in street name, you must provide a legal proxy from your bank, broker or other holder of record.

May I revoke my proxy or change my voting instructions?

Yes, you may revoke your proxy or change your voting instructions by (a) voting in person at the Meeting, (b) casting a vote over the Internet or by telephone at a later date or (c) sending a written notice of revocation to our Corporate Secretary by mail to ENGlobal Corporation, 654 N. Sam Houston Parkway E., Suite 400, Houston, Texas 77060-5914 or by facsimile at (281) 878-1011; provided, that, with regard to (b) and (c), the Company receives such change prior to the Meeting. If you request proxy materials by mail or email, you may also change your proxy by mailing a proxy card with a later date, provided that the Company receives the later dated proxy card prior to the Meeting. If you submit a new proxy, only your later dated proxy (whether cast by Internet, telephone, mail or in person) will be counted.

What are the Board's recommendations?

The Board's recommendations are set forth together with the description of each item in this Proxy Statement. The Board recommends a vote FOR the election of five directors to our Board to serve until the next annual meeting of stockholders and FOR the ratification of the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011.

If any other matter properly comes before the Meeting, with regard to any proxies submitted by stockholders, William A. Coskey, P.E. and Edward L. Pagano will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

How many votes must be present to hold the Meeting?

We will have a quorum, and will be able to conduct the business of the Meeting, if the holders of a majority of shares of Common Stock outstanding and entitled to vote are represented in person or by proxy at the Meeting. As of the record date, 27,294,852 shares of Common Stock, representing the same number of votes, were outstanding. Thus, the presence in person or by proxy of the record holders of at least 13,647,427 shares of Common Stock will be required to establish a quorum. Stockholders of record who are present at the Meeting in person or by proxy and who abstain from voting, including brokers holding customers' shares of record who cause abstentions to be recorded at the Meeting, will be included in the number of stockholders present at the Meeting for purposes of determining whether a quorum is present.

What vote is required to approve each item?

The election of directors is decided by a plurality of the votes cast. For this purpose, “plurality” means that the individuals receiving the largest number of affirmative votes, whether or not they receive a majority of the votes, are elected as directors, up to the maximum number of directors to be chosen at the election. A properly executed proxy marked “WITHHOLD AUTHORITY” with respect to the election of one or more directors will not be voted with regard to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

With regard to each other item voted on at the Meeting, including the ratification of the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011, the affirmative vote of the holders of a majority of the votes cast in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked "Abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

For shares held in "street name" through a broker or other nominee, the broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if stockholders do not give their broker or nominee specific instructions, their shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

What if I do not mark a voting choice for some of the matters listed on my proxy card?

If you request proxy materials by mail or email and send a proxy card without specifying a vote or an abstention, your shares will be voted "FOR" the director nominees listed on the proxy card and in this Proxy Statement, and for the ratification of the appointment of Hein & Associates LLP as the independent auditors of ENGlobal for fiscal year 2011.

Could other matters be decided at the Meeting?

We do not know of any matters that will be considered at the Meeting other than the items set forth in this Proxy Statement. If other matters are properly raised at the Meeting, your proxy authorizes the Proxy Holders to vote as they think best, unless authority to do so is withheld by you in your proxy.

What happens if the Meeting is postponed or adjourned?

If the Meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted at the Meeting.

How do I get copies of the exhibits filed with ENGlobal's Form 10-K?

We are furnishing our annual report to our stockholders over the Internet. You may read, print and download our annual report at <http://www.proxyvote.com>. You may request the annual report be sent to you by mail or email by following the instructions on the notice of Internet availability to be mailed to you on or about May 6, 2011. ENGlobal will provide to any stockholder as of the record date, who so specifically requests in writing, copies of the exhibits filed with ENGlobal's Annual Report on Form 10-K for a reasonable fee. Requests for such copies should be directed to Corporate Secretary, ENGlobal Corporation, 654 N. Sam Houston Parkway E., Suite 400, Houston, Texas 77060-5914. The annual report may also be read, downloaded and printed at www.englobal.com. In addition, copies of all exhibits filed electronically by ENGlobal may be reviewed and printed from the SEC's website at: www.sec.gov.

CORPORATE GOVERNANCE

The following section summarizes information about our corporate governance policies, our Board and its committees and the director nomination process.

Our Governance Practices

Corporate Governance Guidelines

We believe that good corporate governance helps to ensure that the Company is managed for the long-term benefit of our stockholders. During the past year, we continued to review our corporate governance policies and practices, the corporate governance rules and regulations of the SEC, and the rules of the NASDAQ Stock Market (“NASDAQ”).

In 2010, we reviewed our Audit Committee, Compensation Committee, Nominating & Corporate Governance Committee Charters, Corporate Code of Conduct, and other policies and procedures required by applicable law or stock exchange listing standards. You can access and print these documents from the “Investor Relations” section of our website at www.englobal.com or you can request copies at no cost by writing us at ENGlobal Corporation, 654 N. Sam Houston Parkway E., Suite 400, Houston, TX 77060-5914, Attention: Investor Relations.

Corporate Code of Conduct

The Company has adopted a Corporate Code of Conduct that applies to all of the Company’s directors, officers and employees in accordance with NASDAQ rules. The purpose and role of this code is to focus our officers, directors, and employees on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical or unlawful conduct, and help enhance and formalize our culture of integrity, honesty and accountability. We have posted our Code of Conduct on the “Investor Relations” section of our website at www.englobal.com.

The Company also has a Code of Ethics applicable to the Chief Executive Officer and certain senior financial officers of the Company that complies with Item 406 of Regulation S-K of the Exchange Act and with applicable NASDAQ rules. We have posted our Code of Conduct on the “Investor Relations” section of our website at www.englobal.com.

The Board of Directors

Board Size; Meetings of the Board

Our Board currently has five members (its authorized size). During 2010, the Board met 14 times and each director attended at least 75% of the meetings. For information regarding meetings of the committees of our Board, see “Committees of the Board of Directors—Committee Composition and Meetings” below.

Executive Sessions; Lead Director

In 2010, the Company held nine executive sessions of its non-employee directors, Messrs. Gent, Hale and Roussel. Any non-employee director can request that an executive session be scheduled. Mr. Gent has served as the Company’s lead independent director since 2002, and was re-elected to this role in 2011.

Director Independence

The Board has determined that no director has a relationship which, in the opinion of the Board, would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director, and that all current directors, except Mr. Coskey, meet the criteria for independence under NASDAQ rules. The Board has also determined that the members of each of its committees, including the Audit Committee, meet the criteria for membership applicable to each committee under the NASDAQ listing standards and applicable SEC rules and regulations.

Director Attendance at Annual Meetings

All of our directors, except Mr. Hale, attended the 2010 annual meeting and we expect that all directors standing for reelection will attend the 2011 Meeting.

Board Evaluation Process

The Nominating & Corporate Governance Committee conducts an annual evaluation to determine whether the Board, its committees and its members are functioning effectively. The evaluation focuses on the Board's (and each Board committee's and member's) contribution as a whole to us and on areas that the Board, any Board committee, any individual director and/or management believe can be improved.

Director Elections

Directors will be elected by a favorable vote of a plurality of the shares of common stock present, in person or by proxy, at the Meeting and entitled to vote.

Committees of the Board of Directors

Committee Composition and Meetings

Each of our directors attended at least 75% of the total meetings held by all Board committees on which they served in 2010.

Committee	Members	# of Meetings in 2010
Audit Committee	Randall B. Hale (Chairperson) David W. Gent David C. Roussel	6
Compensation Committee	David C. Roussel (Chairperson) David W. Gent Randall B. Hale	7
Nominating & Corporate Governance	David W. Gent (Chairperson) Randall B. Hale	5

Committee David C. Roussel

Summary of Committee Responsibilities

All of our committee charters are available at www.englobal.com.

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Audit Committee

The purposes of the Audit Committee are to oversee:

the quality and integrity of our financial statements;
our compliance with legal and regulatory requirements; and
our independent auditors' qualifications, independence and performance.

In addition, the Audit Committee annually reviews our disclosures regarding deficiencies, if any, in the design or operation of our internal controls.

The Board has determined that Mr. Hale is qualified as an audit committee financial expert under the SEC's rules and regulations. In addition, the Board has determined that each member of the Audit Committee has the requisite accounting and related financial management expertise under NASDAQ rules.

Nominating & Corporate Governance Committee

The purposes of the Nominating & Corporate Governance Committee are to:

assist the Board by identifying individuals qualified to become Board members and recommend to the Board director nominees for election at the annual meetings of stockholders or for appointments to fill vacancies;
recommend to the Board director nominees for each Board committee and advise the Board on the appropriate composition of the Board and its committees;
make an annual report to the Board on succession planning;
advise the Board about and recommend to the Board appropriate corporate governance practices and assist the Board in implementing those practices; and
implement the annual performance review process for the Board and its committees.

In addition, the Nominating & Corporate Governance Committee reviews all relationships each director has with us and reports the results of its review to the Board with appropriate recommendations, if any, for approval.

Compensation Committee

The purposes of the Compensation Committee are to:

review, evaluate and approve our agreements, plans, policies and programs to compensate our officers and directors;
oversee our plans, policies and programs to compensate our employees;
review the Compensation Discussion and Analysis and, based on that review and discussion, determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in our annual report or Proxy Statement for the Meeting;
produce a report for inclusion in our Proxy Statement for the Meeting;
evaluate the performance of our Chief Executive Officer and executives;
set the compensation for our Chief Executive Officer and such other executives as the Compensation Committee deems appropriate and otherwise discharge the Board's responsibilities relating to compensation of our officers and directors; and