

Staffing 360 Solutions, Inc.
Form PRE 14A
October 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

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
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Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under Rule 14a-12
Staffing 360 Solutions, Inc.

(Name of Registrant as Specified in Its Charter)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

641 Lexington Avenue

27th Floor

New York, NY 10022

Dear Stockholder:

You are invited to attend the Annual Meeting of Stockholders (the “Annual Meeting”) of Staffing 360 Solutions, Inc. (the “Company”) on [—], 2017, which will be held at the offices of Citrin Cooperman & Co., LLP, New York, NY 10017, at [—] a.m., local time. Enclosed with this letter are your Notice of Annual Meeting of Stockholders, Proxy Statement, Proxy Voting Card and Fiscal 2016 Annual Report (including the Annual Report on Form 10-K for the fiscal year ended May 31, 2016) (the “2016 Fiscal Annual Report”). The Proxy Statement included with this notice discusses each of our proposals to be considered at the Annual Meeting. Please review our annual report for the year ended May 31, 2016 at [—].

At this year’s meeting, you will be asked to consider and vote upon the following proposals to: (1) elect five directors; (2) approve the change in our corporate domicile from the state of Nevada to the state of Delaware; (3) approve our 2016 Omnibus Incentive Plan; (4) approve our 2016 Long Term Incentive Plan; (5) approve, on a non-binding advisory basis, the executive compensation of our named executive officers as described in this Proxy Statement; (6) vote, on a non-binding advisory basis, on the frequency of stockholder advisory votes on executive compensation; (7) approve the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules in accordance with the Stock Purchase Agreement between our Company and Discover Growth Fund dated June 24, 2016 (the “Discover Purchase Agreement”); (8) approve an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares; and (9) transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Our Board of Directors (the “Board”) has fixed the close of business on [—], 2016 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment and postponements thereof (the “Record Date”).

Accordingly, we urge you to review the accompanying material carefully and to promptly return the enclosed proxy card or voting instruction. On the following pages, we provide answers to frequently asked questions about the Annual Meeting. The Notice, Proxy Statement, and Fiscal 2016 Annual Report are also available at [—].

You are welcome to attend the Annual Meeting in person. Your vote is important. Whether or not you expect to attend the Annual Meeting, you are requested to read the enclosed Proxy Statement and to sign, date and return the accompanying proxy card or voting instruction as soon as possible. This will assure your representation and a quorum for the transaction of business at the meeting.

Thank you for your ongoing support. We hope to see you at the Annual Meeting.

Sincerely,

/s/ Brendan Flood
Brendan Flood
Executive Chairman

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Meeting Date: [—], 2017

To the Stockholders of Staffing 360 Solutions, Inc.:

Notice is hereby given that the 2016 Annual Meeting of Stockholders will be held at the offices of Citrin Cooperman & Co., LLP, New York, NY 10017 on [—], 2017 at [—] a.m. local time. During the Annual Meeting, stockholders will be asked to, as more fully described in the Proxy Statement:

- (1) Elect five (5) directors;
- (2) Approve the change in our corporate domicile from the state of Nevada to the state of Delaware;
- (3) Approve our 2016 Omnibus Incentive Plan;
- (4) Approve our 2016 Long Term Incentive Plan;
- (5) Approve, on a non-binding advisory basis, the executive compensation of our named executive officers;
- (6) Vote, on a non-binding advisory basis, on the frequency of stockholder advisory votes on executive compensation;
- (7) Approve the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules in accordance with the Discover Purchase Agreement;
- (8) Approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares; and
- (9) Transact any other business properly brought before the Annual Meeting or any adjournments thereof.

Proposal No. 1 relates solely to the election of five (5) directors nominated by the Board and does not include any other matters relating to the election of directors, including without limitation, the election of directors nominated by any stockholder of the Company.

The Board has fixed the close of business on [—], 2016 as the record date (the "Record Date") for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof. If you are a stockholder as of the Record Date, you may vote at the meeting. The date of mailing this Notice of Meeting and Proxy Statement is on or about [—], 2016.

For a period of 10 days prior to the Annual Meeting, a stockholders list will be kept at our principal office and shall be available for inspection by stockholders during usual business hours. A stockholders list will also be available for inspection at the Annual Meeting.

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the Annual Meeting, you are requested to read the enclosed Proxy Statement and to sign, date and return the accompanying proxy card or voting instruction card as soon as possible. This will assure your representation and a quorum for the transaction of business at the Annual Meeting. If you attend the Annual Meeting in person, the proxy will not be used if you so request by revoking it as described in the Proxy Statement.

You are entitled to attend the Annual Meeting in person only if you were a stockholder of the Company as of the close of business on the Record Date or hold a valid proxy for the Annual Meeting. You should be prepared to present

photo identification for admittance to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, bank, trustee 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 the Record Date), a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or similar evidence of ownership.

By order of our Board

/s/ Brendan Flood
Brendan Flood
Executive Chairman

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON [—], 2017.

Hard copies of the Company's Proxy Statement and Annual Report to security holders in connection with the Annual Meeting are being mailed to stockholders of record as of the close of business on [—], 2016. The Company's Proxy Statement and Annual Report to security holders are also available at [—].

If you have any questions about accessing materials or voting, please call [—] at [—].

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON [—], 2017

This Proxy Statement is furnished to you by the Board of Directors (the “Board”) of Staffing 360 Solutions, Inc. in connection with the solicitation of proxies for use at the annual meeting of stockholders (the “Annual Meeting”) to be held at the offices of Citrin Cooperman & Co., LLP, New York, NY 10017, on [—], 2017 at [—] a.m., local time, and any adjournments thereof. This Proxy Statement, along with a Notice of the Annual Meeting and either a proxy card or a voting instruction card, are being mailed to our stockholders beginning on or about [—], 2016.

Unless the context otherwise requires, in this proxy statement, we use the terms “Staffing,” “we,” “our,” “us” and the “Company” to refer to Staffing 360 Solutions, Inc. and its subsidiaries.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What am I voting on?

At this year’s Annual Meeting, you will be asked to:

- (1) Elect five (5) directors;
- (2) Approve the change in our corporate domicile from the state of Nevada to the state of Delaware;
- (3) Approve our 2016 Omnibus Incentive Plan;
- (4) Approve our 2016 Long Term Incentive Plan;
- (5) Approve, on a non-binding advisory basis, the executive compensation of our named executive officers;
- (6) Vote, on a non-binding advisory basis, on the frequency of stockholder advisory votes on executive compensation;
- (7) Approve the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules in accordance with the Stock Purchase Agreement between our Company and Discover Growth Fund dated June 24, 2016 (the “Discover Purchase Agreement”);
- (8) Approve an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares; and
- (9) Transact any other business properly brought before the Annual Meeting or any adjournments thereof.

Who is entitled to vote at the Annual Meeting, and how many votes do they have?

Stockholders of record at the close of business on [—], 2016 (the “Record Date”) may vote at the Annual Meeting. Pursuant to the rights of our stockholders contained in our charter documents each share of our Common Stock is entitled to one vote on all matters listed in this proxy statement. There were [—] shares of Common Stock outstanding on the Record Date. Up to 10 days before the Annual Meeting, you may inspect a list of stockholders eligible to vote at our corporate headquarters. In addition, the list of stockholders will be available for viewing by stockholders at the Annual Meeting.

How do I vote?

You may vote over the Internet, by telephone, by mail or in person at the Annual Meeting. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which

you will be responsible.

Vote by Internet. You can vote via the Internet at [—]. You will need to use the control number appearing on your proxy card to vote via the Internet. You can use the Internet to transmit your voting instructions up until 11:59 p.m. Eastern Time on [—], 2017. Internet voting is available 24 hours a day. If you vote via the Internet, you do not need to vote by telephone or return a proxy card.

Vote by Telephone. You can vote by telephone by calling the toll-free telephone number [—]. You will need to use the control number appearing on your proxy card to vote by telephone. You may transmit your voting instructions from any touch-tone telephone

1

up until 11:59 p.m. Eastern Time on [—], 2017. Telephone voting is available 24 hours a day. If you vote by telephone, you do not need to vote over the Internet or return a proxy card.

Vote by Mail. If you received a printed proxy card, you can vote by marking, dating and signing it, and returning it in the postage-paid envelope provided to Staffing 360 Solutions, Inc., c/o [—]. Please promptly mail your proxy card or voting instruction card to ensure that it is received prior to the closing of the polls at the Annual Meeting.

Vote in Person at the Meeting. If you attend the Annual Meeting and plan to vote in person, we will provide you with a ballot at the Annual Meeting. You are entitled to attend the Annual Meeting in person only if you were a stockholder of the Company as of the close of business on the Record Date or hold a valid proxy for the Annual Meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the Annual Meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the Annual Meeting, you will need to bring to the Annual Meeting a legal proxy from your broker or other nominee authorizing you to vote those shares.

You should be prepared to present photo identification for admittance to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, bank, trustee 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 the Record Date), a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or similar evidence of ownership.

If you vote by any of the methods discussed above, you will be designating Brendan Flood, Matthew Briand and David Faiman, as your proxy, and they will vote your shares on your behalf as you indicate.

Submitting a proxy will not affect your right to attend the Annual Meeting and vote in person.

If your shares are held in the name of a bank, broker or other nominee, you will receive separate voting instructions from your bank, broker or other nominee describing how to vote your shares. The availability of Internet voting will depend on the voting process of your bank, broker or other nominee. Please check with your bank, broker or other nominee and follow the voting instructions it provides.

What is a proxy?

A proxy is a person you appoint to vote on your behalf. By using the methods discussed above, you will be appointing Brendan Flood, Matthew Briand and David Faiman as our proxy agent(s) as your proxy. The proxy agent will vote on your behalf, and will have the authority to appoint a substitute to act as proxy. If you are unable to attend the Annual Meeting, please vote by proxy so that your shares of Common Stock may be voted.

How will my proxy vote my shares?

If you are a stockholder of record, your proxy will vote according to your instructions. If you choose to vote by mail and complete and return the enclosed proxy card but do not indicate your vote, your proxy will vote

- “FOR” the election of the nominated slate of directors (see Proposal 1);
- “FOR” the approval of the change in our corporate domicile from the state of Nevada to the state of Delaware (see Proposal 2);
- “FOR” the approval of our 2016 Omnibus Incentive Plan (see Proposal 3);

- “FOR” the approval of our 2016 Long Term Incentive Plan (see Proposal 4);
- “FOR” the approval, on a non-binding advisory basis, the executive compensation of our named executive (see Proposal 5);
- “FOR” the approval of an advisory vote on executive compensation to be held every “THREE YEARS” (see Proposal 6);
- “FOR” the approval of the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules in accordance with the Discover Purchase Agreement (see Proposal 7); and
- “FOR” the approval of an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares (see Proposal 8).

2

We do not intend to bring any other matter for a vote at the Annual Meeting, and we do not know of anyone else who intends to do so. Your proxies are authorized to vote on your behalf, however, using their best judgment, on any other business that properly comes before the Annual Meeting.

If your shares are held in the name of a bank, broker or other nominee, you will receive separate voting instructions from your bank, broker or other nominee describing how to vote your shares. The availability of Internet voting will depend on the voting process of your bank, broker or other nominee. Please check with your bank, broker or other nominee and follow the voting instructions your bank, broker or other nominee provides.

You should instruct your bank, broker or other nominee how to vote your shares. If you do not give voting instructions to the bank, broker or other nominee, the bank, broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters but do not have discretion to vote on non-routine matters like the election of directors and executive compensation matters. Under the regulations applicable to New York Stock Exchange member brokerage firms (many of whom are the record holders of shares of our Common Stock), the uncontested election of directors is no longer considered a routine matter. Matters related to executive compensation, redomestication, amendments to our organizational documents and equity incentive plans are also not considered routine. As a result, if you are a beneficial owner and hold your shares in street name, but do not give your broker or other nominee instructions on how to vote your shares with respect to these matters, votes may not be cast on your behalf. If your bank, broker or other nominee indicates on its proxy card that it does not have discretionary authority to vote on a particular proposal, your shares will be considered to be “broker non-votes” with regard to that matter. Broker non-votes will be counted as present for purposes of determining whether enough votes are present to hold our Annual Meeting, but a broker non-vote will not otherwise affect the outcome of a vote on a proposal that requires a majority of the votes cast. With respect to a proposal that requires a favorable vote of a majority of the outstanding shares, a broker non-vote has the same effect as a vote against the proposal.

How do I change my vote?

If you are a stockholder of record, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

- ◆ Notifying our corporate Secretary, David Faiman, in writing at 641 Lexington Avenue, 27th Floor, New York, New York 10022, that you are revoking your proxy before the closing of the polls;
- ◆ Submitting a proxy at a later date via the Internet, or by signing and delivering a proxy card relating to the same shares and bearing a later date than the date of the previous proxy prior to the vote at the Annual Meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or
- ◆ Attending and voting by ballot at the Annual Meeting.

If your shares are held in the name of a bank, broker or other nominee, you should check with your bank, broker or other nominee and follow the voting instructions provided. Attendance at the Annual Meeting alone will not revoke your proxy.

What constitutes a quorum?

The holders of a majority of the Company’s eligible votes as of the record date, either present or represented by proxy, constitute a quorum. A quorum is necessary in order to conduct the Annual Meeting. If you choose to have your shares represented by proxy at the Annual Meeting, you will be considered part of the quorum. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. If a quorum is not present at the Annual Meeting, the stockholders present in person or by proxy may adjourn the meeting to a later date. If an adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the

adjourned meeting, we will provide notice of the adjourned meeting to each stockholder of record entitled to vote at the meeting.

What vote is required to approve each proposal?

Election of Directors. For Proposal 1, the election of directors, the nominees will be elected by an affirmative vote of the majority of the votes cast in person or represented by proxy, provided that a quorum is present at the Meeting. You may choose to vote "FOR", "AGAINST" or "ABSTAIN" separately for each nominee. A properly executed proxy or voting instructions marked "ABSTAIN" will be counted for the purposes of determining whether there is a quorum.

The change in the Company's domicile from the state of Nevada to the state of Delaware. For Proposal 2 (the "Reincorporation Proposal"), the affirmative vote of holders of a majority of the shares of the Company's Common Stock outstanding as of the record date is required to approve the Agreement and Plan of Merger. In addition, the principal terms of the Agreement and Plan of Merger

have been approved by the Board and sole stockholder of the entity created to conduct such a merger, Staffing 360 Solutions, Inc., a Delaware corporation (“Staffing (Delaware)”). Because the vote is based on the total number of shares outstanding rather than the votes cast at the Annual Meeting, your failure to vote or voting “ABSTAIN” on the Agreement and Plan of Merger has the same effect as a vote against the Reincorporation. We expect that the directors and executive officers will vote all their shares in favor of the Reincorporation.

Approval of the Company’s 2016 Omnibus Incentive Plan. For Proposal 3, the approval of the 2016 Omnibus Incentive Plan will require an affirmative vote of the majority of the votes cast in person or by proxy, provided that a quorum is present at the Annual Meeting. Therefore, abstentions and broker non-votes will have no effect on the vote to adopt the 2016 Omnibus Incentive Plan.

Approval of the Company’s 2016 Long Term Incentive Plan. For Proposal 4, the approval of the 2016 Long Term Incentive Plan will require an affirmative vote of the majority of the votes cast in person or by proxy, provided that a quorum is present at the Meeting. Therefore, abstentions and broker non-votes will have no effect on the vote to adopt the 2016 Long Term Incentive Plan.

Non-Binding Advisory Vote to approve Executive Compensation. For Proposal 5, the compensation awarded to our named executive officers requires the affirmative vote of a majority of the votes cast at the Annual Meeting by the holders of shares of Common Stock entitled to vote, provided that a quorum is present at the Meeting. Therefore, abstentions and broker non-votes will have no effect on the non-binding advisory vote to approve the compensation awarded to our named executive officers.

Non-Binding Advisory Vote to approve frequency of advisory votes on Executive Compensation. For Proposal 6, a stockholder may vote for 1, 2 or 3 years, or may abstain, and the Company will take into consideration the votes cast. Abstentions and broker non-votes will have no effect on the non-binding advisory vote to approve the frequency of non-binding advisory votes on executive compensation.

Approval of the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules. For Proposal 7, provided that a quorum is present at the Annual Meeting, the affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against the proposal, in order for the proposal to be approved.

Approval of an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares. For Proposal 8, the affirmative vote of holders of a majority of the shares of the Company’s Common Stock outstanding as of the record date is required to approve the amendment to our Certificate of Incorporation. Because the vote is based on the total number of shares outstanding rather than the votes cast at the Annual Meeting, your failure to vote on the has the same effect as a vote against Proposal 8.

Other Proposals. Any other proposal that might properly come before the meeting will require the affirmative vote of the holders of shares of Common Stock entitled to vote to exceed the votes cast against the proposal for the proposal to be approved, except when a different vote is required by law, our certificate of incorporation or our Bylaws. On any such proposal, abstentions will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast.

Abstentions and broker non-votes with respect to any matter will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of voting with respect to any of the proposals.

Who is soliciting proxies, how are they being solicited, and who pays the cost?

We, on behalf of our Board, through our directors, officers, and employees, are soliciting proxies primarily by mail. In addition, we have engaged Morrow & Co., at an approximate cost of \$7,500, to solicit proxies on behalf of our Board. Proxies may also be solicited in person, by telephone, or facsimile. We will pay the cost of soliciting proxies. We will also reimburse stockbrokers and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of our Common Stock.

How many shares of Common Stock and Preferred Stock are outstanding?

As of October 25, 2016, 9,886,845 shares of Common Stock are outstanding, 1,663,008 shares of Series A Preferred Stock are outstanding and 93.29 shares of Series D Preferred Stock are outstanding. On September 27, 2016, the Board recommended that 790,000 shares of Common Stock, to be issued to management, directors and employees be submitted to stockholders for approval at the Annual Meeting under the equity plans to be voted on in Proposals 3 and 4. The shares were issued erroneously. The Company is

4

currently processing their retraction. However, the share count, as of the date of the filing of this proxy statement, includes such shares of Common Stock.

Why is the Company electing to reincorporate from the state of Nevada to the state of Delaware?

The Board believes that the Reincorporation in Delaware will give the Company a greater measure of flexibility in corporate governance than is currently available under Nevada law, and will help the Company attract and retain its directors and officers. The Company's Board also believes Delaware's corporate laws are generally more modern, flexible, highly developed and more predictable than Nevada's corporate laws. Delaware corporate laws are also periodically revised to be responsive to the changing legal and business needs of corporations. For this reason, many public corporations have initially incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to that proposed by the Company. The principal reasons for the Reincorporation are described in greater detail in Proposal 2 under the heading "Principal Reasons for the Reincorporation."

Will the Company change its name as a result of the Reincorporation?

No. The Company will retain the name "Staffing 360 Solutions, Inc." but will be incorporated under the laws of the state of Delaware.

Will the Reincorporation change the business of Staffing?

No. The Reincorporation will not change the current business of the Company. Following the Reincorporation, Staffing will continue to operate in the staffing sector. Only the Company's state of incorporation will change.

Will Staffing have the same directors and executive officers that the Company currently has following the Reincorporation?

Yes. The executive officers and members of the Board will not change as a result of the Reincorporation.

Who Are the Parties to the Reincorporation?

Staffing 360 Solutions, Inc., a Nevada Corporation

Staffing was incorporated in the State of Nevada on December 22, 2009, as Golden Fork Corporation ("Golden Fork"), which changed its name to Staffing 360 Solutions, Inc., trading symbol "STAF", on March 16, 2012. On July 31, 2012, the Company commenced operations in the staffing sector.

Staffing 360 Solutions, Inc., a Delaware Corporation

Staffing (Delaware) presently has no operating history and has nominal assets, liabilities and capitalization. The principal place of business of each of Staffing and Staffing (Delaware) is located at 641 Lexington Avenue, 27th Floor, New York, NY 10022. The telephone number for each of Staffing and Staffing (Delaware) is (212) 634-6462.

What are the Principal Terms of the Reincorporation?

Pursuant to the Reincorporation Agreement:

- Staffing will merge with and into Staffing (Delaware), with Staffing (Delaware) as the surviving corporation;
- The obligations of Staffing will become the obligations of Staffing (Delaware);

- The separate corporate existence of Staffing in Nevada will cease upon the effectiveness of the merger;
- The business of Staffing will continue unaffected and unimpaired by the Reincorporation;
- Each outstanding share of Staffing Common Stock will automatically be converted into one share of Staffing (Delaware) Common Stock;
- Each outstanding share of Staffing preferred stock will automatically become one share of Staffing (Delaware) preferred stock at the same conversion price;
- Each Staffing warrant will become a right to purchase the same number of shares of Staffing (Delaware);
- Staffing (Delaware) will assume Staffing's stock option plans as well as its other employee incentive plans;

5

- The existing holders of Staffing Common Stock will own all of the outstanding shares of Staffing (Delaware) Common Stock and no change in ownership will result from the Reincorporation;
 - Staffing (Delaware) Common Stock will continue to be traded on the Nasdaq Global Select Market under the symbol “STAF,” the current symbol of the Company;
 - The directors of Staffing will be placed into three separate classes in Staffing (Delaware); and
 - The directors and executive officers of Staffing will be the directors and executive officers of Staffing (Delaware).
- When is the Reincorporation Expected to be completed?

Staffing expects that the Reincorporation will close promptly after the approval at the Annual Meeting.

What if the principal terms of the merger agreement are not approved by Staffing’s shareholders?

The merger and Reincorporation transaction will not occur, you will continue to hold shares of Staffing’s Common Stock and Staffing will continue to be incorporated in the State of Nevada.

Does the Reincorporation affect my ownership or percent of ownership in the Company?

No. Upon consummation of the merger effecting the Reincorporation, each outstanding share of Staffing Common Stock will automatically be converted into one share of Common Stock of the surviving corporation in the merger, Staffing (Delaware), the shares of Staffing (Delaware) Common Stock held by Staffing will be cancelled, and no additional shares will be issued in the merger. Therefore, the number of shares and the percentage of ownership you hold in the Company will not be changed by virtue of the Reincorporation.

How does the Board recommend that I vote?

Staffing’s Board has unanimously approved the principal terms of the Agreement and Plan of Merger and Reincorporation and recommends that you vote your shares “FOR” approval of the Reincorporation Proposal.

Why is the Company proposing to amend its Certificate of Incorporation to increase the number of authorized shares of Common Stock?

From time to time the Company has used its Common Stock to, among other things, financings, engage in strategic transactions and compensate its employees. The Company may wish to use its Common Stock in a similar manner in the future, and increasing the number of authorized shares will ensure that the Company can take advantage of any strategic opportunities.

What are the recommendations of our Board?

The recommendations of our Board are set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote:

- FOR the election of the five nominated directors (see Proposal 1);
- FOR the change in our corporate domicile from the state of Nevada to the state of Delaware (see Proposal 2);
- FOR the approval of the Staffing 360 Solutions, Inc. 2016 Omnibus Incentive Plan (see Proposal 3);
- FOR the approval of the Staffing 360 Solutions, Inc. 2016 Long Term Incentive Plan (see Proposal 4);
- FOR the approval, on a non-binding advisory basis, the executive compensation of our named executive officers as described in this proxy statement (see Proposal 5);
- FOR the approval, on a non-binding advisory basis, that stockholder advisory votes on executive compensation be held every three years (see Proposal 6);

FOR the approval of the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules in accordance with the Discover Purchase Agreement. (see Proposal 7); and

6

- FOR the approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares (see Proposal 8).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

If you sign and return your proxy card but do not specify how you want to vote your shares, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

GOVERNANCE OF THE COMPANY

Our business, property and affairs are managed by, or under the direction of, our Board, in accordance with the Nevada Revised Statutes and our Bylaws. Members of the Board are kept informed of our business through discussions with the Chief Executive Officer ("CEO") and other key members of management, by reviewing materials provided to them by management, and by participating in meetings of the Board and its committees comprised of certain directors.

Stockholders may communicate with the members of the Board, either individually or collectively, or with any independent directors as a group by writing to the Board at 641 Lexington Avenue, 27th Floor, New York NY 10022. These communications will be reviewed by the office of the corporate Secretary who, depending on the subject matter, will (a) forward the communication to the director or directors to whom it is addressed or who is responsible for the topic matter, (b) attempt to address the inquiry directly (for example, where it is a request for publicly available information or a stock related matter that does not require the attention of a director), or (c) not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic. At each meeting of the Board, the corporate Secretary presents a summary of communications received and will make those communications available to any director upon request.

Independence of Directors

In determining the independence of our directors, the Board applied the definition of "independent director" provided under the listing rules of The Nasdaq Stock Market LLC ("Nasdaq"). After considering all relevant facts and circumstances, the Board has determined that Messrs. Dimitri Villard, Nicholas Florio and Jeff Grout, each of whom are now serving on the Board and are continuing to serve their terms, are each independent within the definition of independence under the Nasdaq rules. Brendan Flood and Matthew Briand are not independent directors. If all five director candidates nominated director positions are elected at the Annual Meeting, our Board will consist of a majority of three independent directors out of a total of five directors on our Board.

Board Meetings; Annual Meeting Attendance

For the fiscal year ended May 31, 2016, the Board met 12 times. Each director attended at least 75% of the total number of meetings of the Board and each committee on which the director served. Directors are encouraged, but are not required, to attend our Annual Meeting of Stockholders. This is our Company's first annual meeting of stockholders since our shares of Common Stock have been listed The Nasdaq Capital Market.

Board Committees

Our Board currently has three standing committees: Audit Committee, Nominating and Corporate Governance Committee, and a Compensation Committee, each of which is described below. All standing committees operate under a charter that has been approved by the Board. Copies of the charters of the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee can be found on our Internet

site <http://www.staffing360solutions.com/gov.html>.

Audit Committee. On April 30, 2014, the registrant designated an Audit Committee. The Audit Committee is composed of Messrs. Nicholas Florio (Chairman), Dimitri Villard and Jeff Grout. Each member of our Audit Committee is an independent director under current Nasdaq rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We believe that each of the members of the Audit Committee is financially sophisticated and is able to read and understand our financial statements. Our Board has determined that Mr. Nicholas Florio qualifies as an Audit Committee "financial expert" as defined in Item 407(d)(5) of Regulation S-K. The Audit Committee formally met two times during the fiscal year ended May 31, 2016. The purpose of the Audit Committee is to assist the Board in its oversight of: (1) the integrity of the Company's financial reporting and systems of internal accounting control, (2) the independence, qualifications and performance of the Company's independent registered public accounting firm, and (3) the Company's compliance with legal and regulatory requirements.

7

Our Audit Committee's primary responsibilities and obligations are to:

- Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor and establish policies and procedures for the engagement of the independent auditor to provide auditing and permitted non-audit services;
- Review the annual audited financial statements with management and the independent auditor, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Appoint, compensate, retain and oversee the work of the independent auditor;
- Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to filing the Form 10-Q, including the results of the independent auditor's review of them and the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Review and discuss with management the Company's quarterly earnings announcements and other public announcements regarding the Company's results of operations;
- Prepare any report required to be prepared by it for inclusion in the Company's proxy statement under SEC rules and regulations;
- Review and approve all related party transactions;
- Review major changes to the Company's accounting and auditing principles and practices as suggested by management or the independent auditor; and
- Obtain and review, at least annually, a report by the independent auditor describing the independent auditor's internal quality-control procedures.

Compensation Committee. On April 30, 2014, the Company designated a Compensation Committee. Our Compensation Committee is composed of Messrs. Jeff Grout (Chairman) and Dimitri Villard. Pursuant to its charter, the Compensation Committee shall be comprised of at least two (2) "independent" members of the Board who shall also satisfy such other criteria imposed on members of the Compensation Committee pursuant to the federal securities laws and the rules and regulations of the SEC and Nasdaq. With regards to the Compensation Committee, the term "independent" refers to a member of the Compensation Committee who (i) meets the definition of "independence" under the rules and regulations of the SEC and Nasdaq, (ii) is a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act and (iii) is an "outside director" under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended. Each member of our Compensation Committee qualifies as "independent" under these definitions. The Compensation Committee formally met three times during the fiscal year ended May 31, 2016.

Our Compensation Committee's primary responsibilities and obligations are to:

- Determine, in executive session, the compensation for the Company's Executive Chairman and CEO;
- Review and determine the compensation of the executive officers of the Company other than the Executive Chairman and CEO based upon the recommendation of the Executive Chairman and CEO and such other customary factors that the Committee deems necessary or appropriate;
- Recommend awards and/or bonuses to be granted to executive officers of the Company under the Company's equity plans and other compensation or benefit plans or policies as approved by the Board or the committee;
- Approve the overall amount or percentage of plan and/or bonus awards to be granted to all Company employees and delegate to the Company's executive management the right and power to specifically grant such awards to each Company employee within the aggregate limits and parameters set by the committee;
- Review and evaluate the performance of the Executive Chairman and CEO and the other executive officers of the Company;
- Review and approve the design of other benefit plans pertaining to executives and employees of the Company; and
- Approve such reports on compensation as are necessary for filing with the SEC and other government bodies.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee was formed on April 30, 2014. The Nominating and Corporate Governance Committee is composed of Messrs. Dimitri Villard (Chairman), Nicholas Florio and Jeff Grout. The Nominating and Corporate Governance Committee shall be comprised of at least two (2) "independent" members of the Board as defined by the rules and regulations of the SEC and Nasdaq. All current members of the Nominating and Corporate Governance Committee are independent within this definition. The Nominating and Corporate Governance Committee is charged with

the responsibility of reviewing our corporate governance policies and with proposing potential director nominees to the Board for consideration. The Nominating and Corporate Governance Committee formally met three times during fiscal year ended May 31, 2016. The Nominating and Corporate Governance Committee will consider director nominees recommended by security holders. To recommend a nominee please write to the Nominating and Corporate Governance Committee c/o Dimitri Villard, Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, New York 10022.

Our Nominating and Governance Committee's primary responsibilities and obligations are to:

- Recommend to the Board candidates for election or reelection to the Board at each annual meeting of stockholders of the Company or any other meeting of Company stockholders where the election of a class of directors is to be considered;
- Consider stockholders' nominees in accordance with applicable rules and regulations and develop procedures regarding the nomination process as required by the federal securities laws and the rules and regulations of the SEC and Nasdaq;
- Make recommendations to the Board concerning the selection criteria to be used by the Committee in seeking nominees for election to the Board;
- Aid in attracting qualified candidates to serve on the Board and interview and otherwise assist in the screening of such candidates;
- Evaluate and make recommendations to the Board concerning the structure, composition and functioning of the Board and all Board committees;
- Develop and recommend to the Board from time to time corporate governance guidelines applicable to the Company. The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of such guidelines and recommend and propose changes to the Board for approval;
- Review any issues relating to conflicts of interests and (in conjunction with the Audit Committee of the Board as necessary or appropriate) all related party transactions in accordance with SEC and Nasdaq requirements, and report the same to the Board;
- Review and recommend changes to Board meeting procedures; and
- Monitor any requests made by the directors to engage outside advisors with respect to corporate governance issues, at the Company's expense.

Policy with Regard to Stockholder Recommendations

The policy of our Nominating and Corporate Governance Committee is to consider properly submitted recommendations for candidates to the Board from stockholders. Any stockholder recommendations for consideration by the Nominating and Corporate Governance Committee should include the candidate's name, biographical information, information regarding any relationships between the candidate and the Company within the last three years, a description of all arrangements between the candidate and the recommending stockholder and any other person pursuant to which the candidate is being recommended, a written indication of the candidate's willingness to serve on the Board, any other information required to be provided under securities laws and regulations, and a written indication to provide such other information as the Nominating and Corporate Governance Committee may reasonably request. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or otherwise. Stockholder recommendations to the Board should be sent to:

Staffing 360 Solutions, Inc.

641 Lexington Avenue

27th Floor

New York, NY 10022

Attention: Secretary

In addition, our bylaws permit stockholders to nominate directors for consideration at an Annual Meeting of Stockholders. The exclusive means by which a stockholder may nominate a director shall be by delivery of a notice to the Secretary, not less than sixty (60) days prior to the date of an Annual Meeting, setting forth: (a) the name, age, business address and the primary legal residence address of each nominee proposed in such notice, (b) the principal occupation or employment of such nominee, (c) the number of shares of capital stock of the Company which are owned directly or indirectly of record and directly or indirectly beneficially owned by the nominee and each of its affiliates (within the meaning of Rule 144), including any shares of the Company owned or controlled via derivatives, hedged positions and other economic and voting mechanisms, (d) any material agreements, understandings or relationships, including financial transactions and compensation, between the nominating stockholder and the proposed nominees and

9

(d) such other information concerning each such nominee as would be required, under the rules of the SEC, in a proxy statement soliciting proxies in a contested election of such nominees. Such notice shall include a signed consent of each such nominee to serve as a director of the Company, if elected. In addition, any stockholder nominee, to be validly nominated, shall submit to the Secretary the questionnaire required pursuant to Section 2.6.3 of the bylaws. A stockholder intending to nominate one or more candidates for election as directors must comply with the advance notice bylaw provisions specifically applicable to the nomination of candidates for election as directors for such nomination to be properly brought before the meeting.

Director Qualifications and Diversity

The Board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. Candidates should have substantial experience with one or more publicly traded companies or should have achieved a high level of distinction in their chosen fields. The Board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in the staffing and human resources industry, early-stage companies, strategic planning, business development, compensation, finance, accounting and banking.

In evaluating nominations to the Board, the Nominating and Corporate Governance Committee also looks for certain personal attributes, such as integrity, ability and willingness to apply sound and independent business judgment, comprehensive understanding of a director's role in corporate governance, availability for meetings and consultation on Company matters, and the willingness to assume and carry out fiduciary responsibilities. The Nominating and Corporate Governance Committee took these specifications into account in formulating and re-nominating its present Board members.

The current director candidates were recommended by management and nominated by the full Board.

Code of Ethical Conduct

We have adopted a code of ethics that applies to our executive officers, directors, employees and our subsidiaries. We posted our code of ethics on our web site at www.staffing360solutions.com. In the event that we make any amendments to, or grant any waivers of, a provision of our Code of Ethical Conduct that applies to the principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor in a Form 8-K or in our next periodic report.

Conflicts of Interest

Members of our management are associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of our Company. Although the officers and directors are engaged in other business activities, we anticipate they will devote an important amount of time to our affairs.

Our officers and directors are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to ours. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, we do not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

Our officers and directors are, so long as they are our officers or directors, subject to the restriction that all opportunities contemplated by our plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to us and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If we or the companies with which the officers and directors are affiliated both desire to take advantage of an opportunity, then said officers and directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if we should decline to do so. Except as set forth above, we have not adopted any other conflict of interest policy with respect to such transactions.

Board Leadership Structure and Risk Oversight

Our Chairman of the Board (the “Chairman”), who is a different individual from our CEO, presides at all meetings of the Board. The Chairman is appointed on an annual basis by majority vote of the directors, excluding the vote of the appointee.

Enterprise risks are identified and prioritized by management and each prioritized risk is assigned to a Board committee or the full Board for oversight as follows:

Full Board – Risks and exposures associated with strategic, financial and execution risks and other current matters that may present material risk to our operations, plans, prospects or reputation.

Audit Committee – Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines and credit and liquidity matters.

Nominating and Corporate Governance Committee – Risks and exposures relating to corporate governance and management and director succession planning.

Compensation Committee – Risks and exposures associated with leadership assessment, and compensation programs and arrangements, including incentive plans.

Review, Approval or Ratification of Transactions with Related Persons

The Board or a committee of the Board reviews issues involving potential conflicts of interest, and reviews and approves all related party transactions, including those required to be disclosed as a “related party” transaction under applicable federal securities laws. The Board has not adopted any specific procedures for conducting reviews of potential conflicts of interest and considers each transaction in light of the specific facts and circumstances presented. However, to the extent a potential related party transaction is presented to the Board, the Company expects that the Board would become fully informed regarding the potential transaction and the interests of the related party, and would have the opportunity to deliberate outside of the presence of the related party. The Company expects that the Board would only approve a related party transaction that was in the best interests of, and fair to, the Company, and further would seek to ensure that any completed related party transaction was on terms no less favorable to the Company than could be obtained in a transaction with an unaffiliated third party.

Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of the Forms 3, 4 and 5 and amendments thereto furnished to the Company during its most recent fiscal year, the following directors, officers and persons beneficially owning greater than 10% of the Company’s equity securities failed to timely file reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal years.

Brendan Flood and Matthew Briand failed to timely file their Form 4 upon the exchange of warrants for Common Stock. David Faiman failed to timely file his Form 3 upon becoming an officer and his Form 4 upon the issuance of shares relating to his employment with the Company. The number of Forms 3, 4 and 5 and the number of transaction that were not filed timely are as follows: Brendan Flood (1 form, 1 transaction); Matthew Briand (1 form, 1 transaction); David Faiman (2 forms, 1 transaction).

As of May 31, 2016, the Company believes that all historical and current Section 16(a) filings have now been filed with the Securities Exchange Commission.

PROPOSAL 1 — ELECTION OF DIRECTORS

Nominees for Election

On October 25, 2016 the Board met and determined it was in the best interest of the Company to authorize the nomination of each of Brendan Flood, Matthew Briand, Dimitri Villard, Nicholas Florio and Jeff Grout for a new term. Under the Company's Certificate of Incorporation and Bylaws, each director will be elected until the next year's annual meeting of stockholders and until his or her successor shall be elected and qualified, unless sooner displaced. If any nominee is unable to stand for election, which circumstance we do not anticipate, the Board may provide for a lesser number of directors or designate a substitute. In the latter event, shares represented by proxies may be voted for a substitute nominee.

If Proposal 2 is approved, then the Board will be divided into three classes of directors and the entire slate of directors will no longer be elected annually. For more information about the classified Board, see Proposal 2.

If a quorum is present at the Annual Meeting, then nominees will be elected by a majority of the votes cast in person or represented by proxy and entitled to vote at the meeting. There is no cumulative voting in the election of directors.

The following biographical information is furnished as to each nominee for election as a director:

Brendan Flood, Executive Chairman and Director. Mr. Flood has been the Executive Chairman and a director of the Company since January 7, 2014. Mr. Flood joined the company upon the sale of his business, Initio, where he was the Chairman and Chief Executive Officer, to the Company on January 3, 2014. He acquired Initio as part of a management buy-out, which he led, in January 2010. Prior to Initio, Mr. Flood worked in several staffing companies including Hudson Global Resources Inc. which he brought to the Nasdaq National Market on April 1, 2003, as a spin-off from Monsterworldwide Inc. His experience while at Monsterworldwide included many M&A transactions, operational management in both London and New York, and various senior financial roles. Mr. Flood graduated from Dublin City University in Ireland with a Bachelor of Arts Degree in Accounting and Finance. Mr. Flood's strong financial background and years of experience at major staffing firms like Monsterworldwide and Hudson Global Resources qualifies him to be the Executive Chairman and a director given the Company's core business in the staffing industry.

Matthew Briand, Chief Executive Officer, President and Director. Mr. Briand has been the Chief Executive Officer and a director of the Company since January 7, 2014, and became President of the Company effective January 1, 2015. Mr. Briand joined the Company as part of the sale of Initio to the Company. Within Initio Mr. Briand was the CEO of Monroe which was the material part of the Initio business. He has been in the staffing industry for 19 years and was appointed as the CEO of Monroe in January 2009. Between 2009 and 2013, he led an organic build of Monroe of approximately 200%. Mr. Briand is a graduate of Plymouth State University in New Hampshire. Mr. Briand's 19 years of extensive staffing industry experience and leadership as CEO of Monroe, the Company's largest subsidiary, qualifies him to be the Chief Executive Officer and a director given the Company's staffing industry focus.

Dimitri Villard, Director. Dimitri Villard has been a director of the Company since July 2012. Mr. Villard was Chairman and Chief Executive Officer of Peer Media Technologies, Inc., a public company Internet technology business, from February 2009 to December 2012. Peer Media Technologies, Inc. changed its name from ARTISTdirect, Inc. in May 2010. Prior to that, Mr. Villard served as Interim Chief Executive officer since March 6, 2008 and as a director since January 2005 until 2012. Mr. Villard has also served as President and a director of Pivotal BioSciences, Inc., a biotechnology company, since September 1998 to present. In addition, since January 1982 to present, he has served as President and director of Byzantine Productions, Inc. Previously, Mr. Villard was a director at the investment banking firm of SG Cowen and affiliated entities, a position he held from January 1997 to July 1999.

From 2004 to 2008, Mr. Villard served as Chairman of the Board of Dax Solutions, Inc., an entertainment industry digital asset management venture, and from July 2012 until September 2013, was a member of the board of directors of The Grilled Cheese Truck Company, a public company. He is also a member of the Executive Committee of the Los Angeles chapter of the Tech Coast Angels, a private venture capital group. Mr. Villard received a B.A. from Harvard University and a Master of Science degree from China International Medical University. He is the Chairman of the Company's Nominations and Corporate Governance Committee and also serves on the Compensation Committee and the Audit Committee. Mr. Villard's experience as an officer and/or director of several public companies, as well as an investment banker, qualifies him to be a director of the Company.

Jeff Grout, Director. Jeff Grout has been a director of the Company since February 2014. He is a successful business speaker, consultant and coach. His clients include Amazon, Deloitte, LinkedIn, British Airways, Barclays, Ernst & Young, Virgin, etc. Listed in the '100 Best Business Speakers in Britain', Jeff Grout is in considerable demand as a motivational business speaker, conference chairman and interviewer. Formerly U.K. Managing Director of Robert Half International, a leading international recruitment consultancy, and Business Manager to Sir Clive Woodward, Head Coach of the England Rugby Team, Mr. Grout is now an independent business consultant specializing in leadership, people management, team building, peak performance, recruitment and retention issues. He has spoken at Henley Business School, Ashridge Management College, Cardiff Business School and the Danish

Centre for Leadership. He holds a number of corporate advisory and executive coaching appointments and is also a successful business author. Jeff has written books on leadership, recruitment, career success, the psychology of peak performance and his father's first murder case. His eighth book entitled 'What You Need to Know about Leadership' was published in May 2011. Mr. Grout holds a Bachelor of Science (Economics) Degree from the London School of Economics and Political Science. Mr. Grout brings valuable Operational experience within the Staffing industry having grown the U.K. business of Robert Half International from \$1 million to \$100 million in sales and from 12 to 365 employees. He also identified and integrated a number of acquisitions of staffing businesses in the U.K. and continental Europe. He is the Chairman of the Company's Compensation Committee and also serves on the Nominating and Corporate Governance Committee. Mr. Grout's extensive staffing industry experience, including his role as former Managing Director of Robert Half International, qualifies him to be a director of the Company.

Nicholas Florio, Director. Nicholas Florio has been a director of the Company since May 2014. Mr. Florio provides business consulting and financial advice to a variety of closely held private businesses. He is an audit and accounting partner for Citrin Cooperman & Company, LLP and is located in the firm's New York City office. Mr. Florio has been with Citrin Cooperman & Company, LLP for over 23 years. With over 25 years of experience in the staffing and employment arena, Mr. Florio serves as the Practice Leader of the firm's Employment and Staffing area. Mr. Florio's experience in this area includes providing advice on corporate structuring; design of stock incentive and deferred compensation plans; merger and acquisition due diligence and consulting; among general business and tax advice. He is also a current member of the board of directors of both the New York Staffing Association ("NYSA") and New Jersey Staffing Association ("NJSA") and has been the President of the Industry Partner Group of NYSA for over 15 years. Mr. Florio is also a long-standing member of the Citrin Cooperman's Executive Committee. A graduate of Pace University, Mr. Florio is a member of the New York State Society of Certified Public Accountants ("NYSSCPA") as well as the American Institute of CPAs ("AICPA"). He is the Chairman of the Company's Audit Committee and also serves on the Nominating and Corporate Governance Committee. Mr. Florio's acute knowledge of financial and accounting matters, with a particular emphasis in the staffing industry through his role as audit and accounting partner for Citrin Cooperman, qualifies him to be a director of the Company.

Director Compensation Table

Name	Year	Fiscal Fees Earned or paid in cash (\$)(1)	Stock Awards	Option Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and		Total (\$)
						Nonqualified Deferred Compensation	All Other	
Dimitri Villard (1)	2016	\$ 50,000	\$ 178,646	\$ 1,438	—	—	—	\$ 230,084
Jeff Grout (2)	2016	\$ 50,000	\$ 178,646	\$ 1,438	—	—	—	\$ 230,084
Nicholas Florio (3)	2016	\$ 50,000	\$ 173,871	\$ 1,438	—	—	—	\$ 225,309

The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718 which requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. A nonemployee who sits on the board of directors and is compensated by the Company solely for the individual's role as a director will be treated as an employee under ASC 718.

- (1) Dimitri Villard. As a member of our Board, Mr. Villard receives an annual payment of \$30,000, payable \$2,500 per month. In addition, for his service as a member of the Board, Mr. Villard receives 250 shares of restricted common stock per month. In May, 2014, Mr. Villard was named the Chairman of the Corporate Governance and Nominating Committee. For his service as Chairman of the Corporate Governance and Nominating Committee, Mr. Villard receives an annual payment of \$20,000, payable \$1,667 per month. In addition, Mr. Villard receives 83 shares of restricted common stock per month (1,000 shares annually). In addition, in May 2014, Mr. Villard was named as a member of the Audit Committee and the Compensation Committee. For his service as a member of the Audit Committee and Compensation Committee, Mr. Villard receives 83 shares of restricted common stock per month (1,000 shares annually) for each committee. For fiscal 2016, for his services as Board and member of three committees, Mr. Villard was paid cash totaling \$50,000 and received 6,000 shares valued at \$28,649. In October 2015, Mr. Villard also received a one-time grant of 30,000 shares of Common Stock valued at \$149,997 in relation to the Company's uplisting to Nasdaq. In addition to Mr. Villard's compensation and pursuant to the Company's 2015 Equity Plan, the Company granted Mr. Villard 25,000 options in 2015. 20% of the options granted vest immediately and 20% vest on an annual basis thereafter. The options are exercisable for a term of 10 years from the date of issuance. The fair value of the stock options were estimated at the date of grant using the Black-Scholes options pricing model. The Company used the assumptions as stated in footnote 11 of the May 31, 2016 financial statements to determine the fair value of the options. For the year ended May 31, 2016, 5,000 options vested for a total value of \$1,438.
- (2) Jeff Grout. As a member of our Board, Mr. Grout receives an annual payment of \$30,000, payable \$2,500 per month. In addition, for his service as a member of the Board, Mr. Grout receives 250 shares of restricted common stock per month. In

February, 2014, Mr. Grout was named the Chairman of the Compensation Committee. For his service as Chairman of the Compensation Committee, Mr. Grout receives an annual payment of \$20,000, payable \$1,667 per month. Mr. Grout also receives 83 shares of restricted common stock per month (1,000 shares annually). Mr. Grout was also named as a member of the Corporate Governance and Nominating Committee. For his service as a member of the Corporate Governance and Nominating Committee, Mr. Grout receives 83 shares of restricted common stock per month (1,000 shares annually). In June 2015, Mr. Grout was also named as a member of the Audit Committee. For his service as a member of the Audit Committee, Mr. Grout receives 83 shares of restricted common stock per month (1,000 shares annually). For fiscal 2016, for his services as a Board member and member of three committees, Mr. Grout was paid cash totaling \$50,000 and received 6,000 shares valued at \$28,649. In October 2015, Mr. Grout received a one-time grant of 30,000 shares of Common Stock valued at \$149,997 in relation to the Company's uplisting to Nasdaq. In addition to Mr. Grout's compensation and pursuant to the Company's 2015 Equity Plan, the Company granted Mr. Grout 25,000 options in 2015. 20% of the options granted vest immediately and 20% vest on an annual basis thereafter. The options are exercisable for a term of 10 years from the date of issuance. The fair value of the stock options were estimated at the date of grant using the Black-Scholes options pricing model. The Company used the assumptions as stated in footnote 11 of the May 31, 2016 financial statements to determine the fair value of the options. For the year ended May 31, 2016, 5,000 options vested for a total value of \$1,438.

(3) Nicholas Florio. As a member of our Board, Mr. Florio receives an annual payment of \$30,000, payable \$2,500 per month. In addition, for his service as a member of the Board, Mr. Florio receives 250 shares of restricted common stock per month. In May, 2014, Mr. Florio was named the Chairman of the Audit Committee. For his service as Chairman of the Audit Committee, Mr. Florio receives an annual payment of \$20,000, payable \$1,667 per month. Mr. Florio also receives 83 shares of restricted common stock per month (1,000 shares annually). Mr. Florio was also named as a member of the Corporate Governance and Nominating Committee. For his service as a member of the Corporate Governance and Nominating Committee, Mr. Florio receives 83 shares of restricted common stock per month (1,000 shares annually). For fiscal 2016, for his services as a Board member and member of three committees, Mr. Florio was paid cash totaling \$50,000 and received 5,000 shares valued at \$23,874. In October 2015, Mr. Florio received a one-time grant of 30,000 shares of Common Stock valued at \$149,997 in relation to the Company's uplisting to Nasdaq. In addition to Mr. Florio's compensation and pursuant to the Company's 2015 Equity Plan, the Company granted Mr. Florio 25,000 options in 2015. 20% of the options granted vest immediately and 20% vest on an annual basis thereafter. The options are exercisable for a term of 10 years from the date of issuance. The fair value of the stock options were estimated at the date of grant using the Black-Scholes options pricing model. The Company used the assumptions as stated in footnote 11 of the May 31, 2016 financial statements to determine the fair value of the options. For the year ended May 31, 2016, 5,000 options vested for a total value of \$1,438.

Indemnification

Under our Articles of Incorporation and Bylaws, we may indemnify an officer or director who is made a party to any proceeding, including a lawsuit, because of their position, if they acted in good faith and in a manner reasonably believed to be in the Company's best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which they are to be indemnified, we must indemnify them against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

Regarding indemnification for liabilities arising under the Securities Act, which may be permitted to directors or officers under Nevada law, we are informed that, in the opinion of the SEC, indemnification is against public policy, as expressed in the Securities Act and is, therefore, unenforceable.

Vote and Recommendation

The affirmative vote of the holders of a majority of the votes cast in person or represented by proxy and entitled to vote on the nominees will be required to approve each nominee, provided that a quorum is present at the Annual Meeting.

Our Board recommends a vote “FOR” each of the nominees.

14

PROPOSAL 2 – APPROVAL OF THE CHANGE IN CORPORATE DOMICILE FROM THE STATE OF NEVADA TO THE STATE OF DELAWARE

Overview

On October 25, 2016, our Board approved the reincorporation of the Company from the state of Nevada to the state of Delaware by means of a merger of the Company with and into a wholly-owned subsidiary of the Company, Staffing 360 Solutions, Inc., a Delaware corporation (“Staffing (Delaware)”), recently established to effect the reincorporation. Staffing (Delaware) will survive the merger and issue one share of its Common Stock for each outstanding share of the Company’s Common Stock in connection with the merger (the “Reincorporation”). The name of the Delaware corporation, which will be the successor to the Company, will be Staffing 360 Solutions, Inc.

The Board believes that the Reincorporation in Delaware will give Staffing a greater measure of flexibility in corporate governance than is currently available under Nevada law, and will help Staffing attract and retain its directors and officers. Our Board also believes Delaware’s corporate laws are generally more modern, flexible, highly developed and more predictable than Nevada’s corporate laws. Delaware corporate laws are also periodically revised to be responsive to the changing legal and business needs of corporations. For this reason, many public corporations have initially incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to that proposed by Staffing.

Shareholders are urged to read the Proxy Statement carefully, including the related Appendices referenced below and attached to this Proxy Statement, before voting on the Reincorporation. The following discussion summarizes material provisions of the Reincorporation. This summary is subject to and qualified in its entirety by the Agreement and Plan of Merger (the “Reincorporation Agreement”) that will be entered into by the Company and Staffing (Delaware) in substantially the form attached hereto as Appendix A and the Certificate of Incorporation of Staffing (Delaware) to be effective after the Reincorporation, in substantially the form attached hereto as Appendix B (the “Delaware Certificate”) and the Bylaws of Staffing (Delaware) to be effective after the Reincorporation (the “Delaware Bylaws”), in substantially the form attached hereto as Appendix C. Copies of the Articles of Incorporation of the Company filed in Nevada, as amended to date (the “Nevada Articles”), and the Bylaws of the Company, as amended to date (the “Nevada Bylaws”), were filed publicly as exhibits to our periodic reports and are also available for inspection at the principal office of the Company. Copies will be sent to shareholders free of charge upon written request to Corporate Secretary, Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, NY 10022.

Mechanics of the Reincorporation

The Reincorporation will be effected by the merger of the Company with and into Staffing (Delaware), a wholly-owned subsidiary of the Company that has been incorporated under the Delaware General Corporation Law (the “DGCL”) for purposes of the Reincorporation. The Company will cease to exist as a result of the merger and Staffing (Delaware) will be the surviving corporation and will continue to operate the business of the Company as it existed prior to the Reincorporation. Assuming approval by the shareholders of the Company, the Company currently intends to cause the Reincorporation to become effective promptly following the Annual Meeting.

At the effective time of the Reincorporation (the “Effective Time”), the Company will be governed by the Delaware Certificate, the Delaware Bylaws and the DGCL. Although the Delaware Certificate and the Delaware Bylaws of the surviving company are patterned after the Nevada Articles and the Nevada Bylaws of the current Staffing company, they nevertheless include provisions that are somewhat different from the provisions contained in the current Nevada Articles, Nevada Bylaws or under the Nevada General Corporation Law. See “Significant Differences Between the Corporation Laws of Nevada and Delaware” below.

In the event the Reincorporation is approved, upon the Effective Time, each outstanding share of Staffing Common Stock and each share of any series of preferred stock will automatically be converted into one share of Common Stock or preferred stock, respectively, of Staffing (Delaware). In addition, each outstanding option to purchase shares of Staffing Common Stock will be converted into an option to purchase the same number of shares of Staffing (Delaware) Common Stock with no other changes in the terms and conditions of such options. In addition, each outstanding warrant to purchase shares of Staffing Common Stock will become a right to purchase the same number of shares of Staffing (Delaware) Common Stock at the same exercise price. The Company's other employee benefit arrangements including, but not limited to, equity incentive plans with respect to issued awards will be continued by Staffing (Delaware) upon the terms and subject to the conditions specified in such plans. Each outstanding share of Staffing (Delaware) Common Stock prior to the Effective Time will be cancelled upon the Effective Time and will thereafter be authorized and unissued Common Stock of Staffing (Delaware).

CERTIFICATES CURRENTLY ISSUED FOR SHARES IN THE COMPANY WILL AUTOMATICALLY REPRESENT SHARES IN STAFFING (DELAWARE) UPON COMPLETION OF THE MERGER, AND SHAREHOLDERS WILL NOT BE REQUIRED TO EXCHANGE STOCK CERTIFICATES AS A RESULT OF THE REINCORPORATION.

Other than the change in corporate domicile, the Reincorporation will not result in any change in the business, physical location, management, assets, liabilities or net worth of the Company, nor will it result in any change in location of Staffing's current employees, including management. Upon consummation of the Reincorporation, the daily business operations of the Company will continue as they are presently conducted at the Company's principal executive office located at 641 Lexington Avenue, 27th Floor, New York, NY 10022. The consolidated financial condition and results of operations of Staffing (Delaware) immediately after consummation of the Reincorporation will be the same as those of the Company immediately prior to the consummation of the Reincorporation. In addition, upon the effectiveness of the merger, the Board of Staffing (Delaware) will consist of those persons elected to the current Board of the Company and the individuals serving as executive officers of the Company immediately prior to the Reincorporation will continue to serve as executive officers of Staffing (Delaware), without a change in title or responsibilities. Upon effectiveness of the Reincorporation, Staffing (Delaware) will be the successor in interest to the Company and the shareholders will become stockholders of Staffing (Delaware).

The Reincorporation Agreement provides that the Board of Staffing may abandon the Reincorporation at any time prior to the Effective Time if the Board determines that the Reincorporation is inadvisable for any reason. For example, the DGCL or the Nevada Revised Statutes may be changed to reduce the benefits that the Company hopes to achieve through the Reincorporation, or the costs of operating as a Delaware corporation may be increased, although the Company does not know of any such changes. The Reincorporation Agreement may be amended at any time prior to the Effective Time, either before or after the shareholders have voted to adopt the proposal, subject to applicable law. The Company will re-solicit shareholder approval of the Reincorporation if the terms of the Reincorporation Agreement are changed in any material respect.

Principal Reasons for the Reincorporation

The Board believes that any direct benefit that the DGCL provides to a corporation indirectly benefits the shareholders, who are the owners of the Company. The Board believes that there are several reasons why a reincorporation to Delaware is in the best interests of the Company and its shareholders. As explained in more detail below, these reasons can be summarized as follows:

- enhanced flexibility to declare dividends and engage in stock repurchase programs;
- greater predictability, flexibility and responsiveness of the DGCL to corporate needs through a more highly developed and predictable body of corporate law;
- access to specialized courts;
- enhanced ability of Delaware corporations to attract and retain qualified directors and executive officers; and
- greater access to capital.

Highly Developed and Predictable Corporate Law. Our Board believes Delaware has one of the most modern statutory corporation laws, which is revised regularly to meet changing legal and business needs of corporations. The Delaware legislature is responsive to developments in modern corporate law and Delaware has proven sensitive to changing needs of corporations and their shareholders. The Delaware Secretary of State is particularly flexible and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions. Delaware has become a preferred domicile for most major American corporations and the DGCL and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that the DGCL will provide greater efficiency, predictability and flexibility in the Company's legal affairs than is presently available under Nevada law.

Access to Specialized Courts. Delaware has a specialized Court of Chancery that hears corporate law cases. As the leading state of incorporation for both private and public companies, Delaware has developed a vast body of corporate law that helps to promote greater consistency and predictability in judicial rulings. In addition, Chancery Court actions and appeals from Chancery Court rulings proceed expeditiously. In contrast, Nevada does not have a similar specialized court established to hear only corporate law cases. Rather, disputes involving questions of Nevada corporate law are either heard by the Nevada Superior Court, the general trial court in Nevada that hears all manner of cases, or, if federal jurisdiction exists, a federal district court.

Recruiting and Retention Benefits. We are in a highly competitive industry and compete for talented individuals to serve on our management team and on our Board. The Board believes that the better understood and comparatively stable corporate environment afforded by Delaware will better enable the Company to recruit talented and experienced directors and officers. In seeking to attract outside directors from across the country, the Board believes that being governed by a more predictable body of statutory and case law

offered by Delaware could serve as an advantage in this area. The Company believes that the better understood, and comparatively stable corporate environment afforded by Delaware will enable it to compete more effectively with other public companies, most of which are incorporated in Delaware, in the recruitment, from time to time, of talented and experienced directors and officers.

Additionally, the parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under Nevada law. Staffing's Board believes that reincorporation in Delaware will enhance the Company's ability to recruit and retain directors and officers in the future, while providing appropriate protection for shareholders from possible abuses by directors and officers. In this regard, it should be noted that directors' personal liability is not, and cannot be, eliminated under the DGCL for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit.

Greater Access to Capital. Underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for Staffing following the Reincorporation because Delaware law is better understood than Nevada law. The Company has no present intention to raise capital at this time.

Possible Negative Considerations

Notwithstanding the belief of the Board as to the benefits to the shareholders of the Reincorporation, it should be noted that Delaware law has been criticized by some commentators and institutional shareholders on the grounds that it does not afford minority shareholders the same substantive rights and protections as are available in a number of other states. The Reincorporation of Staffing in Delaware may make it more difficult for minority shareholders to elect directors and influence Staffing's policies. It should also be noted that the interests of the Board, management and affiliated shareholders in voting on the Reincorporation proposal may not be the same as those of unaffiliated shareholders. Delaware franchise tax may be higher than that in Nevada. For a comparison of shareholders' rights and the power of management under Delaware and Nevada law, see "The Charters and Bylaws of the Company and Staffing (Delaware) Compared and Contrasted" below and "Significant Differences Between the Corporation Laws of Nevada and Delaware" below.

The Board has considered the potential disadvantages of the Reincorporation and has concluded that the potential benefits outweigh the possible disadvantages.

The Charters and Bylaws of the Company and Staffing (Delaware) Compared and Contrasted

With certain exceptions, the provisions of the Delaware Certificate and Delaware Bylaws are the same as, or as consistent as possible with, those of the Nevada Articles and Nevada Bylaws. However, the Reincorporation includes the implementation of certain provisions in the Delaware Certificate and Delaware Bylaws which are required by the DGCL and which may alter the rights of shareholders and the powers of management and reduce shareholder participation in certain important corporate decisions.

Certain of the provisions in the Delaware Certificate and the Delaware Bylaws, similar to those contained the Nevada Articles and Nevada Bylaws, may, however, facilitate future efforts to deter, delay or prevent changes in control of Staffing (Delaware). Such provisions include the following:

Classified Board. The Delaware Certificate will divide the Board into three classes of directors. Class I directors will be elected at the 2018 annual meeting of stockholders and the term of the directors will be two years thereafter. Class II directors will be elected at the 2017 annual meeting of stockholders and the term of the Class II directors will be two years thereafter. Class III directors will be elected annually. The Nevada Articles provide for a Board that is not

classified with directors elected annually.

Delaware Certificate. The Delaware Certificate (similar to the Nevada Articles) authorizes 20,000,000 shares of Common Stock and 20,000,000 shares of preferred stock and gives the Board the authority, within the limitations in the Delaware Certificate, to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any unissued series of preferred stock. Shares of preferred stock could be issued in connection with a shareholder rights plan, or poison pill or rights plan, which would allow shareholders (other than hostile parties) to purchase Staffing (Delaware) Common Stock at a discount to the then current market price, which would have a dilutive effect on the hostile parties. Currently, the Company has outstanding shares of Series A Preferred Stock and Series D Preferred Stock. However, if Proposal 8 is approved by the holders of Common Stock, the authorized shares of Common Stock will be 40,000,000 for the Nevada Articles. Accordingly, the Delaware Certificate will authorize 40,000,000 of Common Stock if Proposal 8 is approved by holders of Common Stock at the Annual Meeting.

Section 203. Staffing (Delaware) has not opted out of Section 203 of the DGCL and will be subject to it. As discussed in more detail below, Section 203 prohibits, subject to certain exceptions, a Delaware corporation from engaging in a business combination with an interested shareholder (i.e., a shareholder acquiring 15% or more of the outstanding voting stock) for three years following the date

that such shareholder becomes an interested shareholder. Shareholders holding 15% or more of Staffing (Nevada) stock on the effective date of the Reincorporation (if approved), including our Chairman of the Board, will not be subject to the restrictions contained in Section 203. Section 203 makes certain types of unfriendly or hostile corporate takeovers, or other non-board approved transactions involving a corporation and one or more of its significant shareholders, more difficult.

Bylaw Amendments. The Delaware Bylaws, similar to the Nevada Bylaws, permit both the shareholders of Staffing (Delaware) and a majority of the directors to amend the Delaware Bylaws. This power to amend the Delaware Bylaws may be used to deter, delay or prevent a change in control of Staffing (Delaware). In particular, as described below, the Delaware Bylaws impose time frames by which director nominations and shareholder proposals may be made by shareholders of Staffing (Delaware).

Approval by shareholders of the Reincorporation proposal will constitute an approval of the inclusion in the Delaware Certificate and Delaware Bylaws of each of the provisions described herein. In addition, certain other changes altering the rights of shareholders and powers of management could be implemented in the future by amendment of the Delaware Certificate following shareholder approval and certain such changes could be implemented by amendment of the Delaware Bylaws without shareholder approval. For a discussion of such changes, see “Significant Differences Between the Corporation Laws of Nevada and Delaware.” This discussion of the Delaware Certificate and Delaware Bylaws is qualified by reference to Appendices B and C attached hereto, respectively.

Change in Number of Directors

Under the Nevada Revised Statutes, although a change in the number of directors must in general be approved by the shareholders, the Board may fix the exact number of directors within a stated range set forth in either the articles of incorporation or bylaws, if that stated range has been approved by the shareholders. Any change outside of the established range or a change in the established range must be approved by the shareholders. The Nevada Bylaws provide that a change in the stated range must be approved by a vote of the holders of at least 66 2/3% of the outstanding shares; provided, however, that an amendment reducing the fixed number or the minimum number of directors to a number less than five (5) cannot be adopted if the votes cast against its adoption at a meeting of the shareholders are equal to more than sixteen and two-thirds percent (16 2/3%) of the outstanding shares entitled to vote thereon.

Under the DGCL, the number of directors shall be fixed by or in the manner provided in the bylaws, unless the certificate of incorporation fixes the number of directors (in which case a change in the number of directors may be made only by an amendment of such certificate, which would require a vote of shareholders).

The Nevada Bylaws establish a range of one (1) to thirteen (13) directors. The Delaware Bylaws require at least three directors. The exact number of directors will be set by the Board under the Delaware Bylaws.

Filling Vacancies on the Board

Under Nevada law, any vacancy on the Board other than one created by removal of a director may be filled by the Board. If the number of directors is less than a quorum, a vacancy may be filled by the unanimous written consent of the directors then in office, by the affirmative vote of a majority of the directors at a meeting held pursuant to notice or waivers of notice, or by a sole remaining director. A vacancy created by removal of a director may be filled by the Board only if authorized by a corporation’s articles of incorporation or by a bylaw approved by the corporation’s shareholders. The Nevada Bylaws follow Nevada law and provide that all vacancies on the Board, whether caused by removal, resignation, death or otherwise, may be filled by a majority of the remaining directors or, if the number of directors then in office is less than a quorum, by the unanimous written consent of the directors then in office, the

affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Nevada Corporations Code Section 307, or by a sole remaining director.

Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director, unless otherwise provided in the certificate of incorporation or bylaws. The Delaware Bylaws follow Delaware law and provide that vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director.

Shareholder Proposal Notice Provisions

There is no specific statutory requirement under Nevada or Delaware law with regard to advance notice of director nominations and shareholder proposals. Absent a bylaw restriction, director nominations and shareholder proposals are subject to federal securities laws, which generally provide that shareholder proposals that the proponent wishes to include in the Company's proxy materials must be received not less than 120 days in advance of the anniversary of the date on which the proxy statement was released in connection with the previous year's annual meeting.

The Nevada Bylaws provide that the exclusive means by which a stockholder may nominate a director shall be by delivery of a notice to the Secretary, not less than sixty (60) days prior to the date of an election meeting, setting forth: (a) the name, age, business address and the primary legal residence address of each nominee proposed in such notice, (b) the principal occupation or employment of such nominee, (c) the number of shares of capital stock of the Company which are owned directly or indirectly of record and directly or indirectly beneficially owned by the nominee and each of its affiliates (within the meaning of Rule 144), including any shares of the Company owned or controlled via derivatives, hedged positions and other economic and voting mechanisms, (d) any material agreements, understandings or relationships, including financial transactions and compensation, between the nominating stockholder and the proposed nominees and (e) such other information concerning each such nominee as would be required, under the rules of the SEC, in a proxy statement soliciting proxies in a contested election of such nominees. Such notice shall include a signed consent of each such nominee to serve as a director of the Company, if elected. In addition, any stockholder nominee, to be validly nominated, shall submit to the Secretary the questionnaire required pursuant to Section 2.6.3 of the bylaws. A stockholder intending to nominate one or more candidates for election as directors must comply with the advance notice bylaw provisions specifically applicable to the nomination of candidates for election as directors for such nomination to be properly brought before the meeting.

The Delaware Bylaws provide that notice must be received by the Secretary at Staffing's principal executive offices not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that, in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made.

Majority Voting

Nevada law provides that in uncontested elections of directors, the approval of the shareholders will be required to elect each director. If an incumbent director fails to be elected by approval of the shareholders in an uncontested election, then, unless the incumbent director has earlier resigned, the term of the incumbent director shall end on the date that is the earlier of ninety (90) days after the date on which the voting results are determined or the date on which the Board selects a person to fill the office held by such incumbent director.

Under the DGCL, shareholders can adopt a bylaw amendment that specifies the vote necessary for the election of directors, such as a majority vote. Additionally, the DGCL specifically allows a director to tender his or her resignation in advance, with the resignation to be effective when delivered, at a later date or only upon the occurrence of future events, such as not obtaining a majority of the vote in an uncontested election of directors. The Delaware Bylaws provide for majority voting for the election of directors. However, if the number of nominees to the Board exceeds the number of directors to be elected, the directors shall be elected by plurality voting.

Significant Differences between Delaware and Nevada Law

The rights of the Company's stockholders and the Company's certificate of incorporation and bylaws are currently governed by Nevada law. The merger agreement provides that, at the effective time of the merger, the separate corporate existence of the Company will cease and the former stockholders of the Company will become stockholders of Staffing (Delaware). Accordingly, after the effective time of the merger, your rights as a stockholder will be governed by Delaware law and the articles of incorporation and bylaws of Staffing (Delaware). The statutory corporate laws of the State of Nevada, as governed by the Nevada Revised Statutes, are similar in many respects to

those of Delaware, as governed by the Delaware General Corporation Law. However, there are certain differences that may affect your rights as a stockholder, as well as the corporate governance of the corporation, if the Reincorporation is consummated. The following are summaries of material differences between the current rights of stockholders of the Company and the rights of stockholders of Staffing (Delaware) following the merger.

The following discussion is a summary. It does not give you a complete description of the differences that may affect you. You should also refer to the DGCL, as well as the forms of the articles of incorporation and the Bylaws of Staffing (Delaware), which are attached as Appendices B and C, respectively, to this Proxy Statement, and which will come into effect concurrently with the effectiveness of the Reincorporation as provided in the Reincorporation Agreement. In this section, we use the term “charter” to describe either the certificate of incorporation under Delaware law or the articles of incorporation under Nevada law.

General

As discussed above under “Potential Disadvantages of the Reincorporation,” Delaware for many years has followed a policy of encouraging incorporation in that state and, in furtherance of that policy, has adopted comprehensive, modern and flexible corporate

laws that Delaware periodically updates and revises to meet changing business needs. Because of Delaware's prominence as a state of incorporation for many large corporations, the Delaware courts have developed considerable expertise in dealing with corporate issues and a substantial body of case law has developed construing Delaware law and establishing public policies with respect to Delaware corporations.

Removal of Directors

Under Delaware law, directors of a corporation without a classified board may be removed with or without cause by the holders of a majority of shares then entitled to vote in an election of directors. For classified boards, the directors may only be removed for cause. Under Nevada law, any one or all of the directors of a corporation may be removed by the holders of not less than two-thirds of the voting power of a corporation's issued and outstanding stock. Nevada does not distinguish between removal of directors with or without cause.

Limitation on Personal Liability of Directors

A Delaware corporation is permitted to adopt provisions in its certificate of incorporation limiting or eliminating the liability of a director to a company and its shareholders for monetary damages for breach of fiduciary duty as a director, provided that such liability does not arise from certain proscribed conduct, including breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or liability to the corporation based on unlawful dividends or distributions or improper personal benefit.

While Nevada law has a similar provision permitting the adoption of provisions in the articles of incorporation limiting personal liability, the Nevada provision differs in three respects. First, the Nevada provision applies to both directors and officers. Second, while the Delaware provision excepts from limitation on liability a breach of the duty of loyalty, the Nevada counterpart does not contain this exception. Third, Nevada law with respect to the elimination of liability for directors and officers expressly applies to liabilities owed to creditors of the corporation. Thus, the Nevada provision expressly permits a corporation to limit the liability of officers, as well as directors, and permits limitation of liability arising from a breach of the duty of loyalty and from obligations to the corporation's creditors.

Indemnification of Officers and Directors and Advancement of Expenses

Although Delaware and Nevada law have substantially similar provisions regarding indemnification by a corporation of its officers, directors, employees and agents, Delaware and Nevada law differ in their provisions for advancement of expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding. Delaware law provides that expenses incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the corporation. A Delaware corporation has the discretion to decide whether or not to advance expenses, unless its certificate of incorporation or bylaws provide for mandatory advancement. Under Nevada law, the articles of incorporation, bylaws or an agreement made by the corporation may provide that the corporation must pay advancements of expenses in advance of the final disposition of the action, suit or proceedings upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the corporation.

Action by Written Consent of Directors

Both Delaware and Nevada law provide that, unless the articles or certificate of incorporation or the bylaws provide otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting if ALL members of the Board or committee, as the case may be, consent to the action in

writing.

Actions by Written Consent of Shareholders

Both Delaware and Nevada law provide that, unless the articles or certificate of incorporation provides otherwise, any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if the holders of outstanding stock having at least the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote consent to the action in writing. Delaware law requires a corporation to give prompt notice of the taking of corporate action without a meeting by less than unanimous written consent to those stockholders who did not consent in writing. Nevada law does not require notice to the stockholders of action taken by less than all of the stockholders.

20

Dividends

Delaware law is more restrictive than Nevada law with respect to when dividends may be paid. Under Delaware law, unless further restricted in the certificate of incorporation, a corporation may declare and pay dividends out of surplus, or if no surplus exists out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that the amount of capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In addition, Delaware law provides that a corporation may redeem or repurchase its shares only if the capital of the corporation is not impaired and such redemption or repurchase would not impair the capital of the corporation.

Nevada law provides that no distribution (including dividends on, or redemption or repurchases of, shares of capital stock) may be made if, after giving effect to such distribution, the corporation would not be able to pay its debts as they become due in the usual course of business, or, except as specifically permitted by the articles of incorporation, the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed at the time of a dissolution to satisfy the preferential rights of preferred shareholders.

Restrictions on Business Combinations

Both Delaware and Nevada law contain provisions restricting the ability of a corporation to engage in business combinations with an interested stockholder. Under Delaware law, a corporation that is listed on a national securities exchange or held of record by more than 2,000 stockholders, is not permitted to engage in a business combination with any interested stockholder for a three-year period following the time the stockholder became an interested stockholder, unless: (i) the transaction resulting in a person becoming an interested stockholder, or the business combination, is approved by the Board of the corporation before the person becomes an interested stockholder; (ii) the interested stockholder acquires 85% or more of the outstanding voting stock of the corporation in the same transaction that makes it an interested stockholder (excluding shares owned by persons who are both officers and directors of the corporation, and shares held by certain employee stock ownership plans); or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's Board and by the holders of at least two-thirds of the corporation's outstanding voting stock at an annual or special meeting, excluding shares owned by the interested stockholder. Delaware law defines "interested stockholder" generally as a person who owns 15% or more of the outstanding shares of a corporation's voting stock.

Nevada law regulates business combinations more stringently. Nevada law defines an interested stockholder as a beneficial owner (directly or indirectly) of 10% or more of the voting power of the outstanding shares of the corporation. In addition, combinations with an interested stockholder remain prohibited for three years after the person became an interested stockholder unless (i) the transaction is approved by the Board or the holders of a majority of the outstanding shares not beneficially owned by the interested party, or (ii) the interested stockholder satisfies certain fair value requirements. As in Delaware, a Nevada corporation may opt-out of the statute with appropriate provisions in its articles of incorporation. Pursuant to the Nevada Charter, the Company opted out of restrictions on business combinations.

Special Meetings of the Shareholders

Delaware law permits special meetings of shareholders to be called by the Board or by any other person authorized in the certificate of incorporation or bylaws to call a special shareholder meeting. Nevada law permits special meetings of shareholders to be called by the entire Board, any two directors, or the President, unless the articles of incorporation or bylaws provide otherwise.

Special Meetings Pursuant to Petition of Stockholders

Delaware law provides that a director or a stockholder of a corporation may apply to the Court of Chancery of the State of Delaware if the corporation fails to hold an annual meeting for the election of directors or there is no written consent to elect directors instead of an annual meeting for a period of 30 days after the date designated for the annual meeting or, if there is no date designated, within 13 months after the last annual meeting. Nevada law is more restrictive. Under Nevada law, stockholders having not less than 15% of the voting interest may petition the district court to order a meeting for the election of directors if a corporation fails to call a meeting for that purpose within 18 months after the last meeting at which directors were elected. The reincorporation may make it more difficult for our stockholders to require that an annual meeting be held without the consent of the Board.

Adjournment of Shareholder Meetings

Under Delaware law, if a meeting of shareholders is adjourned due to lack of a quorum and the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each

shareholder of record entitled to vote at the meeting. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. Under Nevada law, a corporation is not required to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the Board fixes a new record date for the adjourned meeting or the meeting date is adjourned to a date more than 60 days later than the date set for the original meeting, in which case a new record date must be fixed and notice given.

Duration of Proxy

Under Delaware law, a proxy executed by a shareholder will remain valid for a period of three years, unless the proxy provides for a longer period. Under Nevada law, a proxy is effective only for a period of six months, unless it is coupled with an interest or unless otherwise provided in the proxy, which duration may not exceed seven years. Nevada law also provides for irrevocable proxies, without limitation on duration, in limited circumstances.

Shareholder Vote for Mergers and Other Corporate Reorganization

Delaware law requires authorization by an absolute majority of outstanding shares entitled to vote, as well as approval by the Board, with respect to the terms of a merger or a sale of substantially all of the assets of the corporation. A Nevada corporation may provide in its articles of incorporation that the corporation may sell, lease or exchange all or substantially all of its assets upon approval by the Board without the requirement of shareholder approval. Delaware law does not require a shareholder vote of the surviving corporation in a merger (unless the corporation provides otherwise in its certificate of incorporation) if: (a) the plan of merger does not amend the existing certificate of incorporation; (b) each share of stock of the surviving corporation outstanding immediately before the effective date of the merger is an identical outstanding share after the merger; and (c) either no shares of Common Stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or shares of Common Stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of Common Stock of such constituent corporation outstanding immediately prior to the effective date of the merger. Nevada law does not require a shareholder vote of the surviving corporation in a merger under substantially similar circumstances.

Increasing or Decreasing Authorized Shares

Nevada law allows the Board of a corporation, unless restricted by the articles of incorporation, to increase or decrease the number of authorized shares in the class or series of the corporation's shares and correspondingly effect a forward or reverse split of any such class or series of the corporation's shares without a vote of the shareholders, so long as the action taken does not change or alter any right or preference of the shareholder and does not include any provision or provisions pursuant to which only money will be paid or script issued to shareholders who hold 10% or more of the outstanding shares of the affected class and series, and who would otherwise be entitled to receive fractions of shares in exchange for the cancellation of all of their outstanding shares. Delaware law contains no such similar provision.

Absence of Appraisal Rights

The reincorporation will be conducted as a merger of the Company into Staffing Delaware, our wholly-owned subsidiary, pursuant to Section 253 of the General Corporation Law of the State of Delaware. Under Section 253, no right of appraisal or redemption is available to our shareholders in connection with the merger. Therefore, our stockholders are not entitled to receive consideration instead of shares of Staffing Delaware.

Interests of the Company's Directors and Executive Officers in the Reincorporation

In considering the recommendations of the Board, the Company's shareholders should be aware that certain of the Company's directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of the Company's shareholders generally. For instance, the reincorporation in Delaware may be of benefit to the Company's directors and officers by reducing the director's potential personal liability and increasing the scope of permitted indemnification, by strengthening directors' ability to resist a takeover bid, and in other respects. The Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Reincorporation and to recommend that our shareholders vote in favor of Proposal 2.

Certain Material United States Federal Income Tax Considerations

The Company intends that the Reincorporation will be treated as a reorganization pursuant to Section 368(a)(1)(F) of the Code. Subject to the limitations, qualifications and exceptions described herein, and assuming the Reincorporation qualifies as a reorganization within the meaning of Section 368(a)(1)(F) of the Code, the U.S. federal income tax consequences of the Reincorporation will be as follows:

- No gain or loss will be recognized by holders of the Common Stock of the Company upon receipt of Common Stock of Staffing Delaware pursuant to the Reincorporation;
 - The aggregate tax basis of the Common Stock of Staffing Delaware received by each shareholder of the Company in the Reincorporation will be equal to the aggregate tax basis of the Common Stock of the Company surrendered in exchange therefor;
 - The holding period of the Common Stock of Staffing Delaware received by each shareholder of the Company will include the period for which such shareholder held the Common Stock of the Company surrendered in exchange therefor, provided that such Common Stock of the Company was held by such shareholder as a capital asset at the time of the Reincorporation; and
 - No gain or loss will be recognized by the Company or Staffing Delaware as a result of the Reincorporation.
- THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REINCORPORATION AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL OF THE REINCORPORATION'S POTENTIAL TAX EFFECTS.

Accounting Consequences

We believe that there will be no material accounting consequences for us resulting from the Reincorporation.

Required Vote

The approval of the proposal to change our corporate domicile from Nevada to Delaware will require the affirmative vote of the holders of a majority of the shares of the Company's outstanding Common Stock. Because the vote is based on the total number of shares outstanding rather than the votes cast at the Annual Meeting, your failure to vote on Proposal 2 has the same effect as a vote against the Reincorporation.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" APPROVAL OF THE CHANGE IN CORPORATE DOMICILE FROM THE STATE OF NEVADA TO THE STATE OF DELAWARE.

PROPOSAL 3 – APPROVAL OF THE STAFFING 360 SOLUTIONS, INC.
2016 OMNIBUS INCENTIVE PLAN

We are asking our stockholders to approve the Staffing 360 Solutions, Inc. 2016 Omnibus Incentive Plan (the “2016 Plan”), pursuant to which 2,500,000 shares of the Company’s Common Stock will be reserved for issuance under stock and stock option awards (“Awards”). On October 25, 2016, our Board adopted the 2016 Plan to, among other things, attract and retain the best available personnel, to provide additional incentive to employees, directors and consultants and to promote the success of the Company’s business.

If approved by the Company’s stockholders, the 2016 Plan will be effective [—]. Capitalized terms used but not defined in this proposal shall have the meaning ascribed to them in the 2016 Plan document. The following description is a summary and is qualified in its entirety by reference to the 2016 Plan document, a copy of which is attached as Appendix D and incorporated herein by reference.

Administration

The Company’s Compensation Committee (the “Committee”) will administer the 2016 Plan. The Committee will have the authority, without limitation to (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Common Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Common Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, Common Shares, other securities, other Awards or other property and other amounts payable with respect to an Award; (vii) interpret, administer, reconcile any inconsistency in, settle any controversy regarding, correct any defect in and/or complete any omission in this Plan and any instrument or agreement relating to, or Award granted under, this Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of this Plan; (ix) accelerate the vesting or exercisability of, payment for or lapse of restrictions on, Awards; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Plan. The Committee will have full discretion to administer and interpret the 2016 Plan and to adopt such rules, regulations and procedures as it deems necessary or advisable and to determine, among other things, the time or times at which the awards may be exercised and whether and under what circumstances an award may be exercised.

Eligibility

Employees, directors, officers, advisors and consultants of the Company or its affiliates are eligible to participate in the 2016 Plan and are referred to as “Participants”. The Committee has the sole and complete authority to determine who will be granted an Award under the 2016 Plan, however, it may delegate such authority to one or more officers of the Company under the circumstances set forth in the 2016 Plan.

Number of Shares Authorized

The 2016 Plan provides for an aggregate of 2,500,000 shares of Common Stock to be available for Awards. The number of shares available for grant pursuant to Awards under the 2016 Plan is referred to as the “Available Shares”. The Board and Committee selected this number of Available Shares in order to provide for awards to be granted for the 2017 and 2018 fiscal years assuming recent trends of awarding equity were to continue. For information about the number of outstanding shares of our Company see “Questions and answers about the Annual

Meeting—How many Shares of Common Stock and Preferred Stock are outstanding” contained in this Proxy Statement.

If an Award is forfeited, canceled, settled in cash, or if any Option terminates, expires or lapses without being exercised, the Common Stock subject to such Award will again be made available for future grant. However, shares that are used to pay the exercise price of an Option or that are withheld to satisfy the Participant’s tax withholding obligation, and shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the SAR upon exercise thereof, will not be available for re-grant under the 2016 Plan.

If there is any change in the Company’s corporate capitalization or structure, the Committee in its sole discretion may make substitutions or adjustments to the number of shares of Common Stock reserved for issuance under the 2016 Plan, the number of shares covered by Awards then outstanding under the 2015 Plan, the limitations on Awards under the 2016 Plan, the exercise price of outstanding Options and such other equitable substitution or adjustments as it may determine appropriate.

The 2016 Plan will have a term of ten years and no further Awards may be granted under the 2016 Plan after that date.

Awards Available for Grant

The Committee may grant Awards of Non-Qualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Stock Bonus Awards, Performance Compensation Awards (including cash bonus awards) or any combination of the foregoing subject to the number of Available Shares. Notwithstanding anything to the contrary in the 2016 Plan (but subject to adjustment as set forth in the 2016 Plan), the Committee may not grant to any one Participant in any one calendar year Awards (i) for more than 400,000 Common Shares in the aggregate or (ii) payable in cash in an amount exceeding \$750,000 in the aggregate.

Options

The Committee will be authorized to grant Options to purchase Common Stock that are either “qualified,” meaning they are intended to satisfy the requirements of Code Section 422 for Incentive Stock Options, or “non-qualified,” meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the 2016 Plan will be subject to the terms and conditions established by the Committee. Under the terms of the 2016 Plan, unless the Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options will not be less than the fair market value (as determined under the 2016 Plan) of the shares of Common Stock on the date of grant. Options granted under the 2016 Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Committee and specified in the applicable award agreement. The maximum term of an Option granted under the 2016 Plan will be ten years from the date of grant (or five years in the case of an Incentive Stock Option granted to a 10% stockholder). Payment in respect of the exercise of an Option may be made in cash or by check, cash equivalent, or vested shares of Common Stock (at their fair market value on the date of exercise), or the Committee may, in its discretion and to the extent permitted by law, allow such payment to be made through a broker-assisted cashless exercise mechanism, a net exercise method, or by such other method as the Committee may determine to be appropriate.

Stock Appreciation Rights

The Committee will be authorized to award Stock Appreciation Rights (or SARs) under the 2016 Plan. SARs will be subject to such terms and conditions as established by the Committee. A SAR is a contractual right that allows a participant to receive, either in the form of cash, shares or any combination of cash and shares, the appreciation, if any, in the value of a share over a certain period of time. A SAR granted under the 2016 Plan may be granted in tandem with an option and SARs may also be awarded to a Participant independent of the grant of an Option. SARs granted in connection with an Option shall be subject to terms similar to the Option which corresponds to such SARs. SARs shall be subject to terms established by the Committee and reflected in the award agreement.

Restricted Stock

The Committee will be authorized to award Restricted Stock under the 2016 Plan. Unless otherwise provided by the Committee and specified in an award agreement, restrictions on Restricted Stock will lapse after three years of service with the Company. The Committee will determine the terms of such Restricted Stock awards. Restricted Stock are shares of Common Stock that generally are non-transferable and subject to other restrictions determined by the Committee for a specified period. Unless the Committee determines otherwise or specifies otherwise in an award agreement, if the participant terminates employment or services during the restricted period, then any unvested restricted stock will be forfeited.

Restricted Stock Unit Awards

The Committee will be authorized to award Restricted Stock Unit awards under the 2016 Plan. Unless otherwise provided by the Committee and specified in an award agreement, Restricted Stock Units vest after three years of service with the Company. The Committee will determine the terms of such Restricted Stock Units. Unless the Committee determines otherwise or specifies otherwise in an award agreement, if the participant terminates employment or services during the period of time over which all or a portion of the units are to be earned, then any unvested units will be forfeited. At the election of the Committee, the participant will receive a number of shares of Common Stock equal to the number of units earned or an amount in cash equal to the fair market value of that number of shares at the expiration of the period over which the units are to be earned or at a later date selected by the Committee.

Stock Bonus Awards

The Committee will be authorized to grant Awards of unrestricted shares of Common Stock or other Awards denominated in shares of Common Stock, either alone or in tandem with other Awards, under such terms and conditions as the Committee may determine.

Performance Compensation Awards

The Committee will be authorized to grant any Award under the 2016 Plan in the form of a Performance Compensation Award exempt from the requirements of Section 162(m) of the Code by conditioning the vesting of the Award on the attainment of specific performance criteria of the Company and/or one or more Affiliates, divisions or operational units, or any combination thereof, as determined by the Committee. The Committee will select the performance criteria based on one or more of the following factors: (i) revenue; (ii) sales; (iii) profit (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures); (iv) earnings (EBIT, EBITDA, earnings per share, or other corporate earnings measures); (v) net income (before or after taxes, operating income or other income measures); (vi) cash (cash flow, cash generation or other cash measures); (vii) stock price or performance; (viii) total stockholder return (stock price appreciation plus reinvested dividends divided by beginning share price); (ix) economic value added; (x) return measures (including, but not limited to, return on assets, capital, equity, investments or sales, and cash flow return on assets, capital, equity, or sales); (xi) market share; (xii) improvements in capital structure; (xiii) expenses (expense management, expense ratio, expense efficiency ratios or other expense measures); (xiv) business expansion or consolidation (acquisitions and divestitures); (xv) internal rate of return or increase in net present value; (xvi) working capital targets relating to inventory and/or accounts receivable; (xvii) inventory management; (xviii) service or product delivery or quality; (xix) customer satisfaction; (xx) employee retention; (xxi) safety standards; (xxii) productivity measures; (xxiii) cost reduction measures; and/or (xxiv) strategic plan development and implementation.

Transferability

Each Award may be exercised during the participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. The Committee, however, may permit Awards (other than Incentive Stock Options) to be transferred to family members, a trust for the benefit of such family members, a partnership or limited liability company whose partners or stockholders are the participant and his or her family members or anyone else approved by it.

Amendment

The 2016 Plan will have a term of ten years from the effective date of the 2016 Plan. The Company's Board may amend, suspend or terminate the 2016 Plan at any time; however, shareholder approval to amend the 2016 Plan may be necessary if applicable law or listing rule so requires. No amendment, suspension or termination will impair the rights of any Participant or recipient of any Award without the consent of the Participant or recipient.

Change in Control

Except to the extent otherwise provided in an Award, in the event of a Change in Control, all outstanding Options and equity awards (other than performance compensation awards) issued under the 2016 Plan will become fully vested or the period of restriction will expire and performance compensation awards vest, as determined by the Committee, based on the level of attainment of the specified performance goals or assuming that the applicable "target" levels of performance have been obtained or on such other basis as determined by the Committee.

U.S. Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant and exercise and vesting of Awards under the 2016 Plan and the disposition of shares acquired pursuant to the exercise of such Awards. This summary is intended to reflect the current provisions of the Code and the regulations thereunder. However, this summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local and payroll tax considerations. Moreover, the U.S. federal income tax consequences to any particular Participant may differ from those described herein by reason of, among other things, the particular circumstances of such Participant.

Options

There are a number of requirements that must be met for a particular Option to be treated as an Incentive Stock Option. One such requirement is that Common Stock acquired through the exercise of an Incentive Stock Option cannot be disposed of before the later of (i) two years from the date of grant of the Option, or (ii) one year from the date of its exercise. Holders of Incentive Stock Options will generally incur no federal income tax liability at the time of grant or upon exercise of those Options. However, the spread at exercise will

be an “item of tax preference,” which may give rise to “alternative minimum tax” liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the later of two years following the date of grant and one year following the date of exercise, the difference between the exercise price and the amount realized upon disposition of the shares will constitute long-term capital gain or loss, as the case may be. Assuming both holding periods are satisfied, no deduction will be allowed to the Company for federal income tax purposes in connection with the grant or exercise of the Incentive Stock Option. If, within two years following the date of grant or within one year following the date of exercise, the holder of shares acquired through the exercise of an Incentive Stock Option disposes of those shares, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the Fair Market Value of the share on the date of exercise or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by the Company for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections. Finally, if an otherwise Incentive Stock Option becomes first exercisable in any one year for shares having an aggregate value in excess of \$100,000 (based on the date of grant value), the portion of the Incentive Stock Option in respect of those excess shares will be treated as a non-qualified stock option for federal income tax purposes.

No income will be realized by a participant upon grant of a Non-Qualified Stock Option. Upon the exercise of a Non-Qualified Stock Option, the Participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the Fair Market Value of the underlying exercised shares over the Option Exercise Price paid at the time of exercise. Such income will be subject to income tax withholdings, and the Participant will be required to pay to the Company the amount of any required withholding taxes in respect to such income. The Company will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock

A Participant will not be subject to tax upon the grant of an Award of Restricted Stock unless the Participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. On the date an Award of Restricted Stock becomes transferable or is no longer subject to a substantial risk of forfeiture, the Participant will recognize ordinary compensation income equal to the difference between the Fair Market Value of the shares on that date over the amount the Participant paid for such shares, if any. Such income will be subject to income tax withholdings, and the Participant will be required to pay to the Company the amount of any required withholding taxes in respect to such income. If the Participant made an election under Section 83(b) of the Code, the Participant will recognize ordinary compensation income at the time of grant equal to the difference between the Fair Market Value of the shares on the date of grant over the amount the Participant paid for such shares, if any, and any subsequent appreciation in the value of the shares will be treated as a capital gain upon sale of the shares. Special rules apply to the receipt and disposition of Restricted Shares received by officers and directors who are subject to Section 16(b) of the Exchange Act. The Company will be able to deduct, at the same time as it is recognized by the Participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock Units

A Participant will not be subject to tax upon the grant of a Restricted Stock Unit Award. Rather, upon the delivery of shares or cash pursuant to a Restricted Stock Unit Award, the Participant will recognize ordinary compensation income equal to the Fair Market Value of the number of shares (or the amount of cash) the participant actually receives with respect to the Award. Such income will be subject to income tax withholdings, and the Participant will be required to pay to the Company the amount of any required withholding taxes in respect to such income. The

Company will be able to deduct the amount of taxable compensation recognized by the Participant for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

SARs

No income will be realized by a Participant upon grant of an SAR. Upon the exercise of an SAR, the Participant will recognize ordinary compensation income in an amount equal to the Fair Market Value of the payment received in respect of the SAR. Such income will be subject to income tax withholdings, and the Participant will be required to pay to the Company the amount of any required withholding taxes in respect to such income. The Company will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Stock Bonus Awards

A participant will recognize ordinary compensation income equal to the difference between the Fair Market Value of the shares on the date the shares of Common Stock subject to the Award are transferred to the participant over the amount the participant paid for such shares, if any, and any subsequent appreciation in the value of the shares will be treated as a capital gain upon sale of the shares. The Company will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the Participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Section 162(m)

In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per person paid to its principal executive officer and the three other officers (other than the principal executive officer and principal financial officer) whose compensation is disclosed in its proxy statement/prospectus as a result of their total compensation, subject to certain exceptions. The 2016 Plan is designed to satisfy an exception with respect to grants of Options to covered employees. In addition, the 2016 Plan is designed to permit certain Awards of Restricted Stock, Restricted Stock Units, cash bonus awards and other Awards to be awarded as performance compensation awards intended to qualify under the “performance-based compensation” exception to Section 162(m) of the Code.

New Plan Benefits

Future grants under the 2016 Plan will be made at the discretion of the Committee and, accordingly, are not yet determinable.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF U.S. FEDERAL INCOME TAXATION INTENDED FOR THE INFORMATION OF THE COMPANY'S STOCKHOLDERS AND NOT AS TAX GUIDANCE TO RECIPIENTS OF AWARDS. THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE LAW IN THIS AREA. DIFFERENT TAX RULES MAY APPLY TO SPECIFIC RECIPIENTS AND TRANSACTIONS UNDER THE 2016 PLAN AND UNDER THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH ANY ELIGIBLE INDIVIDUAL MAY RESIDE.

Vote Required for Approval

The affirmative vote of a majority of the votes cast in person or represented by proxy and entitled to vote thereon at the Annual Meeting is required to approve the adoption of the 2016 Plan, provided that a quorum is present at the Annual Meeting. Abstentions and broker non-votes, which are not considered “votes cast,” will reduce the absolute number, but not the overall percentage, of affirmative votes required to approve the 2016 Plan.

The Board recommends that stockholders vote “FOR” the approval of the Staffing 360 Solutions, Inc. 2016 Omnibus Incentive Plan as described in this Proposal 3.

PROPOSAL 4 – APPROVAL OF THE STAFFING 360 SOLUTIONS, INC.
2016 LONG TERM INCENTIVE PLAN

We are asking our stockholders to approve the Staffing 360 Solutions, Inc. 2016 Long Term Incentive Plan (as amended, the “2016 LTIP”). The 2016 LTIP was approved by our Board on May 24, 2016 and amended on October 25, 2016. The purpose of the Plan is to advance the interests of the Company by (a) encouraging and providing for the acquisition of equity interests in the Company by participants, thereby increasing the stake in the future growth and prosperity of the Company, and furthering the participants’ identity of interest with those of the Company’s shareholders, and (b) enabling the Company to compete with other organizations in attracting, retaining, promoting and rewarding the services of participants.

A majority of the votes cast is required to approve this proposal. Brokers do not have discretion to vote on this proposal without your instruction. If you do not instruct your broker how to vote on this proposal, your broker will deliver a non-vote on this proposal. Capitalized terms used but not defined in this Proposal 4 shall have the meaning ascribed to them in the 2016 LTIP. The following description is qualified in its entirety by reference to the 2016 LTIP document, a copy of which is attached as Appendix E and incorporated by reference herein.

Summary of Material Features of the 2016 LTIP

The material features of the 2016 LTIP are:

- The maximum number of shares of Common Stock to be issued under the 2016 LTIP is 1,300,000 shares;
- The award of performance units is permitted;
- The term of the 2016 LTIP will expire on December 31, 2018 (unless terminated earlier) at the end of the 2016 LTIP’s performance period.

The shares we issue under the 2016 LTIP will be authorized but unissued shares. The Board selected 1,300,000 shares to adequately motivate the Participants and drive performance for the period. For information about the number of outstanding shares of our Company see “Questions and answers about the Annual Meeting—How many Shares of Common Stock and Preferred Stock are outstanding” contained in this Proxy Statement.

2016 LTIP Administration. The 2016 LTIP will be administered by the Compensation Committee of the Board (the “Committee”). The Committee has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, and to determine the specific terms and conditions of each award, subject to the provisions of the 2016 LTIP.

Eligibility. Persons eligible to participate in the 2016 LTIP will be those officers, employees, consultants and independent contractors of the Company and its subsidiaries as selected from time to time by the Committee in its discretion (sometimes referred to hereinafter as “Participants” or individually as a “Participant”).

Amendment and Termination. The Board may, without shareholder approval, modify, revise or terminate the 2016 LTIP at any time and from time to time. The Board will seek shareholder approval to increase the amount of shares of Common Stock which may be issued under the 2016 LTIP or to make any “material amendment” to the 2016 LTIP within the meaning of the listing rules of the Nasdaq. Unless the Board elects to terminate the 2016 LTIP earlier, the 2016 LTIP will terminate on December 31, 2018.

Performance Units. The 2016 LTIP permits the granting of performance units to Participants under the 2016 LTIP. The award agreement will set forth the number of performance units granted to a Participant. The number of shares issued under an award is determined by multiplying the number of performance units granted to the Participant by the vesting rate which is determined by measuring the market cap of the Company As amended by the Committee

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on October, 25, 2016, the below chart summarizes the relationship between performance and the vesting rate for the performance units.

2018 Market Cap	Vesting Rate
Up to \$54.6m	0.00%
From \$54.6m to below \$82.0m	25.00%
From \$82.0m to below \$109.3m	41.67%
From \$109.3m to below \$136.6m	66.67%
At \$136.6m or above	100.00%

29

If earned, shares of Common Stock will be issued to a Participant within 30 days after the end of the performance period (December 31, 2018) and in no event later than March 15, 2019; provided, that the Participant has been continuously employed, as applicable, with the Company through the date of issuance of the shares of Common Stock. If a participant terminates employment for any reason with the Company before the issuance of the shares described above, the award will be cancelled and forfeited, unless the Committee elects for special treatment.

Except for shares of Common Stock that may be used to satisfy any withholding obligations or to fulfill any personal income tax obligations resulting from the issuance of shares of Common Stock, a Participant must retain such shares of Common Stock for a period of no less than six (6) months from the date of issuance.

Performance Goals. The performance units are designed to comply with the performance-based exception under Section 162(m) of the Code. In such case, the amount of the award of performance units will depend on Company meeting certain market cap levels.

Change of Control Provisions. The 2016 LTIP provides that upon the effectiveness of a “change of control” as defined in the 2016 LTIP, unless otherwise determined by the Committee at the time an award is made under the 2016 LTIP, all performance units will be cancelled and the Participant will be entitled to receive a cash payment equal to performance units multiplied by the vesting rate as determined by the value of the per share consideration paid in the event of an equity sale or in the event of a sale of substantially all of the assets of the Company, as determined by the Committee. Any such cash payment will be made within 30 days following a change of control and in no event later than the 15th day or the third month of the calendar year following the year of the change of control.

Adjustments for Stock Dividends, Stock Splits, Etc. The 2016 LTIP requires the Committee to make appropriate adjustments to the number of shares of Common Stock that are subject to the 2016 LTIP, to certain limits in the 2016 LTIP, and to any outstanding awards to reflect stock dividends, stock splits, extraordinary cash dividends and similar events.

Tax Withholding. Participants in the 2016 LTIP are responsible for the payment of any federal, state or local taxes that the Company is required by law to withhold upon the issuance of shares of Common Stock based on the performance units. Subject to approval by the Committee, Participants may elect to have the minimum tax withholding obligations satisfied by authorizing the Company to withhold shares of Common Stock to be issued pursuant to the issuance.

Effective Date of the 2016 LTIP. Although the Board adopted the 2016 LTIP on May 24, 2016 and was subsequently amended on October 25, 2016, it will only become effective when approved by our shareholders.

Governing Law. The 2016 LTIP and all agreements under the 2016 LTIP shall be governed under Delaware law.

Federal Income Tax Considerations

The following is a summary of the principal federal income tax consequences of certain transactions under the 2016 LTIP. It does not describe all federal tax consequences under the 2016 LTIP, nor does it describe state or local tax consequences. This discussion does not address all aspects of the United States federal income tax consequences of participating in the 2016 LTIP that may be relevant to Participants in light of their personal investment or tax circumstances and does not discuss any state, local or non-United States tax consequences of participating in the 2016 LTIP. The tax consequences of awards may vary depending upon the particular circumstances, and it should be noted that the income tax laws, regulations and interpretations thereof change frequently. Participants should rely upon their own tax advisors for advice concerning the specific tax consequences applicable to them, including the applicability and effect of state, local, and foreign tax laws.

Performance Units. No taxable income is recognized by a Participant upon the award of performance units. However, a Participant under the 2016 LTIP will incur taxable income when the performance units vest and the shares of Common Stock are issued to the Participant. Such taxable income will be recognized as ordinary income. Any gain upon a later disposition of the stock in excess of this amount will generally be capital gain.

Parachute Payments. The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change of control may cause a portion of the payments with respect to such accelerated awards to be treated as “parachute payments” as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the Participant to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable).

Limitation on Deductions. Under Section 162(m) of the Code, the Company's deduction for the performance units granted under the 2016 LTIP may be limited to the extent that the Chief Executive Officer or certain of our other most highly compensated officers receives compensation in excess of \$1 million a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code). The 2016 LTIP is structured to allow the performance units to qualify as performance-based compensation.

Code Section 409A. The 2016 LTIP is intended to be administered in a manner generally consistent with the requirements Section 409A of the Code. If an award is subject to Section 409A (which relates to nonqualified deferred compensation plans), and if the requirements of Section 409A are not met, the taxable events as described above could apply earlier than described, and could result in the imposition of additional taxes and penalties to a participant and to a loss of deduction by us.

The foregoing tax discussion is intended for the general information of shareholders considering how to vote with respect to this proposal and not as tax guidance to participants in the 2016 LTIP. Participants in the 2016 LTIP should consult their own tax advisors regarding the federal, state, local, foreign and other tax consequences to them of participating in the 2016 LTIP.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF U.S. FEDERAL INCOME TAXATION INTENDED FOR THE INFORMATION OF THE COMPANY'S STOCKHOLDERS AND NOT AS TAX GUIDANCE TO RECIPIENTS OF AWARDS. THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE LAW IN THIS AREA. DIFFERENT TAX RULES MAY APPLY TO SPECIFIC RECIPIENTS AND TRANSACTIONS UNDER THE PLAN AND UNDER THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH ANY ELIGIBLE INDIVIDUAL MAY RESIDE.

New Plan Benefits

Future grants under the 2016 LTIP will be made at the discretion of the Committee and, accordingly, are not yet determinable.

Vote Required for Approval

The affirmative vote of a majority of the votes cast in person or represented by proxy and entitled to vote thereon at the Annual Meeting is required to approve the adoption of the 2016 LTIP, provided that a quorum is present at the Annual Meeting. Abstentions and broker non-votes, which are not considered "votes cast," will reduce the absolute number, but not the overall percentage, of affirmative votes required to approve the 2016 LTIP.

The Board recommends that stockholders vote "FOR" the approval of the Staffing 360 Solutions, Inc. 2016 Long Term Incentive Plan as described in this Proposal 4.

PROPOSAL 5 - ADVISORY VOTE ON EXECUTIVE COMPENSATION

The SEC has adopted rules requiring public companies to provide stockholders with periodic advisory (non-binding votes) on executive compensation, also referred to as "say-on-pay" proposals. We are presenting the following proposal, which gives you as a stockholder the opportunity to endorse or not endorse the compensation paid to our Principal Executive Officer and Principal Financial Officer (collectively, the "Named Executive Officers"), as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K (including the compensation tables and accompanying narrative discussion).

"RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, compensation tables and narrative discussion is hereby APPROVED."

Pursuant to the Exchange Act and the rules promulgated thereunder, this vote will not be binding on the Board or the Compensation Committee and may not be construed as overruling a decision by the Board or the Compensation Committee, creating or implying any change to the fiduciary duties of the Board or the Compensation Committee or any additional fiduciary duty by the Board or the Compensation Committee or restricting or limiting the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation. The Board and the Compensation Committee, however, may in their discretion take into account the outcome of the vote when considering future executive compensation arrangements.

Vote Required and Recommendation

In voting to approve the above resolution, stockholders may vote for the resolution, against the resolution or abstain from voting. This matter will be decided by the affirmative vote of a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will have no direct effect on the outcome of this proposal.

The Board recommends that stockholders vote "FOR" the approval of the compensation of the Company's named executive officers as disclosed in this proxy statement.

PROPOSAL 6 - TO CONDUCT AN ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

The SEC has also adopted final rules requiring public companies to hold an advisory (non-binding) vote on the frequency of holding say-on-pay votes. Accordingly, as required by the SEC's rules, we are including this proposal to give our stockholders the opportunity to inform us as to how often they wish the Company to include a say-on-pay proposal in our proxy statements.

We are presenting the following proposal, which gives you, as a stockholder, the opportunity to inform us as to whether you wish us to hold an advisory (non-binding) vote on executive compensation once every (1) one year, (2) two years, or (3) three years, or you may abstain from voting on the proposal set forth in the following resolution.

"RESOLVED, that the stockholders determine, on an advisory basis, whether the preferred frequency of an advisory vote on the executive compensation of the Company's named executive officers as set forth in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders should be every year, every two years, or every three years."

The Board recommends that you vote for every three (3) years as the desired frequency for the Company to hold a non-binding, advisory vote of the stockholders on executive compensation. We believe this frequency is appropriate for the reasons set forth below:

1. Our equity compensation program for the named executive officers is designed to support long-term value creation, and a vote every three years will allow the stockholders to better judge the equity compensation program in relation to our long-term performance. We strive to ensure management's interests are aligned with stockholders' interests to support long-term value creation through our equity compensation program. To that end, we grant equity awards to vest over multi-year periods of service to encourage our named executive officers to focus on long-term performance, and recommend a vote every three years, which would allow the equity compensation to be evaluated over a similar time-frame and in relation to long-term performance.
2. A vote every three (3) years will provide the Board and the Compensation Committee with the time to thoughtfully consider and thoroughly respond to stockholders' sentiments and to implement any necessary changes in light of the timing required therefor. The Board and the compensation committee will carefully review changes to the executive compensation to maintain the effectiveness and credibility of the program, which is important for aligning interests and for motivating and retaining our named executive officers.
3. We are open to input from stockholders regarding Board and governance matters, as well as the equity compensation program. We believe that the stockholders' ability to contact us and the Board at any time to express specific views on executive compensation holds us accountable to stockholders and reduces the need for and value of more frequent advisory votes on executive compensation.

Pursuant to the Exchange Act and the rules promulgated thereunder, this vote on the frequency of future advisory votes on named executive officer compensation is non-binding on the Board and its committees. This vote may not be construed as overruling a decision by the Board or its committees, creating or implying any change to the fiduciary duties of the Board or its committees or any additional fiduciary duty by the Board or its committees or restricting or limiting the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation. Notwithstanding the Board's recommendation and the outcome of the vote on this matter, the Board may, in the future, decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

The Board recommends that stockholders vote to have the non-binding vote on executive compensation occur every three years.

33

PROPOSAL 7 – APPROVAL TO POTENTIALLY ISSUE MORE THAN 19.99% OF OUR OUTSTANDING COMMON STOCK UNDER OUR SERIES D REDEEMABLE CONVERTIBLE PREFERRED STOCK UNDER NASDAQ LISTING RULES.

Transaction Summary

On June 24, 2016, we entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Discover Growth Fund, a Cayman Islands fund (“Discover”). Pursuant to the Purchase Agreement, on June 24, 2016, we issued and sold to Discover an aggregate of 211 shares of our newly designated Series D Redeemable Convertible Preferred Stock, par value \$0.00001 per share (the “Series D Preferred Stock”), convertible into shares of our Common Stock, at a conversion price of \$2.50 per share, which is subject to adjustment as provided in the Certificate of Designations (defined below), at a purchase price of \$10,000 per share with a 5% original issue discount, for total gross proceeds of \$2,000,000.

The 211 shares of Series D Preferred Stock were offered and sold in a registered direct offering pursuant to our “shelf” registration statement (File No. 333-208910), which was declared effective by the SEC on March 22, 2016.

Why We Need Stockholder Approval

Our Common Stock is listed on The Nasdaq Capital Market and, as such, we are subject to the Nasdaq Stock Market Rules. Nasdaq Stock Market Rule 5635(d) is referred to as the “Nasdaq 20% Rule.” In order to comply with the Nasdaq 20% Rule, we are seeking stockholder approval for the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Preferred Stock.

The Nasdaq 20% Rule requires that an issuer obtain stockholder approval prior to certain issuances of Common Stock or securities convertible into or exchangeable for Common Stock at a price less than the greater of market price or book value of such securities (on an as exercised basis) if such issuance equals 20% or more of the Common Stock or voting power of the issuer outstanding before the transaction. Shares of Common Stock issuable upon the conversion or redemption of shares of Series D Preferred Stock, including any shares of Common Stock that we may elect to issue, at our sole and absolute discretion, in payment of In-Kind Accruals and any In-Kind Accruals or conversion premium, are considered Common Stock issued for the purposes of determining whether the 20% limit has been reached. The aggregate number of shares of Common Stock issuable upon the conversion or redemption of the 211 shares of Series D Preferred Stock could exceed 20% of our outstanding Common Stock at a price less than the greater of the book value or market of the shares on the applicable date, so the issuance of such shares of Series D Preferred Stock would be subject to the Nasdaq 20% Rule.

Effect of Proposal 7 on Current Stockholders

If stockholders do not approve Proposal 7, the issuance of Common Stock under the terms of such shares of Series D Preferred Stock would not require further stockholder approval under Nasdaq Stock Market Rules. If stockholders do not approve Proposal 7, we will not be able to pay the In-Kind Accrual and any conversion premium upon conversion or redemption of the Series D Preferred Stock with our shares of Common Stock or would have to potentially raise additional capital to pay the In-Kind Accruals.

The issuance of Common Stock upon the conversion or redemption of shares of Series D Preferred Stock, particularly if we elect to pay In-Kind Accruals and any conversion premium on such shares of Series D Preferred Stock in shares of Common Stock, may result in significant dilution to our stockholders and afford our stockholders a smaller percentage interest in the voting power, liquidation value and aggregate book value of our Company. Additionally, the issuance and subsequent resale of such shares of Common Stock may cause the market price of our Common Stock to

decline. For information about the number of outstanding shares of our Company see “Questions and answers about the Annual Meeting—How many Shares of Common Stock and Preferred Stock are outstanding” contained in this Proxy Statement.

Summary of the Terms of the Certificate of Designations

The terms of the Series D Preferred Stock are set forth in a Certificate of Designations (the “Certificate of Designations”) filed with the Secretary of State of the State of Nevada. A summary of the material terms of the Series D Preferred Stock is set forth below.

Designation and Ranking: We have designated 5,000 shares of Series D Preferred Stock. The Series D Preferred Stock will rank (i) (a) senior to our Common Stock; (b) senior, pari passu or junior with respect to other series of preferred stock, as set forth in the Certificate of Designations with respect to such preferred stock; and (c) junior to all of our existing and future indebtedness. Without the prior written consent of the holders of a majority of the outstanding shares of Series D Preferred Stock (voting separately as a

single class), we may not issue any additional shares of Series D Preferred Stock, or any other preferred stock that is pari passu or senior to the Series D Preferred Stock with respect to any rights for a period of six months after the issuance date.

Maturity: Six and one half years after the issuance date.

Voting: The Series D Preferred Stock does not have any voting rights, including with respect to the election of directors, except as required by law; provided, however, we will not, without the affirmative approval of the holders of a majority of the shares of the Series D Preferred Stock then outstanding (voting separately as one class), (i) alter or change adversely the powers, preferences or rights given to the Series D Preferred Stock or alter or amend the Certificate of Designations, (ii) authorize or create any class of stock ranking as to distribution of dividends senior to the Series D Preferred Stock, (iii) amend our certificate of incorporation or other charter documents in breach of any of the provisions of the Certificate of Designations, (iv) increase the authorized number of shares of Series D Preferred Stock or (v) enter into any agreement with respect to the foregoing.

In-Kind Accruals: The holder of the Series D Preferred Stock is entitled to In-Kind Accruals in the amount of 6.50% per annum, subject to certain adjustments, payable upon redemption, upon conversion and when, as and if declared by our Board.

Liquidation Rights: Upon any liquidation, dissolution or winding up, the holders of Series D Preferred Stock will be entitled to be paid out of our assets available for distribution to our stockholders, pari passu with holders of our preferred stock and Common Stock an amount equal to \$10,000.00, plus any accrued but unpaid In-Kind Accruals thereon.

Company Redemption/Conversion Premium: We have the right, at our option, to redeem for cash all or a portion of the Series D Preferred Stock at a price 100% of the Face Value plus the conversion premium minus any In-Kind Accruals have previously been paid with respect to the Series D Preferred Stock being redeemed. The In-Kind Accruals and conversion premium may be paid in cash or, at our option, shares of Common Stock. If we elect to pay the In-Kind Accruals or conversion premium amount in the form of Common Stock, the number of shares to be issued shall be calculated by using: (i) if there is no triggering event (as such term is defined in the Certificate of Designations), 90.0% of the average of the five lowest individual daily volume weighted average prices during the applicable measurement period, which may be non-consecutive, less \$0.05 per share of Common Stock, not to exceed 100% of the lowest sales price on the last day of such measurement period, less \$0.05 per share of Common Stock, or (ii) following any triggering event, 80.0% of the lowest daily volume weighted average price during any measurement period, less \$0.10 per share of Common Stock, not to exceed 80.0% of the lowest sales price on the last day of any measurement period, less \$0.10 per share of Common Stock.

Credit Risk Adjustment: The In-Kind Accrual rate will adjust (i) downward by an amount equal to 150 basis points for each amount, if any, equal to \$0.10 per share of Common Stock that the volume weighted average price of our Common Stock on any trading day rises above \$3.00, down to a minimum of 0.0%; and (ii) upward by an amount equal to 150 basis points for each amount, if any, equal to \$0.10 per share of Common Stock that volume weighted average price of our Common Stock on any trading day falls below \$2.00, up to a maximum of 24.95%. In addition, the In-Kind Accrual rate will adjust upward by 10.0% upon any triggering event.

Issuance Limitation: The holder of the Series D Preferred Stock will be prohibited from converting shares of Series D Preferred Stock into shares of our Common Stock if, as a result of the conversion, the holder, together with its affiliates, would beneficially own more than 4.99% of the total number of shares of our Common Stock then issued and outstanding; provided, however, the holder may increase such amount to 9.99% upon not less than 61 days' prior notice to us.

We will not issue any shares of Common Stock pursuant to the Certificate of Designations if the issuance of such shares would exceed the aggregate number of shares of Common Stock we may issue upon conversion of the Series D Preferred Stock without breaching our obligations under Nasdaq Listing Rule 5635(d), except that such limitation will not apply (i) following stockholders approval in accordance with the requirements of Nasdaq Listing Rule 5635(d) (which is the subject of this Proposal 7) or a waiver from Nasdaq of Listing Rule 5635(d) (collectively, the “Approval”), or (ii) if the holder of the Series D Preferred Stock or we obtain a written opinion from counsel that such Approval is not required.

No Short Selling: Under the Purchase Agreement, Discover further agreed that so long as it or any of its affiliates holds any Series D Preferred Stock or Common Stock underlying such shares, neither Discover nor any affiliate will engage in or effect, directly or indirectly, any short sale of Common Stock, except upon the occurrence of certain triggering events.

Potential Issuances of Additional Shares of Common Stock to Discover

As discussed above, in connection with the Purchase Agreement, we filed the Certificate of Designations with the Secretary of State of the State of Nevada to create and authorize 5,000 shares of Series D Preferred Stock and issued and sold 211 shares of Series D

Preferred Stock to Discover. We do not currently have any agreements in place regarding the issuance and sale of additional shares of Series D Preferred Stock.

When a conversion notice is submitted to us, such notice sets forth the number of shares of Series D Preferred Stock being converted into shares of our Common Stock and the amount of the In-Kind Accrual payable and any applicable conversion premium. Each share of Series D Preferred Stock is convertible into 4,000 shares Common Stock, which is the face value of the Series D Preferred Stock, or \$10,000.00, by the conversion price of \$2.50. Additionally, we may pay all or any portion of the In-Kind Accrual and conversion premium, if any, in cash instead of shares of our Common Stock.

Pursuant to the terms of the Purchase Agreement, we have issued and sold to Discover an aggregate 211 shares of Series D Preferred Stock. As of October 13, 2016, Discover has submitted four conversion notices to us, and one true-up notice, and converted an aggregate of 117.71 shares of Series D Preferred Stock into 1,340,960 shares of our Common Stock. Based on the outstanding number of Series D Preferred Stock of 93.29 on October 19, 2016, Discover would have the ability to convert the Series D Preferred Stock into an additional 2,660,238 shares of our Common Stock. Discover has agreed not to submit any further conversion notices until we have received approval for Proposal 7. If Proposal 7 is approved, the issuance of additional shares of our Common Stock under the terms Certificate of Designations and the Purchase Agreement would not require further stockholder approval under Nasdaq Listing Rules. Additionally, if Proposal 7 is approved, upon the conversion or redemption of such shares of Series D Preferred Stock, we would be able to elect issue to Discover, at our sole and absolute discretion, shares of Common Stock in payment of In-Kind Accruals and any conversion premium on such shares of Series D Preferred Stock.

Vote Required for Approval

The affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against this proposal for the proposal to be approved.

The Board recommends that stockholders vote "FOR" approval of the potential issuance of more than 19.99% of our outstanding Common Stock under our Series D Redeemable Convertible Preferred Stock under Nasdaq listing rules as described in this Proposal 7.

PROPOSAL 8 –APPROVAL OF AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 20,000,000 TO 40,000,000

Summary

Over the past several fiscal years, the Company has used shares of its Common Stock to, among other things, consummate transactions, compensate employees and third parties, engage in financings and for other general corporate purposes. The Board is recommending that the holders of Common Stock of the Company approve an amendment to the Company’s Certificate of Incorporation to increase the number of shares of Common Stock available for issuance from 20,000,000 to 40,000,000. For information about the number of outstanding shares of our Company see “Questions and answers about the Annual Meeting—How many Shares of Common Stock and Preferred Stock are outstanding” contained in this Proxy Statement.

The reason for the amendment to the Company’s Certificate of Incorporation is to permit the Company to use the Company’s Common Stock for such purposes such as financings, compensation plans, business acquisitions and other general corporate purposes. The Board believes that our Common Stock allows the Company to engage in such strategic activities without the use of the Company’s cash and to raise cash to carry out the Company’s overall strategy. This amendment to the Company’s Certificate of Incorporation is intended to facilitate future financings, compensation plans, business acquisitions and other general corporate purposes from time to time as the Board may approve. Unless required by applicable law or stock exchange rules, no further vote of the holders of Common Stock will be required.

The additional shares of Common Stock for which authorization is sought would be identical to the shares of Common Stock the Company now has authorized. Holders of Common Stock do not have preemptive rights to subscribe to additional securities which may be issued by the Company.

The Board has not proposed the increase in the amount of authorized shares with the intention of discouraging tender offers or takeover attempts of the Company. However, the availability of additional authorized shares for issuance may have the effect of discouraging a merger, tender offer, proxy contest or other attempt to obtain control of the Company.

Effect of Proposal 2 and Proposal 8

If the amendment to the Company’s Certificate of Incorporation is approved by the stockholders at the Annual Meeting, the Certificate of Amendment will be filed with the Secretary of State of the State of Nevada to effect the amendment promptly after the Annual Meeting.

If Proposal 8 is approved by holders of Common Stock and Proposal 2 is approved by holders of Common Stock, then the Company will effectuate the amendment to the Company’s Certificate of Incorporation before filing the Agreement and Plan of Merger with Delaware. This will have the effect of authorizing 40,000,000 shares of Common Stock as set forth in the Amendment and Restated Certificate of Incorporation.

If Proposal 8 is not approved by holders of Common Stock and Proposal 2 is approved by holders of Common Stock, then the Company will not effectuate the amendment to the Company’s Certificate of Incorporation before filing the Agreement and Plan of Merger with Delaware. This will have the effect of authorizing only 20,000,000 shares of Common Stock as set forth in the Amendment and Restated Certificate of Incorporation.

If Proposal 8 is approved by holders of Common Stock and Proposal 2 is not approved by holders of Common Stock, then the Company will effectuate the amendment to the Company's Certificate of Incorporation and will not file the Agreement and Plan of Merger with Delaware. This will have the effect of authorizing only 40,000,000 shares of Common Stock under the Company's Certificate of Incorporation and the Agreement and Plan of Merger will not go into effect.

The form of the Certificate of Amendment that would be enacted if the amendment is adopted is set forth in Appendix F to this proxy statement.

Required Vote

The approval of the proposal to amend the Company's Certificate of Incorporation will require the affirmative vote of the holders of a majority of the shares of the Company's outstanding Common Stock. Because the vote is based on the total number of shares outstanding rather than the votes cast at the Annual Meeting, your failure to vote on Proposal 8 has the same effect as a vote against the amendment to the Company's Certificate of Incorporation.

Recommendation

The Board recommends that stockholders vote “FOR” the approval of an amendment to the Company’s Certificate of Incorporation to increase the number of authorized shares of Common Stock from 20,000,000 shares to 40,000,000 shares as described in this Proposal 8.

AUDIT COMMITTEE AND AUDITOR MATTERS

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee shall not be deemed incorporated by reference into any of our filings under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent we specifically incorporate it by reference therein.

The Audit Committee of the Board has:

- reviewed and discussed the Company's audited financial statements for the year ended May 31, 2016 with management;
- discussed with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
- received the written disclosures and letter from the independent auditors required by the applicable requirements of the Public Accounting Oversight Board regarding the independent auditors communications with the Audit Committee concerning independence, and has discussed with RBSM LLP matters relating to its independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board that the financial statements audited by RBSM LLP for the fiscal year ended May 31, 2016 be included in its Annual Report on Form 10-K for such fiscal year.

Audit Committee:

Nicholas Florio

Dimitri Villard

Jeff Grout

Audit Fees

The aggregate fees billed for the fiscal years ended May 31, 2016 and 2015 for professional services rendered by the principal accountant, RBSM LLP are as follows (dollars in thousands):

	Years ended May 31,	
	2016	2015
Audit Fees	\$259	\$195
Audit Related Fees	—	—
Tax Fees	144	164
All Other Fees	14	58
Total	\$417	\$417

Audit Fees were for professional services necessary to perform an annual audit of the financial statements, review of quarterly reports and other services required to be performed by our independent auditors.

Audit-Related Fees, if incurred, were for services that are reasonably related to the performance of the audit or review of our financial statements including the support of business acquisition and divestiture activities, independent assessment of controls related to outsourcing services, audit and review of certain benefit-related programs.

Tax Fees were for tax compliance, tax planning, and tax advice. Corporate tax services encompass a variety of permissible services, including technical tax advice related to United States and international tax matters; assistance with foreign income and withholding tax matters, assistance with sales tax, value added tax and equivalent tax related matters in local jurisdictions; preparation of reports to comply with local tax authority transfer pricing documentation requirements; and assistance with tax audits.

Other Fees were for financial statement audits of acquired and targeted companies as well as review of registration statements.

Pre-Approval Policies and Procedure for Audit Services

The audit committee has developed policies and procedures regarding the approval of all services that are to be rendered by our independent registered public accounting firm, as permitted under applicable laws, and the corresponding fees for such services.

Consistent with these policies and procedures, all audit services and non-audit services and all fees associated with such services performed by our independent registered public accounting firm in fiscal 2015 and 2016 were pre-approved by the audit committee.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Executive Officers and Directors

Set forth below is information regarding the Company's current directors and executive officers as of the date of this Proxy Statement. The executive officers serve at the pleasure of the Board.

Name and Address	Age	Positions
Brendan Flood		