

ModusLink Global Solutions Inc
Form PRE 14A
October 16, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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ModusLink Global Solutions, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

MODUSLINK GLOBAL SOLUTIONS, INC.

1601 TRAPELO ROAD, SUITE 170

WALTHAM, MASSACHUSETTS 02451

November , 2013

Dear ModusLink Global Solutions Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders (the 2013 Meeting) of ModusLink Global Solutions, Inc., which will be held at The Portofino Hotel and Marina, 260 Portofino Way, Redondo Beach, California, on December 18, 2013, at 9:00 a.m. Pacific time.

Information about the meeting and the various matters on which the stockholders will act is included in the Notice of Annual Meeting of Stockholders and Proxy Statement which follow. Also included are a Proxy Card and postage-paid return envelope. You are urged to read the Proxy Statement carefully and, whether or not you plan to attend the 2013 Meeting, to promptly submit a proxy: (a) by telephone or the Internet following the easy instructions on the enclosed proxy card or (b) by signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

Whether or not you plan to attend the 2013 Meeting, it is important that your shares are represented and voted at the 2013 Meeting. Therefore, I urge you to promptly submit your proxy to vote via the Internet, by telephone or by signing, dating and returning the completed proxy card. Voting by any of these methods will ensure your representation at the 2013 Meeting.

I look forward to greeting those of you who attend the 2013 Meeting.

Sincerely,

John J. Boucher,
President and Chief Executive Officer

YOUR VOTE IS VERY IMPORTANT

Whether or not you expect to attend the 2013 Meeting in person, please vote as soon as possible. As an alternative to voting in person at the 2013 Meeting, you may vote via the Internet, by telephone, or, if you receive a paper proxy card in the mail, by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled How to Vote on page 1 of the Proxy Statement. You may revoke a previously delivered proxy at any time prior to the 2013 Meeting. If you decide to attend the 2013 Meeting and wish to change your proxy vote, you may do so by voting in person at the 2013 Meeting.

MODUSLINK GLOBAL SOLUTIONS, INC.

1601 TRAPELO ROAD, SUITE 170

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PRELIMINARY PROXY MATERIAL SUBJECT TO COMPLETION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 18, 2013

To the Stockholders of ModusLink Global Solutions, Inc.:

NOTICE IS HEREBY GIVEN that the 2013 Annual Meeting of Stockholders (the 2013 Meeting) of ModusLink Global Solutions, Inc. (the Company) will be held at The Portofino Hotel and Marina, 260 Portofino Way, Redondo Beach, California, on December 18, 2013, at 9:00 a.m. Pacific time, for the following purposes:

1. To elect one Director to serve in Class II until the 2016 Annual Meeting of Stockholders and until his respective successor is duly elected and qualified;
2. To amend the Company s Restated Certificate of Incorporation to declassify the Board of Directors;
3. To approve, on an advisory basis, the compensation of our Named Executive Officers as listed herein; and
4. To transact such other business that may properly come before the 2013 Meeting or any adjournments or postponements thereof.

The Board has no knowledge of any other business to be transacted at the 2013 Meeting. Only stockholders of record at the close of business on October 21, 2013 are entitled to notice of, and to vote at, the 2013 Meeting and any adjournments or postponements thereof. All stockholders are cordially invited to attend the 2013 Meeting.

By Order of the Board of Directors,

Waltham, Massachusetts

November , 2013

Warren G. Lichtenstein, *Chairman of the Board*

IMPORTANT

Whether or not you expect to attend the 2013 Meeting in person, please submit your proxy to vote as soon as possible. As an alternative to voting in person at the 2013 Meeting, you may submit your proxy via the Internet, by telephone, or, if you receive a paper proxy card in the mail, by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled How to Vote on page 1 of the Proxy Statement. You may revoke a previously delivered proxy at any time prior to the 2013 Meeting. If you decide to attend the 2013 Meeting and wish to change your proxy vote, you may do so by voting in person at the 2013 Meeting.

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Please note that if you hold your shares in street name (through a bank, broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership in the Company as of the record date to be allowed into the 2013 Meeting.

Use of cameras, cell phones, recording equipment and other electronic devices will not be permitted at the 2013 Meeting. The Company reserves the right to inspect any person or item prior to admission to the 2013 Meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2013 Meeting To Be Held on December 18, 2013: This Proxy Statement and our 2013 Annual Report are available for viewing, printing and downloading at www.moduslink.com/proxymaterials.

MODUSLINK GLOBAL SOLUTIONS, INC.

1601 TRAPELO ROAD, SUITE 170

WALTHAM, MASSACHUSETTS 02451

PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held on December 18, 2013

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of ModusLink Global Solutions, Inc., a Delaware corporation (we or the Company), for use at the Company's 2013 Annual Meeting of Stockholders (the 2013 Meeting), which will be held at The Portofino Hotel and Marina, 260 Portofino Way, Redondo Beach, California, on December 18, 2013, at 9:00 a.m. Pacific time, and at any adjournments or postponements thereof. On or about [], 2013, we are mailing notice of, and providing access to, these proxy materials together with an annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended July 31, 2013 (the 2013 Annual Report) and other information required by the rules of the Securities and Exchange Commission. The Company's principal executive offices are located at 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451 and its telephone number is (781) 663-5000.

STOCKHOLDERS ENTITLED TO VOTE

Only holders of record of the Company's (i) common stock, par value \$.01 per share (the Common Stock) and (ii) Series A Junior Participating Preferred Stock, par value \$.01 per share (the Series A Stock) as of the close of business on October 21, 2013 (the Record Date), are entitled to notice of and to vote at the 2013 Meeting. As of the Record Date, [] shares of Common Stock were outstanding. No shares of Series A Stock were outstanding as of the Record Date; therefore, only holders of record of the Company's Common Stock on October 21, 2013 will vote at the 2013 Meeting. Each share of Common Stock entitles the record holder thereof to one vote on each matter brought before the 2013 Meeting.

HOW TO VOTE

Your vote is very important to the Board. Whether or not you plan to attend the 2013 Meeting, we urge you to submit your proxy to vote your shares today.

If You Are a Registered Holder of Common Stock

If you are a registered holder of Common Stock, you may vote your shares either by voting by proxy in advance of the 2013 Meeting or by voting in person at the 2013 Meeting. By submitting a proxy, you are legally authorizing another person to vote your shares on your behalf. If you submit your executed proxy card, but you do not indicate how your shares are to be voted, then your shares will be voted in accordance with the Board's recommendations set forth in this Proxy Statement. In addition, if any other matters are brought before the 2013 Meeting (other than the proposals contained in this Proxy Statement), then the individuals listed on the proxy card will have the authority to vote your shares on those other matters in accordance with their discretion and judgment.

Whether or not you plan to attend the 2013 Meeting, we urge you to promptly submit a proxy: (a) via the Internet or by telephone following the easy instructions on the enclosed proxy card or (b) by signing, dating and returning the enclosed proxy card in the postage-paid envelope

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provided. If you later decide to attend the 2013 Meeting and vote in person, that vote will automatically revoke any previously submitted proxy.

If You Hold Your Shares in Street Name

If you hold your shares in street name, i.e., through a bank, broker or other holder of record (a custodian), your custodian is required to vote your shares on your behalf in accordance with your instructions. If you do not give instructions to your custodian, your custodian will not be permitted to vote your shares with respect to non-discretionary items, such as the election of Directors.

Under the rules of The NASDAQ Stock Market LLC (Nasdaq), if you do not give instructions to your custodian, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to certain non-discretionary items. The election of Directors (Proposal 1), the declassification of the Board (Proposal 2) and the advisory vote on executive compensation (Proposal 3) are each non-discretionary items. Accordingly, if you do not give instructions to your custodian with respect to such proposals, or if your custodian does not exercise its discretionary authority with respect to such proposals, your shares will be treated as broker non-votes on these particular matters. Broker non-votes are shares with respect to which a bank or brokerage firm does not receive voting instructions from the beneficial holder and does not have or exercise the discretionary authority in voting on a proposal.

Accordingly, we urge you to promptly give instructions to your custodian to vote FOR the Board's nominees by using the voting instruction card provided to you by your custodian. Please note that if you intend to vote your street name shares in person at the 2013 Meeting, you must provide a legal proxy from your custodian at the 2013 Meeting.

How Does the Board Recommend I Vote?

The Board recommends a vote:

FOR the election of the Board's nominee;

FOR the approval of the amendment of the Company's Restated Certificate of Incorporation to declassify the Board; and

FOR the approval, on an advisory basis, of the compensation of the Company's Named Executive Officers, as such information is disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosure beginning on page 18 (commonly referred to as say-on-pay).

QUORUM AND VOTES REQUIRED

Quorum

The presence of a majority of the outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the 2013 Meeting will constitute a quorum.

Votes Required

The nominee for Director receiving the highest vote totals will be elected as a Director of the Company.

Approval of Proposal 2 requires the affirmative vote of seventy-five percent (75%) of the outstanding shares of Common Stock entitled to vote.

Approval of Proposal 3 requires the affirmative vote of a majority of the votes cast.

Withheld Votes, Abstentions and Broker Non-Votes

Abstentions and broker non-votes will be considered shares present and entitled to vote for the purpose of determining whether a quorum exists. A broker non-vote occurs when a custodian does not vote on a particular proposal because it has not received voting instructions from the applicable beneficial owner and does not have discretionary voting power on the matter in question.

With respect to Proposals 1 (Election of Directors) and 3 (Advisory Vote on Executive Compensation), abstentions and any broker non-votes will not be included in the vote totals and, as such, will have no effect on the outcome of these proposals.

With respect to Proposal 2 (Declassification of Board), abstentions and any broker non-votes will have the same effect as votes cast against Proposal 2.

ATTENDANCE AT THE ANNUAL MEETING

Attendance at the 2013 Meeting or any adjournment or postponement thereof will be limited to stockholders of the Company and its guests. If you are a stockholder of record, your name will be verified against the list of stockholders of record prior to your admittance to the 2013 Meeting or any adjournment or postponement thereof. Please be prepared to present photo identification for admission. If you hold your shares in street name, you will need to provide proof of beneficial ownership, such as a brokerage account statement or other similar evidence of ownership, as well as photo identification, in order to be admitted to the 2013 Meeting. Please note that if you hold your shares in street name and intend to vote in person at the 2013 Meeting, you must also provide a legal proxy obtained from your custodian.

HOW TO REVOKE YOUR PROXY

Your proxy is revocable. The procedure you must follow to revoke your proxy depends on how you hold your shares.

If you are a registered holder of Common Stock, you may revoke a previously submitted proxy by submitting another valid proxy (whether by phone, the Internet or mail) or by providing a signed letter of revocation to the Secretary of the Company, at the principal executive offices of the Company, 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451, before the closing of the polls at the 2013 Meeting. Only the latest-dated validly executed proxy will count. You also may revoke any previously submitted proxy by attending the 2013 Meeting and voting your shares in person. Note that simply attending the 2013 Meeting without taking one of the above actions will not revoke your proxy.

If you hold shares in street name, in general, you may revoke a previously submitted voting instruction by submitting to your custodian another valid voting instruction (whether by phone, the Internet or mail) or a signed letter of revocation. Please contact your custodian for detailed instructions on how to revoke your voting instruction and the applicable deadlines.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board has seven members and is currently divided into three classes. A class of Directors is elected each year for a three-year term.

The current term of the Company's Class II Directors, who are Virginia G. Breen, Francis J. Jules and Michael J. Mardy, will expire at the 2013 Meeting and such individuals are not nominees for reelection. Effective upon the date of the 2013 Meeting, the size of the Board will be reduced by two members to five members and the number of Class II Directors eligible for election at the 2013 Meeting to one (1). The Board's nominee for Class II Director for election at the 2013 Meeting is Anthony Bergamo. If Mr. Bergamo is elected at the 2013 Meeting, he will be elected to serve for a term of three years that will expire at the Company's 2016 Annual Meeting of Stockholders and until his successor is elected and qualified. The persons named as proxies will vote for Mr. Bergamo for election to the Board as a Class II Director unless the proxy card is marked otherwise.

If Proposal 2 is approved by the stockholders at the 2013 Meeting all directors will be elected annually starting with the 2014 annual meeting of stockholders.

Information Concerning the Directors and the Board's Nominee

Biographical and certain other information concerning the nominee for election as a member of the Board, who has consented to be named in this Proxy statement and to serve if elected, is set forth below:

Class II Director Nominee for a three year term expiring at the 2016 Annual Meeting of Stockholders

Anthony Bergamo, age 67. Mr. Bergamo is a nominee for election to our Board of Directors. Mr. Bergamo has held various positions with MB Real Estate, a property development and management company based in New York City and Chicago, since April 1996, including the position of Vice Chairman since May 2003. He also has served as a director of Steel Partners Holdings L.P. since 2009 and serves as Chairman of the Audit Committee. Mr. Bergamo has served as Managing Director with Milstein Hotel Group, a hotel operator, since April 1996. He has also served as the Chief Executive Officer of Niagara Falls Redevelopment, LLC, a real estate development company, since August 1998. Mr. Bergamo is Chairman of the Audit Committee and a member of the Executive and Compensation Committees of Dime Community Bancshares, Inc., a savings and loan holding company. Mr. Bergamo was a director of Lone Star Steakhouse & Saloon, Inc., an owner and operator of restaurants, from May 2002 until December 2006, at which time such company was sold to a private equity fund. At the time of such sale, Mr. Bergamo was the Chairman of the Audit Committee of Lone Star Steakhouse & Saloon, Inc. and had been a director since 1995 and a Trustee since 1986. Mr. Bergamo is also the Founder of the Federal Law Enforcement Foundation, a foundation that provides economic assistance to both federal and local law enforcement officers suffering from serious illness and to communities recovering from natural disasters, and has served as its Chairman since 1988. Mr. Bergamo serves on the New York State Commission for Sentencing Reform, is a Board Member of New York Off-Track Betting Corporation and serves on the New York State Judicial Screening Committee. He earned a B.S. in History from Temple University, and a J.D. from New York Law School. He is admitted to the New York, New Jersey and Federal Bars, the US Court of Appeals and the US Supreme Court. Mr. Bergamo's qualifications to sit on our Board of Directors include his broad experience as chief executive officer and operating officer of public and private companies and his more than fifteen years of service on boards of public companies and various public service organizations.

Vote Required

The nominee for Director receiving the highest vote total will be elected as a Director of the Company. Withheld votes and broker non-votes will have no practical effect in the election of Directors.

The Board unanimously recommends a vote FOR the above nominee for Director.

Class III Directors Continuing in office until the 2014 Annual Meeting of Stockholders

Jeffrey J. Fenton, age 56. Mr. Fenton has served as a Director of the Company since November 2010. Mr. Fenton was initially appointed to the Board pursuant to a Settlement Agreement among the Company, LCV Capital Management, LLC, Raging Capital

Management, LLC and certain of their affiliates, dated October 20, 2010. Since March 2004, Mr. Fenton has served as a Principal of Devonshire Advisors LLC, an advisory services firm. From March 2004 to April 2008, Mr. Fenton also served as Senior Advisor to Cerberus Capital Management L.P., a leading private investment firm. Mr. Fenton served as a director of Bluelix Holdings Inc., Formica Corporation, IAP Worldwide Services, Global Motorsports Group, Inc. and Transamerica Trailer Leasing Co. Mr. Fenton brings to the Board significant finance, international business and leadership experience, having served as a senior advisor at a leading private investment firm as well as chief executive officer of a major industrial company.

Jeffrey S. Wald, age 39. Mr. Wald has served as a Director of the Company since February 2012. Mr. Wald was elected to the Board at the Company's 2011 annual meeting of stockholders after being nominated for election by Peerless Systems Corporation. Since May 2010, Mr. Wald has been the Chief Operating Officer and Chief Financial Officer of Work Market, Inc., a labor resource platform that he co-founded. From May 2008 to May 2010, Mr. Wald was a Managing Director at Barington Capital Group, L.P. an activist hedge fund manager, where he initiated investments and managed Barington's portfolio of investments. From March 2007 through May 2008, Mr. Wald was the Chief Operating Officer and Chief Financial Officer of Spinback, Inc., an internet commerce company he co-founded (sold to Buddy Media Corporation). From January 2003 to March 2007, Mr. Wald was a Vice President at The GlenRock Group, a private equity firm which invests in undervalued, middle market companies as well as emerging and early stage companies. Earlier in his career, Mr. Wald held positions in the mergers and acquisitions department at J.P. Morgan Chase & Co. Mr. Wald is currently a director of Work Market, Inc. and CoStar Technologies, Inc., where he also serves on the audit committee. From 2010 to 2012, Mr. Wald served as a director of Peerless Systems Corporation and from 2009 to 2010 he served on the board of Register.com. Mr. Wald brings to the Board substantial experience in the area of venture capital, technology, principal investing and operations.

Class I Directors Continuing in Office until the 2015 Annual Meeting of Stockholders

Warren G. Lichtenstein, age 48. Mr. Lichtenstein has served as the Chairman of the Board and a Director of the Company since March 12, 2013. He has also served as the Executive Chairman of the general partner of Steel Partners Holdings L.P. (Steel Holdings), a global diversified holding company that owns and operates businesses and has significant interests in leading companies in a variety of industries, including diversified industrial products, energy, defense, banking, insurance, and food products and services, since July 15, 2009. He is also the Chairman and Chief Executive Officer of SP General Services LLC (Steel Partners), a subsidiary of Steel Holdings, and has been associated with Steel Partners and its affiliates since 1990. Mr. Lichtenstein has served as Chairman of the Board of Handy & Harman Ltd., a diversified global industrial company, since July 2005. He is a Co-Founder of Steel Partners Japan Strategic Fund (Offshore), L.P., a private investment partnership investing in Japan, and Steel Partners China Access I LP, a private equity partnership investing in China. He also co-founded Steel Partners II, L.P. (SPII), a private investment partnership that is now a wholly-owned subsidiary of Steel Holdings, in 1993. Mr. Lichtenstein has served as a director of GenCorp Inc., a manufacturer of aerospace and defense products and systems with a real estate business segment, since March 2008. He has served as a director of SL Industries, Inc. (SLI), a company that designs, manufactures and markets power electronics, motion control, power protection, power quality electromagnetic and specialized communication equipment, since March 2010. He previously served as a director (formerly Chairman of the Board) of SLI from January 2002 to May 2008 and served as Chief Executive Officer from February 2002 to August 2005. He has served as a director (currently Chairman of the Board) of Steel Excel Inc. (Steel Excel), a company whose business currently consists of a sports-related segment and an oilfield services segment, since October 2010. Mr. Lichtenstein served as the Chairman of the Board, President and Chief Executive Officer of SP Acquisition Holdings, Inc. (SPAH), a company formed for the purpose of acquiring one or more businesses or assets, from February 2007 until October 2009. He served as a director of WebFinancial Corporation, a predecessor entity of Steel Holdings, from 1996 to June 2005, as Chairman and Chief Executive Officer from December 1997 to June 2005 and as President from December 1997 to December 2003. From May 2001 to November 2007, Mr. Lichtenstein served as a director (formerly Chairman of the Board) of United Industrial Corporation (United Industrial), a company principally focused on the design, production and support of defense systems, which was acquired by Textron Inc. He served as a director of KT&G Corporation, South Korea's largest tobacco company, from March 2006 to March 2008. Mr. Lichtenstein served as a director of Layne Christensen Company, a provider of products and services for the water, mineral, construction and energy markets, from January 2004 to October 2006. We believe Mr. Lichtenstein is qualified to serve as a Director due to his expertise in corporate finance, record of success in managing private investment funds and his related service as a director of, and advisor to, a diverse group of public companies, including other companies having attributes similar to the Company.

Glen M. Kassan, age 70. Mr. Kassan has served as a Director of the Company since March 12, 2013. Mr. Kassan has served since July 2005 as a director of HNH and as its Vice Chairman of the Board since October 2005. He previously served as HNH's Chief Executive Officer from October 2005 until December 2012. He is a Managing Director and operating partner of Steel Partners and has been associated with Steel Partners and its affiliates since August 1999. He served as the Vice President, Chief Financial Officer and Secretary of a predecessor entity of Steel Holdings from June 2000 to April 2007. He has served as a director of SLI since January 2002 and its Chairman of the Board since May 2008. He previously served as SLI's Vice Chairman of the Board from August 2005 to May 2008, its President from February 2002 to August 2005, its interim Chief Executive Officer from June 14, 2010 to June 29, 2010 and its interim Chief Financial Officer from June 14, 2010 to August 30, 2010. He was a director of United Industrial from October 2002 to November 2007. We believe Mr. Kassan is qualified to serve as a Director due to his years of experience and record of success in leadership positions in industrial and other public companies having attributes similar to the Company as well as the expertise he possesses in capital markets and corporate finance.

CORPORATE GOVERNANCE AND BOARD MATTERS

The Company maintains a corporate governance page on its website which includes key information about its corporate governance initiatives, including its Code of Business Conduct and Ethics, Corporate Governance Guidelines, and charters for each of the Audit Committee, Human Resources and Compensation Committee and Nominating and Corporate Governance Committee of the Board. The corporate governance page can be found by clicking on "Governance" under the Investor Relations tab on our website at www.moduslink.com.

The Company has policies and practices that promote good corporate governance and are compliant with the listing requirements of Nasdaq and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

The Board has adopted clear corporate governance policies;

A majority of the Board members are independent of the Company and its management;

All members of the Audit Committee, the Human Resources and Compensation Committee, and the Nominating and Corporate Governance Committee are independent;

The independent members of the Board meet regularly without the presence of management;

The Company has a code of business conduct and ethics, which applies to all employees, is monitored by its internal audit function and Chief Compliance Officer and is annually affirmed by its employees;

The charters of the Board committees clearly establish their respective roles and responsibilities;

The Company has an ethics hotline available to all employees, and the Company's Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls, or auditing matters;

The Company's internal audit control function maintains critical oversight over the key areas of its business and financial processes and controls, and reports directly to the Company's Audit Committee; and

The Company has stock ownership guidelines for its non-employee Directors and executive officers.

Board Leadership Structure

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Mr. Lichtenstein has served as non-executive Chairman of the Board since March 12, 2013. Prior to such date, Francis J. Jules served in this role from its establishment in November 2011.

Independence of Members of the Board

The Board has determined that each of Virginia G. Breen, Jeffrey J. Fenton, Francis J. Jules, Glen M. Kassan, Warren G. Lichtenstein, Michael J. Mardy and Jeffrey S. Wald, constituting all of the Directors of the Company, satisfies the criteria for being an independent director under the standards of Nasdaq and has no material relationship with the Company other than by virtue of service on the Board. In addition, the Board has determined that Anthony Bergamo satisfies the criteria for being an independent director under the standards of Nasdaq and has no material relationship with the Company.

Board and Committee Meetings

During the fiscal year ended July 31, 2013 (fiscal 2013), the Board held thirty (30) meetings (including by telephone conference). During fiscal 2013, each incumbent Director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of the committees on which he or she served. During fiscal 2013, all of the independent Directors of the Company met regularly, in an executive session of a regularly scheduled Board meeting, outside of the presence of the executive officers of the Company. The Company's Directors are strongly encouraged to attend the Company's Annual Meeting of Stockholders. All of the Company's Directors serving at the time of the 2012 Annual Meeting of Stockholders attended such meeting.

The Board has an Audit Committee, a Human Resources and Compensation Committee, and a Nominating and Corporate Governance Committee. Each committee reports regularly to the full Board on its activities.

Audit Committee

The Board has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, which assists the Board in fulfilling its responsibilities to stockholders concerning the Company's financial reporting and internal controls and facilitates open communication among the Audit Committee, Board, outside auditors and management. The Audit Committee discusses with management and the Company's outside auditors the financial information developed by the Company, the Company's systems of internal controls and the Company's audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The independent auditors meet with the Audit Committee (both with and without the presence of the Company's management) to review and discuss various matters pertaining to the audit, including the Company's financial statements, the report of the independent auditors on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by the Company. The Audit Committee oversees the internal audit functions and the senior-most internal auditor reports directly to the Audit Committee. The Audit Committee pre-approves all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor. The Audit Committee coordinates the Board's oversight of the Company's internal control over financial reporting, disclosure controls and procedures and code of conduct. The Audit Committee is charged with establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, internal accounting controls or auditing matters. The Audit Committee reviews all related party transactions on an ongoing basis and all such transactions must be approved or ratified by the Audit Committee. The Audit Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board has adopted a written charter for the Audit Committee, a copy of which can be found under the Investor Relations Governance section of the Company's website at www.moduslink.com. The contents of our website are not

part of this Proxy Statement, and our internet address is included in this document as an inactive textual reference only. The Audit Committee currently consists of Francis J. Jules, Glen M. Kassan and Michael J. Mardy (Chair), each of whom is independent as defined in applicable Nasdaq listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. Mr. Kassan joined the Audit Committee on May 13, 2013. The Audit Committee met nine (9) times during fiscal 2013.

Human Resources and Compensation Committee

The Board has a Human Resources and Compensation Committee (the Compensation Committee), which administers the Company's 2010 Incentive Award Plan, 2004 Stock Incentive Plan, 2002 Non-Officer Employee Stock Incentive Plan, 2000 Stock Incentive Plan and Amended and Restated 1995 Employee Stock Purchase Plan, as well as the Company's cash incentive plans, performance-based restricted stock program and other equity-based awards. The Compensation Committee approves salaries, bonuses and other compensation arrangements and policies for the Company's executive officers. The Compensation Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board has adopted a written charter for the Compensation Committee, a copy of which can be found under the Investor Relations Governance section of the Company's website at www.moduslink.com. The Compensation Committee currently consists of Virginia G. Breen, Francis J. Jules (Chair) and Glen M. Kassan, each of whom is an independent Director as determined in accordance with the Compensation Committee charter and applicable Nasdaq rules. Ms. Breen and Mr. Kassan joined the Compensation Committee on May 13, 2013. The Compensation Committee met eleven (11) times during fiscal 2013.

During fiscal 2013, the Company's Senior Vice President, Chief Human Resources Officer regularly attended Compensation Committee meetings to discuss and make recommendations regarding the Company's executive compensation program, including base salary, bonus, equity compensation and other benefits of other executive officers, and to provide relevant data compiled by members of the human resources staff. The Compensation Committee was not bound by such recommendations and the Compensation Committee ultimately approved the compensation of all executive officers. The Compensation Committee generally met in executive sessions without any member of management present when discussing compensation matters pertaining to the President and Chief Executive Officer. The Compensation Committee also reviewed with the Board the compensation of the President and Chief Executive Officer, prior to taking final action with respect to such compensation. After assuming his position in January 2013, the President and Chief Executive Officer did not make proposals or recommendations regarding his own compensation.

In addition, to the extent permitted by applicable law and the provisions of a particular equity-based incentive plan while he was employed by the Company, the Board delegated authority to Joseph Lawler, then serving as President and Chief Executive Officer, to grant stock options to non-executive employees within certain limits, including a prohibition on making grants to direct reports and per person limits, which authority was generally used to facilitate making new hire grants and to recognize promotions or reward special accomplishments and achievements. The Board authorized the former President and Chief Executive Officer to make restricted stock awards and restricted stock unit awards to non-executive employees in an amount not to exceed 1,000 shares in any one instance, and 10,000 shares in the aggregate in any fiscal year. For fiscal 2013, the Compensation Committee approved the number of shares included in an annual stock option pool for annual grants to non-executive employees and thereafter the Chief Financial Officer and Executive Vice President, Chief Administrative Officer and General Counsel were authorized to determine the amounts, recipients and date of grant of the annual stock option grants to non-executive employees.

The Compensation Committee's general practice and policy is to engage an outside compensation consultant to advise it as needed and to conduct a comprehensive review of executive compensation every two years. In intervening years, it is the Compensation Committee's practice to adjust the data from the prior year, as it deems necessary, to reflect prevailing market trends for executive compensation. For certain of the years included in the Summary Compensation Table, the Compensation Committee has used Hewitt Associates LLC (Hewitt) and Pearl Meyer & Partners (PM&P), as discussed below.

Pursuant to its charter, the Compensation Committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its compensation consultant. The Company has provided appropriate funding to the Compensation Committee to do so.

In fiscal 2005, the Company retained Hewitt as an independent advisor reporting to the Compensation Committee on executive compensation matters. During the fiscal years ended July 31, 2009 and July 31, 2010, Hewitt provided independent advice on compensation matters pertaining to the Named Executive Officers (as defined under Summary Compensation Table) and our other executives as requested by management or the Compensation Committee. During fiscal 2009, Hewitt reviewed with the Compensation Committee the overall executive compensation landscape, conducted a review of all elements of our executive compensation program, including bonus, long-term incentives, supplemental benefits, perquisites and severance, and provided a competitive review of compensation levels for a selected group of senior executive positions, including the Named Executive Officers. Hewitt's findings were delivered in early fiscal 2010, and were taken into consideration in making fiscal 2010 executive compensation determinations and fiscal 2011 executive compensation determinations (other than with respect to the compensation of the former President and Chief Executive Officer, as discussed below). Hewitt acted as an advisor to the Compensation Committee and also has provided, with the knowledge and consent of the Compensation Committee, advice and expertise to management on matters to be presented by management to the Compensation Committee. The Company did not retain Hewitt to provide any other services to the Company.

During fiscal 2010, the Compensation Committee retained PM&P as an independent advisor regarding fiscal 2011 compensation of the former President and Chief Executive Officer. In fiscal 2011, the Compensation Committee retained PM&P as its independent executive compensation consultant. None of the Company's management participated in the Compensation Committee's decision to retain PM&P. PM&P reports directly to the Compensation Committee and the Compensation Committee may replace PM&P or hire additional consultants at any time. PM&P attends meetings of the Compensation Committee, as requested, and communicates with the Chair of the Compensation Committee between meetings; however, the Compensation Committee makes all decisions regarding the compensation of the Company's executive officers.

PM&P provides various executive compensation services to the Compensation Committee with respect to the Company's executive officers and other key employees pursuant to a written consulting agreement with the Compensation Committee. The services PM&P provides under the agreement include advising the Compensation Committee on the principal aspects of the Company's executive compensation program and evolving best practices, and providing market information and analysis regarding the competitiveness of the Company's program design and award values in relationship to its performance. In mid-fiscal 2013, PM&P provided services to the Compensation Committee regarding the compensation arrangement of Mr. Boucher the Company's new President and Chief Executive Officer.

The Compensation Committee regularly reviews the services provided by its outside consultants and believes that PM&P is independent in providing executive compensation consulting services. The Compensation Committee conducted a specific review of its relationship with PM&P and determined that PM&P's work for the Compensation Committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act, the SEC and the Nasdaq. In making this determination, the Compensation Committee noted that during fiscal 2013:

PM&P did not provide any services to the Company or its management other than services to the Compensation Committee, and its services were limited to executive compensation consulting. Specifically, it does not provide, directly or indirectly through affiliates, any non-executive compensation services, including, but not limited to, pension consulting or human resource outsourcing;

Fees from the Company were far less than 1% of PM&P's total revenue;

PM&P maintains a conflicts policy which was provided to the Compensation Committee with specific policies and procedures designed to ensure independence;

None of the PM&P consultants on the Company matter had any business or personal relationship with Compensation Committee members;

None of the PM&P consultants on the Company matter, or PM&P, had any business or personal relationship with executive officers of the Company; and

None of the PM&P consultants on the Company matter directly own Company stock.

The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

The Compensation Committee reviews executive compensation on an ongoing basis and consults with its independent consultant as deemed necessary. The Compensation Committee also annually reviews the results of the Company's management succession planning activities as it relates to the management team, and shares its findings with the full Board.

Nominating and Corporate Governance Committee

The Board has a Nominating and Corporate Governance Committee (the Governance Committee), which makes recommendations to the Board concerning all facets of the Director-nominee selection process, develops and recommends to the Board corporate governance principles applicable to the Company and oversees the evaluation of the Board and management. The Governance Committee has the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Governance Committee is responsible for overseeing an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively and determines the nature of the evaluation, supervises the conduct of the evaluation and prepares an assessment of the performance of the Board, which is discussed with the Board. The Governance Committee also oversees the Company's enterprise risk management program and activities. The Governance Committee may, at the request of the Board, periodically review and make recommendations to the Board relating to management succession planning, including policies and principles for Chief Executive Officer selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer. The Board has adopted a written charter for the Governance Committee, a copy of which can be found under the Investor Relations Governance section of the Company's website at www.moduslink.com.

In recommending candidates for election to the Board, the Governance Committee considers nominees recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. The Governance Committee reviews each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Evaluations of candidates generally involve a review of background materials, internal discussions, and interviews with selected candidates as appropriate. Upon selection of a qualified candidate, the Governance Committee would recommend the candidate for consideration by the full Board. The Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees. The Board requires that all nominees for the Board have a reputation for integrity, honesty and adherence to high ethical standards. In addition, nominees should also have demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company. The Governance Committee will consider nominees for the Board recommended by stockholders in accordance with the Third Amended and Restated Bylaws of the Company (the Bylaws). Mr. Bergamo's nomination was recommended by Mr. Lichtenstein, the Company's Chairman of the Board.

Stockholders wishing to propose Director candidates for consideration by the Governance Committee may do so by writing, by deadlines specified in the Company's Bylaws, to the Secretary of the Company and providing information concerning the nominee and his or her proponent(s) required by the Company's Bylaws. The Company's Bylaws set forth further requirements for stockholders wishing to nominate director candidates for consideration by stockholders including, among other things, that a stockholder must give timely written notice of an intent to make such a nomination to the Secretary of the Company. See *Proposals of Stockholders for 2013 Annual Meeting and Nomination of Directors* in this Proxy Statement for more information.

The Governance Committee currently consists of Jeffrey J. Fenton, Warren G. Lichtenstein (Chair) and Jeffrey S. Wald, each of whom is independent as defined in applicable Nasdaq listing standards. Messrs. Lichtenstein and Wald joined the Governance Committee on May 13, 2013. The Governance Committee met five (5) times during fiscal 2014.

Board's Role in Risk Oversight

We believe that risk is inherent in innovation and the pursuit of long-term growth opportunities. The Company's management is responsible for day-to-day risk management activities. The Board, acting directly and through its committees, is responsible for the oversight of the Company's risk management. With the oversight of the Board, the Company has implemented practices and programs designed to help manage the risks to which we are exposed in our business and to align risk-taking appropriately with our efforts to increase stockholder value.

The Governance Committee has primary responsibility for initial consideration of all risk oversight matters and oversees our financial and risk management policies and enterprise risk management activities. As part of the overall risk oversight framework, the Governance Committee's risk oversight responsibilities include, among other things, reviewing annually: (i) the categories of risk the Company faces; (ii) the design of the Company's risk management functions; (iii) the internal communication of the Company's risk management strategy; (iv) the risk policies and procedures adopted by management and the implementation of such policies and procedures; and (v) the reports of management, independent auditors, legal counsel and outside experts regarding risks the Company faces. Our management team reviews risks on a regular basis.

In addition, the Board participates in regular discussions with the Company's senior management on many core subjects, including strategy, operations, finance, and legal and public policy matters, in which risk oversight is an inherent element. The Board believes that the leadership structure described above under Board Leadership Structure facilitates the Board's oversight of risk management because it allows the Board, with leadership from the non-executive Chairman and working through its committees, including the independent Governance Committee, to participate actively in the oversight of management's actions.

Diversity

Diversity has always been very important to us. Although we have no formal separate written policy, pursuant to our Corporate Governance Guidelines, the Board annually reviews the appropriate skills and characteristics of the members of the Board, and diversity is one of the factors used in this assessment.

Director Stock Ownership Guidelines

In September 2008, the Compensation Committee adopted stock ownership guidelines for our Directors, which guidelines were updated in December 2010. The Compensation Committee believes that it is appropriate for the Directors to hold equity in the Company. Under these guidelines, as updated, the non-employee Directors' ownership requirement is set at three times the annual retainer. All individuals will have five years from the later of the adoption of the guidelines or his or her first appointment or election as a Director to reach these ownership levels. In computing the amounts owned, the Company will consider the value of shares owned outright, restricted stock held by the individual, and in-the-money vested options. Compliance is measured at the end of each calendar year.

Stockholder Communications with the Board

Stockholders may send written communications to the Board, the presiding director or any individual member of the Board to the following address: c/o Secretary, ModusLink Global Solutions, Inc., 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451. The Company will forward all such correspondence accordingly, except for mass mailings, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material.

PROPOSAL 2

APPROVAL OF THE AMENDMENT TO THE COMPANY S

RESTATED CERTIFICATE OF INCORPORATION

The Board has unanimously adopted and is submitting for stockholder approval an amendment to the Company s Restated Certificate of Incorporation (the Charter Amendment) that would eliminate the classification of the Board and provide instead for the annual election of Directors commencing with the Company s 2014 annual meeting of stockholders, which will be held after the fiscal year ending on July 31, 2014.

The Company s current classified board structure has been in place since 1994. The Board believes that its classified structure has helped assure continuity of the Company s business strategies and has reinforced a commitment to long-term stockholder value. Although these are important benefits, the Board recognizes the growing sentiment among the investment community in favor of annual elections and acknowledges the affirmative vote by 51.5% of the Company s stockholders at the Company s 2012 annual meeting of stockholders to declassify the Board. Although this constituted the affirmative vote of over 98% of votes cast, the proposal did not meet the required threshold and was not approved as a result. After careful consideration, the Board determined that it is appropriate to propose declassifying the Board, commencing with the Company s 2014 annual meeting of stockholders.

The proposed Charter Amendment eliminates the classification of the Board effective upon the Company s 2014 annual meeting of stockholders and provides for the annual election of all Directors beginning at that annual meeting. If approved, the Charter Amendment would become effective upon the filing of a certificate of amendment with the Secretary of State of the State of Delaware, which the Company would do promptly after stockholder approval is obtained for the Charter Amendment.

If stockholders approve the Charter Amendment, the current term of each director would end at the Company s 2014 annual meeting of stockholders. Commencing at the 2014 annual meeting of stockholders, the entire Board would stand for election annually and the term of any director chosen as a result of a newly created directorship or to fill a vacancy following such election would expire at the next annual meeting of stockholders.

The proposed Charter Amendment would not change the present number of Directors or the Board s authority to change that number and to fill any vacancies or newly created directorships.

Delaware corporate law provides, unless otherwise provided in the certificate of incorporation, that members of a board that is classified may be removed only for cause. At present, because the Board is classified, and because the Restated Certificate of Incorporation does not otherwise provide, the members of the Board are removable only for cause. The proposed Charter Amendment provides that, once the Board has become declassified at the Company s 2014 annual meeting of stockholders, Directors may be removed with or without cause.

Approval of the Charter Amendment will result in the amendment of Article Seventh of the Company s Restated Certificate of Incorporation, as shown on [Appendix I](#).

Vote Required

The Company s Restated Certificate of Incorporation provides that any amendment to Article Seventh may only be approved by the affirmative vote of seventy-five percent (75%) of the Company s outstanding voting stock. Therefore, approval of this Proposal 2 requires the affirmative vote of seventy-five percent (75%) of the outstanding shares of Common Stock entitled to vote. Abstentions and broker non-votes will have the same effect as votes against this proposal.

The Board recommends that the stockholders vote FOR the approval of the amendment of the Company s Restated Certificate of Incorporation.

PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Board recognizes that it is appropriate to seek the views of stockholders on the design and effectiveness of the Company's executive compensation program. Per the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010, we are required to provide our stockholders with the opportunity to approve, on an advisory basis, the compensation of our Named Executive Officers as disclosed in this Proxy Statement.

As described in more detail under the heading "Compensation Discussion and Analysis" beginning on page 18 of this Proxy Statement, we believe our executive compensation program aligns with our short and long-term business goals, with a significant portion of compensation "at risk" and directly linked to our overall performance. As such, we believe our executive compensation properly aligns the interests of our executives with the interests of our stockholders.

The Board of Directors recommends that the stockholders vote in favor of the following resolution:

Resolved, that the stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers as described in the Compensation Discussion and Analysis, the Summary Compensation Table and other related tables and disclosures in this proxy statement.

As an advisory vote, this proposal is not binding upon the Company or the Board of Directors. The Compensation Committee values the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for our Named Executive Officers.

Vote Required

Approval of this Proposal 3 requires the affirmative vote of a majority of the votes cast. Abstentions and any "broker non-votes" will not be included in the vote totals and, as such, will have no effect on the outcome of this proposal.

The Board unanimously recommends that the stockholders vote FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of September 30, 2013, with respect to the beneficial ownership of shares of Common Stock by: (i) 5% stockholders; (ii) all directors and nominees of the Board of the Company, (iii) the Named Executive Officers (as defined under Summary Compensation Table); and (iv) all current executive officers and members of the Board of the Company, as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	
	Number of Shares	Percent of Class(2)
5% Stockholders		
Steel Partners Holdings L.P.(3)	16,041,185	29.9%
Dimensional Fund Advisors LP(4)	2,762,413	5.4%
Directors and Nominees		
Virginia G. Breen(5)	67,980	*
Jeffrey J. Fenton(6)	85,480	*
Francis J. Jules(7)	68,930	*
Glen M. Kassan(8)	23,006	*
Warren G. Lichtenstein(9)	83,006	*
Michael J. Mardy(10)	77,980	*
Jeffrey S. Wald	37,969	*
Anthony Bergamo(11)	0	*
Named Executive Officers		
John J. Boucher	50,000	*
Steven G. Crane(12)	305,242	*
Scott R. Crawley(13)	38,595	*
Peter L. Gray (14)	151,955	*
Joseph P. Lawler(15)	284,283	*
Thomas Nightingale(16)	20,760	*
		*
All current executive officers and directors, as a group (11 persons)(17)	990,143	1.9%

* Less than 1%

- (1) For purposes of this table, beneficial ownership is determined by rules promulgated by the Securities and Exchange Commission (the SEC), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after September 30, 2013, through the exercise of any stock option or other right (Presently Exercisable Options). The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. The Company believes that each person or entity named in the table has sole voting power and investment power (or shares such power with his or her spouse) with respect to all shares of Common Stock listed as owned by such person or entity unless noted otherwise. Unless otherwise indicated, the address of each person listed in the table is c/o ModusLink Global Solutions, Inc., 1601 Trapelo Road, Suite 170, Waltham, MA 02451.
- (2) Number of shares deemed outstanding includes 51,594,517 shares of Common Stock as of September 30, 2013, plus any shares subject to Presently Exercisable Options held by the person in question.
- (3) Based on information provided in the Schedule 13D filed by Handy & Harman, Ltd. (HNH), BNS Holdings, Inc. (BNS), Steel Partners, Ltd. (SPL), Steel Partners Holdings L.P. (Steel Holdings), SPH Group LLC (SPHG), SPH Group Holdings LLC (SPHG Holdings), Steel Partners LLC (Partners LLC), and Warren G. Lichtenstein with the SEC on October 14, 2011 and all amendments thereto, including that certain Amendment No. 14 to Schedule 13D filed by HNH, SPL, Steel Holdings, SPHG, SPHG Holdings, Steel Partners Holdings GP, Inc. (Steel Holdings GP), Mr. Lichtenstein, and Glen M. Kassan on March 13, 2013, a Form 4 filed by HNH on March 14, 2012 and Forms 4 filed by BNS and SPHG Holdings on June 15, 2012. The principal business

address of HNH is 1133 Westchester Avenue, Suite N222, White Plains, NY 10604. The principal business address of SPL, Steel Holdings, SPHG, SPHG Holdings and Partners LLC is 590 Madison Avenue, 32nd Floor, New York, NY 10022.

SPL owns 60,000 shares of Common Stock. Mr. Lichtenstein is the Chief Executive Officer and shareholder of SPL.

Accordingly, Mr. Lichtenstein may be deemed to have shared investment and voting power with respect to such shares of Common Stock held indirectly by him. Mr. Lichtenstein disclaims beneficial ownership of the shares of Common Stock owned directly by SPL except to the extent of his pecuniary interest therein.

SPHG Holdings owns 540,015 shares of Common Stock. Steel Holdings owns 99% of the membership interests of SPHG. SPHG is the sole member of SPHG Holdings. Steel Holdings GP is the general partner of Steel Holdings, the managing manager of SPHG and the manager of SPHG Holdings. Accordingly, by virtue the relationships discussed above, each of Steel Holdings, SPHG, and Steel Holdings GP may be deemed to beneficially own the shares of Common Stock owned directly by SPHG Holdings. Each of SPHG, Steel Holdings, and Steel Holdings GP disclaims beneficial ownership of the shares of Common Stock owned directly by SPHG Holdings except to the extent of his or its pecuniary interest therein. SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP have shared dispositive and voting power with respect to the 540,015 shares owned by SPHG Holdings.

HNH owns 5,941,170 shares of Common Stock. SPHG Holdings owns approximately 55% of the outstanding shares of common stock of HNH. Steel Holdings owns 99% of the membership interests of SPHG. SPHG is the sole member of SPHG Holdings. Steel Holdings GP is the general partner of Steel Holdings, the managing manager of SPHG and the manager of SPHG Holdings. Accordingly, each of SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP could be deemed to beneficially own the shares of Common Stock owned directly by HNH. Each of SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP disclaims beneficial ownership of the shares of Common Stock owned directly by HNH. HNH has sole dispositive and voting power with respect to the 5,941,170 shares owned by HNH.

Steel Holdings directly owns 7,500,000 shares of Common Stock and has the right acquire up to 2,000,000 shares of Common Stock pursuant to currently exercisable warrants issued by the Company to Steel Holdings. Steel Holdings GP may be deemed to beneficially own the shares, including the shares underlying the warrants, owned directly by Steel Holdings.

- (4) Based solely on information provided in a Schedule 13G filed by Dimensional Fund Advisors LP (Dimensional) with the SEC on February 11, 2013, Dimensional has shared dispositive power with respect to such shares and sole voting power with respect to 2,695,138 shares. Dimensional is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishing investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts and accounts are collectively referred to as the Funds. As a result of its role as investment advisor or investment manager to the Funds, Dimensional may be deemed to be the beneficial owner of the 2,795,753 shares of Common Stock held by the Funds. However, Dimensional does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held by the Funds and Dimensional disclaims beneficial ownership of such securities. Dimensional s address is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.
- (5) Includes 14,400 shares which may be acquired by Ms. Breen pursuant to Presently Exercisable Options.
- (6) Includes 20,000 shares which may be acquired by Mr. Fenton pursuant to Presently Exercisable Options.
- (7) Includes 14,400 shares which may be acquired by Mr. Jules pursuant to Presently Exercisable Options.
- (8) Includes 23,006 shares of Common Stock owned directly by Mr. Kassan. Mr. Kassan is a member of the Section 13(d) group described in Footnote 3 above that owns more than 10% of the Company s outstanding Common Stock. Mr. Kassan disclaims beneficial ownership of the shares of Common Stock of the Company owned directly by the other members of the Section 13(d) group except to the extent of his pecuniary interest therein.
- (9) Includes 23,006 shares of Common Stock owned directly by Mr. Lichtenstein and 60,000 shares of Common Stock owned directly by Steel Partners, Ltd. (SPL). Mr. Lichtenstein is the Chief Executive Officer and sole director of SPL. Accordingly, by virtue of Mr. Lichtenstein s relationship with SPL, Mr. Lichtenstein may be deemed to beneficially own the shares of Common Stock of the Company owned directly by SPL. Mr. Lichtenstein disclaims beneficial ownership of the shares of Common Stock of the Company owned directly by SPL except to the extent of his pecuniary interest therein. Mr. Lichtenstein is a member of the Section 13(d) group described in Footnote 3 above that owns more than 10% of the Company s outstanding Common Stock. Mr. Lichtenstein disclaims beneficial ownership of the shares of Common Stock of the Company owned directly by the other members of the Section 13(d) group except to the extent of his pecuniary interest therein.
- (10) Includes 14,400 shares which may be acquired by Mr. Mardy pursuant to Presently Exercisable Options.

- (11) Mr. Bergamo does not directly own any shares. Mr. Bergamo is a director of Steel Partners Holdings L.P., a member of the Section 13(d) group described in Footnote 3 above that owns more than 10% of the Company's outstanding Common Stock. Mr. Bergamo disclaims beneficial ownership of the shares of Common Stock of the Company owned directly by the other members of the Section 13(d) group except to the extent of his pecuniary interest therein.
- (12) Includes 202,603 shares which may be acquired by Mr. Crane pursuant to Presently Exercisable Options.
- (13) Includes 18,958 shares which may be acquired by Mr. Crawley pursuant to Presently Exercisable Options.
- (14) Includes 103,911 shares which may be acquired by Mr. Gray pursuant to Presently Exercisable Options. Mr. Gray's employment with the Company ceased on October 4, 2013.
- (15) Mr. Lawler retired from the Company on October 1, 2012.
- (16) Mr. Nightingale's employment with the Company ceased on January 31, 2013.
- (17) Includes 388,672 shares which may be acquired pursuant to Presently Exercisable Options.

ADDITIONAL INFORMATION
Management

Officers are elected annually by the Board and serve at the discretion of the Board. Set forth below is information regarding the executive officers of the Company as of the date of this Proxy Statement.

Name	Age	Position
John Boucher	54	President and Chief Executive Officer
Steven G. Crane	56	Chief Financial Officer
Scott R. Crawley	51	President, Global Operations

John Boucher joined the Company from Symbotic LLC, a global provider of integrated supply network automation solutions for warehouses and distribution centers, where he served as Chief Commercial Officer & Chief Operating Officer starting in 2010. From 2004 to 2010, Boucher served in executive and leadership positions at Celestica Inc., a major provider of supply chain services to companies in the communications, consumer, computing, and industrial, aerospace and defense, healthcare, green technology, and semiconductor capital equipment globally. While at Celestica, he held the positions of Executive Vice President of Global Services, Sales & Supply Chain Solutions; Executive Vice President, Supply Chain & Chief Procurement Officer; and President & Senior Vice President, Americas Operations. Mr. Boucher recently served on the Consumer & Electronics Advisory Board of Nypro, a leading global solutions provider in the field of manufactured precision plastic products.

Steven G. Crane has served as Chief Financial Officer of the Company since April 2007. From April 2007 until June 2008, Mr. Crane also served as Treasurer of the Company. Prior to joining the Company, from August 2006 until August 2007, Mr. Crane served as President of FT Interactive Data Corporation, a division of International Data Corporation, a provider of various financial data and proprietary information, where he was responsible for overall management of the division. Mr. Crane also served as Chief Financial Officer of Interactive Data Corporation from 1999 until August 2006, where he was responsible for all finance functions. Mr. Crane is also a director, chairman of the compensation committee and member of the audit committee of Pulse Electronics, Inc.

Scott R. Crawley has served as President, Global Operations of the Company since August 2012. Mr. Crawley served as President, Integrated Services from August 2011 to August 2012. Prior to joining the Company, from 2006 to 2011, Mr. Crawley served as General Manager of Software and Peripheral, a division of Dell Inc., where he was responsible for consumer electronics, software, imaging, displays and accessories, leading a team across 16 countries. Prior to that, he held key leadership roles in Dell's worldwide procurement organization and global operations with oversight of procurement activities for consumer platforms, software and handheld products. Mr. Crawley has also held senior-level general management, business development and finance positions at Compaq Computer Corporation and FMC Corporation.

There are no family relationships between any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company. Messrs. Boucher, Crane and Crawley are also directors and/or officers of many of the Company's subsidiaries.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary of Fiscal 2013 Compensation

As discussed in the Compensation Discussion and Analysis for fiscal 2012, several executive officers announced their departures and/or departed from the Company as the Company was concluding fiscal 2012 and entering fiscal 2013. For fiscal 2013, in addition to considering the Company's financial performance in making executive compensation determinations and linking certain elements of variable compensation to such performance, the Board was focused on retaining the remaining members of the executive leadership of the Company, recruiting and hiring a new President and Chief Executive Officer and continuing restructuring and cost-reduction activities in order to better position the Company.

During the last several months of fiscal 2012, the Compensation Committee took actions to retain Steven G. Crane, the Company's Chief Financial Officer, Scott R. Crawley, the Company's President, Global Operations, and Peter L. Gray, the Company's Former Executive Vice President, Chief Administrative Officer and General Counsel. These actions took the form of (i) retention agreements which provided for cash awards for continued service to the Company, (ii) amendments to such individuals' severance agreements and (iii) stock option awards with shorter vesting than had typically been the Company's practice. The retention agreements and severance agreement amendments were entered into in June and July 2012, in light of the challenges facing the Company, including the uncertainty associated with its ongoing review of strategic alternatives, the need for leadership and continuity given the aforementioned departures, and the activities required to address the Company's then pending restatement of its financial results and the SEC inquiry. The stock option awards were approved in June and July 2012 and the options were issued in March 2013, once the Company had completed the restatement of its financial results and was otherwise in an open trading period under its insider trading policy.

In part due to the existence of the retention agreements, and in part due to the Company's desire to reduce expenditures, no fiscal year 2013 cash bonus plan was established, except for the President and Chief Executive Officer who was hired in January 2013. Also, in light of the retention stock option awards, no annual equity awards were made to the Named Executive Officers in fiscal 2013, which was a departure from prior practice. The Company also did not establish a performance based restricted stock program for fiscal 2013, which was also a departure from prior practice. The Compensation Committee views these decisions as having reflected fiscal 2013 events and does not expect fiscal 2013 to signify a shift in compensation philosophy or the components of executive compensation generally.

No salary increases were made in fiscal 2013 to the Named Executive Officers, other than for promotional purposes.

In January 2013, the Company hired Mr. Boucher as its President and Chief Executive Officer. A national executive search firm assisted the Company in identifying and qualifying Mr. Boucher. The Compensation Committee was advised by its compensation consultant, PM&P, in structuring Mr. Boucher's compensation arrangement. The Compensation Committee believes that Mr. Boucher's compensation arrangement is competitive in the marketplace, aligns Mr. Boucher's incentives with those of the Company's stockholders through its use of stock options (including performance-based stock options) and reflected an appropriate weighting toward performance-based awards. Mr. Boucher received option grants, restricted stock, and is eligible for a cash bonus, pursuant to his Offer Letter and as described below in Employment Arrangements of Named Executive Officers.

Executive Compensation Objectives

Our executive compensation program is designed to meet the following objectives:

Attract and retain executive officers who contribute to our success;

Align compensation with our business mission, strategy and goals; and

Motivate and reward high levels of performance.

These objectives collectively seek to link compensation to overall Company performance, which helps to ensure that the interests of our executives are aligned with the interests of our stockholders. These objectives serve as guiding principles in compensation program design.

Our compensation philosophy generally is to set our target total compensation (base salary, bonus and long term incentives) at the median for similarly situated individuals at companies we consider to be our peers and competitors for talented individuals such as our executives and within the general industry and geography (as more fully described below under **Benchmarking**). However, we also consider the need to account for factors such as tenure, individual performance, and unique characteristics and criticality of the job to the Company, and, as a result, from time to time and for certain individuals, we will exceed or trail the median target.

As to performance-based compensation, the Compensation Committee believes that one measure of the effectiveness of a variable compensation plan is whether compensation is being earned commensurate with performance and whether goals are set properly to reward desired performance. In years in which the Company did not meet its financial and operational goals (including fiscal 2011 and fiscal 2012) no amounts were earned under variable cash compensation plans or on performance-based equity programs.

Components of Executive Compensation

The principal components of compensation for our Named Executive Officers typically consist of base salary; performance-based annual cash bonus; equity grants of stock options and performance-based restricted stock; limited perquisites; and other benefits. Each component is described in more detail below. As discussed under **Human Resources and Compensation Committee** , from time to time the Compensation Committee engages a compensation consultant to assist us in determining these compensation levels and to review our executive compensation programs.

Base Salary

Base salary is the fixed component of an executive's annual cash compensation and supports our compensation objectives to attract and retain talented executives and adequately compensate and reward them for services rendered during the fiscal year. Changes in base salary are typically considered based on subjective evaluation of individual performance during our annual performance review process which takes place in our fiscal first quarter. Assessment of individual performance includes achievements and performance of the applicable operating unit or function for which the executive is responsible. In addition, from time to time, adjustments are made to base salaries during the fiscal year in light of promotions, added responsibilities or in reaction to changes in the market for an individual possessing the skills and abilities required by our executives. Our President and Chief Executive Officer is expected to make recommendations regarding compensation adjustments for the other Named Executive Officers, which adjustments will be considered the Compensation Committee. The process for determining the compensation of our President and Chief Executive Officer during 2013 is described in the section titled **President and Chief Executive Officer Compensation Decisions** below.

The Compensation Committee reviewed base salaries during the first quarter of fiscal 2013, and decided that no change in base salary would be made for fiscal 2013 for our Named Executive Officers at that time. However, in September 2012, in connection with Mr. Crawley assuming the additional responsibilities for all global operations, and after consideration of this expanded role, Mr. Crawley's annual base salary was increased by 14% from \$350,000 to \$400,000. Although no bonus plan was implemented for fiscal 2013, the Compensation Committee also provided that Mr. Crawley's bonus percentage, when a bonus plan was implemented in the future, and for severance arrangement purposes, would be set at 70% of base salary.

Performance-Based Annual Cash Bonus

Historically, the Compensation Committee has established an Executive Management Incentive Plan or MIP, which provides cash incentives for our executives. This plan supports our compensation objectives by focusing on annual financial and operating results and enabling our target total compensation to remain competitive within the marketplace for executive officers. Each Named Executive Officer has a target bonus award for each plan year.

Target bonus awards are expressed as a percentage of the base salary paid to the Named Executive Officer during that plan year. Historically, the Compensation Committee has selected bonus amounts for the Named Executive Officers such that target total compensation approximated the median of comparable positions at our peer companies or the general industry. At target, if earned, the performance-based annual cash bonus for the Named Executive Officers would approximate the median relative to the general industry survey discussed below under *Benchmarking*. For fiscal 2013, no cash bonus plan was established as discussed above.

Equity Grants

A key component of our executives' compensation takes the form of equity grants, including stock options and performance-based restricted stock.

Our long-term equity incentives support our compensation objectives by rewarding the achievement of long-term business objectives that benefit our stockholders and help us retain a successful and tenured management team. Our executive compensation program has utilized equity grants to meet its objectives.

Stock options

Our equity program for executive officers has included stock options with the size and value of awards based on the executive's position and market compensation data. The Compensation Committee believes that stock options align the interests of our executive officers with those of investors and rewards the executives for enhancing our stock valuation, and serve as a retention vehicle. As part of the Named Executive Officers' compensation, stock options are generally awarded (i) upon initial hiring, (ii) annually, and (iii) periodically, in the event of promotions, added responsibilities and exemplary performance. The number of shares underlying an option grant is determined relative to market practice and in line with the Company's goals in relation to setting target total compensation. During fiscal year 2013, the Compensation Committee awarded stock option awards to Messrs. Crawley, Crane and Gray to encourage the retention of these individuals. In light of such grants, annual stock options were not awarded to these individuals in fiscal 2013.

For fiscal 2013, the retention stock option awards to purchase shares of common stock granted to our Named Executive Officers were as follows:

Name	Date of Grant	Exercise Price	Number of Shares Underlying Option
Steven G. Crane	3/12/13	3.38	150,000
Scott R. Crawley	3/12/13	3.38	150,000
Peter L. Gray	3/12/13	3.38	150,000

In recognition of the desire to enhance the retentive nature of these stock option grants in the near term, the Compensation Committee set vesting to occur in two equal annual installments.

As part of Mr. Boucher's compensation arrangement entered into at the commencement of his employment in January 2013, the Company awarded Mr. Boucher in March 2013 an option to purchase 356,455 shares of Common Stock, utilizing the Company's lattice-binomial formula for valuing stock options for financial reporting purposes. This award vests with respect to 25% of the shares on the first anniversary of the date of grant and monthly thereafter over the following three years.

Performance-Based Stock Options

During fiscal 2013, the Company also utilized performance-based stock options in order to attract Mr. Boucher and provide an additional incentive for him to increase stockholder value. Granted in March 2013, the performance-based stock option was to purchase 483,122 shares of Common Stock. The exercise price of this option is \$3.38 per share. The option will vest with respect to 20% of the shares on an annual basis, subject to the Company's Common Stock achieving a minimum average closing stock price for the three month period ending on each vesting date, of \$5.07, \$6.76, \$8.45, \$10.14 and \$11.83, respectively.

Also in March 2013, the Company awarded Mr. Crawley an option to purchase 40,000 shares of Common Stock. This performance-based option has the same vesting terms as the first two tranches of Mr. Boucher's performance-based option. Accordingly, fifty percent (50%) of the option vests on the first and second anniversaries of the date of grant, subject to the Company's Common Stock achieving a minimum average closing stock price for the three month period ending on each vesting date, of \$5.07 and \$6.76, respectively.

Performance-Based Restricted Stock

Another component of the Company's equity program is granting performance-based restricted stock, pursuant to which executive officers are granted a predetermined number of shares of restricted stock in the event that the Company achieves a certain level of financial performance. The Compensation Committee believes that performance-based restricted stock aligns the interests of our executive officers with those of investors, rewards the executives for enhancing our stock valuation and serves as a retention vehicle.

Other than the grant of restricted stock to Mr. Boucher, no performance based restricted stock program was established for fiscal 2013, as discussed above.

Restricted Shares

In 2011 and 2012, the Compensation Committee has determined that an element of annual equity compensation would take the form of time vesting restricted stock awards. For fiscal 2013, however, the Compensation Committee determined that no time vesting restricted stock awards would be made (other than the new hire grant of 50,000 restricted shares to Mr. Boucher).

The Company from time to time awards shares of restricted stock coincident with the commencement of employment or in recognition of a promotion, added responsibilities, exemplary performance, to address market factors or to serve as a means to retain and motivate management.

Perquisites and other benefits

The Compensation Committee believes that the perquisites provided to the Named Executive Officers are reasonable and modest compared to the general market. To the extent we offer any perquisites, we do so in order to be competitive with the market. Each of the Named Executive Officers receives an automobile allowance as a term of his employment, is eligible to receive enhanced long-term disability benefits and 401(k) matching benefits consistent with those offered to all other participating employees.

From time to time, we have awarded discretionary cash bonuses based on, for example, exemplary performance or the assumption of additional responsibilities. In March 2013, Mr. Crane was awarded a discretionary bonus of \$40,000 in recognition of his performance of additional leadership responsibilities during the period while the Company's President and Chief Executive Officer role was vacant.

Assessment of risk

The Compensation Committee believes that our compensation policies and practices motivate our employees to achieve our corporate objectives and to remain with our Company while avoiding unreasonable risk taking, and that our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on our Company. We believe we have allocated our compensation among base salary and incentive compensation target opportunities in such a way as to not encourage excessive risk taking. In addition, we believe our approach to goal setting, and our bonus plan design that provides for payouts at various levels of performance, further aligns employee and stockholder interests. Also, the multi-year vesting of our equity awards and our share ownership guidelines encourage our employees to have a long-term perspective.

Benchmarking

The Compensation Committee reviews executive compensation relative to marketplace norms on a regular basis and has typically followed a practice of refreshing this data every two years. The Compensation Committee did not conduct a formal market review of executive compensation in fiscal 2013 due to budgetary concerns and in light of the retention actions which had been taken relative to the Named Executive Officers. For fiscal 2012, we considered a review of compensation completed in September 2011 when making our compensation decisions. In the September 2011 compensation review, the Compensation Committee evaluated the competitiveness of our total target compensation relative to two data sources. One data source, which we refer to as our fiscal 2012 custom peer group (the FY12 Custom Peer Group), consists of companies within the Information Technology Services and Supply Chain Management Services sectors having generally similar revenues and asset size as compared to the Company. The companies in the FY12 Custom Peer Group were:

Brightpoint, Inc.;

CIBER Inc.;

Computer Task Group, Inc.;

CTS Corporation;

Digital River, Inc.;

Forward Air Corporation;

GSI Commerce, Inc.;

Hub Group, Inc.;

Pacer International, Inc.;

PC Connection, Inc.;

PFSweb, Inc.; and

ScanSource Incorporated.

In recognition that the Company had evolved in recent years with respect to its business model and size, the Compensation Committee commissioned a comprehensive study of potential executive compensation peers in 2011. With the assistance of PM&P, we identified potential peers using a rules-based process that considered industry, size with respect to revenues, employees, assets, financial and operating characteristics, including operating leverage and EBITDA margin, as well as customer base and end markets served. We developed the FY12 Custom Peer Group by considering companies identified during such process. The resulting FY12 Custom Peer Group reflects the Company's evolution to a supply chain management services model. In general, the FY12 Custom Peer Group includes companies more likely to serve enterprise-level customers and operate in lower margin businesses.

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The FY12 Custom Peer Group differed from the group that we had used previously, our FY10 Custom Peer Group. The changes reflected that one company in the prior peer group had been acquired and was no longer independent (ATC Technology Corporation) and a determination by the Company that certain former peers' size and/or business was sufficiently different from that of the Company (Acxiom Corporation, Celestica Inc., Convergys Corporation and Sykes Enterprises) so that they were no longer considered a peer for compensation comparison purposes. In addition, we added CIBER Inc., Computer Task Group, Inc., CTS Corporation, Pacer International, Inc., PC Connection, Inc., PFSweb, Inc. and ScanSource Incorporated as we believed these companies had similarities to our business and reflected the market in which we compete for executive talent. Following the process of determining the FY12 Custom Peer Group, we concluded that FY12 Custom Peer Group data of a reliable sample size was only available for our former Chief Executive Officer, Chief Financial Officer, Executive Vice President, General Counsel and Secretary and President, Global Operations positions. Accordingly, only those four positions were compared with the FY12 Custom Peer Group.

The second data source we considered in making fiscal 2012 compensation decisions was market survey data developed by national compensation consulting firms and summarized for the Compensation Committee by PM&P. These surveys (the Pearl Meyer & Partners Executive and Senior Management Total Compensation Survey and Mercer's US Executive Benchmark Database) reflect a broader industry reference than our FY12 Custom Peer Group. Only revenue size appropriate cuts of data were considered. Since inclusion in this second group was based solely on revenue size and participation in one or both of these surveys, the Compensation Committee is not aware of the names of the specific companies included. PM&P blended this general industry group data with data from the FY12 Custom Peer Group as available to form a Market Composite used as a comparison for all of our Named Executive Officers.

Relative to the Market Composite, we found that fiscal 2012 target total compensation for our former President and Chief Executive Officer was less than competitive with the market median (i.e., more than 10% below median). We also found that in the aggregate, our total target compensation for the Named Executive Officers as a group was closely aligned with the Market Composite median.

Tally Sheets

The Compensation Committee periodically reviews all components of compensation for the Named Executive Officers, including salary, bonus, current value of all stock options and restricted shares outstanding, the dollar value and cost to us of all perquisites and benefits and the actual projected payout obligations under potential termination, severance and change-in-control scenarios. Tally sheets detailing the above components and scenarios with their respective dollar amounts are prepared by management for each of our Named Executive Officers and other executives and reviewed by the Compensation Committee at least annually. The Compensation Committee believes, based on this review, that the compensation of the Named Executive Officers is reasonable. In addition, the Compensation Committee believes that the differences between the compensation of our former President and Chief Executive Officer and that of the other Named Executive Officers was appropriate based on similar differences found in market data.

President and Chief Executive Officer Compensation Decisions

In June 2012, the Company's former President and Chief Executive Officer announced his retirement, which became effective on October 1, 2012. The Board of Directors retained a national executive recruitment firm to identify and qualify suitable candidates for the President and Chief Executive Officer role. After reviewing and interviewing numerous candidates, Mr. Boucher was identified as the Board's choice for this role. The Compensation Committee engaged PM&P to assist it with constructing a market competitive and attractive compensation package for Mr. Boucher. This package consisted of base salary, the potential for a pro-rated bonus for fiscal 2013 (with a portion of the bonus guaranteed), time-based stock options, performance-based stock options, restricted shares, and an executive severance agreement. All of the elements of the compensation package were reviewed by the Board before final action by the Compensation Committee.

Input from Management

In fiscal 2013, our Senior Vice President, Chief Human Resources Officer provided information and recommendations regarding our executive compensation program to our Compensation Committee, as is described in the Human Resources and Compensation Committee section above.

Related Policies and Considerations

Employment, Termination of Employment and Change-In-Control Agreements

Each of our executive officers is an employee-at-will, meaning that his employment may be terminated at any time and for any reason. We have entered into severance benefit agreements with each of our Named Executive Officers, which are described under the heading Potential Payments Upon Termination or Change-in-Control. During fiscal 2007, the Compensation Committee retained Hewitt to conduct a review of our severance benefits, including change-in-control protections. Based on that review, we standardized the severance benefits for our executives, with certain exceptions for pre-existing arrangements. In fiscal 2012, PM&P also reviewed our severance benefits. Based on the reviews, we believe that the severance benefits we offer to our

executives are competitive with similarly situated individuals and companies. With respect to termination of employment absent a change-in-control, we believe that the benefits we offer are in line with the markets in which we compete, and we offer these benefits to attract and retain our executives. These benefits were enhanced in late fiscal 2012, for certain executives, to include a payment equal to such individual's target bonus as part of our retention efforts. Regarding change-in-control benefits, we have structured these benefits as a double trigger meaning that the benefits are only paid in the event of, first, a change-in-control transaction, and second, the loss of employment within one year after the transaction. We decided to offer these benefits in order to provide an incentive for our executives to remain in our employ in the event of such a transaction.

Stock Ownership Guidelines

The Compensation Committee believes that it is appropriate for the executive officers to hold equity in the Company. Under our stock ownership guidelines, the Chief Executive Officer's ownership requirement is set at three times his annual salary and other executive officers' ownership requirement is set at two times their respective annual salaries. All individuals will have five years from the later of the adoption of the guidelines or his or her first appointment as an executive officer to reach these ownership levels. In computing the amounts owned, the Company will consider the value of shares owned outright, unvested restricted stock held by the individual, and in-the-money vested options. Compliance is measured at the end of each calendar year.

Tax and Accounting Implications

Under Section 162(m) of the Internal Revenue Code, certain executive compensation in excess of \$1 million paid to certain officers of a public company is not deductible for federal income tax purposes unless the executive compensation is awarded under a performance-based plan approved by stockholders. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee has not adopted a policy that all compensation must be deductible. The Compensation Committee intends, to the extent practicable, to preserve deductibility under the Internal Revenue Code of compensation paid to our executive officers while maintaining compensation programs that support attraction and retention of key executives.

Stock options awarded to executive officers under our stock option plans, which were approved by stockholders, and shares of restricted stock awarded under our performance-based restricted stock program are performance-based and are potentially deductible for us. Restricted stock awards that are not performance-based do not qualify for the performance-based exception to Section 162(m) of the Internal Revenue Code, but the Compensation Committee believes that the retention benefit derived outweighs any tax benefit that might otherwise be obtained.

The compensation that we pay to the Named Executive Officers is expensed in our financial statements as required by U.S. generally accepted accounting principles. As one of many factors, the Compensation Committee considers the financial statement impact in determining the amount of, and allocation among the elements of, compensation. We account for stock-based compensation in accordance with the requirements of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC 718) (formerly Statement of Financial Accounting Standards No. 123R, Share-Based Payment).

Compensation Committee Report

The Human Resources and Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on this review and discussion, recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

HUMAN RESOURCES AND COMPENSATION COMMITTEE
Virginia G. Breen

Francis J. Jules, Chair

Glen M. Kassan

The information contained in the foregoing report shall not be deemed to be soliciting material or filed or incorporated by reference into any of the Company's previous or future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent specifically incorporated by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SUMMARY COMPENSATION TABLE

The following table sets forth certain information concerning fiscal 2013, fiscal 2012 and fiscal 2011 compensation of our current President and Chief Executive Officer, our former President and Chief Executive Officer, our Chief Financial Officer, our other most highly compensated executive officers of the Company who were serving as executive officers on July 31, 2013, of which there are only two, and one other individual who would have been one of the three other most highly compensated executive officers of the Company but for the fact he was not serving as executive officer on July 31, 2013. Collectively, we refer to all of these individuals as the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(1)(3)	Non-Equity	All Other Compensation (\$)(5)	Total (\$)
						Incentive Plan Compensation (\$)(4)		
John J. Boucher President and Chief Executive Officer(6)	2013	264,423	137,500(7)	169,000	1,371,840	0	8,115(8)	1,950,878
Joseph C. Lawler Former President and Chief Executive Officer(9)	2013	126,519	0	0	0	0	1,453,250(10)	1,579,769
	2012	645,000	0	306,771	322,088	0	16,656	1,290,515
	2011	645,000	0	254,800	294,000	0	168,927	1,362,727
Steven G. Crane Chief Financial Officer	2013	400,000	440,000(11)	0	226,500	0	15,634(12)	1,082,134
	2012	400,000	0	118,311	117,196	0	16,478	651,985
	2011	400,000	0	152,880	117,600	0	61,418	731,898
Scott R. Crawley President, Global Operations(13)	2013	394,231	262,500(14)	0	297,300	0	49,646(15)	1,003,677
Peter L. Gray Former Executive Vice President, Chief Administrative Officer, General Counsel and Secretary(16)	2013	400,000	400,000(17)	0	226,500	0	16,217(18)	1,042,717
	2012	319,098	0	98,767	97,774	0	17,452	533,091
	2011	305,341	0	127,400	88,200	0	53,215	574,156
Thomas Nightingale Former President, Sales &Marketing(19)	2013	200,000	0	0	0	0	410,103(20)	610,103
	2012	253,552	75,000	309,600	964,094	200,000	22,036	1,824,282

- (1) The amounts shown in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of awards computed in accordance with ASC 718, not the actual amounts paid to or realized by the Named Executed Officers during fiscal 2013, fiscal 2012 and fiscal 2011. ASC 718 fair value amount as of the grant date for stock awards and stock options generally is spread over the number of months of service required for the grant to vest. An explanation of the vesting of restricted stock awards and options awards, as well as the methodology for performance-based restricted stock payouts, is discussed in the footnotes to the Grants of Plan-Based Awards for Fiscal 2013 and Outstanding Equity Awards at 2013 Fiscal Year End tables below.
- (2) Reflects the aggregate grant date fair value of awards computed in accordance with ASC 718 for restricted stock and performance-based restricted stock awards granted to the Named Executive Officers. The fair value of these awards is based on the closing price of our Common Stock on the date of grant and, for performance-based restricted stock awards, is calculated at the target share payout as of the grant date (September 21, 2011 and September 22, 2010). The Company did not grant performance-based restricted stock awards in fiscal 2013.
- (3) The fair value of each stock option award is estimated as of the date of grant using a binomial valuation model. Additional information regarding the assumptions used to estimate the fair value of all stock options awards is included in Note 2 to Consolidated Financial

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Statements in the 2013 Annual Report.

- (4) Represents amounts earned under the Company's fiscal 2012 or 2011 Executive Management Incentive Plan, as applicable. In fiscal 2013, the Company did not have a Management Incentive Plan.
- (5) Amounts set forth in this column represent employer 401(k) plan matching cash contributions, in addition to the other items noted in the applicable footnote.

- (6) Mr. Boucher's employment with the Company began on January 28, 2013.
- (7) Under his offer letter, Mr. Boucher is eligible for an annual cash bonus, with a target bonus equal to 100% of his base salary. For fiscal 2013, the bonus will be prorated for the portion of the year in which he was employed and will be guaranteed to be at least \$137,500.
- (8) Includes \$6,000 automobile allowance.
- (9) Mr. Lawler retired from the Company on October 1, 2012.
- (10) Includes \$2,000 automobile allowance and \$1,451,250 in separation payments pursuant to the Separation and Release Agreement between Mr. Lawler and the Company.
- (11) Represents a \$40,000 discretionary bonus and \$400,000 in payments pursuant to a June 12, 2012 retention agreement.
- (12) Includes \$12,000 automobile allowance and \$1,788 in supplemental insurance premiums.
- (13) Mr. Crawley's employment with the Company began on August 29, 2011.
- (14) Represents \$262,500 in payments pursuant to a July 30, 2012 retention agreement.
- (15) Includes \$12,000 automobile allowance, reimbursement of \$30,160 of relocation expenses and \$1,698 in supplemental insurance premiums.
- (16) Mr. Gray's employment with the Company ceased on October 4, 2013.
- (17) Represents \$400,000 in payments pursuant to a June 12, 2012 retention agreement.
- (18) Includes \$12,000 automobile allowance.
- (19) Mr. Nightingale's employment with the Company began on December 12, 2011, and ceased on January 31, 2013.
- (20) Includes \$6,000 automobile allowa