

Steel Connect, Inc.  
Form PRE 14A  
March 06, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule  
14a-12

Steel Connect, Inc.  
(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

STEEL CONNECT, INC.  
1601 TRAPELO ROAD, SUITE 170  
WALTHAM, MASSACHUSETTS 02451

[March \_\_\_\_], 2018

Dear Steel Connect, Inc. Stockholder:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders (the “2017 Meeting”) of Steel Connect, Inc. (formerly ModusLink Global Solutions, Inc.), which will be held at the [\_\_\_\_\_], on [April \_\_\_\_], 2018, at [\_\_:\_\_ 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 2017 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 2017 Meeting, it is important that your shares are represented and voted at the 2017 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 2017 Meeting.

I look forward to greeting those of you who attend the 2017 Meeting.

Sincerely,

James R. Henderson,  
*President and Chief Executive Officer*

YOUR VOTE IS VERY IMPORTANT

Whether or not you expect to attend the 2017 Meeting in person, please vote as soon as possible. As an alternative to voting in person at the 2017 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 2017 Meeting. If you decide to attend the 2017 Meeting and wish to change your proxy vote, you may do so by voting in person at the 2017 Meeting.

**PRELIMINARY PROXY STATEMENT**

**SUBJECT TO COMPLETION**

STEEL CONNECT, INC.  
1601 TRAPELO ROAD, SUITE 170  
WALTHAM, MASSACHUSETTS 02451

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON [APRIL \_\_\_\_], 2018

To the Stockholders of Steel Connect, Inc.:

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Stockholders (the “2017 Meeting”) of Steel Connect, Inc. (formerly ModusLink Global Solutions, Inc.) (the “Company”) will be held at the [\_\_\_\_\_], on [April \_\_\_\_], 2018, at [\_\_:\_\_ a.m.] Pacific Time, for the following purposes:

1. To elect two Directors to serve in Class III until the 2020 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified;
2. To approve, on an advisory basis, the compensation of our named executive officers;
3. To conduct an advisory (non-binding) vote to determine the frequency of future stockholder votes on named executive officer compensation;
4. To ratify the appointment of BDO USA, LLP as the Company’s independent registered public accounting firm for the current fiscal year;
5. To approve and adopt an amendment to the Company’s Restated Certificate of Incorporation (the “Protective Amendment”) designed to protect the tax benefits of the Company’s net operating loss carryforwards;
6. To approve the Company’s Tax Benefits Preservation Plan (the “Tax Plan”) designed to protect the tax benefits of the Company’s net operating loss carryforwards and the continuation of its terms;

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7. To approve amendments to the Company's 2010 Incentive Award Plan (the "2010 Plan") to (i) increase the number of shares of the Company's common stock, \$0.01 par value per share (the "Common Stock") subject to the 2010 Plan from 5,000,000 shares (plus certain shares available under prior plans) to 11,000,000 shares (plus certain shares available under prior plans), and (ii) make other related, clarifying and technical changes; and

8. To transact such other business that may properly come before the 2017 Meeting or any adjournments or postponements thereof.

The Board has no knowledge of any other business to be transacted at the 2017 Meeting.



Only stockholders of record at the close of business on February 20, 2018 are entitled to notice of, and to vote at, the 2017 Meeting and any adjournments or postponements thereof. All stockholders are cordially invited to attend the 2017 Meeting. We have provided you with the exact place and time of the meeting if you wish to attend in person.

As an alternative to voting in person at the 2017 Meeting, you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com), by touch-tone telephone at 1-800-690-6903, or, if you receive a paper proxy card in the mail, by mailing a completed proxy card. Proxies submitted by telephone or over the Internet must be received by 11:59 p.m. Eastern Time on [April \_\_\_\_], 2018.

This notice and the Proxy Statement are first being mailed to our stockholders on or about [March \_\_\_\_], 2018.

By Order of the Board of Directors,  
Waltham, Massachusetts

[March \_\_\_\_], 2018

Warren G. Lichtenstein,  
*Executive Chairman of the Board*

#### IMPORTANT

Whether or not you expect to attend the 2017 Meeting in person, please submit your proxy to vote as soon as possible. As an alternative to voting in person at the 2017 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 2017 Meeting. If you decide to attend the 2017 Meeting and wish to change your proxy vote, you may do so by voting in person at the 2017 Meeting.

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 2017 Meeting.

Use of cameras, cell phones, recording equipment and other electronic devices will not be permitted at the 2017 Meeting. The Company reserves the right to inspect any person or item prior to admission to the 2017 Meeting.



**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON [APRIL \_\_\_\_], 2018.**

**This Notice of Annual Meeting and Proxy Statement, our Annual Report on Form 10-K for the year ended July 31, 2017 (without exhibits) and Amendment No. 1 to Annual Report on Form 10-K/A (without exhibits) are available for viewing, printing and downloading at [www.proxyvote.com](http://www.proxyvote.com).**

**STEEL CONNECT, INC.**

**1601 Trapelo Road, Suite 170**

**Waltham, Massachusetts 02451**

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**PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL [\_\_\_],  
2018**

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STEEL CONNECT, INC.  
1601 TRAPELO ROAD, SUITE 170  
WALTHAM, MASSACHUSETTS 02451

#### PROXY STATEMENT

For the Annual Meeting of Stockholders  
To Be Held on [April \_\_\_\_], 2018

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Steel Connect, Inc. (formerly ModusLink Global Solutions, Inc.) a Delaware corporation (“we” or the “Company”), for use at the Company’s 2017 Annual Meeting of Stockholders (the “2017 Meeting”), which will be held at the [\_\_\_\_], on [April \_\_\_\_], 2018, at [\_\_:\_\_ a.m.] Pacific Time, and at any adjournments or postponements thereof. On or about [March \_\_\_\_], 2018, 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 and Amendment No. 1 to Annual Report on Form 10-K/A for the fiscal year ended July 31, 2017 (the “2017 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 common stock, par value \$.01 per share (the “Common Stock”) as of the close of business on February 20, 2018 (the “Record Date”), are entitled to notice of and to vote at the 2017 Meeting. As of the Record Date, 60,205,946 shares of Common Stock were outstanding. Each share of Common Stock entitles the record holder thereof to one vote on each matter brought before the 2017 Meeting.

#### HOW TO VOTE

Your vote is very important to the Board. Whether or not you plan to attend the 2017 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 2017 Meeting or by voting in person at the 2017 Meeting. By submitting a proxy, you are legally authorizing another

person to vote your shares on your behalf. We urge you to use the enclosed proxy card to vote FOR the Board's nominees. **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 2017 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 2017 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 provided. If you later decide to attend the 2017 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 ratification of the appointment of our independent registered public accounting firm (Proposal 4) is a discretionary item. The election of Directors (Proposal 1); the advisory vote on Named Executive Officer compensation (Proposal 2); the advisory vote on the frequency of future stockholder votes on Named Executive Officer compensation (Proposal 3); the approval and adoption of an amendment to the Company’s Restated Certificate of Incorporation (the “Protective Amendment”) designed to protect the tax benefits of the Company’s net operating loss carryforwards (Proposal 5); the approval the Company’s Tax Benefits Preservation Plan (the “Tax Plan”) designed to protect the tax benefits of the Company’s net operating loss carryforwards and the continuation of its terms (Proposal 6); and the approval of amendments to the Company’s 2010 Incentive Award Plan (the “2010 Plan”) (Proposal 7) 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. As used in this Proxy Statement, “Named Executive Officer” has the meaning ascribed to it in the section entitled “*Executive Compensation—Summary Compensation Table*”).

Accordingly, we urge you to promptly give instructions to your custodian to vote FOR the Board’s nominees and recommended proposals 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 2017 Meeting, you must provide a “legal proxy” from your custodian at the 2017 Meeting.

### How Does the Board Recommend I Vote?

The Board recommends a vote:

**FOR** the election of the Board’s nominees;

**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 59 (commonly referred to as "say-on-pay");

**FOR** the “1 YEAR” option for the frequency of future stockholder votes on Company’s Named Executive Officer compensation (commonly referred to as a “say-on-frequency”);

**FOR** the ratification of BDO USA, LLP as the Company’s independent registered public accounting firm for the current fiscal year;

**FOR** approval and adoption of the Protective Amendment;

**FOR** approval of the Tax Plan; and

**FOR** approval of the amendments of the 2010 Plan to (i) increase the number of shares of the Company’s common stock, \$0.01 par value per share (the “Common Stock”) subject to the 2010 Plan from 5,000,000 shares (plus certain shares available under prior plans) to 11,000,000 shares (plus certain shares available under prior plans) and (ii) make other related, clarifying and technical changes (the “2010 Plan Amendments”).

**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 above.**

#### 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 2017 Meeting will constitute a quorum.

##### Votes Required

The two (2) nominees for Director receiving the highest vote totals will be elected as Class III Directors of the Company.

Approval of Proposal 2 (Advisory Vote on Company's Named Executive Officer Compensation), Proposal 4 (Ratification of Independent Registered Public Accounting Firm), Proposal 6 (Approval of the Tax Plan) and Proposal 7 (Approval of 2010 Plan Amendments) each requires the affirmative vote of a majority of the votes cast.

With respect to Proposal 3 (Advisory (Non-Binding) Stockholder Approval of the Frequency of Future Stockholder Votes on Named Executive Officer Compensation), the frequency of future stockholder votes on Named Executive Officer compensation, the alternative (every 1 Year, 2 Years or 3 Years) receiving the highest number of votes cast in person or by proxy will be considered the frequency recommended by our stockholders.

With respect to Proposal 5 (the Protective Amendment) the approval and adoption of the Protective Amendment requires the affirmative vote of the majority of the outstanding shares of our Common Stock entitled to vote on the matter at the 2017 Meeting.

#### 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 broker or 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 Proposal 1 (Election of Directors) 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 such proposal.

With respect to Proposal 2 (Advisory Vote on Named Executive Officer Compensation), Proposal 4 (Ratification of Independent Registered Public Accounting Firm), Proposal 6 (Approval of the Tax Plan), and Proposal 7 (Approval of 2010 Plan Amendments), abstentions will have the same effect as voting against such proposals, and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

With respect to the advisory (non-binding) stockholder approval of the frequency of future stockholder votes on Named Executive Officer compensation (Proposal 3), abstentions and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

With respect to Proposal 5 (Approval and Adoption of the Protective Amendment), abstentions and “broker non-votes” will have the same effect as a vote against this proposal.

#### ATTENDANCE AT THE ANNUAL MEETING

Attendance at the 2017 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 2017 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 2017 Meeting. Please note that if you hold your shares in street name and intend to vote in person at the 2017 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 2017 Meeting. Only the latest-dated validly executed proxy will count. You also may revoke any previously submitted proxy by attending the 2017 Meeting and voting your shares in person. Note that simply attending the 2017 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 Board, upon the recommendation of the Nominating and Corporate Governance Committee of the Board (the “Governance Committee”), increased the size of the Board from 6 members to 7 members. The increase in the size of the Board was effective upon the closing of the Preferred Stock Transaction described below under the section entitled “Certain Relationships And Related Transactions.” No family relationships exist between any directors or executive officers, as such term is defined in Item 401 of Regulation S-K promulgated under the Exchange Act.

The current term of the Company’s Class III Directors will expire at the 2017 Meeting. The Board’s nominees for Class III Directors are Jeffrey J. Fenton and Jeffrey S. Wald, each of whom currently serves as a Class III Director and is available for re-election at the 2017 Meeting. If either of Jeffrey J. Fenton and Jeffrey S. Wald is elected at the 2017 Meeting, he will serve for a term of three years that will expire at the Company’s 2020 Annual Meeting of Stockholders and until his successor is elected and qualified. The persons named as proxies will vote for each of Jeffrey J. Fenton and Jeffrey S. Wald for election to the Board as a Class III Director unless the proxy card is marked otherwise.

Each of Messrs. Fenton and Wald has indicated a willingness to serve, if elected; however, if prior to election, either or both becomes unable to serve, the persons named as proxies may vote the proxy for a substitute nominee or, as the case may be, nominees. The Board has no reason to believe either of Jeffrey J. Fenton or Jeffrey S. Wald will be unable to serve if elected.

### **Vote Required**

The two (2) nominees for Class III Directors receiving the highest vote totals will be elected as Class III Directors of the Company. 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 Nominees listed below.**

Information Concerning the Directors and the Board’s Nominees



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<b>Name</b>	<b>Age</b>	<b>Current Position with the Company</b>	<b>Director Since</b>
Warren G. Lichtenstein	52	Class I Director, Executive Chairman	March 2013
Glen M. Kassan	74	Class I Director, Vice Chairman	March 2013
*Philip E. Lengyel <sup>(1)(2)(3)</sup>	68	Class II Director	May 2014
Jack L. Howard	55	Class II Director	December 2017
William T. Fejes, Jr.	61	Class II Director	December 2017
*Jeffrey J. Fenton <sup>(1)(2)</sup>	60	Class III Director	November 2010
*Jeffrey S. Wald <sup>(2)(3)</sup>	43	Class III Director	February 2012

\*Independent

(1) Member of Human Resources and Compensation Committee (the “Compensation Committee”).

(2) Member of Audit Committee.

(3) Member of Governance Committee.

Biographical and certain other information concerning the members of the Board of the Company is set forth below:

#### Class III Director Nominees for a three year term expiring at the 2020 Annual Meeting of Stockholders

*Jeffrey J. Fenton.* 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. In January 2013, he was appointed as Senior Vice President, Business Development of United Rentals, Inc., a construction and industrial equipment rental company. 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.* 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 2018 Annual Meeting

*Warren G. Lichtenstein.* Mr. Lichtenstein has served as the Chairman of the Board and a Director of the Company since March 12, 2013, and as its Executive Chairman since June 17, 2016. Mr. Lichtenstein served as the Company's interim Chief Executive Officer from March 28, 2016 until June 17, 2016. Mr. Lichtenstein has served on the Board of Directors of over twenty public companies. He served as the Chairman of the Board of Steel Partners Holdings GP Inc. ("Steel Holdings GP") from July 2009 to February 2013, and has served as Executive Chairman since February 2013. He served as the Chief Executive Officer of Steel Holdings GP from July 2009 until February 2013, at which time he became the Executive Chairman of Steel Holdings GP. Steel Holdings GP is the general partner of Steel Partners Holdings L.P. ("Steel Holdings"), a global diversified holding company that engages in multiple businesses through consolidated subsidiaries, associated companies and other interests. He has served as Chairman of the Board of Handy & Harman Ltd. (formerly known as WHX Corporation) ("HNH") since July 2005. Mr. Lichtenstein has served as a director of Aerojet Rocketdyne Holdings, Inc. ("Aerojet"), a NYSE-listed manufacturer of aerospace and defense products and systems with a real estate business segment since March 2008, serving as the Chairman of the Board from March 2013 to June 2016 and as Executive Chairman since June 2016. Mr. Lichtenstein has served as a director of Steel Excel Inc. ("Steel Excel"), a company whose business currently consists of Steel Sports Inc. and Steel Energy Services Ltd., since October 2010 and Chairman of the Board since May 2011. In 2011 Mr. Lichtenstein founded Steel Sports, Inc., a subsidiary of Steel Excel dedicated to building a network of participatory and experience-based sports-related businesses, with a particular emphasis on youth sports. Mr. Lichtenstein has served as a director of SL Industries, Inc. ("SL Industries"), a company that designs, manufactures and markets power electronics, motion control, power protection, power quality electromagnetic and specialized communication equipment, from March 2010 to June 2016 (when SL Industries was acquired by HNH). He previously served as a director (formerly Chairman of the Board) of SL Industries from January 2002 to May 2008 and served as Chief Executive Officer from February 2002 to August 2005. SL Industries was listed on the NYSE MKT until its acquisition as a wholly owned subsidiary of HNH in June 2016. We believe Mr. Lichtenstein is qualified to serve as a director due to his expertise in corporate finance, executive management, investing and his 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.* Mr. Kassan has served as a Director of the Company since March 2013 and as its Vice Chairman since May 2014. He served as the Company's Chief Administrative Officer from May 2014 until January 2015. Mr. Kassan served as a director of HNH from July 2005 until May 2015 and as the Company's Vice Chairman of the Board since October 2005 until May 2015. He served as HNH's Chief Executive Officer from October 2005 until December 2012. He has been associated with Steel Partners LLC ("Partners LLC") 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 served as a director of SL Industries from January 2002, and its Chairman of the Board from May 2008, until SL Industries was acquired by HNH in June 2016. He previously served as SL Industries' 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. 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.

Class II Directors Continuing in Office until the 2019 Annual Meeting of Stockholders

*Philip E. Lengyel.* Mr. Lengyel has served as a Director of the Company since May 2014. Mr. Lengyel is currently Executive Vice President for Dick Cook Studios in Los Angeles, California, a next generation family multi-media company involved in creating, producing, marketing and distributing family entertainment. From January 2009 until September of 2016, Mr. Lengyel was self-employed as a consultant providing services to companies and organizations relating to marketing, branding strategies, promotions, sponsorships and public relations. Previously, Mr. Lengyel served over two decades in senior marketing and other business positions with Walt Disney World, most recently from March 1999 through April 2005, as Vice President of Alliance Development. Mr. Lengyel brings to the Board significant experience in the areas of marketing, advertising, promotions, publicity, branding and business development.

*Jack L. Howard.* Mr. Howard was appointed as a director of the Company on December 15, 2017, to fill the vacancy on the Board following Mr. Bergamo's passing. Mr. Howard has served as the Vice Chairman of the Board of the Handy & Harman Ltd. ("HNH") since March 2012 and Principal Executive Officer of HNH since January 2013, and has served as a director of HNH since July 2005. Mr. Howard has been a registered principal of Mutual Securities, Inc., a FINRA registered broker-dealer, since 1989. Mr. Howard has served as the President of Steel Holdings GP since July 2009 and has served as a director of Steel Holdings GP since October 2011. He also served as the Assistant Secretary of Steel Holdings GP from July 2009 to September 2011 and as Secretary from September 2011 to January 2012. He is the President of SP General Services LLC. He is the President of Steel Holdings and has been associated with Steel Holdings and its predecessors and affiliates since 1993. Mr. Howard has been a director of Steel Excel Inc. ("Steel Excel") since December 2007, serving as Vice Chairman of the Steel Excel Board since May 2012, and Principal Executive Officer of Steel Excel since March 2013. He currently holds the securities licenses of Series 7, Series 24, Series 55 and Series 63.

*William T. Fejes, Jr.* Mr. Fejes was appointed as a director of the Company on December 15, 2017, following an increase in the size of the Board from 6 members to 7 members upon the closing of the Preferred Stock Transaction. Mr. Fejes has served as the president of Steel Services, Ltd. an indirect wholly owned subsidiary of Steel Holdings, since October 2017. Mr. Fejes served as Senior Vice President of HNH and President and Chief Executive Officer of Handy & Harman Group Ltd. ("HNH Group") from June 2016 until October 2017. Mr. Fejes has served as President of SL Industries, Inc. ("SLI") since June 2010 and served as Chief Executive Officer of SLI from June 2010 until October 2016. From 2007 until April 2010, Mr. Fejes was the Chief Operating Officer of Seakeeper, Inc., a company that designs, manufactures and markets motion stabilization equipment for boats under 50 meters in length. Prior to joining Seakeeper, Inc., Mr. Fejes was the President and Chief Executive Officer of TB Wood's Corporation ("TB Wood's"), a public company that designs, manufactures and markets industrial power transmission components, with plants in the United States, Mexico and Italy, from 2004 to 2007, and was a director of TB Wood's from 2004 to 2005. Mr. Fejes also held various executive and management roles at Danaher Corporation, a public company that designs, manufactures and markets industrial and consumer products, for 18 years. From March 2009 to February 2015, Mr. Fejes served as a director of Broadwind Energy, a public company for which he also served as the Chairman of the Governance / Governance Committee, as a member of the Audit and Compensation Committees. From 2008 to 2010, Mr. Fejes was a Director of Automation Solutions, Inc., a privately held distributor of factory automation equipment.

## 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, the Compensation Committee and the 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](http://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;

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

#### Board Leadership Structure

Mr. Lichtenstein served as non-executive Chairman of the Board from March 12, 2013 until June 17, 2016, at which time he was appointed a non-employee Executive Chairman of the Board. The duties of the Executive Chairman include, among other duties, (i) collaborating with our Chief Executive Officer on the Company's strategic and operational positioning, product road map, management organization with enterprise-wide accountability, acquisitions and legal matters (ii) calling, chairing and setting the agenda for meetings of the Board, (iii) setting the agenda for and chairing meetings of the Directors in executive session, (iv) chairing the annual meeting of stockholders, (v) briefing the Chief Executive Officer on issues arising from and/or discussed in executive sessions of the Directors, (vi) facilitating discussions among Directors on key issues regarding the Company, (vii) facilitating communications between other members of the Board and the Chief Executive Officer (however, each Director is free to communicate directly with the Chief Executive Officer), (viii) in the event a stockholder seeks to communicate with the Board, accepting and responding to such communications, (ix) reviewing periodically the Company's business plan, financial

performance and other activities with the Chief Executive Officer, (x) recommending Board committee assignments for consideration by the Nominating and Corporate Governance Committee (provided, however, that no such recommendation shall be required in order for such committee to carry out its duties with respect to committee composition) and (xi) in consultation with the other Directors and the Chief Executive Officer, developing Board agendas. Mr. Kassan has served as Vice-Chairman of the Board since May 2, 2014. The duties of the Vice-Chairman include, among other things, providing assistance to the Chairman in performing the duties described above.

## Controlled Company and Director Independence

The Board has determined that each of Jeffrey J. Fenton, Philip E. Lengyel and Jeffrey S. Wald, satisfy 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 his service on the Board.

As a result of the Preferred Stock Transaction and Warrant Repurchase described below under the section entitled “Certain Relationships And Related Transactions,” SPHG Holdings and its affiliates beneficially own approximately 52% of our outstanding shares of Common Stock, which includes shares of Common Stock underlying currently convertible Series C Convertible Preferred Stock of the Issuer (the “Preferred Stock”). As a result, we are a “controlled company” within the meaning of Rule 5615(c) of the Nasdaq Stock Market Listing Rules. Under the Nasdaq rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain Nasdaq corporate governance requirements, including: (i) the requirement that a majority of the Board consist of independent directors; (ii) the requirement that we have director nominees selected or recommended for the Board’s selection, either by a majority vote of only the independent directors or by a nomination committee comprised solely of independent directors, with a written charter or Board resolution addressing the nominations process; and (iii) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

We currently rely on some of these exemptions. Although our Governance Committee and our Compensation Committee consist entirely of independent directors, we do not currently have a majority of independent directors on the Board.

## Board and Committee Meetings

During the fiscal year ended July 31, 2017 (“fiscal 2017”), the Board held three (3) meetings (including by telephone conference). During fiscal 2017, 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 2017, the Directors of the Company met periodically, as they deemed necessary, outside of the presence of the executive officers of the Company. The Company’s Directors are strongly encouraged to attend the Company’s annual meetings of Stockholders. Five of the Company’s Directors serving at the time of the 2016 Annual Meeting of Stockholders attended such meeting in person or via teleconference.

## Committees of the Board of Directors



The standing committees of the Board are the Audit Committee, the Compensation Committee, and the 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, tax 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 also reviews all related party transactions on an ongoing basis and all such transactions must be approved or ratified by the Audit Committee. On October 11, 2016, the Board adopted a Related Person Transaction Policy that is administered by the Audit Committee and applies to all related party transactions. The Related Person Transaction Policy was adopted in part to address Auditing Standard No. 18 (Related Parties). The responsibility to review, approve and ratify related party transactions was previously held by the Related Party Transactions Committee from November 20, 2014, until October 11, 2016.

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 by clicking on "Governance" under the Investor Relations tab on our website at [www.moduslink.com](http://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 Jeffrey S. Wald (Chair), Jeffrey J. Fenton, and Philip E. Lengyel 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. Lengyel was appointed to the Audit Committee on March 6, 2018 to fill the vacancy created by Mr. Bergamo's passing. Prior to his passing, Mr. Bergamo served as Chairman of the Audit Committee and was independent as determined in accordance with the Audit Committee charter and applicable Nasdaq rules. The Audit Committee met seven (7) times during fiscal 2017.

*Audit Committee Financial Expert*

The Board has determined that Jeffrey S. Wald is an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K. Mr. Wald is independent as defined in applicable Nasdaq listing standards.

Human Resources and Compensation Committee

The Board has a Human Resources and Compensation Committee (the “Compensation Committee”), which administers the Company’s equity incentive plans, cash incentive plans, performance-based restricted stock program and other equity-based awards. The Compensation Committee approves, or recommends to the Board for approval, the salaries, bonuses and other compensation arrangements and policies for the Company’s executive officers. The Compensation Committee also makes recommendations to the Board regarding Director compensation. 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 by clicking on “Governance” under the Investor Relations tab on our website at [www.moduslink.com](http://www.moduslink.com). Compensation Committee currently consists of Jeffrey J. Fenton (Chair) and Philip E. Lengyel, each of whom is an independent director as determined in accordance with the Compensation Committee charter and applicable Nasdaq rules. The Compensation Committee met two (2) times during fiscal 2017.

Prior to his passing, Mr. Bergamo served as a member of the Compensation Committee and was independent as determined in accordance with the Compensation Committee charter and applicable Nasdaq rules.

Our Chief Executive Officer and Chief Financial Officer regularly attended Compensation Committee meetings to provide information and recommendations. During fiscal 2017, our Chief Executive Officer and Chief Financial Officer made recommendations regarding the adoption of the Company’s fiscal 2017 management incentive plan. The Compensation Committee was not bound by such recommendations.

The Compensation Committee’s historical practice and policy has been to engage an outside compensation consultant to advise it as needed and to conduct a comprehensive review of executive compensation. 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.

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 September 2014, the Company, at the direction of the Compensation Committee, retained Hay Group as its new independent executive compensation consultant. None of the Company's management participated in the Compensation Committee's decision to retain Hay Group. The Hay Group reported directly to the Compensation Committee. The Hay Group attended meetings of the Compensation Committee, as requested, and communicated with the Chair of the Compensation Committee between meetings; however, the Compensation Committee made, and continues to make, all decisions regarding the compensation of the Company's executive officers. The Compensation Committee may replace the Hay Group or hire additional consultants at any time.