Steel Connect, Inc.
Form DEF 14A
March 19, 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.

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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(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):

(4) Proposed maximum aggregate value of transaction:

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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 19, 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 Shade Hotel, 1221 N. Valley Drive Manhattan Beach, CA 90266, on April 12, 2018, 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 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,

/s/ James R. Henderson

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.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 12, 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 Shade Hotel, 1221 N. Valley Drive Manhattan Beach, CA 90266, on April 12, 2018, at 9:00 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;

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, 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 11, 2018.

This notice and the Proxy Statement are first being mailed to our stockholders on or about March 19, 2018.

By Order of the Board of Directors,

Waltham, Massachusetts

March 19, 2018 /s/ Warren G. Lichtenstein
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 12, 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.

STEEL CONNECT, INC.

1601 Trapelo Road, Suite 170

Waltham, Massachusetts 02451

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 12, 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 12, 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 Shade Hotel, 1221 N. Valley Drive Manhattan Beach, CA 90266, on April 12, 2018, at 9:00 a.m. Pacific Time, and at any adjournments or postponements thereof. On or about March 19, 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

Name	Age	Current Position with the Company	Director Since
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[1][2][3]	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[1][2]	60	Class III Director	November 2010
*Jeffrey S. Wald[2][3]	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 Bluelinx 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*.

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*. 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.* 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.

The Hay Group provided executive compensation services to the Compensation Committee with respect to the Company's executive officers pursuant to a written consulting agreement with the Compensation Committee. The services Hay Group provided under the agreement include advising the Compensation Committee regarding peer group development and validation, conducting an annual review of compensation for our executive officers, and providing survey compensation market data. During fiscal 2015, Hay Group provided services to the Compensation Committee regarding the annual compensation arrangement for certain executive officers, and also provided services and market data relating to new hire pay practices for certain other executive positions. The Hay Group was again consulted in fiscal 2016 in connection with preliminary plan design. The Hay Group was not consulted in fiscal 2017.

The Compensation Committee regularly reviews the services provided by its outside consultants and believes that the Hay Group is independent in providing executive compensation consulting services. The Compensation Committee conducted a specific review of its relationship with the Hay Group and determined that the Hay Group'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, relying in part on representations from the Hay Group, the Compensation Committee noted that:

- The Hay Group did not provide any services to the Company or its management other than service 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 significantly less than 1% of the Hay Group's total revenue;

- The Hay Group maintains a Conflicts Policy which was provided to the Compensation Committee with specific policies and procedures designed to ensure independence;

- None of the Hay Group consultants on the Company matter had any business or personal relationship with Compensation Committee members;

- None of the Hay Group consultants on the Company matter, or the Hay Group, had any business or personal relationship with executive officers of the Company that would create a conflict of interest; and

- None of the Hay Group consultants on the Company matter directly own Company stock.

The Compensation Committee reviews executive compensation on an ongoing basis and consults with its independent consultant as deemed necessary. The Compensation Committee also periodically 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.

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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 by clicking on "Governance" under the Investor Relations tab on our 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 Fourth Amended and Restated Bylaws of the Company (the "Bylaws").

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 2018 Annual Meeting and Nomination of Directors" in this Proxy Statement for more information.

The Governance Committee currently consists of Philip E. Lengyel and Jeffrey S. Wald, each of whom is independent as defined in applicable Nasdaq listing standards. Prior to his passing, Mr. Bergamo served as a member of the

Governance Committee and was independent as determined in accordance with the Compensation Committee charter and applicable Nasdaq rules. The Governance Committee met one (1) time during fiscal 2017.

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 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.

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, Steel Connect, 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

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 and Section 14A of the Exchange Act, 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. This advisory vote on Named Executive Officer compensation is commonly referred to as a "say-on-pay" vote.

Consistent with the recommendation of the Board to stockholders that future stockholder votes on Named Executive Officer compensation be held annually, and in light of the voting results on the say on frequency proposal at the 2011 annual meeting of stockholders, the Company has held an annual advisory vote on the compensation of Named Executive Officers since the 2011 annual meeting of stockholders. As further described below in Proposal 3, our stockholders are again being provided the opportunity to cast an advisory vote on the frequency of stockholder votes on Named Executive Officer compensation at the 2017 Meeting. The advisory vote described below in Proposal 3 is commonly referred to as a "say-on-frequency" vote. After the 2017 Meeting, the next required vote on the frequency of stockholder votes on Named Executive Officer compensation takes place at the 2023 annual meeting of stockholders. As described in more detail under the heading "Compensation Discussion and Analysis" beginning on page 59 of this Proxy Statement, we believe our Named Executive Officer 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 recommends that the stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders hereby approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K and 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. 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 2 requires the affirmative vote of a majority of the votes cast. Abstentions will have the same effect as voting against this proposal, and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

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

PROPOSAL 3

ADVISORY (NON-BINDING) VOTE ON FREQUENCY OF FUTURE STOCKHOLDER VOTES ON EXECUTIVE OFFICER COMPENSATION

As described in Proposal 2 above, our stockholders are being provided the opportunity to cast an advisory vote on the Company's executive officer compensation program. The advisory vote on executive officer compensation described in Proposal 2 above is commonly referred to as a “say-on-pay” vote. The advisory vote described in this Proposal 3 is commonly referred to as a “say-on-frequency” vote.

In accordance with Section 14A of the Exchange Act, this Proposal 3 affords our stockholders the opportunity to cast an advisory vote on how often the Company should include a say-on-pay vote in its proxy materials for future annual stockholder meetings (or a special stockholder meeting for which the Company must include executive compensation information in the proxy statement for that meeting). Under this Proposal 3, our stockholders may vote to have the say-on-pay vote every 1 year, every 2 years or every 3 years.

The Company believes that say-on-pay votes should be conducted every year so that stockholders may annually express their views on the Company's executive compensation program. The Compensation Committee, which administers the Company's executive compensation program, values the opinions expressed by stockholders in these votes and will continue to consider the outcome of these votes in making its decisions on executive officer compensation. The Company has had annual say-on-pay votes for the past six years. The last time the Company had a say-on-frequency vote was in 2011.

We therefore request that our stockholders select “1 Year” (as opposed to “2 Years” or “3 Years”) when voting on the frequency of future stockholder votes on Named Executive Officer compensation. Although the advisory vote is non-binding, the Board will review the results of the vote and take it into account in making a determination concerning the frequency of advisory votes on executive officer compensation.

Vote Required

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.

The Board unanimously recommends a vote of "1 Year" as the frequency of future stockholder votes on Named Executive Officer compensation.

PROPOSAL 4

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has appointed BDO USA, LLP, an independent registered public accounting firm, to audit the Company's consolidated financial statements for the fiscal year ending July 31, 2018, and recommends that the stockholders vote FOR ratification of such appointment. If the stockholders do not ratify the selection of BDO USA, LLP as the Company's independent registered public accounting firm, the appointment will be reconsidered by the Audit Committee. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company's and its stockholders' best interests. A representative of BDO USA, LLP, which served as the Company's independent registered public accounting firm in fiscal 2017, is expected to be present at the 2017 Meeting, to be available to respond to appropriate questions from stockholders and to make a statement if he or she desires to do so.

Vote Required

Approval of this Proposal 4 requires the affirmative vote of a majority of the votes cast. Abstentions will have the same effect as voting against this proposal, and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

The Board recommends that the stockholders vote FOR the ratification of BDO USA, LLP to serve as the Company's independent registered public accounting firm for the current fiscal year.

Independent Registered Public Accounting Firm Fees

The following table presents fees for professional audit services and other services rendered by the Company's independent registered public accountants for the fiscal years ended July 31, 2017 and 2016:

Fee Category	Fiscal 2017 Fees	Fiscal 2016 Fees
Audit Fees[1]	$2,323,152	$2,337,812
Audit-Related Fees[2]	11,500	317,220
Tax Fees[3]	0	3,443
All Other Fees	0	0
Total Fees	$2,334,652	$2,658,475

(1) **Audit Fees**. Audit fees for fiscal 2017 and fiscal 2016 consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports, services that are normally provided by the Company's auditors in connection with statutory and regulatory filings or engagements, and costs associated with compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

(2) **Audit-Related Fees**. Audit-related fees for fiscal 2017 and fiscal 2016 consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." Those audit-related services for fiscal 2017 include an audit of an employee benefit plan and for fiscal 2016 includes due diligence services and audits of employee benefit plans.

(3) **Tax Fees**. Tax fees for fiscal 2016 consist of professional services for tax audit compliance services.

Audit Committee Policy on Pre-Approval of Services of Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre-approve all audit services to be provided by the Company's independent registered public accounting firm or other firms, and all non-audit services to be provided by the Company's independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Company's independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis. During fiscal 2017 and fiscal 2016, all services rendered by BDO USA, LLP to the Company were pre-approved by the Audit Committee.

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BACKGROUND TO NOL PROTECTION PROPOSALS

(PROPOSALS NOs. 5 AND 6)

Our past operations generated significant net operating losses and other tax benefits (collectively, "NOLs"). Under federal tax laws, for NOLs arising in tax years ending before January 1, 2018, we generally can use any such NOLs and certain related tax credits to reduce ordinary income tax paid in our prior two tax years or on our future taxable income for up to 20 years, at which point they "expire" for such purposes. Until they expire, we can "carry forward" NOLs and certain related tax credits that we do not use in any particular year to offset taxable income in future years. For NOLs arising in tax years beginning after December 31, 2017, we generally can use any such NOLs and certain related tax credits to reduce ordinary income tax paid on our future taxable income indefinitely, however, any such NOLs cannot be used to reduce ordinary income tax paid in prior tax years. In addition, the deduction for NOLs arising in tax years beginning after December 31, 2017 is limited to 80 percent of our taxable income for any tax year (computed without regard to the NOL deduction). As of July 31, 2017, we had net operating loss carryforwards for federal and state tax purposes of approximately $2.1 billion and $209.8 million, respectively, all of which arose in tax years ending before January 1, 2018 (our "Current NOLs"). While we cannot estimate the exact amount of NOLs that we will be able use to reduce future income tax liability because we cannot predict the amount and timing of our future taxable income, we believe our NOLs are a very valuable asset.

Our ability to utilize our NOLs to offset future taxable income may be significantly limited if we experience an "ownership change," as determined under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). Under Section 382, an "ownership change" occurs if one or more stockholders or groups of stockholders that is each deemed to own at least 5% of our common stock increases their aggregate ownership by more than 50 percentage points over its lowest ownership percentage within a rolling three-year period. If an ownership change occurs, Section 382 would impose an annual limit on the amount of our NOLs that we can use to offset taxable income equal to the product of the total value of our outstanding equity immediately prior to the ownership change (reduced by certain items specified in Section 382) and the federal long-term tax-exempt interest rate in effect for the month of the ownership change. A number of complex rules apply to calculating this annual limit.

If an ownership change is deemed to occur, the limitations imposed by Section 382 could significantly limit our ability to use our NOLs to reduce future income tax liability and result in a material amount of our Current NOLs expiring unused and, therefore, significantly impair the value of our NOLs. While the complexity of Section 382's provisions and the limited knowledge any public company has about the ownership of its publicly traded securities make it difficult to determine whether an ownership change has occurred, we currently believe that an ownership change has not occurred. However, if no action is taken to protect our NOLs, we believe it is possible that we could experience an ownership change before our Current NOLs are fully-utilized or expire.

On December 9, 2014, the Company's stockholders voted in favor of an amendment to the Restated Certificate of Incorporation of the Company that was designed to protect the long-term tax benefits presented by our NOLs and the

Certificate of Amendment of the Restated Certificate of Incorporation of the Company effecting such amendment was filed with the State of Delaware on December 29, 2014 (the "Original Protective Amendment"). The Original Protective Amendment expired in December 29, 2017. The Board has determined to replace the Original Protective Amendment with a new similar amendment to our Restated Certificate of Incorporation (the "Protective Amendment"). On March 6, 2018, the Board, subject to approval by stockholders, approved a Protective Amendment.

The Protective Amendment, which is designed to prevent certain transfers of our securities that could result in an ownership change, is described below under Proposal 5. The complete text of the form of Certificate of Amendment of the Restated Certificate of Incorporation reflecting the Protective Amendment is attached as Appendix A to this Proxy Statement. The Protective Amendment will not be put into effect unless and until it is approved by stockholders at the 2017 Meeting.

Our new Tax Benefits Preservation Plan, dated as of January 19, 2018, with American Stock Transfer & Trust Company, LLC (the "Tax Plan"), which was entered into on January 19, 2018 following Board approval, is described below under Proposal 6. The complete text of the Tax Plan is attached as Appendix B to this Proxy Statement. The Tax Plan requires stockholder approval to remain in effect after the 2017 Meeting, and will expire immediately following the final adjournment of the 2017 Meeting if stockholder approval is not received.

After careful consideration, our Board determined that the most effective way to protect the significant potential long-term tax benefits presented by our NOLs is to both (a) adopt the Protective Amendment and (b) approve the Tax Plan, in order to help prevent an ownership change that would impair our ability to utilize the NOLs.

Our Board urges stockholders to read Proposal 5 and Proposal 6 and the complete text of the Protective Amendment and the Tax Plan, which are attached as Appendix A and Appendix B to this Proxy Statement, respectively. It is important to note that neither measure offers a complete solution and that an ownership change may occur even if the Protective Amendment and the Tax Plan are approved by stockholders. The limitations of these measures are described in more detail below.

Because of their respective limitations, the Board believes that the adoption of both measures is appropriate and that together they will serve as important tools to help prevent an ownership change that could substantially reduce or eliminate the significant potential long-term tax benefits presented by our NOLs. Accordingly, the Board recommends that stockholders approve both the Protective Amendment and the Tax Plan.

Proposal 5 relating to the Protective Amendment and Proposal 6 relating to the Tax Plan are independent voting items. If Proposal 5 fails to receive the required vote, then Proposal 6 may still be passed by the stockholders. Likewise, if Proposal 6 fails to receive the required vote, then Proposal 5 may still be passed by the stockholders.

PROPOSAL 5

APPROVAL AND ADOPTION OF PROTECTIVE AMENDMENT

TO THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION

For the reasons described above under "Background to NOL Protection Proposals", our Board recommends that stockholders approve and adopt the Protective Amendment to our Restated Certificate of Incorporation.

The purpose of the Protective Amendment is to assist us in protecting long-term value to the Company of its accumulated NOLs by limiting direct or indirect transfers of our Common Stock that could affect the percentage of stock that is treated as being owned by a holder of 4.99% of our Common Stock. In addition, the Protective Amendment includes a mechanism to block the impact of such transfers while allowing purchasers to receive their money back from prohibited purchases.

The Board believes it is in our and our stockholders' best interests to adopt the Protective Amendment to help protect the NOLs and has adopted resolutions approving and declaring the advisability of amending our Restated Certificate of Incorporation as described below. The complete text of the Protective Amendment is attached as Appendix A to this Proxy Statement. The Protective Amendment will not become effective unless approved by stockholders at the 2017 Meeting.

The Protective Amendment, if approved by our stockholders, would become effective upon the filing of a Certificate of Amendment of the Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which we would expect to do as soon as practicable after the Protective Amendment is approved by stockholders. Even if approved by the stockholders, the Board retains the authority to abandon the Protective Amendment for any reason at any time prior to the filing and effectiveness of the Protective Amendment with the Secretary of State of the State of Delaware.

Description of Protective Amendment

The following description of the Protective Amendment is qualified in its entirety by reference to the complete text of the Protective Amendment, which is contained in the amended and restated ARTICLE SEVENTEENTH in the Certificate of Amendment of the Restated Certificate of Incorporation attached as Appendix A to this Proxy

Statement.

Please read the Protective Amendment in its entirety as the following description is only a summary of the material terms of the Protective Amendment.

Prohibited Transfers. The Protective Amendment generally will restrict any direct or indirect transfer (such as transfers of our Common Stock that result from the transfer of interests in other entities that own our Common Stock) of Company securities if the effect would be to:

- increase the direct, indirect or constructive ownership of our Common Stock by any Person (as defined below) from less than 4.99% to 4.99% or more of our Common Stock; or

- increase the percentage of our Common Stock owned directly, indirectly or constructively by a Person owning or deemed to own 4.99% or more of our Common Stock.

"Person" means any individual, partnership, joint venture, limited liability company, firm, corporation, unincorporated association or organization, trust or other entity or any group of such "Persons" having a formal or informal understanding among themselves to make a "coordinated acquisition" of shares within the meaning of Treasury Regulation § 1.382-3(a)(1) or who are otherwise treated as an "entity" within the meaning of Treasury Regulation § 1.382-3(a)(1), and includes any successor (by merger or otherwise) of any such entity or group.

Restricted transfers include sales to Persons whose resulting percentage ownership (directly, indirectly or constructively) of our Common Stock would exceed the 4.99% thresholds discussed above, or to Persons whose direct, indirect or constructive ownership of our Common Stock would by attribution cause another Person to exceed such threshold. Complicated stock ownership rules prescribed by the Code (and regulations promulgated thereunder) will apply in determining whether a Person is a 4.99% stockholder under the Protective Amendment. A transfer from one member of a "public group" (as that term is defined under Section 382) to another member of the same public group does not increase the percentage of our Common Stock owned directly, indirectly or constructively by the public group and, therefore, such transfers are not restricted. For purposes of determining the existence and identity of, and the amount of our Common Stock owned by, any stockholder, we will be entitled to rely on the existence or absence of certain public securities filings as of any date, and our actual knowledge of the ownership of our Common Stock. The Protective Amendment includes the right to require a proposed transferee, as a condition to registration of a transfer of our Common Stock, to provide all information reasonably requested regarding such person's direct, indirect or constructive ownership of our Common Stock.

These transfer restrictions may result in the delay or refusal of certain requested transfers of our Common Stock, or prohibit ownership (thus requiring dispositions) of our Common Stock due to a change in the relationship between two or more persons or entities or to a transfer of an interest in an entity other than us that, directly, indirectly or constructively, owns our Common Stock. The transfer restrictions will also apply to proscribe the creation or transfer of certain "options" (which are broadly defined by Section 382) with respect to our Common Stock to the extent that, in certain circumstances, the creation, transfer or exercise of the option would result in a proscribed level of ownership.

Consequences of Prohibited Transfers. Upon adoption of the Protective Amendment, any direct or indirect transfer attempted in violation of the Protective Amendment would be void as of the date of the prohibited transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of our Common Stock would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as the owner of the shares owned in violation of the Protective Amendment for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such shares, or in the case of options, receiving shares in respect of their exercise. In this Proxy Statement, our Common Stock purportedly acquired in violation of the Protective Amendment is referred to as "excess stock."

In addition to a prohibited transfer being void as of the date it is attempted, upon demand, the purported transferee must transfer the excess stock to our agent along with any dividends or other distributions paid with respect to such excess stock. Our agent is required to sell such excess stock in an arm's-length transaction (or series of transactions) that would not constitute a violation under the Protective Amendment. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by our agent, after deduction of all costs incurred by the agent, will be transferred first to the purported transferee in an amount, if any, up to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the prohibited transfer) incurred by the purported transferee to acquire such excess stock, and the balance of the proceeds, if any, will be transferred to a charitable beneficiary. If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to our agent (except to the extent we grant written permission to the purported transferee to retain an amount not to exceed the amount such person otherwise would have been entitled to retain had our agent sold such shares).

To the extent permitted by law, any stockholder who knowingly violates the Protective Amendment will be liable for any and all damages we suffer as a result of such violation, including damages resulting from any limitation in our ability to use the NOLs and any professional fees incurred in connection with addressing such violation.

With respect to any transfer that does not involve a transfer of our securities within the meaning of Delaware law but that would cause a person to violate the Protective Amendment, the following procedure will apply in lieu of those described above: in such case, such person whose ownership of our securities is attributed to such proscribed person will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such proscribed person not to be in violation of the Protective Amendment, and such securities will be treated as excess stock to be disposed of through the agent under the provisions summarized above, with the maximum amount payable to such stockholder that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the prohibited transfer.

Public Groups; Modification and Waiver of Transfer Restrictions. In order to facilitate sales by stockholders into the market, the Protective Amendment permits otherwise prohibited transfers of our Common Stock where the transferee is a public group.

In addition, our Board will have the discretion to approve a transfer of our Common Stock that would otherwise violate the transfer restrictions if it determines that the transfer is in our and our stockholders' best interests. If our Board decides to permit such a transfer, that transfer or later transfers may result in an ownership change that could limit our use of the NOLs. In deciding whether to grant a waiver, our Board may seek the advice of counsel and tax experts with respect to the preservation of our federal tax attributes pursuant to Section 382. In addition, our Board may request relevant information from the acquirer and/or selling party in order to determine compliance with the Protective Amendment or the status of our federal income tax benefits, including an opinion of counsel selected by our Board (the cost of which will be borne by the transferor and/or the transferee) that the transfer will not result in a limitation on the use of the NOLs under Section 382. If our Board decides to grant a waiver, it may impose conditions on such waiver on the acquirer or selling party.

In the event of a change in law, our Board will be authorized to modify the applicable allowable percentage ownership interest (currently 4.99%) or modify any of the definitions, terms and conditions of the transfer restrictions or to eliminate the transfer restrictions, provided that our Board determines, by adopting a written resolution, that such action is reasonably necessary or advisable to preserve the NOLs or that the continuation of these restrictions is no longer reasonably necessary for such purpose, as applicable. Our stockholders will be notified of any such determination through a filing with the SEC or such other method of notice as the Secretary of the Company shall deem appropriate.

Our Board may establish, modify, amend or rescind bylaws, regulations and procedures for purposes of determining whether any transfer of our securities would jeopardize our ability to use the NOLs.

Implementation and Expiration of the Protective Amendment

If our stockholders approve the Protective Amendment, we intend to file the Protective Amendment promptly with the Secretary of State of the State of Delaware, whereupon the Protective Amendment will become effective. We intend to enforce the restrictions in the Protective Amendment immediately thereafter to preserve the future use of the NOLs. We also intend to include a legend reflecting the transfer restrictions included in the Protective Amendment on certificates representing newly issued or transferred shares, to disclose such restrictions to persons holding our Common Stock in uncertificated form and to disclose such restrictions to the public generally.

The Protective Amendment would expire on the earliest of (i) our Board' determination that the Protective Amendment is no longer necessary for the preservation of the NOLs because of the repeal of Section 382 or any successor statute, and (ii) such date as our Board otherwise determines that the Protective Amendment is no longer necessary for the preservation of the NOLs. Our Board may also accelerate the expiration date of the Protective Amendment in the event of a change in the law if our Board has determined that the continuation of the restrictions contained in the Protective Amendment is no longer reasonably necessary for the preservation of the NOLs or such action is otherwise reasonably necessary or advisable.

Effectiveness and Enforceability

Although the Protective Amendment is intended to reduce the likelihood of an ownership change, we cannot eliminate the possibility that an ownership change will occur even if the Protective Amendment is adopted given that:

- The Board can permit a transfer to an acquirer that results or contributes to an ownership change if it determines that such transfer is in our and our stockholders' best interests.

- A court could find that part or all of the Protective Amendment is not enforceable, either in general or as applied to a particular stockholder or fact situation. Delaware law provides that transfer restrictions with respect to shares issued prior to the adoption of the restriction are effective against (i) holders of those securities that are parties to the applicable agreement or voted in favor of the restriction and (ii) purported successors or transferees of such holders if (A) the transfer restriction is noted conspicuously on the certificate(s) representing such shares or (B) the successor or transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). We intend to cause shares of our Common Stock issued after the effectiveness of the Protective Amendment to be issued with the relevant transfer restriction conspicuously noted on the certificate(s) representing such shares, and therefore under

Delaware law such newly issued shares will be subject to the transfer restriction. We also intend to disclose such restrictions to persons holding our Common Stock in uncertificated form. For the purpose of determining whether a stockholder is subject to the Protective Amendment, we intend to take the position that all shares issued prior to the effectiveness of the Protective Amendment that are proposed to be transferred were voted in favor of the Protective Amendment, unless the contrary is established. We may also assert that stockholders have waived the right to challenge or otherwise cannot challenge the enforceability of the Protective Amendment, unless a stockholder establishes that it did not vote in favor of the Protective Amendment. Nonetheless, despite these actions, a court still could find that the Protective Amendment is unenforceable, either in general or as applied to a particular stockholder or fact situation.

- Despite the adoption of the Protective Amendment, there is still a risk that certain changes in relationships among stockholders or other events could cause an ownership change under Section 382. Accordingly, we cannot assure you that an ownership change will not occur even if the Protective Amendment is made effective. However, our Board has adopted the Rights Plan, which is intended to act as a deterrent to any person acquiring more than 4.99% of our Common Stock and endangering our ability to use the NOLs.

As a result of these and other factors, the Protective Amendment is intended to reduce, but does not eliminate, the risk that we will undergo an ownership change that would limit our ability to utilize the NOLs.

Section 382 Ownership Change Determinations

The rules of Section 382 are very complex and are beyond the scope of this summary discussion. Some of the factors that must be considered in determining whether a Section 382 ownership change has occurred include the following:

- Each stockholder who owns less than 5% of our Common Stock is generally (but not always) aggregated with other such stockholders and treated as a single "5-percent stockholder" for purposes of Section 382. Transactions in the public markets among such stockholders are generally (but not always) excluded from the Section 382 calculation.

- There are several rules regarding the aggregation and segregation of stockholders who otherwise do not qualify as Section 382 "5-percent stockholders." Ownership of stock is generally attributed to its ultimate beneficial owner without regard to ownership by nominees, trusts, corporations, partnerships or other entities.

- Acquisitions by a person that cause the person to become a Section 382 "5-percent stockholder" generally result in a 5% (or more) change in ownership, regardless of the size of the final purchase(s) that caused the threshold to be exceeded.

- Certain constructive ownership rules, which generally attribute ownership of stock owned by estates, trusts, corporations, partnerships or other entities to the ultimate indirect individual owner thereof, or to related individuals, are applied in determining the level of stock ownership of a particular stockholder. Special rules can result in the treatment of options (including warrants) or other similar interests as having been exercised if such treatment would result in an ownership change.

- Our redemption or buyback of our Common Stock will increase the ownership of any Section 382 "5-percent stockholders" (including groups of stockholders who are not individually 5-percent stockholders) and can contribute to an ownership change. In addition, it is possible that a redemption or buyback of shares could cause a holder of less than 5% to become a Section 382 "5-percent stockholder," resulting in a 5% (or more) change in ownership.

Certain Considerations Related to the Protective Amendment

Our Board believes that attempting to protect the tax benefits of the NOLs as described above under "Background to NOL Protection Proposals" is in our and our stockholders' best interests. However, we cannot eliminate the possibility that an ownership change will occur even if the Protective Amendment is approved. Please consider the items discussed below in voting on Proposal 5.

The Internal Revenue Service ("IRS") could challenge the amount of the NOLs or claim we experienced an ownership change, which could reduce the amount of the NOLs that we can use or eliminate our ability to use them altogether

The IRS has not audited or otherwise validated the amount of the NOLs. The IRS could challenge the amount of the NOLs, which could limit our ability to use the NOLs to reduce our future taxable income. In addition, the complexity of Section 382's provisions and the limited knowledge any public company has about the ownership of its publicly traded stock make it difficult to determine whether an ownership change has occurred. Therefore, we cannot assure you that the IRS will not claim that we experienced an ownership change and attempt to reduce or eliminate the benefit of the NOLs even if the Protective Amendment is in place.

Continued Risk of Ownership Change

Although the Protective Amendment is intended to reduce the likelihood of an ownership change, we cannot assure you that it would prevent all direct and indirect transfers of our Common Stock that could result in such an ownership change. In particular, absent a court determination, we cannot assure you that the Protective Amendment's restrictions on acquisition of our Common Stock will be enforceable against all our stockholders, and it may be subject to challenge on equitable grounds, as discussed above.

Potential Effects on Liquidity

The Protective Amendment will restrict a stockholder's ability to acquire, directly, indirectly or constructively, additional shares of our Common Stock in excess of the specified limitations. Furthermore, a stockholder's ability to

dispose of our Common Stock may be limited by reducing the class of potential acquirers for such shares. In addition, a stockholder's ownership of our Common Stock may become subject to the restrictions of the Protective Amendment upon actions taken by persons related to, or affiliated with, such stockholder. Stockholders are advised to carefully monitor their ownership of our stock and consult their own legal advisors and/or us to determine whether their ownership of our Common Stock approaches the restricted levels.

Potential Impact on Value

If the Protective Amendment is adopted, our Board intends to include a legend reflecting the transfer restrictions included in the Protective Amendment on certificates representing newly issued or transferred shares, to disclose such restrictions to persons holding our Common Stock in uncertificated form, and to disclose such restrictions to the public generally. Because certain buyers, including persons who wish to acquire more than 5% of our Common Stock and certain institutional holders who may not be comfortable holding our Common Stock with restrictive legends, may not choose to purchase our Common Stock, the Protective Amendment could depress the value of our Common Stock in an amount that could more than offset any value preserved from protecting the NOLs.

Potential Anti-Takeover Impact

The reason our Board approved the Protective Amendment is to protect the significant potential long-term tax benefits presented by the NOLs. The Protective Amendment is not intended to prevent a takeover of the Company. However, the Protective Amendment, if approved by our stockholders, could be deemed to have an anti-takeover effect because, among other things, it will restrict the ability of a person, entity or group to accumulate more than 4.99% of our Common Stock and the ability of persons, entities or groups now owning more than 4.99% of our Common Stock to acquire additional shares of our Common Stock without the approval of our Board. Accordingly, the overall effects of the Protective Amendment, if approved by our stockholders may be to render more difficult, or discourage, a merger, tender offer, proxy contest or assumption of control by a substantial holder of our securities.

Effect of the Protective Amendment If You Vote For It and Already Directly, Indirectly or Constructively Own More Than 4.99% of our Common Stock

If you already own more than 4.99% of our Common Stock, you would be able to transfer shares of our Common Stock only if the transfer does not increase the percentage of stock ownership of another holder of 4.99% or more of our Common Stock or create a new holder of 4.99% or more of our Common Stock. You will also be able to transfer your shares of our Common Stock through open-market sales to a public group. Shares acquired in any such transaction will be subject to the Protective Amendment’s transfer restrictions.

Effect of the Protective Amendment If You Vote For It and Directly, Indirectly or Constructively Own Less Than 4.99% of our Common Stock

The Protective Amendment will apply to you, but, so long as you own less than 4.99% of our Common Stock you can transfer your shares to a purchaser who, after the sale, also would own less than 4.99% of our Common Stock.

Effect of the Protective Amendment If You Vote Against It

Delaware law provides that transfer restrictions with respect to shares issued prior to the adoption of the restriction are effective against (i) holders of those securities that are parties to the applicable agreement or voted in favor of the restriction and (ii) purported successors or transferees of such holders if (A) the transfer restriction is noted conspicuously on the certificate(s) representing such shares or (B) the successor or transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). We intend to cause shares of our Common Stock issued after the effectiveness of the Protective Amendment to be issued with the relevant transfer restriction conspicuously noted on the certificate(s) representing such shares, and therefore under Delaware law such newly issued shares will be subject to the transfer restriction. We also intend to disclose such restrictions to persons holding our Common Stock in uncertificated form. For the purpose of determining whether a stockholder is subject to the Protective Amendment, we intend to take the position that all shares issued prior to the effectiveness of the Protective Amendment that are proposed to be transferred were voted in favor of the Protective Amendment, unless the contrary is established. We may also assert that stockholders have waived the right to challenge or otherwise cannot challenge the enforceability of the Protective Amendment, unless a stockholder establishes that it did not vote in favor of the Protective Amendment. Nonetheless, despite these actions, a court still could find that the Protective Amendment is unenforceable, either in general or as applied to a particular stockholder or fact situation.

Vote Required

The approval of this Proposal 5 requires the affirmative vote of the majority of outstanding shares of our Common Stock entitled to vote on the matter at the 2017 Meeting. Abstentions and “broker non-votes” will have the same effect as a vote against this proposal.

The Board recommends that the stockholders vote FOR the approval and adoption of the Protective Amendment.

PROPOSAL 6

APPROVE THE COMPANY'S TAX BENEFITS PRESERVATION PLAN DESIGNED TO PROTECT THE TAX BENEFITS OF THE COMPANY'S NET OPERATING LOSS CARRYFORWARDS

On January 19, 2018, our Board adopted a Tax Benefits Preservation Plan (the "Tax Plan") with American Stock Transfer & Trust Company, LLC, as rights agent (the "Rights Agent"). The Board is asking stockholders to approve the Tax Plan at the 2017 Meeting. If the Tax Plan is not approved by stockholders at the 2017 Meeting, the Tax Plan will automatically expire immediately following the final adjournment of the 2017 Meeting if stockholder approval is not received.

For the reasons described above under "Background to NOL Protection Proposals", our Board recommends that stockholders approve the Tax Plan, which is intended to prevent an "ownership change" (as defined under Section 382 of the Code) that would impair our ability to utilize our NOLs.

Because of the possible limitations of the Protective Amendment in preventing transfers of our Common Stock that may result in an ownership change, as further described above under Proposal 5, our Board believes it is in our and our stockholders' best interests to approve the Tax Plan. Proposal 5 relating to the Protective Amendment and Proposal 6 relating to the Tax Plan are independent voting items. If Proposal 5 fails to receive the required vote, then Proposal 6 may still be passed by the stockholders.

Description of Tax Plan

The following description of the Tax Plan is qualified in its entirety by reference to the complete text of the Tax Plan, which is attached as Appendix B to this Proxy Statement.

Please read the Tax Plan in its entirety as the following description is only a summary of the material terms of the Protective Amendment.

Rights; Rights Certificates; Exercise Period.

In connection with its adoption of the Tax Plan the Board declared a dividend distribution of one right (a "Right") for each outstanding share of Common Stock, to stockholders of record at the close of business on January 29, 2018 (the "Record Date"). Each Right is governed by the terms of the Rights Plan and entitles the registered holder to purchase from the Company a unit consisting of one one-thousandth of a share (a "Unit") of Series D Junior Participating Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock"), at a purchase price of $20.00 per Unit, subject to adjustment (the "Purchase Price").

Initially, the Rights will be attached to all Common Stock certificates representing shares then outstanding, and no separate rights certificates ("Rights Certificates") will be distributed. Subject to certain exceptions specified in the Tax Plan, the Rights will separate from the Common Stock and a distribution date (the "Distribution Date") will occur upon the earlier of (i) ten (10) business days following a public announcement that a person or group of affiliated or associated persons (an Acquiring Person, as defined below) has become a beneficial owner of 4.99% or more of the shares of Common Stock then outstanding (the "Stock Acquisition Date") and (ii) ten (10) business days (or such later date as the Board shall determine) following the commencement of a tender offer or exchange offer that would result in a person or group becoming an Acquiring Person.

Until the Distribution Date, (i) the Rights will be evidenced by the Common Stock certificates (or, in the case of book entry shares, by the notations in the book entry accounts) and will be transferred with and only with such Common Stock, (ii) new Common Stock certificates issued after the Record Date will contain a notation incorporating the Tax Plan by reference and (iii) the surrender for transfer of any certificates for Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificates. Pursuant to the Tax Plan, the Company reserves the right to require prior to the occurrence of a Triggering Event (as defined below) that, upon any exercise of Rights, a number of Rights be exercised so that only whole shares of Series D Preferred Stock will be issued.

The definition of "Acquiring Person" contained in the Tax Plan contains several exemptions, including for (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company, or of any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of any such plan; (iii) any person who becomes a beneficial owner of 4.99% or more of the shares of Common Stock then outstanding as a result of a reduction in the number of shares of Common Stock by the Company or a stock dividend, stock split, reverse stock split or similar transaction, unless and until such person increases his ownership by any amount over such person's lowest percentage stock ownership on or after the consummation of the relevant transaction; (iv) any person who, together with all affiliates and associates of such person, was a beneficial owner of 4.99% or more of the shares of Common Stock then outstanding on the date of the Tax Plan or becomes a beneficial owner of 4.99% or more shares of Common Stock then outstanding as a result of a transaction pursuant to which such person received the Prior Approval of the Company, unless and until such person and its affiliates and associates increase their aggregate ownership by any amount over their lowest percentage stock ownership on or after the date of the Tax Plan or decrease their aggregate percentage stock ownership below 4.99%; (v) any person who, within ten (10) business days of being requested by the Company to do so, certifies to the Company that such person became an Acquiring Person inadvertently or without knowledge of the terms of the Rights and who, together with all affiliates and associates, thereafter within ten (10) business days following such certification disposes of such number of shares of Common Stock so that it, together with all affiliates and associates, ceases to be an Acquiring Person; and (vi) any person that the Board has affirmatively determined shall not be deemed an Acquiring Person including as a result of an exemption request or a request for prior approval.

The Rights are not exercisable until the Distribution Date and will expire at the earliest of (i) of 11:59 p.m., New York City time, on the date that the votes of the stockholders of the Company, with respect to the Company's next annual meeting or special meeting of stockholders are certified (which date and time shall be in no event later than 11:59 P.M., New York City time, on January 18, 2019), unless the continuation of the Agreement is approved by the affirmative vote of the majority of shares of Common Stock present in person or represented by proxy at such meeting of stockholders (or any adjournment or postponement thereof) duly held in accordance with the Company's Fourth Amended and Restated Bylaws and applicable law (in which case clause (ii) will govern); (ii) 11:59 p.m., New York City time, on January 18, 2021; (iii) the time at which the Rights are redeemed or exchanged as provided in the Tax Plan, and (iv) the time at which the Board determines that the Tax Plan is no longer necessary or desirable for the preservation of Tax Benefits.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and, thereafter, the separate Rights Certificates alone will represent the Rights. After the Distribution Date, the Company generally would issue Rights with respect to shares of Common Stock issued upon the exercise of stock options or pursuant to awards under any employee plan or arrangement, which stock options or awards are outstanding as of the Distribution Date, or upon the exercise, conversion or exchange of securities issued by the Company after the Tax Plan's adoption (except as may otherwise be provided in the instruments governing such securities). In the case of other issuances of shares of Common Stock after the Distribution Date, the Company generally may, if deemed necessary or appropriate by the Board, issue Rights with respect to such shares of Common Stock.

Flip-in Trigger.

In the event that a person or group of affiliated or associated persons becomes an Acquiring Person (unless the event causing such person or group to become an Acquiring Person is a transaction described under "Flip-over Trigger", below), each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding the foregoing, following the occurrence of such an event, all Rights that are, or (under certain circumstances specified in the Tax Plan) were, beneficially owned by any Acquiring Person will be null and void. However, Rights are not exercisable following the occurrence of such an event until such time as the Rights are no longer redeemable by the Company as set forth below.

For example, at an exercise price of $20.00 per Right, each Right not owned by an Acquiring Person (or by certain related parties) following an event set forth in the preceding paragraph would entitle its holder to purchase $40.00 worth of Common Stock (or other consideration, as noted above) for $20.00. Assuming that the Common Stock had a per share value of $4.00 at such time, the holder of each valid Right would be entitled to purchase ten (10) shares of Common Stock for $20.00.

Flip-over Trigger.

In the event that, at any time following the Stock Acquisition Date, (i) the Company engages in a merger or other business combination transaction in which the Company is not the surviving corporation or (ii) the Company engages in a merger or other business combination transaction in which the Company is the surviving corporation and the Common Stock is changed or exchanged, each holder of a Right (except Rights that have previously been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The events set forth in this paragraph and in the next preceding paragraph are referred to as the "Triggering Events."

Exchange Feature.

At any time after a person becomes an Acquiring Person and prior to the acquisition by such person or group of fifty percent (50%) or more of the Common Stock then outstanding, the Board may exchange the Rights (other than Rights owned by such person or group which have become void), in whole or in part, at an exchange ratio of one (1) share of Common Stock, or one one-thousandth of a share of Series D Preferred Stock (or of a share of a class or series of the Company's preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

Equitable Adjustments.

The Purchase Price payable, and the number of Units of Series D Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series D Preferred Stock, (ii) if holders of the Series D Preferred Stock are granted certain rights or warrants to subscribe for Series D Preferred Stock or convertible securities at less than the current market price of the Series D Preferred Stock, or (iii) upon the distribution to holders of the Series D Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least one percent (1%) of the Purchase Price. No fractional Units will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Series D Preferred Stock on the last trading day prior to the date of exercise.

Redemption Rights.

At any time until ten (10) business days following the Stock Acquisition Date, the Company may, at its option, redeem the Rights in whole, but not in part, at a price of $0.001 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board). Immediately upon the action of the Board ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the $0.001 redemption price.

Amendment of Rights.

Any of the provisions of the Tax Plan may be amended by the Board prior to the Distribution Date. After the Distribution Date, the provisions of the Tax Plan may be amended by the Board in order to cure any ambiguity, to make changes that do not adversely affect the interests of holders of Rights, or to shorten or lengthen any time period under the Tax Plan. The foregoing notwithstanding, no amendment may be made at such time as the Rights are not redeemable, except to cure any ambiguity or correct or supplement any provision contained in the Tax Plan which may be defective or inconsistent with any other provision therein.

Miscellaneous.

Until a Right is exercised, the holder thereof, as such, will have no separate rights as a stockholder of the Company, including the right to vote or to receive dividends in respect of the Rights. While the distribution of the Rights will not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for common stock of the acquiring company or in the event of the redemption of the Rights as set forth above.

Series D Preferred Stock Provisions.

Each one one-thousandth of a share of Series D Preferred Stock, if issued:

- will entitle the holder thereof to quarterly dividend payments of $0.001 or an amount equal to the dividend paid on one share of Common Stock, whichever is greater;

- will, upon any liquidation of the Company, entitle the holder thereof to receive either $1.00 plus accrued and unpaid dividends and distributions to the date of payment or an amount equal to the payment made on one share of Common Stock;

- will have the same voting power as one share of Common Stock; and

- will, if shares of Common Stock are exchanged via merger, consolidation or a similar transaction, entitle holders to a per share payment equal to the payment made on one share of Common Stock.

On January 19, 2018, in connection with the adoption of the Tax Plan, the Company filed a Certificate of Designation of Rights, Preferences and Privileges of Series D Junior Participating Preferred Stock (the "Series D Certificate of Designations") with the Secretary of State of the State of Delaware. The Series D Certificate of Designations sets forth the rights, powers and preferences of the Series D Preferred Stock.

By voting to approve the Tax Plan stockholders are voting to keep the Tax Plan in effect until it expires or is terminated pursuant to its terms.

Vote Required

Approval of this Proposal 6 requires the affirmative vote of a majority of the votes cast. Abstentions will have the same effect as voting against this proposal, and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

The Board recommends that the stockholders vote FOR the approval of the Tax Plan designed to protect the tax benefits of the Company's net operating loss carryforwards and the continuation of its terms.

PROPOSAL 7

AMENDMENTS TO 2010 PLAN

On October 11, 2010, the Board approved and adopted the ModusLink Global Solutions, Inc. 2010 Incentive Award Plan (the "2010 Plan"), subject to approval by our stockholders. On December 8, 2010, the 2010 Plan was approved by our stockholders. Following approval of the 2010 Plan by our stockholders in 2010, no additional awards were granted under the Company's 2004 Stock Incentive Plan, 2002 Non-Officer Employee Stock Incentive Plan or 2000 Stock Incentive Plan (collectively, the "Prior Plans"). Awards under the Prior Plans that are outstanding remain outstanding and subject to the terms of the respective Prior Plan until they are either exercised or are forfeited, or until they expire in accordance with their original terms.

The Board has determined that the 2010 Plan does not have sufficient shares of Common Stock ("Shares") under the 2010 Plan to support the Company's intended compensation programs over the next several years, including certain equity grants which have been made subject to approval of an amendment to the 2010 Plan to increase the shares available under the 2010 Plan in an amount sufficient to permit such awards. The Board believes that the success of the Company is largely dependent on its ability to attract and retain highly-qualified employees and non-employee directors and that by offering them the opportunity to acquire or increase their proprietary interest in the Company, the Company will enhance its ability to attract and retain such persons. Further, the Company strongly believes in aligning the interests of its directors, employees (especially its executive officers) and consultants with those of its stockholders. Accordingly, the Company is proposing to amend the 2010 Plan to increase the number of shares of our Common Stock subject thereto from 5,000,000 shares plus any shares which are subject to awards under the Prior Plans which after the effective date of the 2010 Plan are forfeited or lapse unexercised or are settled in cash and are not issued under the Prior Plan (the "Prior Plan Shares") to 11,000,000 shares plus the Prior Plan Shares. In order to provide increased flexibility under the 2010 Plan, the Company is proposing to also amend the 2010 Plan to provide for the following: (i) increasing the limit on shares that may be issued upon the exercise of Incentive Stock Options from 5,000,000 to 11,000,000 and (ii) eliminating the limit on Prior Plan Shares available for Full Value Awards. In addition to the foregoing amendments, the Company is proposing to also amend the 2010 Plan to make certain other related, clarifying and technical changes, including changes to reflect the Company changing its name to Steel Connect, Inc.

On March 6, 2018, subject to stockholder approval, the Board approved amendments to the 2010 Plan described in this Proposal 7 (the "2010 Plan Amendments"), and the Board is now submitting the 2010 Plan reflecting the 2010 Plan Amendments (as so amended, the "Amended Plan") for stockholder approval. As proposed for approval, an additional 6,000,000 shares will be authorized for future grants under the Amended Plan.

As of February 20, 2018 there were 60,205,946 shares of our Common Stock issued and outstanding and there were 38,631 shares of our Common Stock available for issuance under the 2010 Plan. The closing sale price of our Common Stock quoted on the NASDAQ Global Select Market on March 15, 2018, was $2.46 per share.

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Description of the Amended Plan

A summary of the Amended Plan is set forth below and the full text of the Amended Plan is attached hereto as Appendix C. The following discussion of the Amended Plan is qualified in its entirety by reference to Appendix C.

The Amended Plan provides equity compensation to the Board, employees and consultants and is necessary in order to maintain competitive compensation practices and to align the interests of our Board, employees and consultants with our stockholders, in accordance with our executive compensation philosophy. If the Amended Plan is not approved, we will be limited in our ability to use equity compensation as a tool for aligning our Board's, employees' and consultants' interests with our stockholders' interests. We believe the Amended Plan properly balances its compensatory design with stockholder interests by having the following characteristics:

- Discounted options or stock appreciation rights (SARs) are prohibited;

- Repricing of awards is prohibited without prior stockholder approval;

- No dividends or dividend equivalents are paid on performance awards until the applicable performance criteria is satisfied and shares of Common Stock are issued pursuant to the award;

- Shares subject to Awards (defined below) under the Amended Plan or awards under the Prior Plans that have expired, been forfeited or settled in cash, or otherwise terminated without having been exercised may be added back to the Amended Plan and may be granted as new Awards. Shares granted under the Amended Plan may be previously authorized but unissued shares, treasury shares or shares bought on the open market or otherwise; and

- The following shares are not recycled back into the Amended Plan and are not be available for future grants of Awards: (i) shares tendered by a holder or withheld by the Company in payment of the exercise price of an option; (ii) shares tendered by the holder or withheld by the Company to satisfy any tax withholding obligation with respect to an award; (iii) shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right on exercise thereof; and (iv) shares purchased on the open market with the cash proceeds from the exercise of options.

The Amended Plan provides for the grant of incentive stock options ("ISOs"), as defined in Section 422 of the Internal Revenue Code of 1986 (the "Code"), non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights ("SARs"), deferred stock, dividend equivalent rights, performance awards and stock payments (collectively referred to as "Awards") to our employees, consultants and directors.

Shares Subject to the Amended Plan

Under the Amended Plan, the aggregate number of shares of Common Stock that may be granted is (i) 11,000,000 Shares plus (ii) any shares of Common Stock that are subject to awards under the Prior Plans, which after the effective date of the 2010 Plan are forfeited or lapse unexercised or are settled in cash and are not issued under the Prior Plan. Under the Amended Plan, no more than 11,000,000 Shares may be issued upon the exercise of Incentive Stock Options and no more than 4,000,000 shares may be granted as Awards to any one individual during any calendar year.

The shares subject to the Amended Plan, the limitations on the number of shares that may be awarded under the Amended Plan, and shares and option prices subject to Awards outstanding under the Amended Plan, will be adjusted as the administrator of the Amended Plan deems appropriate to reflect stock dividends, stock splits, combinations or exchanges of shares, merger, consolidation, spin-off, recapitalization, or other similar transactions.

No option may be awarded to reduce the per share exercise price of the shares subject to the option below the exercise price as of the date the option is granted, and no option may be granted in exchange for, or in connection with, the cancellation or surrender of an option having a higher per share exercise price, unless the approval of the Company's stockholders is first obtained.

Administration

Generally, the Compensation Committee will administer the Amended Plan. The Compensation Committee has the authority to:

- select the individuals who will receive Awards;
- determine the type or types of Awards to be granted;
- determine the number of Awards to be granted and the number of shares to which the Award relates;
- determine the terms and conditions of any Award, including the exercise price and vesting (including acceleration thereof);
- determine the terms of settlement of any Award;
- prescribe the form of Award agreement;
- establish, adopt or revise rules for administration of the Amended Plan;
- interpret the terms of the Amended Plan and any Award, and any matters arising under the Amended Plan; and
- make all other decisions and determinations as may be necessary or advisable to administer the Amended Plan.

The Compensation Committee may delegate its authority to grant or amend Awards with respect to participants other than senior executive officers or the officers to whom the authority to grant or amend Awards has been delegated. In addition, the full Board, acting by majority, will conduct the general administration of the Amended Plan with respect to Awards granted to directors who are not employees of the Company.

The Compensation Committee or the Board may also amend the Amended Plan. Amendments to the Amended Plan are subject to stockholder approval to the extent required by law, or Nasdaq Stock Market rules or regulations. Additionally, stockholder approval will be specifically required to (i) increase the number of shares available for issuance under the Amended Plan, (ii) reduce the price per share of any outstanding option or stock appreciation right granted under the Amended Plan, or (iii) cancel any option or stock appreciation right in exchange for cash or another award when the option or stock appreciation right price per share exceeds the fair market value of the underlying shares. The Board may exercise the rights and duties of the Compensation Committee, except with respect to matters which are required to be determined in the sole discretion of the Compensation Committee under Rule 16b-3 of the Exchange Act.

Eligibility

Awards under the Amended Plan may be granted to individuals who are our employees or employees of our subsidiaries, our directors and our consultants. However, options which are intended to qualify as ISOs may only be granted to our employees and employees of our subsidiaries. There are presently 7 directors and approximately 4,300 Company and subsidiary employees all of whom are currently eligible to participate in the Amended Plan.

Awards

The following will briefly describe the principal features of the various Awards that may be granted under the Amended Plan.

Options. Options provide for the right to purchase Common Stock at a specified price, and usually will become exercisable in the discretion of the Compensation Committee in one or more installments after the grant date. The option exercise price may be paid in cash, by check, shares of Common Stock which have been held by the option holder for such period of time as may be required by the Compensation Committee to avoid adverse accounting consequences, other property with value equal to the exercise price, through a broker-assisted cashless exercise, or such other methods as the Compensation Committee may approve from time to time. The Compensation Committee may at any time substitute SARs for unexercised options granted under the Amended Plan.

Options may be granted for any term specified by the Compensation Committee, but shall not exceed ten years or five years from the date an incentive stock option is granted to a greater than 10% stockholder. Options may not be granted at an exercise price that is less than the fair market value of our Common Stock on the date of grant. For purposes of the Amended Plan, fair market value is defined as the closing price for Common Stock on the Nasdaq Stock Market on the grant date (or if no sale occurred on such date, then on the first immediately preceding date during which a sale occurred), as reported in the *Wall Street Journal* (or another similar reliable source). Additionally, the Compensation Committee may not, without stockholder approval, reprice any options, including the cancellation of options in exchange for options with a lower exercise price.

Options may take two forms, nonstatutory options (NSOs) and ISOs.

ISOs will be designed to comply with the provisions of the Code and will be subject to certain restrictions contained in the Code in order to qualify as ISOs. Among such restrictions, ISOs must:

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have an exercise price not less than the fair market value of Common Stock on the date of grant, or if granted to certain individuals who own or are deemed to own at least 10% of the total combined voting power of all of our classes of stock ("10% stockholders"), then such exercise price may not be less than 110% of the fair market value of Common Stock on the date of grant;

- be granted only to our employees and employees of our subsidiary entities;

- expire within a specified time following the option holder's termination of employment;

- be exercised within ten years after the date of grant, or with respect to 10% stockholders, no more than five years after the date of grant; and

- not be first exercisable for more than $100,000 worth of value, determined based on the exercise price.

If an Award purported to be an ISO fails to meet the requirements of the Code, then the Award will instead be considered a NSO.

Restricted Stock. A restricted stock award is the grant of shares of Common Stock at a price determined by the Compensation Committee (which price may be zero), is nontransferable and unless otherwise determined by the Compensation Committee at the time of award, may be forfeited upon termination of employment or service during a restricted period. The Compensation Committee may restrict the participant's ability to vote the shares of restricted stock and or receive dividends on such shares.

Stock Appreciation Rights. SARs provide for the payment to the holder based upon increases in the price of Common Stock over a set base price, which may not be less than the fair market value of Common Stock on the date of grant. Payment for SARs may be made in cash, Common Stock or any combination of the two. The Compensation Committee may not, without stockholder approval, reprice any SARs, including the cancellation of SARs in exchange for options or SARs with a lower exercise price. The Compensation Committee is authorized to grant SARs to eligible individuals from time to time, in its sole discretion, on such terms and conditions including with regard to vesting, as it determines. SARs may be granted for any term specified by the Compensation Committee, but shall not exceed ten years.

Restricted Stock Units. Restricted stock units represent the right to receive shares of Common Stock at a specified date in the future, subject to forfeiture of such right. If the restricted stock unit has not been forfeited, then on the date specified in the restricted stock unit agreement we shall deliver to the holder of the restricted stock unit, unrestricted shares of Common Stock which will be freely transferable. The Compensation Committee will specify the purchase price, if any, to be paid by the grantee for the Common Stock.

Dividend Equivalents. Dividend equivalents represent the right to receive equivalent value (in cash or Shares) of the dividends per share of Common Stock paid by the Company, calculated with reference to the number of shares covered by an Award (other than a dividend equivalent award) held by the participant. No dividends or dividend equivalent awards will be paid on any performance awards until the applicable performance criteria is satisfied and shares of Common Stock are issued pursuant to the Award. No dividends or dividend equivalent awards will be paid with respect to options or SARs.

Stock Payments. Payments to participants of bonuses or other compensation may be made under the Amended Plan in the form of Common Stock. The number of shares will be determined by the Compensation Committee, and may be based upon performance criteria, including the Performance Criteria. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such eligible individual.

Deferred Stock. Deferred stock typically is awarded without payment of consideration and is subject to vesting conditions, including satisfaction of performance criteria, including the Performance Criteria. Like restricted stock, deferred stock may not be sold or otherwise transferred until the vesting conditions are removed or expire. Unlike restricted stock, deferred stock is not actually issued until the deferred stock award has vested. Recipients of deferred stock have no voting or dividend rights prior to the time when the vesting conditions are met and the deferred stock is delivered.

Performance Award. Performance awards are payable in cash, stock or both and are linked to satisfaction of performance criteria, including the Performance Criteria (defined below). The Compensation Committee has the authority to reduce the amount otherwise payable under a performance award upon attainment of the Performance Criteria. If the Compensation Committee determines that the Award is intended to meet the requirements of "qualified performance based compensation" under Code Section 162(m), then the performance criteria on which the Award will be based will be with reference to any one or more of the following: earnings (either before or after interest, taxes, depreciation and amortization), gross or net sales or revenue, income (either operating, gross or net, or before or after taxes), adjusted net income, operating earnings or profit, cash flow (including, but not limited to, operating cash flow and free cash flow), return on assets, return on capital, return on stockholders' equity, total stockholder return, return on sales, gross or net profit or operating margin, costs, funds from operations, expenses, working capital, earnings per share, adjusted earnings per share, price per share of Common Stock, regulatory body approval for commercialization of a product, implementation or completion of critical projects, market share, economic value, productivity, operating efficiency, economic value-added (as determined by the Compensation Committee), cash flow return on capital, return on net assets, regulatory compliance, improvement in financial ratings, objective goals relating to the balance sheet or income statement, and such other objective goals established by the Compensation Committee any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators (the "Performance Criteria"). A description of how the Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, affects the treatment of performance awards under the Amended Plan is provided below under the heading "Section 162(m) and the Tax Cuts and Jobs Act."

Change in Control

In the event of a change in control (as defined in the Amended Plan set forth in Appendix C to this Proxy Statement), Awards granted under the Amended Plan will be assumed or an equivalent award will be substituted by a successor in such change in control. If such Awards are assumed or substituted and the participant is terminated without cause within 12 months following the change in control, then the Awards will become fully vested. If the Awards are not assumed or substituted in the change in control, they may, in the discretion of the Compensation Committee, become fully vested and exercisable immediately prior to the consummation of a change in control.

Adjustments Upon Certain Events

The number and kind of securities subject to an Award, terms and conditions (including performance targets or criteria) and the exercise price or base price of outstanding Awards will be equitably adjusted as the Compensation Committee deems appropriate, in its discretion, to reflect any stock dividends, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to stockholders, or other similar changes affecting the shares other than an equity restructuring. In the event of any other change in the capitalization of the Company, including an equity restructuring, the Compensation Committee will make equitable adjustments in the number and class of shares and the per share grant or exercise price for outstanding Awards as the Compensation Committee deems appropriate in its discretion to prevent dilution or enlargement of rights. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares or share price of Common Stock, including an equity restructuring, the Company may in its sole discretion refuse to permit the exercise of any Award for a period of 30 days prior to the consummation of any such transaction.

Awards Not Transferable

Generally, the Awards may not be pledged, assigned or otherwise transferred other than by will or by laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Compensation Committee. The Compensation Committee may allow Awards other than ISOs to be transferred for estate or tax planning purposes to members of the holder's family, charitable institutions or trusts for the benefit of family members.

Miscellaneous

As a condition to the issuance or delivery of stock or payment of other compensation pursuant to the exercise or lapse of restrictions on any Award, the Company has the authority and the right to require participants to discharge all applicable withholding tax obligations. Shares held by or to be issued to a participant may also be used to discharge tax withholding obligations, subject to the discretion of the Compensation Committee to disapprove of such use.

No further Awards may be granted under the Amended Plan after the tenth anniversary of its approval by stockholders.

Certain U.S. Federal Income Tax Consequences

The U.S. Federal income tax consequences of the Amended Plan under current U.S. Federal income tax law are summarized in the following discussion which deals with the general tax principles applicable to the Amended Plan, and is intended for general information only. Alternative minimum tax and other Federal taxes and foreign, state and local income taxes are not discussed, and may vary depending on individual circumstances and from locality to locality.

Nonqualified Stock Options. For Federal income tax purposes, the recipient of NSOs granted under the Amended Plan will not have taxable income upon the grant of the option, nor will the Company then be entitled to any deduction. Generally, upon exercise of NSOs the optionee will realize ordinary income, and the Company will be entitled to a deduction, in an amount equal to the difference between the option exercise price and the fair market value of the stock at the date of exercise.

Incentive Stock Options. An optionee generally will not recognize taxable income upon either the grant or exercise of an ISO. However, the amount by which the fair market value of the shares at the time of exercise exceeds the exercise

price will be an “item of tax preference” for the optionee. Generally, upon the sale or other taxable disposition of the shares of Common Stock acquired upon exercise of an ISO, the optionee will recognize income taxable as capital gains in an amount equal to the excess, if any, of the amount realized in such disposition over the option exercise price, provided that no disposition of the shares has taken place within either (a) two years from the date of grant of the ISO or (b) one year from the date of exercise. If the shares of Common Stock are sold or otherwise disposed of before the end of the one-year and two-year periods specified above, the difference between the Award exercise price and the fair market value of the shares on the date of exercise generally will be taxable as ordinary income; the balance of the amount realized from such disposition, if any, generally will be taxed as capital gain. If the shares of Common Stock are disposed of before the expiration of the one-year and two-year periods and the amount realized is less than the fair market value of the shares at the date of exercise, the optionee’s ordinary income generally is limited to the excess, if any, of the amount realized in such disposition over the option exercise price paid. The Company (or other employer corporation) generally will be entitled to a tax deduction only to the extent the optionee has ordinary income upon sale or other disposition of the shares of Common Stock.

Restricted Stock. Generally, a participant will not be taxed upon the grant or purchase of restricted stock that is subject to a "substantial risk of forfeiture," within the meaning of Code Section 83, until such time as the restricted stock is no longer subject to the substantial risk of forfeiture. At that time, the participant will be taxed on the difference between the fair market value of the Common Stock and the amount the participant paid, if any, for such restricted stock. However, the recipient of restricted stock under the Amended Plan may make an election under Code Section 83(b) to be taxed with respect to the restricted stock as of the date of transfer of the restricted stock rather than the date or dates upon which the restricted stock is no longer subject to a substantial risk of forfeiture.

Stock Appreciation Rights. No taxable income is generally recognized upon the receipt of a SAR. Upon exercise of a SAR, the cash or the fair market value of the shares received generally will be taxable as ordinary income in the year of such exercise. The Company generally will be entitled to a compensation deduction for the same amount which the recipient recognizes as ordinary income.

Restricted Stock Units. A participant will generally not recognize taxable income upon grant of a restricted stock unit. However, when the shares are delivered to the participant, then the value of such shares at that time will be taxable to the participant as ordinary income. Generally, the Company will be entitled to a deduction for an amount equal to the amount of ordinary income recognized by the participant.

Dividend Equivalents. A participant will recognize taxable ordinary income on dividend equivalents as they are paid and the Company generally will be entitled a corresponding deduction.

Performance Share Awards and Performance Stock Units. A participant will recognize taxable ordinary income on the fair market value of the shares or the cash paid on performance share awards and performance stock units when such Awards are delivered or paid and generally the Company will be entitled to a corresponding deduction.

Stock Payments. A participant will recognize taxable ordinary income on the fair market value of the stock delivered as payment of bonuses or other compensation under the Amended Plan and generally the Company will be entitled to a corresponding deduction.

Deferred Stock. A participant will recognize taxable ordinary income on the fair market value of the shares on the date shares are delivered under a deferred stock award and generally the Company will be entitled to a corresponding deduction.

Performance Awards. A participant will recognize taxable ordinary income on the amount of cash paid under the Performance Award and generally the Company will be entitled to a corresponding deduction. A description of how the Tax Act affects the treatment of performance awards under the Amended Plan is provided below under the heading “Section 162(m) and the Tax Cuts and Jobs Act.”

Code Section 409A. Certain Awards under the Amended Plan, depending in part on particular Award terms and conditions, may be considered non-qualified deferred compensation subject to the requirements of Code Section 409A. If the terms of such Awards do not meet the requirements of Code Section 409A, then the violation may result in an additional 20% tax obligation, plus penalties and interest for such participant.

Section 162(m) and the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act of 2017 ("Tax Act") generally eliminated the ability to deduct compensation qualifying for the "performance-based compensation" exception under Code Section 162(m) for tax years commencing after December 31, 2017. Code Section 162(m) imposes a $1 million limit on the amount that a public company may deduct for compensation paid to anyone who has ever been the Company’s chief executive officer, chief financial officer or one of the three highest compensated officers in any fiscal year beginning after December 31, 2016 (i.e., a "covered employee"). For 2017 and prior taxable years, an exception to this deduction limit applied to "performance-based compensation," such as stock options and other equity awards that satisfied certain criteria. Under the Tax Act, the performance-based pay exception to Code Section 162(m) was eliminated, but a transition rule may allow the exception to continue to apply to certain performance-based compensation payable under written binding contracts that were in effect on November 2, 2017. Because of the fact-based nature of the performance-based compensation exception under Code Section 162(m), the limited availability of guidance thereunder, and the uncertain scope of the aforementioned transition relief, we cannot provide assurance that any awards under the Amended Plan will qualify for the performance-based compensation exception. The amendment to the Plan is not intended to affect the grandfathered status of awards previously granted that were intended to qualify as "performance-based compensation" under Code Section 162(m). The Board and the Compensation Committee will consider the potential impact of Code Section 162(m) on grants made under the Amended Plan, but reserve the right to approve grants of options and other awards for a covered employee that exceeds the deduction limit of Code Section 162(m).

New Plan Benefits

The following table discloses the benefits or amounts that will be received by or allocated to each of the recipients listed below by the Amended Plan.

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NEW PLAN BENEFITS

2010 Incentive Award Plan

Name and Position	Dollar Value ($)	Number of Units
James R. Henderson, President and Chief Executive Officer	(1)	(1)
Louis J. Belardi, Chief Financial Officer	(1)	(1)
Executive Group (2 people)	(1)	(1)
Non-Executive Director Group	(1)(2)(3)	1,275,806 (1)(2)(3)
Non-Executive Officer Employee Group	(1)	(1)

(1) Awards under the 2010 Plan are within the discretion of the Compensation Committee and therefore, future awards (and the value thereof) under the 2010 Plan, or, if approved, under the Amended Plan, are generally not determinable.

(2) On December 15, 2017, the Board, upon the recommendation of the Compensation Committee and a Special Committee of the Board, approved certain equity grants to Messrs. Lichtenstein, Howard and Fejes; the following of which (the "Equity Grants") were subject to approval of an amendment to the 2010 Plan to increase the shares available under the 2010 Plan in an amount sufficient to permit such awards:

(a) Award of Restricted Stock of the Company, in the amounts set forth below, that will vest in their entirety on the day the price of the Company's Common Stock shall have closed at or above $2.00 per share for any five consecutive business days after December 15, 2017 (the "Grant Date"), subject to both (i) prior approval by the Company's stockholders of an amendment to the Amended Plan to increase the shares available under the Amended Plan in an amount sufficient to permit this award and (ii) the Recipient's continuous service with the Company from the Grant Date through the vesting date;

Recipient	Award
Warren G. Lichtenstein	30,000 shares
Jack Howard	15,000 shares
William T. Fejes	5,000 shares

(b) Award of Restricted Stock of the Company, in the amounts set forth below, that will vest in their entirety on the day the price of the Company's Common Stock shall have closed at or above $2.25 per share for any five consecutive business days after the Grant Date, subject to both (i) prior approval by the Company's stockholders of an amendment to the Amended Plan to increase the shares available under the Amended Plan in an amount sufficient to permit this award and (ii) the Recipient's continuous service with the Company from the Grant Date through the vesting date; and

Recipient	Award
Warren G. Lichtenstein	300,000 shares
Jack Howard	150,000 shares
William T. Fejes	50,000 shares

(c) Award of Restricted Stock of the Company, in the amounts set forth below, that will vest in their entirety on the day the price of the Company's Common Stock shall have closed at or above $2.50 per share for any five consecutive business days after the Grant Date, subject to both (i) prior approval by the Company's stockholders of an amendment to the Amended Plan to increase the shares available under the Amended Plan in an amount sufficient to permit this award and (ii) the Recipient's continuous service with the Company from the Grant Date through the vesting date;

Recipient	Award
Warren G. Lichtenstein	300,000 shares
Jack Howard	150,000 shares
William T. Fejes	50,000 shares

(3) The Company's Fourth Amended and Restated Board Compensation Plan (the "Board Compensation Plan") provides that on the first business day each calendar year, each non-employee director will receive a grant of restricted stock having a fair market value on $100,000 (the "Annual Awards"). The Board temporarily lowered the fair market value of the Annual Awards to $80,000 and the fair market value of the Annual Awards continues to be $80,000. As there were not enough shares available under the 2010 Plan for the Company to issue the Annual Awards for the 2018 calendar year (the "2018 Annual Awards") to the Directors on January 2, 2018, the Board acted by written consent on December 27, 2017, to approve a grant of the 2018 Annual Awards, with the issuance of such awards to be made when the Company's Stockholders approve increasing the number of shares available for issuance under the 2010 Plan. The issuance of the Annual Awards for the 2018 calendar year were based on a fair market value as if such awards were issued on January 2, 2018 ($2.48 per share) and have a vesting date of January 2, 2019 (as if such awards were issued on January 2, 2018). Each of the Company's seven Directors has been granted a 2018 Annual Award of 32,258 restricted shares of Company Common Stock, subject to approval of the Amended Plan.

The approval of the Amended Plan by the Company's stockholders at the 2017 Meeting shall satisfy the conditions set forth in clause (i) of footnotes 2(a) – (c) above and the approval required in connection with the 2018 Annual Awards set forth in footnote 3 above.

Equity Compensation Plan Information

The following table sets forth certain information regarding the Company's equity compensation plans as of July 31, 2017:

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
Equity compensation plans approved by security holders	838,734	$2.73	5,299,305	(1)
Equity compensation plans not approved by security holders(2)	30,250	$6.58	—	
Total	868,984	$9.31	5,299,305	

(1) Includes approximately 136,400 shares available for issuance under the Company's Amended and Restated 1995 Employee Stock Purchase Plan, as amended.

(2) In March 2002, the Board of Directors adopted the 2002 Non-officer Employee Stock Incentive Plan (the "2002 Plan"), which was adopted without the approval of our security holders. Pursuant to the 2002 Plan, 415,000 shares of common stock were reserved for issuance (subject to adjustment in the event of stock splits and other similar events). In May 2002, the Board of Directors approved an amendment to the 2002 Plan in which the total shares available under the plan were increased to 1,915,000. Under the 2002 Plan, non-statutory stock options or restricted stock awards were granted to the Company's or its subsidiaries' employees, other than those who were also officers or directors, as defined. In connection with the adoption of the 2010 Incentive Award Plan on December 8, 2010, equity awards are no longer granted under the 2002 Plan.

Vote Required

Approval of this Proposal 7 requires the affirmative vote of a majority of the votes cast. Abstentions will have the same effect as voting against this proposal, and broker non-votes, if any, will be disregarded and have no effect on the

outcome of the vote.

The Board unanimously recommends that the stockholders vote FOR approval of the 2010 Plan Amendments.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of February 20, 2018, with respect to the beneficial ownership of shares of Common Stock by: (i) 5% stockholders; (ii) the members 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.

	Amount and Nature of Beneficial Ownership[1]	
Name of Beneficial Owner	Number of Shares	**Percent of Class[2]**
5% Stockholders		
Steel Partners Holdings L.P. [3]	40,856,040	52.3 %
Directors and Nominees		
Jeffrey J. Fenton [4]	192,211	*%
Glen M. Kassan [5]	146,455	*
Philip E. Lengyel [6]	95,644	*
Warren G. Lichtenstein [7]	2,819,737	4.7
Jeffrey S. Wald [8]	164,700	*
Jack L. Howard [9]	1,345,000	2.2
William T. Fejes, Jr.[10]	445,000	*
Named Executive Officers**		
James R. Henderson	0	*%
Louis J. Belardi	0	*
All current executive officers and directors, as a group (9 persons)	5,208,747	8.7

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* Less than 1%

** On March 23, 2016, Board appointed James R. Henderson to serve as the Chief Executive Officer of ModusLink Corporation, the Company's principal operating subsidiary; and on June 17, 2016, the Board appointed Mr. Henderson to serve as the Company's President and Chief Executive Officer. Mr. Henderson replaced John J. Boucher, whose employment with the Company ended March 23, 2016. On June 17, 2016, the Board appointed Louis J. Belardi to serve as the Company's Executive Vice President, Chief Financial Officer and Secretary effective June 27, 2016. Mr. Belardi replaced Joseph B. Sherk, who, until June 27, 2016, acted as the Company's Principal Financial Officer, Principal Accounting Officer and Corporate Controller pursuant to the Management Services Agreement, as amended,

with SP Corporate then SPH Services, Inc. Warren G. Lichtenstein, the Chairman of our Board, served as the Company's interim CEO from March 28, 2016, to June 17, 2016. On June 17, 2016, the Board appointed Mr. Lichtenstein as Executive Chairman.

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 February 20, 2018, through the exercise of any stock option or other right ("Presently Exercisable Options").

(1) 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 Steel Connect, Inc., 1601 Trapelo Road, Suite 170, Waltham, MA 02451.

(2) Number of shares deemed outstanding includes 60,205,946 shares of Common Stock as of February 20, 2018, 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. 22 to Schedule 13D filed by HNH, WHX CS Corp. ("WHX CS"), SPL, Steel Holdings, SPHG, SPHG Holdings, Steel Partners Holdings GP Inc. ("Steel Holdings GP"), Mr. Lichtenstein, Glen M. Kassan, Jack L. Howard and William T. Fejes, Jr. on December 19, 2017; a Form 4 filed by Steel Holdings, SPHG, SPHG Holdings and Steel Holdings GP on December 19, 2017; a Form 4 filed by Mr. Lichtenstein on December 19, 2017; and a Form 4 filed by Mr. Kassan on January 4, 2017; a Form 4 filed by Mr. Howard on December 19, 2017 and a Form 4 filed by Mr. Fejes on December 19, 2017. The principal business address of HNH and WHX CS 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 stockholder 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 2,245,990 shares of Common Stock and beneficially owned an additional 17,857,143 shares of Common Stock underlying currently convertible Series C Convertible Preferred Stock of the Issuer (the Preferred Stock) owned directly by SPHG Holding. 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.

- HNH owns 2,496,545 shares of Common Stock. SPHG Holdings owns 100% 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 may 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.

- WHX CS owns 5,940,170 shares of Common Stock. HNH owns 100% of the outstanding shares of Common Stock of WHX CS, and SPHG Holdings owns 100% 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, by virtue of the relationships described above, each of HNH, SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP may be deemed to beneficially own the shares of Common Stock owned directly by WHX CS. Each of HNH, SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP disclaims beneficial ownership of the shares of Common Stock owned directly by WHX CS.

- Each of WHX CS, HNH, SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP is deemed to have shared power to vote and dispose of the shares owned directly by WHX CS. Each of HNH, SPHG Holdings, SPHG, Steel Holdings and Steel Holdings GP is deemed to have shared power to vote and dispose of the shares owned directly by HNH. Each of SPHG Holdings, Steel Holdings, SPHG and Steel Holdings GP is deemed to have shared power to vote and dispose of the shares owned directly by SPHG Holdings. Each of Steel Holdings and Steel Holdings GP is deemed to have shared power to vote and dispose of the shares owned directly by Steel Holdings. Each of SPL and Mr. Lichtenstein is deemed to have shared power to vote and dispose of the shares owned directly by SPL. Each of Messrs. Lichtenstein, Kassan, Howard and Fejes has the sole power to vote all shares he directly owns and has the sole power to dispose all shares (other than unvested restricted shares) he directly owns.

- Steel Holdings directly owns 7,500,000 shares of Common Stock. Steel Holdings GP may be deemed to beneficially own the shares.

- Mr. Lichtenstein beneficially owns 2,819,737 shares of Common Stock, Mr. Kassan beneficially owns 146,455 shares of Common Stock, Mr. Howard beneficially owns 1,345,000 shares of Common Stock, and Mr. Fejes beneficially owns 445,000 shares of Common Stock . As described above Mr. Lichtenstein may also be deemed to have shared investment and voting power with respect to 60,000 shares owned by SPL, and Mr. Lichtenstein disclaims beneficial ownership of the shares of Common Stock owned directly by SPL except to the extent of his pecuniary interest therein.

(4) Consists of 192,211 shares owned directly by Mr. Fenton.

(5) Consists of 146,455 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.

(6) Consists of 95,644 shares owned directly by Mr. Lengyel.

(7) Consists of 2,819,737shares of Common Stock owned directly by Mr. Lichtenstein. Does not include 60,000 shares of Common Stock owned directly by SPL and included in the number of shares owned by Steel Holdings in the beneficial ownership table and as described above. Mr. Lichtenstein is the Chief Executive Officer and sole director of SPL. Accordingly, by virtue of the 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.

(8) Consists of 164,700 shares owned directly by Mr. Wald.

(9) Consists of 1,345,000 shares of Common Stock owned directly by Mr. Howard. Mr. Howard 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. Howard 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) Consists of 445,000 shares of Common Stock owned directly by Mr. Fejes. Mr. Fejes 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. Fejes 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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Management by Affiliates of Steel Holdings

As of the Record Date, Steel Holdings and its affiliates beneficially owned 40,856,040 shares of the Company's Common Stock, representing approximately 52% of our outstanding shares of Common Stock. Steel Holdings GP is the general partner of Steel Holdings. Warren G. Lichtenstein, the Executive Chairman of our Board, is also the Executive Chairman of Steel Holdings GP. Glen Kassan, our Vice Chairman of the Board and former Chief Administrative Officer, is also affiliated with Steel Holdings GP. Jack L. Howard, the President and a director of Steel Holdings GP, was appointed to the Board upon the closing of the Preferred Stock Transaction described below. William T. Fejes, an employee of a subsidiary of Steel Holdings, was appointed to the Board upon the closing of the Preferred Stock Transaction described below. Full biographical information for Messrs. Lichtenstein, Kassan, Howard and Fejes can be found above in Proposal 1 under the section entitled "*Information Concerning the Directors and the Board's Nominees."* Prior to his passing, Mr. Bergamo was a director of Steel Holdings and of the Company and also served as Chairman of the Company's Audit Committee.

Preferred Stock Transaction and Warrant Repurchase

On December 15, 2017, the Company entered into a Preferred Stock Purchase Agreement (the "Purchase Agreement") with SPHG Holdings, pursuant to which the Company issued 35,000 shares of the Company's newly created Series C Convertible Preferred Stock, par value $0.01 per share (the Preferred Stock), to SPHG Holdings at a price of $1,000 per share, for an aggregate purchase consideration of $35.0 million (the "Preferred Stock Transaction"). The terms, rights, obligations and preferences of the Preferred Stock are set forth in a Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of the Company (the "Series C Certificate of Designations"), which has been filed with the Secretary of State of the State of Delaware.

Under the Series C Certificate of Designations, each share of Preferred Stock can be converted into shares of the our Common Stock, at an initial conversion price equal to $1.96 per share, subject to appropriate adjustments for any stock dividend, stock split, stock combination, reclassification or similar transaction. Holders of the Preferred Stock will also receive dividends at 6% per annum payable in cash or Common Stock. If at any time the closing bid price of the Company's Common Stock exceeds 170% of the conversion price for at least five consecutive trading days (subject to appropriate adjustments for any stock dividend, stock split, stock combination, reclassification or similar transaction), the Company has the right to require each holder of Preferred Stock to convert all, or any whole number, of shares of the Preferred Stock into Common Stock. The Preferred Stock is currently convertible into 17,857,143 shares of Common Stock.

The Preferred Stock Transaction was approved and recommended to the Board by a special committee of the Board (the "Special Committee") consisting of Messrs. Wald, Fenton and Lengyel. Each member of the Special Committee was independent and not affiliated with Steel Holdings GP, which controls the power to vote and dispose of the securities held by SPHG Holdings and its affiliates.

On December 15, 2017, contemporaneously with the closing of the Preferred Stock Transaction, the Company entered into a Warrant Repurchase Agreement (the "Warrant Repurchase") with Steel Holdings, an affiliate of SPHG Holdings, pursuant to which the Company repurchased for $100 the warrant to acquire 2,000,000 shares of the Common Stock (the "Warrant") that the Company had previously issued to Steel Holdings. The Warrant, which was to expire in 2018, was terminated by the Company upon repurchase.

As of December 14, 2017 (prior to the closing of the Preferred Stock Transaction), SPHG Holdings and its affiliates beneficially owned approximately 35.62% of our outstanding shares of Common Stock. Upon closing of the Preferred Stock Transaction and the Warrant Repurchase and following the previously reported equity grants to Messrs. Lichtenstein, Howard and Fejes on December 15, 2017, SPHG Holdings and its affiliates beneficially own approximately 52% of our outstanding shares of Common Stock, and the Company may be deemed to be a controlled company under Nasdaq rules.

Management Services Agreement

On December 31, 2014, we entered into a Management Services Agreement with SP Corporate Services LLC ("SP Corporate"), an indirect wholly owned subsidiary of Steel Holdings, effective as of January 1, 2015 (as amended, the "Management Services Agreement").

The Management Services Agreement had an initial term of six months. On June 30, 2015, we entered into an amendment that extended the term of the Management Services Agreement to December 31, 2015, and provided for automatic renewal for successive one year periods, unless and until terminated in accordance with the terms set forth therein, which include, under certain circumstances, the payment by the Company of certain termination fees to SP Corporate. On March 10, 2016, we entered into a Second Amendment to the Management Services Agreement with SPH Services, Inc. ("SPH Services"), the parent of SP Corporate and an affiliate of SPHG Holdings, pursuant to which SPH Services assumed rights and responsibilities of SP Corporate and the services provided by SPH Services to the Company were modified pursuant to the terms of the Amendment. Also on March 10, 2016, we entered into a Transfer Agreement with SPH Services pursuant to which we agreed to the transfer to the Company of certain individuals who provide corporate services to the Company. SP Corporate and Partners LLC merged with and into SPH Services, with SPH Services surviving. SPH Services has since changed its name to Steel Services Ltd. ("Steel Services").

Warren Lichtenstein, our Executive Chairman of the Board, is affiliated with Steel Holdings, and was the Chief Executive Officer of SP Corporate and is now the Chief Executive Officer of Steel Services. In addition, Glen Kassan, our Vice Chairman of the Board and former Chief Administrative Officer, is also affiliated with Steel Holdings. Joseph B. Sherk, who had previously served as our Principal Financial Officer, Principal Accounting Officer and Corporate Controller, became an employee of SP Corporate on January 1, 2015, and he served as Principal Financial Officer and Chief Accounting Officer of SP Corporate. Under the Management Services Agreement, SP Corporate furnished the services of Mr. Sherk to the Company, and Mr. Sherk served as the Company's Principal Financial

Officer, Principal Accounting Officer and Corporate Controller under the Management Services Agreement from January 1, 2015 until June 27, 2016. Mr. Sherk was rehired by the Company on March 16, 2017 to serve as Vice President, Treasury and Tax, but is no longer considered a Named Executive Officer. Additionally, Steel Services furnishes us with personnel to perform additional services, which include, without limitation:

- Services related to corporate treasury functions and financing matters;

- Support of M&A functions; and

- Legal services, including but not limited to advising the Company on risk management, governance and compliance generally, assisting with public company reporting requirements, advising on investigations and litigation, and advising on major business transactions.

The Management Services Agreement was approved by the Related Party Transactions Committee, a special committee of the Board comprised entirely of independent directors having no affiliation with SP Corporate or its affiliates. Performance of services under the Management Services Agreement by Steel Services and its personnel are now subject to the oversight of the Audit Committee, and the authority of Steel Services and its personnel to incur any obligation or enter into any transaction is subject to the prior approval of the Audit Committee or a prior written delegation of authority of the Audit Committee delivered to Steel Services. In connection with entry into the Management Services Agreement, eight employees (including Mr. Sherk) of the Company were transferred to SP Corporate, at which time SP Corporate assumed the majority of costs associated with compensating those employees and providing applicable benefits. The services that such persons provide to the Company are provided on a non-exclusive basis. However, pursuant to the terms of the Management Services Agreement, all such persons are required to devote such time and effort as is reasonably necessary to fulfill the statutory and fiduciary duties applicable to them in performing such services.

A third amendment to the Management Services Agreement, effective September 1, 2017 (the “Third Amendment”), reduced the fixed monthly fee paid by the Company to Steel Services under the Management Services Agreement from $175,000 per month to $95,641 per month. The monthly fee is subject to review and adjustment by agreement between the Company and Steel Services for periods commencing in fiscal 2016 and beyond. Additionally, we may be required to reimburse Steel Services and its affiliates for all reasonable and necessary business expenses incurred on our behalf in connection with the performance of the services under the Management Services Agreement, including travel expenses.

The Management Services Agreement provides that, under certain circumstances, we may be required to indemnify and hold harmless Steel Services and its affiliates and employees from any claims or liabilities by a third party in connection with activities or the rendering of services under the Management Services Agreement.

Our Related Party Transactions Committee approved the entry into the Management Services Agreement, the first two amendments to the Management Services Agreement and the Transfer Agreement. The Audit Committee approved the Third Amendment. The Related Party Transactions Committee concluded that by consolidating back office functions and corporate overhead between SP Corporate (now Steel Services) and the Company, the Company likely would achieve cost savings over time. In negotiating and approving the Management Services Agreement, the Related Party Transactions Committee, consisting of Jeffrey J. Fenton, Philip E. Lengyel and Jeffrey S. Wald, each of whom is an independent director as defined by the rules of Nasdaq, considered, among other things, issues such as the scope

of the services to be provided by SP Corporate and SPH Services to the Company, the pricing of the arrangement under the Management Services Agreement, and the limits of authority for the outsourced personnel.

Review, Approval or Ratification of Transactions with Related Persons

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. 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.

A “related-party transaction” is a transaction that meets the minimum threshold for disclosure under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a “related person” or entity has a direct or indirect material interest). “Related persons” include the Company’s executive officers, directors, nominees for directors, 5% or more beneficial owners of our Common Stock, immediate family members of these persons and entities in which one of these persons has a direct or indirect material interest.

During the period between the August 1, 2016 and October 11, 2016, the Related Party Transactions Committee was responsible to review, approve and ratify related-party transactions. The Related Party Transactions Committee reviewed the material facts of any related-party transaction and either approves or disapproves of the entry into the transaction. In the course of reviewing the related-party transaction, the Related Party Transactions Committee considered whether (i) the transaction was fair and reasonable to the Company, (ii) under all of the circumstances the transaction was in, or not inconsistent with, the Company’s best interests, and (iii) the transaction will be on terms no less favorable to the Company than could have been obtained in an arms’ length transaction with an unrelated third party. If advance approval of a related-party transaction was not feasible, then the transaction was considered and, if the Related Transactions Party Committee determined it to be appropriate, it was then ratified by the Related Party Transactions Committee. No director participated in the approval of a transaction for which he or she is a related party. When a related-party transaction was ongoing, any amendments or changes are reviewed and the transaction was reviewed annually for reasonableness and fairness to the Company.

Beginning October 11, 2016, under the Related Person Transaction Policy, the Audit Committee reviews the material facts of any related-party transaction and either approves or disapproves of the entry into the transaction or ratification of the transaction. If advance approval of a related-party transaction is not feasible, then the transaction is considered and, if the Audit Committee determines it to be appropriate, it is then ratified by the Audit Committee. No director may participate in the approval of a transaction for which he or she is a related party. When a related-party transaction is ongoing, any amendments or changes are reviewed in accordance with the previous approval granted by the Audit Committee.

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	Officer Since
James R. Henderson	59	President and Chief Executive Officer	May 2016
Louis J. Belardi	66	Executive Vice President, Chief Financial Officer and Secretary	June 2016

James R. Henderson. Mr. Henderson has served as our President and Chief Executive Officer since June 17, 2016. He has served as the Chief Executive Officer of the Company's principal operating subsidiary, ModusLink Corporation, since in May 2016. Mr. Henderson has served as a director of Aerojet since 2008 and serves as a Manager of the Board of Managers of Easton Development Company, LLC, a subsidiary of Aerojet. Mr. Henderson was a Managing Director and operating partner of Partners LLC, a subsidiary of 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, until April 2011. He was associated with Partners LLC and its affiliates from August 1999 until April 2011. Mr. Henderson served as a director of DGT Holdings Corp., a manufacturer of proprietary high-voltage power conversion subsystems and components, from November 2003 until December 2011. Mr. Henderson also served as a director of SL Industries from January 2002 to March 2010. Mr. Henderson was an Executive Vice President of SP Acquisition Holdings, Inc. a company formed for the purpose of acquiring one or more businesses or assets, from February 2007 until October 2009. He was a director of Angelica Corporation, a provider of healthcare linen management services, from August 2006 to August 2008. Mr. Henderson was a director and CEO of WebFinancial Corporation, the predecessor entity of Steel Holdings, from June 2005 to April 2008, President and COO from November 2003 to April 2008, and was the Vice President of Operations from September 2000 to December 2003. He was also the CEO of WebBank, a wholly-owned subsidiary of Steel Holdings, from November 2004 to May 2005. He was a director of ECC International Corp., a manufacturer and marketer of computer controlled simulators for training personnel to perform maintenance and operation procedures on military weapons, from December 1999 to September 2003 and was acting CEO from July 2002 to March 2003. He served as the Chairman of the Board of Point Blank Solutions, Inc. ("Point Blank"), a designer and manufacturer of protective body armor, from August 2008 until October 2011, CEO from June 2009 until October 2011, and was Acting CEO from April 2009 to May 2009. Mr. Henderson was also the CEO and Chairman of the Board of certain subsidiaries of Point Blank. On April 14, 2010, Point Blank and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Chapter 11 petitions are being jointly administered under the caption "In re Point Blank Solutions, Inc., et. al." Case No. 10-11255, which case is ongoing. He has served as the CEO of Point Blank Enterprises, Inc., the successor to the business of Point Blank, from October 2011 to September 2012. He served as Acting CEO of School Specialty, Inc., a company that provides education-related products, programs and services from July 2013 to April 2014, and serves as a Director since June 2013, served as Chairman from June 2013 to June 2017. Mr. Henderson served as a Director of RELM Wireless Corporation from March 2014 to September 2015. Mr. Henderson has served on the Board of Aviat Network from

January 2015 to November 2016 and Armor Express since September 2015.

Louis J. Belardi. Mr. Belardi has served as the Executive Vice President, Chief Financial Officer and Secretary of the Company since June 17, 2016. Prior to joining the Company, Mr. Belardi was the Chief Financial Officer of SL Industries from August 2010 through June 2016, and as SL Industries' Secretary and Treasurer from July 2010 through June 2016. Mr. Belardi previously served as the Corporate Controller of SL Industries from 2004 until August 2010, during which time he was responsible for management of SL Industries' corporate accounting, SEC reporting functions and Sarbanes-Oxley compliance. Prior to joining SL Industries, Mr. Belardi was a partner in his own management consulting firm that specialized in providing financial consulting to public corporations. Before entering consulting, he was promoted through several financial roles to the position of Vice President Finance and Administration at Aydin Corporation, now part of L-3 Communications. Mr. Belardi started his career as a CPA at Price Waterhouse and has an MBA in finance.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides details about the Company's compensation practices for its Named Executive Officers. The information in this section should be read together with the tables and narratives that accompany the information presented.

The following executives are the Company's Named Executive Officers for fiscal 2017:

- Mr. James R. Henderson, President and Chief Executive Officer; and
- Mr. Louis J. Belardi, Executive Vice President, Chief Financial Officer and Secretary.

Executive Summary of Fiscal 2017 Compensation

Fiscal 2017 was a year of continued emphasis on improving operational efficiency and building upon the programs and strategic initiatives implemented in fiscal 2013 and thereafter to position us for the future. Among other things, we continued our multi-year transformation to streamline our company and create the capacity to invest in innovation and new markets for our business in addition to pursuing initiatives that will allow us to better allocate resources and prioritize investment dollars. Our compensation actions and decisions for fiscal 2017 were selective. Accordingly, we took the following actions with respect to compensation of our executive officers in fiscal 2017:

- Base salaries for all of our Named Executive Officers were maintained at their fiscal 2016 levels when fiscal 2017 compensation was determined.
- As a result of the Compensation Committee's ongoing review of our executive compensation programs, the Compensation Committee, in consultation with our full Board, worked with management to re-evaluate our annual cash incentive and equity incentive plans for potential changes in an effort to better align the plans with our business mission, strategy and goals for the Company. As a result of this review, the Compensation Committee reinstated broad based management incentive plans and made certain adjustments to the program metrics for our annual incentive plans.

Specifically, the Compensation Committee determined that all compensation under our FY2017 management incentive plan (the "2017 MIP") would be subject to a performance threshold based on achieving a specified minimum level of adjusted EBITDA threshold (the "2017 Minimum Threshold") before any awards would be made. Upon achievement of the 2017 Minimum Threshold, awards under the 2017 MIP to (a) participants who were direct employees of the Company were based 100% on a target minimum plan year adjusted EBITDA for the Company's supply chain business ("Supply Chain") and (b) to employees of the Company's business units ("Business Units"), were

- measured based on the achievement of certain performance targets related to (i) Supply Chain adjusted EBITDA, (ii) operating income (as reported in the Company's audited financial statements) of the each of the Business Units and (iii) the achievement of certain individual performance goals established for each Participant (the "Individual Performance Factor"). Each of the Business Unit metrics were calculated independently and determined after the 2017 Minimum Threshold was achieved. Awards under the 2017 MIP were subject to meeting performance results, audited financial results and the approval of our Chief Executive Officer.. The Compensation Committee was responsible for approving awards to the Chief Executive Officer and his direct management reports.

- In determining the 2017 Minimum Threshold and for the 2017 MIP, the Compensation Committee noted that the financial objectives, while feasible to meet, would be challenging to achieve and would require improved performance compared with prior year results. The Compensation Committee approved award targets under the 2017 MIP as a percentage of base salary. For fiscal 2017, the Compensation Committee determined that the Company met its 2017 Minimum Threshold targets and the other goals under the 2017 MIP and, accordingly, executive officers who were eligible to participate in the 2017 MIP received bonus payouts at the target level of performance.

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 short-term and long-term strategy and goals; and
- Motivate and reward high levels of performance.

These objectives serve as guiding principles in our compensation program design, and 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.

Our compensation philosophy generally is to set 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 and within the general industry and geography (as more fully described below under “Benchmarking”). 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.

Our Committee has not adopted any rigid policies or guidelines for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation or among different forms of cash compensation. However, the Compensation Committee is guided by the principle that a substantial portion of the total compensation for our executives should be comprised of performance-based incentives that link to the Company’s financial results.

In determining performance-based compensation, the Compensation Committee believes that the primary measure of the effectiveness of a performance-based 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, no amounts were earned under our variable cash compensation plans or performance-based equity programs. For fiscal 2017, the Compensation Committee determined that we met the performance criteria relating to the financial goals underlying the 2017 MIP and, as a result, executive officers who were eligible to participate in the 2017 MIP received bonuses in accordance with the terms of the 2017 MIP.

Components of Executive Compensation

The principal components of compensation for our executive officers consist of base salary and may also include performance-based annual cash bonus or time based restricted stock or 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,” the Compensation Committee engages a compensation consultant from time to time 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 an evaluation of individual performance during our annual performance review process. 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.

The Compensation Committee reviewed the base salaries of our Named Executive Officers and determined that no change in base salary would be made for any Named Executive Officers for fiscal 2017. Accordingly, the fiscal 2017 annual base salaries for Mr. Henderson and Mr. Belardi remained unchanged at $600,00 and $325,000, respectively.

Performance-Based Annual Cash Bonus

In most years, the Compensation Committee has established a Management Incentive Plan, or MIP, which provides cash incentives for our executives. The MIP 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.

Target bonus awards are expressed as a percentage of the base salary paid to the executive officer during that plan year. Typically, the Compensation Committee has selected bonus amounts for the executive officers such that the target total cash compensation approximates the median of comparable positions at our peer companies or the general industry. For fiscal 2017, the target bonuses for our Named Executive Officers were:

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Executive Officer	Target as Percentage of Base Salary (%)
James R. Henderson	100
Louis J. Belardi	60

MIPs provide for cash payments to executive officers based on achievement of certain corporate financial objectives. Bonus payouts on the financial objectives could range from 0% to 200% of an individual's target bonus depending on the Company's actual performance versus the established performance goals.

For fiscal 2017, the Compensation Committee determined that all compensation under the 2017 MIP would be subject to a performance threshold based on achieving the 2017 Minimum Threshold (a specified minimum level of adjusted EBITDA threshold) before any awards would be made. Upon achievement of the 2017 Minimum Threshold, awards under the 2017 MIP to (a) participants who were direct employees of the Company were be based 100% on a target minimum plan year adjusted EBITDA for the Supply Chain business and (b) to employees of Business Units were measured based on the achievement of certain performance targets related to (i) Supply Chain adjusted EBITDA, (ii) operating income (as reported in the Company's audited financial statements) of the each of the Business Units and (iii) the achievement of certain Individual Performance Factors established for each Participant. Each of the Business Unit metrics were calculated independently and determined after the 2017 Minimum Threshold was achieved. Awards under the 2017 MIP were subject to meeting performance results, audited financial results and the approval of our Chief Executive Officer. The Compensation Committee was responsible for approving awards to the Chief Executive Officer and his direct management reports.

The Compensation Committee approved award targets under the 2017 MIP as a percentage of base salary. Under the 2017 MIP, the award target for Mr. Henderson was 100% of base salary and the Award target for Mr. Belardi was 60% of base salary. Based on the achievement of the objectives set forth in the 2017 MIP, the maximum percentage of base salary that could have been earned by participants ranges from 5% to 200% of base salary. No Awards would have been made under the MIP if the Minimum Threshold was not achieved.

For fiscal 2017, the Compensation Committee determined that the Company met its 2017 Minimum Threshold targets and the other goals under the 2017 MIP and, accordingly, executive officers who were eligible to participate in the 2017 MIP received bonus payouts at the target level of performance.

Equity Grants

Compensation in the form of equity grants, including stock options, performance-based stock options, time-based restricted stock and performance-based restricted stock have been a key component of our executives' compensation in the past. Over the past two years however, our emphasis on equity grants has declined. No equity awards were granted

to Named Executive Officers in fiscal 2017 as our compensation objectives for fiscal 2017 emphasized base pay and cash incentives.

Stock Options

Our equity program for executive officers has periodically utilized stock options, with the size and value of awards based on the executive's position and market compensation data. In fiscal 2017, we did not award any stock options to our Named Executive Officers.

Performance-Based Stock Options

Our equity program has periodically utilized performance-based stock options as an additional incentive for our executive officers to increase stockholder value. In fiscal 2017, we did not award any performance-based stock options to our Named Executive Officers.

Performance-Based Restricted Stock

From time to time the Company's equity program may grant performance-based restricted stock, pursuant to which executive officers are granted a predetermined number of shares or value of restricted stock in the event that the Company achieves a certain level of financial performance. As the Compensation Committee deems appropriate, performance-based restricted stock will be awarded to align the interests of our executive officers with the interests of investors, rewarding executives for enhancing our stock valuation and serves as a retention vehicle. We did not establish a plan for performance-based restricted stock grants for fiscal 2017 or grant any performance-based restricted stock in fiscal 2017.

Restricted Shares

The Compensation Committee may, from time to time, award shares of restricted stock to executive officers at 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. During fiscal 2017, no time-based restricted stock was awarded.

Perquisites and Other Benefits

The Compensation Committee believes that the perquisites provided to our 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. Our Named Executive Officers received no executive perquisites in fiscal 2017, but they do receive other benefits that are available to all benefit eligible employees, including a 401(k) matching benefit.

From time to time, we have awarded discretionary cash or equity bonuses based on, for example, exemplary performance or the assumption of additional responsibilities. None of our Named Executive Officers was awarded a discretionary cash bonus in fiscal 2017.

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 historically has followed a practice of refreshing this data every few years. The Compensation Committee last conducted a comprehensive review of executive compensation working with the Hay Group in fiscal 2015. The Hay Group was again consulted in fiscal 2016 in connection with preliminary plan design. The Hay Group was not consulted in fiscal 2017.

With input from the Compensation Committee, the Hay Group recommended a list of comparable companies for compensation comparisons based primarily on the following pre-defined selection criteria:

(i) Peer Company Size – Sizing factors included revenue, profitability, market capitalization and number of employees, with a greater emphasis on revenue as a correlation to pay levels;

(ii) Comparable Industry – Companies that operate in the logistics, software and e-commerce/IT transactions services area;

(iii) Business Model – Supply chain management companies more likely to serve enterprise-level customers and operate in lower margin businesses; and

(iv) Executive Talent Sources – Companies with whom we compete for executive talent.

In early fiscal 2015, the Compensation Committee worked with the Hay Group to refine our peer group for purposes of assessing our executive compensation. Historically, 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. Our peer group was developed by considering companies identified during such process, and reflected the Company’s evolution to a supply chain management services model.

Given the relatively small number of similar-sized companies operating in our industry, the Hay Group considered a revenue range slightly outside its standard 50% - 200% parameter in an effort to balance the size and scope of the Company’s business within the peer group. As a result of this review, the Compensation Committee removed four companies from the fiscal 2014 peer group either because the company had recently been acquired (Brightpoint, Inc., GSI Commerce, Inc. and Pacer International, Inc.) or because the former peer’s size was sufficiently different from that of the Company that they should no longer be considered a peer for compensation comparison purposes (Hub Group, Inc.), and added seven companies (CSG System International, Inc., Echo Global Logistics, Inc., ePlus, Inc., Neustar, Inc., Park-Ohio Holdings Corp., Radiant Logistics, Inc. and Virtusa Corp.) to our peer group. Accordingly, effective

as of September 2015, the Company's peer group consisted of the following 15 companies (the "2015 Peer Group");

. CIBER, Inc.;

- Computer Task Group, Inc.;
- CSG Systems international, Inc.;
- CTS Corporation;
- Digital River, Inc.;
- Echo Global Logistics, Inc.;
- ePlus, Inc.;
- Forward Air Corporation;
- Neustar, Inc.;
- Park-Ohio Holdings Corp.;
- Radiant Logistics, Inc.;
- PC Connection, Inc.;
- PFSweb, Inc.;
- ScanSource, Inc.; and
- Virtusa Corp.

To supplement our proxy peer group data, the Hay Group also provided the Compensation Committee with market survey data from its 2014 General Industry Executive Compensation Report. Only revenue size appropriate cuts of data were used. The Compensation Committee generally considered the market survey data as a broader industry reference to the peer group data.

In fiscal 2016 the compensation of Mr. Henderson, our President and Chief Executive Officer, and Mr. Belardi, our Executive Vice President, Chief Financial Officer and Secretary, were determined based on competitive market practice and supported by survey data previously provided by the Hay Group. Survey data focused on total cash compensation at the 50th percentile of the market. On a total pay basis, compensation for Mr. Henderson and Mr. Belardi are at or below the reported market median.

President and Chief Executive Officer Compensation Decisions

In connection with the appointment of Mr. Henderson as President and Chief Executive Officer of ModusLink Corporation in March 2016 and of the Company in June 2016, the Board, as noted above, relied on competitive market practice to determine Mr. Henderson's compensation. Mr. Henderson's offer letter (the "Henderson Offer Letter") specifies an annual salary of $600,000 paid bi-weekly and an annual cash bonus of up to 100% of base salary subject to attainment of short term objectives to be mutually agreed upon. The Compensation Committee did not make any adjustments to Mr. Henderson's salary for fiscal 2017 and accordingly, his annual base salary remained at $600,000. Mr. Henderson received a bonus of $720,000 for fiscal 2017 under the 2017 MIP.

Input from Management

As is described in the “Human Resources and Compensation Committee” section above, in determining the performance criteria and compensation of our executive officers, the Compensation Committee generally takes into account the recommendations of our Chief Executive Officer and Chief Financial Officer (except as they relate to their own compensation). Typically, our Chief Executive Officer will make recommendations based on his assessment of each executive officer’s individual performance as well as his knowledge of each executive officer’s job responsibilities, seniority, expected contributions, and his understanding of the competitive market for such executives. Our Chief Executive Officer and our Chief Financial Officer may also attend meetings of the Compensation Committee at which executive compensation matters are addressed, except with respect to discussions involving their own compensation. During fiscal 2017, our Chief Executive Officer and our 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. All decisions with respect to the Chief Executive Officer’s compensation are made by the Compensation Committee, all of whom are independent members of the Board.

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.

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, vested and unvested restricted stock held by the individual, and in-the-money vested options.

Tax and Accounting Implications

Section 162(m) of the Internal Revenue Code (the “Code”) precludes us from deducting compensation in excess of $1.0 million to covered employees. 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 Tax Cuts and Jobs Act, enacted on December 22, 2017, eliminates the "performance-based" compensation exception under Section 162(m) of the Code for taxable years beginning after December 31, 2017 unless transition relief for certain compensation arrangements in place as of November 2, 2017 is available. Because of the fact-based nature of the performance-based compensation exception under Section 162(m) of the Code, the limited availability of guidance thereunder, and the uncertain scope of the aforementioned transition relief, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) of the Code will do so. As a result, the Company currently expects that, in 2018 and beyond, any compensation amounts over $1.0 million paid to any covered employee will no longer be deductible by it (or any other person subject to U.S. federal income tax). The Company’s expectation is that this change will not have a material effect on its operating results or financial condition.

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 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
Jeffrey J. Fenton, Chair
Philip E. Lengyel

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 the fiscal 2017, fiscal 2016 and fiscal 2015 compensation of: (i) individuals who served as, or acted in the capacity of, the Company's principal executive officer or principal financial officer for the calendar year August 1, 2016 through July 31, 2017; (ii) the Company's three most highly compensated executive officers, other than the principal executive officer or principal financial officer, who were serving as executive officers at the end of the calendar year from August 1, 2016 through July 31, 2017; and (iii) up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Company at the end of the calendar year ended July 31, 2017. Collectively, we refer to all of these individuals as the "Named Executive Officers."

Name and Principal Position*	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[1]	All Other Compensation ($)[2]	Total ($)
James B. Henderson	2017	600,000	—	—	—	720,000	7,999	1,327,999
President and Chief	2016	205,385	—	—	—	—	—	205,385
Executive Officer	2015	*	*	*	*	*	*	*
Louis J. Belardi	2017	325,000	—	—	—	234,000	—	559,000
Executive Vice	2016	31,250	50,000(3)	—	—	—	—	81,250
President, Chief Financial Officer and Secretary	2015	*	*	*	*	*	*	*

* On March 23, 2016, the Board appointed James R. Henderson to serve as the Chief Executive Officer ModusLink Corporation, the Company's principal operating subsidiary; and on June 17, 2016, the Board appointed Mr. Henderson to serve as the Company's President and Chief Executive Officer. Mr. Henderson replaced John J. Boucher, whose employment with the Company ended March 23, 2016. On June 17, 2016, the Board appointed Louis J. Belardi to serve as the Company's Executive Vice President, Chief Financial Officer and Secretary effective June 27, 2016. Mr. Belardi replaced Joseph B. Sherk, who, until June 27, 2016, acted as the Company's Principal Financial Officer, Principal Accounting Officer and Corporate Controller pursuant to the Management Services Agreement, as amended, with SP Corporate then Steel Services Ltd (fka SPH Services, Inc.). Warren G. Lichtenstein, the Chairman of our Board, served as the Company's interim CEO from March 28, 2016, to June 17, 2016. On June 17, 2016, the Board appointed Mr. Lichtenstein as Executive Chairman. Mr. Lichtenstein was not separately compensated for serving as interim Chief Executive Officer or for serving as Executive Chairman. Mr. Lichtenstein's compensation is set forth on the Director Compensation Table.

(1) Represents amounts earned under the Company's fiscal 2017 Management Incentive Plan. The Company did not establish a Management Incentive Plan in fiscal 2016.

(2) Amounts set forth in this column represent employer 401(k) plan matching cash contributions.

(3) Represents a signing bonus paid to Mr. Belardi in connection with commencing employment with the Company.

Narrative Disclosure to Summary Compensation Table

The compensation paid to the above named Named Executive Officers during the fiscal years ended July 31, 2016 and 2017 included salaries, bonuses and perquisites as more fully described in the notes to the Summary Compensation Table. As noted in the Summary Compensation Table, Mr. Henderson received contributions to his 401(k) plan under our matching contribution program in fiscal 2017. Salary and bonuses accounted for 99.4% of Mr. Henderson's total compensation for fiscal 2017 and salary accounted for 100% of his total compensation for fiscal 2016. Salary and bonuses accounted for 100% of Mr. Belardi's total compensation for fiscal 2017 and fiscal 2016. The Named Executive Officers did not receive any compensation from the Company in fiscal 2015.

There were no grants of plan-based awards to the Named Executive Officers in fiscal 2017, no outstanding equity awards for the Named Executive Officers as of the end of fiscal 2017, and no exercises of stock options or vesting of stock awards for the Named Executive Officers during fiscal 2017.

Employment Arrangements of Named Executive Officers

We do not have agreements with any of the Named Executive Officers which guarantee employment for a set term and, accordingly, all of the Named Executive Officers are employees at will.

James R. Henderson

James R. Henderson was appointed the President and Chief Executive Officer of the Company on June 17, 2016, and appointed the Chief Executive Officer ModusLink Corporation, the Company's principal operating subsidiary on March 23, 2016. In connection therewith, the Company and Mr. Henderson executed an employment offer letter dated April 13, 2016, which provides for the employment of Mr. Henderson at an annualized base salary of $600,000. Mr. Henderson is also eligible for an annual cash bonus, with a target equal to 100% of his base salary.

Louis J. Belardi

Louis J. Belardi was appointed Executive Vice President, Chief Financial Officer and Secretary of the Company effective June 27, 2016. In connection therewith, the Company and Mr. Belardi executed an employment offer letter effective June 27, 2016, which provides for the employment of Mr. Belardi at an annualized base salary of $325,000. Mr. Belardi is also eligible for an annual cash bonus with a target equal to 60% of his base salary. Mr. Belardi's employment offer letter specified a $50,000 signing bonus payable after 30 days service. The bonus was paid.

Potential Payments Upon Termination or Change-in-Control

James R. Henderson

On October 4, 2017, the Compensation Committee approved a one-time grant of 609,137 restricted stock units ("RSUs") to Mr. Henderson (the "Henderson Grant"). The Henderson Grant was made under the Company's 2010 Incentive Award Plan (the "2010 Plan") and pursuant to a Restricted Stock Unit Agreement (the "RSU Agreement"). The RSUs granted pursuant to the Henderson Grant vest and become non-forfeitable on the earlier of: (i) the first anniversary of the grant date, subject to the recipient's continued employment or services through the first anniversary date; (ii) the recipient's "involuntary separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(n)) with the Company other than for Cause (as defined in the 2010 Plan) and whether or not a Change in Control (as defined in the 2010 Plan) has occurred; (iii) the recipient's "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)) for "Good Reason" (as defined in Section 2(c) of the RSU Agreement) with the Company and whether or not a Change in Control has occurred; (iv) the recipient's separation from service due to a disability (within the meaning of Treasury Regulation Section 1.409A-3(i)(4); or (v) the recipient's death.

As the Henderson Grant was not awarded prior to the end of fiscal 2017, Mr. Henderson was not party to any agreement that provides for payments or benefits in the event of termination of employment during fiscal 2017. If the Henderson Grant were to vest upon a qualifying termination of service, the RSUs granted pursuant to the Henderson Grant would have a value of approximately $1,023,350 based on the closing price of $1.68 per share for the Company's common stock on July 31, 2017, the last day of fiscal 2017.

Louis J. Belardi

On October 4, 2017, the Compensation Committee approved a one-time grant of 329,949 RSUs to Mr. Belardi (the "Belardi Grant"). The Belardi Grant was made under the 2010 Plan and pursuant to an RSU Agreement. The RSUs granted pursuant to the Belardi Grant vest and become non-forfeitable on the earlier of: (i) the first anniversary of the

grant date, subject to the recipient's continued employment or services through the first anniversary date; (ii) the recipient's "involuntary separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(n)) with the Company other than for Cause (as defined in the 2010 Plan) and whether or not a Change in Control (as defined in the 2010 Plan) has occurred; (iii) the recipient's "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)) for "Good Reason" (as defined in Section 2(c) of the RSU Agreement) with the Company and whether or not a Change in Control has occurred; (iv) the recipient's separation from service due to a disability (within the meaning of Treasury Regulation Section 1.409A-3(i)(4); or (v) the recipient's death.

As the Belardi Grant was not awarded prior to the end of fiscal 2017, Mr. Belardi was not party to any agreement that provides for payments or benefits in the event of termination of employment during fiscal 2017. If the Belardi Grant were to vest upon a qualifying termination of service, the RSUs granted pursuant to the Belardi Grant would have a value of approximately $554,314 based on the closing price of $1.68 per share for the Company's common stock on July 31, 2017, the last day of fiscal 2017.

Director Compensation

The table below sets forth certain information concerning our fiscal 2017 compensation of our Directors.

DIRECTOR COMPENSATION FOR FISCAL 2017

Name	**Fees Earned or Paid in Cash ($)[1]**	**Stock Awards ($)[2][3]**	All Other Compensation ($)	Total ($)
Anthony Bergamo[4]	—	$79,999	—	$79,999
Jeffrey J. Fenton[5]	—	$79,999	—	$79,999
Glen M. Kassan[6]	—	$79,999	—	$79,999
Philip E. Lengyel[7]	—	$79,999	—	$79,999
Warren G. Lichtenstein[8]	—	$79,999	—	$79,999
Jeffrey S. Wald[9]	—	$79,999	—	$79,999

(1) Payment of cash fees was temporarily suspended by the Board between May 2016 and August 2017.

(2) The amounts shown in the "Stock Awards" column 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 directors during fiscal 2017.

(3) Each director received an award of 49,382 shares of restricted stock on January 3, 2017. Restricted stock awards are subject to a restriction on transfer, which lapse on the first anniversary of the date of grant.

(4)

As of July 31, 2017, Mr. Bergamo held 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

(5) As of July 31, 2017, Mr. Fenton 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

(6) As of July 31, 2017, Mr. Kassan held 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

(7) As of July 31, 2017, Mr. Lengyel held 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

(8) As of July 31, 2017, Mr. Lichtenstein held 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

(9) As of July 31, 2017, Mr. Wald held 49,382 shares of restricted stock and no vested or unvested options to purchase shares of our Common Stock.

Members of the Board receive a combination of cash compensation and equity in the form of restricted stock awards, provided they are eligible under the applicable plan. In addition, all of the Directors of the Company receive reimbursement of expenses incurred with respect to attendance at meetings of the Board and meetings of committees thereof, which is not included in the above table.

The Fourth Amended and Restated Director Compensation Plan, adopted December 20, 2015 (the "Director Compensation Plan"), governs cash and equity compensation to eligible Directors. All Directors are eligible to participate in the Director Compensation Plan other than any Director who (i) is an employee of the Company or any of its subsidiaries or affiliates or (ii) unless otherwise determined by the Board, is an affiliate, employee, representative or designee of an institutional or corporate investor in the Company (an "Affiliated Director").

Under the Director Compensation Plan, each participating Director who serves as a Director during any fiscal quarter receives a payment for such quarter of $12,500, with a pro rata fee applicable to service for less than a whole quarter; provided, however, that any Director who serves as the non-executive Chairman of the Board during any fiscal quarter receives a payment for such quarter of $28,750 instead of $12,500, with a pro rata fee applicable to service for less than a whole quarter. Each participating Director who serves as the chairperson of a committee of the Board during any fiscal quarter receives a payment of $1,250; provided, however, that the chairperson of the Audit Committee during any fiscal quarter receives a payment of $2,500, in each such case with a pro rata fee applicable to service for less than a whole quarter. Each participating Director who attends a telephonic meeting of the Board or a committee thereof receives a meeting fee of $500. Each participating Director who attends a meeting of the Board or a committee thereof, where a majority of the Directors attend such meeting in person, receives a meeting fee of $1,000. Payment of these fees was temporarily suspended by the Board between May 2016 and August 2017.

In addition, the Director Compensation Plan provides that each Director, other than an Affiliated Director, will receive a restricted stock award for shares of Common Stock with a fair market value equal to $100,000 on the first business day of the calendar year provided that such Director is serving as a Director on such date. These annual restricted stock awards vest on the first anniversary of the date of grant, provided that the Director remains a director of the Company on the vesting date. Notwithstanding the foregoing, if a Director ceases to be a director due to (i) removal without cause, (ii) resignation upon request of a majority of the Board, other than for reasons the Board determines to be cause, (iii) the failure to be re-elected to the Board either because the Company fails to nominate the Director for re-election or the Director fails to receive sufficient stockholder votes, then, on the day the Director ceases to be a Director, 25% of the annual restricted stock award vests for each full calendar quarter that the Director has served as a Director from and after the award date. Notwithstanding the foregoing, the Board reduced the size of the fiscal 2017 annual restricted stock award to that number of shares of Common Stock having a fair market value equal to $80,000 on the first business day of the 2017 calendar year.

Each of the Directors has also entered into an Indemnification Agreement with the Company providing that the Company shall indemnify the Director to the fullest extent authorized or permitted by applicable law in the event that the Director is involved in any threatened, pending or completed action, suit or proceeding, or any inquiry or investigation, whether brought by or in the right of the Company or by any other party and whether of a civil, criminal, administrative or investigative nature, by reason of the fact that the Director is or was a Director of the

Company, or is or was serving at the request of the Company as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses, judgments, fines and penalties, provided that the Director shall not have been finally adjudged to have engaged in willful misconduct or to have acted in a manner which was knowingly fraudulent or deliberately dishonest, or had reasonable cause to believe that his or her conduct was unlawful.

Compensation Committee Interlocks and Insider Participation

The Directors who served as members of the Compensation Committee during fiscal 2017 were Anthony Bergamo, Jeffrey J. Fenton and Philip E. Lengyel. No member of the Compensation Committee was an officer or employee of the Company while serving on the Compensation Committee in fiscal 2017. No executive officer of the Company has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Board or the Compensation Committee during fiscal 2017.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board has reviewed and discussed the Company's audited financial statements for fiscal 2017 with the Company's management.

The Audit Committee has discussed with BDO USA, LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, "Communication with Audit Committees."

The Audit Committee has discussed with BDO USA, LLP its independence and has received the written disclosures and the letter from BDO USA, LLP required by PCAOB Ethics and Independence Rule 3526, "Communications with Audit Committees Concerning Independence." In accordance with the foregoing standard, the Audit Committee discussed with BDO USA, LLP any matters and relationships that might impact BDO USA, LLP's objectivity and independence and satisfied itself as to the auditors' independence. The Audit Committee also considered whether BDO USA, LLP's provision of non-audit services to the Company is compatible with maintaining BDO USA, LLP's independence.

Based on the review and discussions described above, among other things, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for fiscal 2017.

AUDIT COMMITTEE
Jeffrey S. Wald, Chair

Jeffrey J. Fenton

Philip E. Lengyel*

* Mr. Lengyel joined the Audit Committee in March 2018.

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.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities, to file reports of beneficial ownership and changes in beneficial ownership with the SEC.

Based solely on its review of the copies of such reports furnished to us or written representations from certain reporting persons, the Company believes that, during fiscal 2017, its officers, directors and ten-percent stockholders complied with all applicable Section 16(a) filing requirements applicable to such individual.

Annual Report on Form 10-K

The Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2017, and Amendment No. 1 to Annual Report on Form 10-K/A, including exhibits, is available without charge upon request from the Company. Requests for copies of the Annual Report on Form 10-K and Amendment No. 1 to Annual Report on Form 10-K/A should be sent to the Company's Office of Investor Relations at Steel Connect, Inc., 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may participate in the practice of "householding" proxy statements, annual reports and notices of Internet availability of proxy materials. This means that only one copy of our Proxy Statement, 2017 Annual Report or Notice of Internet Availability of Proxy Materials may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of these documents to you if you write, email or call our Investor Relations department at 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451, email: ir@moduslink.com, or telephone: (781) 663-5012. If you want to receive separate copies of the Proxy Statement, Annual Report or Notice of Internet Availability of Proxy.

Materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact the Company at the above address, email or telephone number.

Manner and Cost of Proxy Solicitation

We will pay for the entire cost of soliciting proxies. In addition to solicitation by mail, our directors and the executive officers may, without additional compensation, solicit proxies by mail, in person, by telephone or other electronic means or by means of press release or other public statements. The Company has retained MacKenzie Partners, Inc. to assist the Company in the solicitation of proxies for a fee of $11,000 plus expenses.

We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Other Matters

The Board does not know of any other matter which may properly come before the 2017 Meeting. If any other matters are properly presented to the 2017 Meeting, the Board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

Proposals of Stockholders for 2018 Annual Meeting and Nomination of Directors

Any proposal that a stockholder of the Company wishes to be considered for inclusion in the Company's Proxy Statement and proxy card for the Company's 2018 Annual Meeting of Stockholders (the "2018 Meeting") must be submitted to the Secretary of the Company at its offices, 1601 Trapelo Road, Suite 170, Waltham, Massachusetts 02451, no later than November 19, 2018. In addition, such proposals must comply with the requirements of Rule 14a-8 under the Exchange Act and the Company's Bylaws, as applicable.

If a stockholder of the Company wishes to present a proposal or nominate a director before the 2018 Meeting, but does not wish to have the proposal considered for inclusion in the Company's Proxy Statement and proxy card, such stockholder must also give written notice to the Secretary of the Company at the address noted above. The Secretary must receive such notice no earlier than December 13, 2018, and no later than January 12, 2019 (unless the Company's 2018 Meeting is held before March 13, 2019, or after June 11, 2019, in which case different deadlines are established by the Company's Bylaws) and the stockholder must comply with the provisions of the Company's Bylaws. If a stockholder fails to provide timely notice of a proposal to be presented at the 2018 Meeting, the stockholder will not be permitted to present the proposal to the stockholders for a vote at the 2018 Meeting.

By Order of the Board of Directors,

/s/ Warren G. Lichtenstein
Warren G. Lichtenstein,
Executive Chairman of the Board

Waltham, Massachusetts
March 19, 2018

APPENDIX A - Protective Amendment

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF THE
RESTATED

CERTIFICATE OF INCORPORATION
OF

STEEL CONNECT, INC.

_____

STEEL CONNECT, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "***Corporation***"),

DOES HEREBY CERTIFY:

First: That resolutions were duly adopted by the Board of Directors of the Corporation setting forth this proposed Amendment to the Restated Certificate of Incorporation of the Corporation and declaring said Amendment to be advisable and recommended for approval by the stockholders of the Corporation.

Second: This Amendment to the Restated Certificate of Incorporation of the Corporation amends and restates **Article SEVENTEENTH** to the Restated Certificate of Incorporation to read in its entirety as follows:

"SEVENTEENTH:

Section 1. Definitions.

As used in this **Article SEVENTEENTH**, the following capitalized terms have the following meanings when used herein with initial capital letters (and any references to any portions of Treas. Reg. § 1.382-2T shall include any successor provisions):

(a) "4.99-percent Transaction" means any Transfer described in clause (a) or (b) of Section 2 of this **Article SEVENTEENTH.**

(b) "4.99-percent Stockholder" means a Person or group of Persons that is a "5-percent stockholder" of the corporation pursuant to Treas. Reg. § 1.382-2T(g), as applied by replacing "5-percent" with "4.99-percent" and "five percent" with "4.99 percent," where applicable.

(c) "Agent" has the meaning set forth in Section 5 of this **Article SEVENTEENTH**.

(d) "Board of Directors" means the board of directors of the Company.

(e) "Code" means the United States Internal Revenue Code of 1986, as amended. For the avoidance of doubt, Code also includes "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," (PL 115-97).

(f) "Company Security" or "Company Securities" means (i) any Stock, (ii) shares of preferred stock issued by the Company (other than preferred stock described in § 1504(a)(4) of the Code), and (iii) warrants, rights, or options (including options within the meaning of Treas. Reg. § 1.382-2T(h)(4)(v) or Treas. Reg. § 1.382-4(d)(9)) to purchase securities of the Company.

(g) "Effective Date" means the date of filing of this Amendment to the Restated Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware.

(h) "Excess Securities" has the meaning set forth in Section 4 of this **Article SEVENTEENTH**.

(i) "Expiration Date" means the earliest of (i) the repeal of Section 382 of the Code or any successor statute if the Board of Directors determines that this **Article SEVENTEENTH** is no longer necessary or desirable for the preservation of Tax Benefits, and (ii) such date as the Board of Directors shall fix in accordance with Section 12 of this **Article SEVENTEENTH.**

(j) "Percentage Stock Ownership" means the percentage Stock Ownership interest of any Person or group (as the context may require) for purposes of Section 382 of the Code as determined in accordance with Treas. Reg. § 1.382-2(a)(3), Treas. Reg. § 1.382-2T(g), (h), (j) and (k) and Treas. Reg. § 1.382-4, or any successor provisions and other pertinent Internal Revenue Service guidance.

(k) "Person" means any individual, partnership, joint venture, limited liability company, firm, corporation, unincorporated association or organization, trust or other entity or any group of such "Persons" having a formal or informal understanding among themselves to make a "coordinated acquisition" of shares within the meaning of Treas. Reg. § 1.382-3(a)(1) or who are otherwise treated as an "entity" within the meaning of Treas. Reg. § 1.382-3(a)(1), and shall include any successor (by merger or otherwise) of any such entity or group.

(l) "Prohibited Distributions" means any and all dividends or other distributions paid by the Company with respect to any Excess Securities received by a Purported Transferee.

(m) "Prohibited Transfer" means any Transfer or purported Transfer of Company Securities to the extent that such Transfer is prohibited and/or void under this **Article SEVENTEENTH**.

(n) "Public Group" has the meaning set forth in Treas. Reg. § 1.382-2T(f)(13).

(o) "Purported Transferee" has the meaning set forth in Section 4 of this **Article SEVENTEENTH**.

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(p) "Remedial Holder" has the meaning set forth in Section 7 of this **Article SEVENTEENTH**.

(q) "Stock" means any interest that would be treated as "stock" of the Company pursuant to Treas. Reg. § 1.382-2T(f)(18).

(r) "Stock Ownership" means any direct or indirect ownership of Stock, including any ownership by virtue of application of constructive ownership rules, with such direct, indirect and constructive ownership determined under the provisions of Section 382 of the Code and the Treasury Regulations thereunder, including, for the avoidance of doubt, any ownership whereby a Person owns Stock pursuant to a "coordinated acquisition" treated as a single "entity" as defined in Treas. Reg. § 1.382-3(a)(1), or such Stock is otherwise aggregated with Stock owned by such Person pursuant to the provisions of Section 382 of the Code and the Treasury Regulations thereunder.

(s) "Tax Benefits" means the net operating loss carry forwards, capital loss carry forwards, general business credit carry forwards, alternative minimum tax credit carry forwards, foreign tax credit carry forwards, disallowed net business interest expense carry forwards under Section 163(j), any credits under Section 53, and any other item that may reduce or result in any credit against any income taxes owed by the Company or any of its subsidiaries or refundable credits, including, but not limited to, any item subject to limitation under Section 382 or Section 383 of the Code and the Treasury Regulations promulgated thereunder, and any loss or deduction attributable to a "net unrealized built-in loss" within the meaning of Section 382 of the Code and the Treasury Regulations promulgated thereunder.

(t) "Transfer" means, any direct or indirect sale, transfer, assignment, conveyance, pledge or other disposition, event or occurrence or other action taken by a Person, other than the Company, that alters the Percentage Stock Ownership of any Person or group, including, a transfer by gift or by operation of law. A Transfer also shall include the creation or grant of an option (including an option within the meaning of Treas. Reg. §1.382-4(d)). For the avoidance of doubt, a Transfer shall not include the creation or grant of an option by the Company, nor shall a Transfer include the issuance of Stock by the Company.

(u) "Transferee" means any Person to whom Company Securities are Transferred.

(v) "Treasury Regulations" or "Treas. Reg." means the regulations, including temporary regulations or any successor regulations, promulgated under the Code, as amended from time to time.

Section 2. Transfer and Ownership Restrictions. In order to preserve the Tax Benefits, from and after the Effective Date of this **Article SEVENTEENTH** any attempted Transfer of Company Securities prior to the Expiration Date and any attempted Transfer of Company Securities pursuant to an agreement entered into prior to the Expiration Date shall be prohibited and void *ab initio* to the extent that, as a result of such Transfer (or any series of Transfers of which such Transfer is a part), either (a) any Person or Persons would become a 4.99-percent Stockholder or (b) the Percentage Stock Ownership in the Company of any 4.99-percent Stockholder would be increased. The prior sentence is not intended to prevent Company Securities from being DTC-eligible and shall not preclude the settlement of any transaction in Company Securities entered into through the facilities of a national securities exchange; *provided*, *however*, that the Company Securities and parties involved in such transaction shall remain subject to the provisions of this **Article SEVENTEENTH** in respect of such transaction.

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Section 3. Exceptions.

(a) Notwithstanding anything to the contrary herein, Transfers to a Public Group (including a new Public Group created under Treas. Reg. § 1.382-2T (j) (3) (i)) shall be permitted.

(b) The restrictions set forth in Section 2 of this **Article SEVENTEENTH** shall not apply to an attempted Transfer that is a 4.99-percent Transaction if the transferor or the Transferee obtains the written approval of the Board of Directors or a duly authorized committee thereof. As a condition to granting its approval pursuant to this Section 3 of this **Article SEVENTEENTH**, the Board of Directors may, in its discretion, require (at the expense of the transferor and/or Transferee) an opinion of counsel selected by the Board of Directors that the Transfer shall not result in a limitation on the use of the Tax Benefits as a result of the application of Section 382 of the Code; provided that the Board of Directors may grant such approval notwithstanding the effect of such approval on the Tax Benefits if it determines that the approval is in the best interests of the Company. The Board of Directors may grant its approval in whole or in part with respect to such Transfer and may impose any conditions that it deems reasonable and appropriate in connection with such approval, including, without limitation, restrictions on the ability of any Transferee to Transfer Stock acquired through a Transfer. Approvals of the Board of Directors hereunder may be given prospectively or retroactively. The Board of Directors, to the fullest extent permitted by law, may exercise the authority granted by this **Article SEVENTEENTH** through duly authorized officers or agents of the Company. Nothing in this Section 3 of this **Article SEVENTEENTH** shall be construed to limit or restrict the Board of Directors in the exercise of its fiduciary duties under applicable law.

Section 4. Excess Securities.

(a) No employee or agent of the Company shall record any Prohibited Transfer, and the purported transferee of such a Prohibited Transfer (the "Purported Transferee") shall not be recognized as a stockholder of the Company for any purpose whatsoever in respect of the Company Securities which are the subject of the Prohibited Transfer (the "Excess Securities"). The Purported Transferee shall not be entitled, with respect to such Excess Securities, to any rights of stockholders of the Company, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof, if any, and the Excess Securities shall be deemed to remain with the transferor unless and until the Excess Securities are transferred to the Agent pursuant to Section 5 of this **Article SEVENTEENTH** or until an approval is obtained under Section 3 of this **Article SEVENTEENTH.** After the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, the Company Securities shall cease to be Excess Securities. For this purpose, any Transfer of Excess Securities not in accordance with the provisions of this Section 4 or Section 5 of this **Article SEVENTEENTH** shall also be a Prohibited Transfer.

(b) The Company may require as a condition to the registration of the Transfer of any Company Securities or the payment of any distribution on any Company Securities that the proposed Transferee or payee furnish to the Company all information reasonably requested by the Company with respect to its direct or indirect ownership interests in such Company Securities. The Company may make such arrangements or issue such instructions to its stock transfer agent as may be determined by the Board of Directors to be necessary or advisable to implement this **Article SEVENTEENTH**, including, without limitation, authorizing such transfer agent to require an affidavit from a Purported Transferee regarding such Person's actual and constructive ownership of Stock and other evidence that a Transfer will not be prohibited by this **Article SEVENTEENTH** as a condition to registering any transfer.

Section 5. Transfer to Agent. If the Board of Directors determines that a Transfer of Company Securities constitutes a Prohibited Transfer, then, upon written demand by the Company sent within thirty days of the date on which the Board of Directors determines that the attempted Transfer would result in Excess Securities, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any Prohibited Distributions, to an agent designated by the Board of Directors (the "Agent"). The Agent shall thereupon sell to a buyer or buyers, which may include the Company, the Excess Securities transferred to it in one or more arm's-length transactions (on the public securities market on which such Excess Securities are traded, if possible, or otherwise privately); *provided*, *however*, that any such sale must not constitute a Prohibited Transfer and *provided*, *further*, that the Agent shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Company Securities or otherwise would adversely affect the value of the Company Securities. If the Purported Transferee has resold the Excess Securities before receiving the Company's demand to surrender Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Company grants written permission to the Purported Transferee to retain a portion of such sale proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to **Section 6** of this **Article SEVENTEENTH** if the Agent rather than the Purported Transferee had resold the Excess Securities.

Section 6. Application of Proceeds and Prohibited Distributions. The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee has previously resold the Excess Securities, any amounts received by it from a Purported Transferee, together, in either case, with any Prohibited Distributions, as follows: (i) first, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred in connection with its duties hereunder; (ii) second, any remaining amounts shall be paid to the Purported Transferee, up to the amount paid by the Purported Transferee for the Excess Securities (or the fair market value at the time of the Transfer, in the event the purported Transfer of the Excess Securities was, in whole or in part, a gift, inheritance or similar Transfer) which amount (or fair market value) shall be determined at the discretion of the Board of Directors; and (iii) third, any remaining amounts shall be paid to one or more organizations selected by the Board of Directors which is described under Section 501(c)(3) of the Code (or any comparable successor provision) and contributions to which are eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2552 of the Code. The Purported Transferee of Excess Securities shall have no claim, cause of action or any other recourse whatsoever against any transferor of Excess Securities. The Purported Transferee's sole right with respect to such shares shall be limited to the amount payable to the Purported Transferee pursuant to this **Section 6** of this **Article SEVENTEENTH**. In no event shall the proceeds of any sale of Excess Securities pursuant to this **Section 6** of this **Article SEVENTEENTH** inure to the benefit of the Company or the Agent, except to the extent used to cover costs and expenses incurred by Agent in performing its duties hereunder.

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Section 7. **Modification of Remedies for Certain Indirect Transfers**. In the event of any Transfer that does not involve a transfer of Company Securities within the meaning of Delaware law but that would cause a 4.99-percent Stockholder to violate a restriction on Transfers provided for in this **Article SEVENTEENTH**, the application of **Sections 5** and **6** of this **Article SEVENTEENTH** shall be modified as described in this **Section 7** of this **Article SEVENTEENTH**. In such case, no such 4.99-percent Stockholder shall be required to dispose of any interest that is not a Company Security, but such 4.99-percent Stockholder and/or any Person whose ownership of Company Securities is attributed to such 4.99-percent Stockholder (such 4.99-percent Stockholder or other Person, a "Remedial Holder") shall be deemed to have disposed of and shall be required to dispose of sufficient Company Securities (which Company Securities shall be disposed of in the inverse order in which they were acquired) to cause such 4.99-percent Stockholder, following such disposition, not to be in violation of this **Article SEVENTEENTH**. Such disposition shall be deemed to occur simultaneously with the Transfer giving rise to the application of this provision, and such number of Company Securities that are deemed to be disposed of shall be considered Excess Securities and shall be disposed of through the Agent as provided in **Sections 5** and **6** of this **Article SEVENTEENTH**, except that the maximum aggregate amount payable to a Remedial Holder in connection with such sale shall be the fair market value of such Excess Securities at the time of the purported Transfer. A Remedial Holder shall not be entitled, with respect to such Excess Securities, to any rights of stockholders of the Company, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof, if any, following the time of the purported Transfer. All expenses incurred by the Agent in disposing of such Excess Securities shall be paid out of any amounts due such 4.99-percent Stockholder or such other Person. The purpose of this **Section 7** of this **Article SEVENTEENTH** is to extend the restrictions in **Sections 2** and **5** of this **Article SEVENTEENTH** to situations in which there is a 4.99-percent Transaction without a direct Transfer of Company Securities, and this **Section 7** of this **Article SEVENTEENTH**, along with the other provisions of this **Article SEVENTEENTH**, shall be interpreted to produce the same results, with differences as the context requires, as a direct Transfer of Company Securities.

Section 8. **Legal Proceedings; Prompt Enforcement**. If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof, in either case, with any Prohibited Distributions, to the Agent within thirty days from the date on which the Company makes a written demand pursuant to **Section 5** of this **Article SEVENTEENTH** (whether or not made within the time specified in **Section 5** of this **Article SEVENTEENTH**), then the Company may take such actions as it deems appropriate to enforce the provisions hereof, including the institution of legal proceedings to compel the surrender. Nothing in this **Section 8** of this **Article SEVENTEENTH** shall (i) be deemed inconsistent with any Transfer of the Excess Securities provided in this **Article SEVENTEENTH** being void *ab initio*, (ii) preclude the Company in its discretion from immediately bringing legal proceedings without a prior demand or (iii) cause any failure of the Company to act within the time periods set forth in **Section 5** of this **Article SEVENTEENTH** to constitute a waiver or loss of any right of the Company under this **Article SEVENTEENTH**. The Board of Directors may authorize such additional actions as it deems advisable to give effect to the provisions of this **Article SEVENTEENTH**.

Section 9. Liability. To the fullest extent permitted by law, any stockholder subject to the provisions of this **Article SEVENTEENTH** who knowingly violates the provisions of this **Article SEVENTEENTH** and any Persons controlling, controlled by or under common control with such stockholder shall be jointly and severally liable to the Company for, and shall indemnify and hold the Company harmless against, any and all damages suffered as a result of such violation, including but not limited to damages resulting from a reduction in, or elimination of, the Company's ability to utilize its Tax Benefits, and attorneys' and auditors' fees incurred in connection with such violation.

Section 10. Obligation to Provide Information. As a condition to the registration of the Transfer of any Stock, any Person who is a beneficial, legal or record holder of Stock, and any proposed Transferee and any Person controlling, controlled by or under common control with the proposed Transferee, shall provide such information as the Company may request from time to time in order to determine compliance with this **Article SEVENTEENTH** or the status of the Tax Benefits of the Company.

Section 11. Legends. The Board of Directors may require that any certificates issued by the Company evidencing ownership of shares of Stock that are subject to the restrictions on transfer and ownership contained in this **Article SEVENTEENTH** bear the following legend:

"THE RESTATED CERTIFICATE OF INCORPORATION OF THE COMPANY CONTAINS RESTRICTIONS PROHIBITING THE TRANSFER (AS DEFINED IN THE RESTATED CERTIFICATE OF INCORPORATION) OF STOCK OF THE COMPANY (INCLUDING THE CREATION OR GRANT OF CERTAIN OPTIONS, RIGHTS AND WARRANTS) WITHOUT THE PRIOR AUTHORIZATION OF THE BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD OF DIRECTORS") IF SUCH TRANSFER AFFECTS THE PERCENTAGE OF STOCK OF THE COMPANY (WITHIN THE MEANING OF SECTION 382 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER) THAT IS TREATED AS OWNED BY A 4.99-PERCENT STOCKHOLDER (AS DEFINED IN THE RESTATED CERTIFICATE OF INCORPORATION). IF THE TRANSFER RESTRICTIONS ARE VIOLATED, THEN THE TRANSFER WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEREE OF THE STOCK WILL BE REQUIRED TO TRANSFER EXCESS SECURITIES (AS DEFINED IN THE RESTATED CERTIFICATE OF INCORPORATION) TO THE COMPANY'S AGENT. IN THE EVENT OF A TRANSFER WHICH DOES NOT INVOLVE SECURITIES OF THE COMPANY WITHIN THE MEANING OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE ("SECURITIES") BUT WHICH WOULD VIOLATE THE TRANSFER RESTRICTIONS, THE PURPORTED TRANSFEREE (OR THE RECORD OWNER) OF THE SECURITIES THAT VIOLATE THE TRANSFER RESTRICTIONS WILL BE REQUIRED TO TRANSFER SUFFICIENT SECURITIES PURSUANT TO THE TERMS PROVIDED FOR IN THE RESTATED CERTIFICATE OF INCORPORATION TO CAUSE THE 4.99-PERCENT STOCKHOLDER TO NO LONGER BE IN VIOLATION OF THE TRANSFER RESTRICTIONS. THE COMPANY WILL FURNISH WITHOUT CHARGE TO THE HOLDER OF RECORD OF THIS CERTIFICATE A COPY OF THE RESTATED CERTIFICATE OF INCORPORATION CONTAINING THE ABOVE-REFERENCED TRANSFER RESTRICTIONS UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS."

The Board of Directors may also require that any certificates issued by the Company evidencing ownership of shares of Stock that are subject to conditions imposed by the Board of Directors under **Section 3** of this **Article SEVENTEENTH** also bear a conspicuous legend referencing the applicable restrictions.

Section 12. Authority of Board of Directors.

(a) The Board of Directors shall have the power to determine all matters necessary for assessing compliance with this **Article SEVENTEENTH**, including, without limitation, (1) the identification of 4.99-percent Stockholders, (2) whether a Transfer is a 4.99-percent Transaction or a Prohibited Transfer, (3) the Percentage Stock Ownership in the Company of any 4.99-percent Stockholder, (4) whether an instrument constitutes a Company Security, (5) the amount (or fair market value) due to a Purported Transferee pursuant to Section 6 of this **Article SEVENTEENTH**, and (6) any other matters which the Board of Directors determines to be relevant; and the good faith determination of the Board of Directors on such matters shall be conclusive and binding for all the purposes of this **Article SEVENTEENTH**. In addition, the Board of Directors may, to the extent permitted by law, from time to time establish, modify, amend or rescind by-laws, regulations and procedures of the Company not inconsistent with the provisions of this **Article SEVENTEENTH** for purposes of determining whether any Transfer of Company Securities would jeopardize or endanger the Company's ability to preserve and use the Tax Benefits and for the orderly application, administration and implementation of this **Article SEVENTEENTH**.

(b) Nothing contained in this **Article SEVENTEENTH** shall limit the authority of the Board of Directors to take such other action to the extent permitted by law as it deems necessary or advisable to protect the Company and its stockholders in preserving the Tax Benefits. Without limiting the generality of the foregoing, in the event of a change in law making one or more of the following actions necessary or desirable, the Board of Directors may, by adopting a written resolution, (1) accelerate the Expiration Date, (2) modify the ownership interest percentage in the Company or the Persons or groups covered by this **Article SEVENTEENTH**, (3) modify the definitions of any terms set forth in this **Article SEVENTEENTH** or (4) modify the terms of this **Article SEVENTEENTH** as appropriate, in each case, in order to prevent an ownership change for purposes of Section 382 of the Code as a result of any changes in applicable Treasury Regulations or otherwise; provided, however, that the Board of Directors shall not cause there to be such acceleration or modification unless it determines, by adopting a written resolution, that such action is reasonably necessary or advisable to preserve the Tax Benefits or that the continuation of these restrictions is no longer reasonably necessary for the preservation of the Tax Benefits. Stockholders of the Company shall be notified of such determination through a filing with the Securities and Exchange Commission or such other method of notice as the Secretary of the Company shall deem appropriate.

(c) In the case of an ambiguity in the application of any of the provisions of this **Article SEVENTEENTH**, including any definition used herein, the Board of Directors shall have the power to determine the application of such provisions with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances. In the event this **Article SEVENTEENTH** requires an action by the Board of Directors but fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this **Article SEVENTEENTH**. All such actions, calculations, interpretations and determinations which are done or made by the Board of Directors in good faith shall be conclusive and binding on the Company, the Agent, and all other parties for all

other purposes of this **Article SEVENTEENTH**. The Board of Directors may delegate all or any portion of its duties and powers under this **Article SEVENTEENTH** to a committee of the Board of Directors as it deems necessary or advisable and, to the fullest extent permitted by law, may exercise the authority granted by this **Article SEVENTEENTH** through duly authorized officers or agents of the Company. Nothing in this **Article SEVENTEENTH** shall be construed to limit or restrict the Board of Directors in its exercise of its fiduciary duties under applicable law.

Section 13. Reliance. To the fullest extent permitted by law, the Company and the members of the Board of Directors shall be fully protected in relying in good faith upon the information, opinions, reports or statements of the chief executive officer, the chief financial officer, the chief accounting officer or the corporate controller of the Company and the Company's legal counsel, independent auditors, transfer agent, investment bankers or other employees and agents in making the determinations and findings contemplated by this **Article SEVENTEENTH**. The members of the Board of Directors shall not be responsible for any good faith errors made in connection therewith. For purposes of determining the existence and identity of, and the amount of any Company Securities owned by, any stockholder, the Company is entitled to rely on the existence and absence of filings of Schedule 13D or 13G under the Securities and Exchange Act of 1934, as amended (or similar filings), as of any date, subject to its actual knowledge of the ownership of Company Securities.

Section 14. Benefits of this Article SEVENTEENTH. Nothing in this **Article SEVENTEENTH** shall be construed to give to any Person other than the Company or the Agent any legal or equitable right, remedy or claim under this **Article SEVENTEENTH**. This **Article SEVENTEENTH** shall be for the sole and exclusive benefit of the Company and the Agent.

Section 15. Severability. The purpose of this **Article SEVENTEENTH** is to facilitate the Company's ability to maintain or preserve its Tax Benefits. If any provision of this **Article SEVENTEENTH** or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this **Article SEVENTEENTH**.

Section 16. Waiver. With regard to any power, remedy or right provided herein or otherwise available to the Company or the Agent under this **Article SEVENTEENTH**, (i) no waiver will be effective unless expressly contained in a writing signed by the waiving party and (ii) no alteration, modification or impairment will be implied by reason of any previous waiver, extension of time, delay or omission in exercise or other indulgence.

Third: That, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by applicable law was voted in favor of the Amendment.

Fourth: That said Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Restated Certificate of Incorporation to be executed on this ___ day of _____, 2018.

STEEL CONNECT, INC.

By:
Name: Louis J. Belardi
Title: Chief Financial Officer

APPENDIX B – Tax Plan

TAX BENEFITS PRESERVATION PLAN

dated as of

January 19, 2018

between

MODUSLINK GLOBAL SOLUTIONS, INC.

and

American Stock Transfer & Trust Company, LLC

as Rights Agent

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(continued)

EXHIBITS

TAX BENEFITS PRESERVATION PLAN

TAX BENEFITS PRESERVATION PLAN, dated as of January 19, 2018 (the "Agreement"), between ModusLink Global Solutions, Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company (the "Rights Agent").

W I T N E S S E T H:

WHEREAS, on January 19, 2018 (the "Rights Dividend Declaration Date"), the Board of Directors of the Company (the "Board") authorized and declared a dividend distribution of one Right (as hereinafter defined) for each share of Common Stock (as hereinafter defined) outstanding at the close of business on January 29, 2018 (the "Record Date"), and has authorized the issuance of one Right (as such number may hereinafter be adjusted pursuant to the provisions of Section 11(p) hereof) for each share of Common Stock issued between the Record Date and the Distribution Date (as hereinafter defined) and in certain other circumstances provided herein, each Right initially representing the right to purchase one one-thousandth of a share of Preferred Stock (as hereinafter defined), having the rights, powers and preferences set forth in the Certificate of Designations, Preferences and Rights of Series D Junior Participating Preferred Stock attached hereto as Exhibit A, upon the terms and subject to the conditions hereinafter set forth (the "Rights"); and

WHEREAS, the Company has generated or expects to generate certain Tax Benefits (as defined herein) for United States federal income tax purposes, such Tax Benefits may potentially provide valuable benefits to the Company, the Company desires to avoid an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (as defined herein) promulgated thereunder, and thereby preserve the Company's ability to fully utilize such Tax Benefits and certain built-in losses, and, in furtherance of such objective, the Company desires to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 4.99% or more of the shares of Common Stock then outstanding, whether or not such person continues to be the Beneficial Owner of 4.99% or more of the shares of Common Stock then outstanding, but shall not include:

(i) the Company;

(ii) any Subsidiary of the Company;

(iii) any employee benefit plan of the Company, or of any Subsidiary of the Company, or any Person organized, appointed or established by the Company for or pursuant to the terms of any such plan;

(iv) any Person that becomes a Beneficial Owner of 4.99% or more of the shares of Common Stock then outstanding as a result of (A) a reduction in the number of Company Securities outstanding due to the repurchase of Company Securities by the Company or (B) a stock dividend, stock split, reverse stock split or similar transaction effected by the Company, in each case unless and until such Person increases its Percentage Stock Ownership by any amount over such Person's lowest Percentage Stock Ownership on or after the consummation of the relevant transaction, excluding for these purposes any increase solely resulting from any subsequent transaction described in clauses (A) and (B) of this Section 1(a)(iv) or shares the Beneficial Ownership of which was acquired with the Prior Approval of the Company;

(v) any Person that, together with all Affiliates and Associates of such Person, (x) was a Beneficial Owner of 4.99% or more of the shares of Common Stock then outstanding on the date hereof (as disclosed in public filings with the Securities and Exchange Commission on the date of this Agreement), or (y) becomes a Beneficial Owner of 4.99% or more of the shares of Common Stock then outstanding solely as a result of a transaction pursuant to which such Person received the Prior Approval of the Company, unless after the date of this Agreement or the date of the relevant transaction, as applicable, such Person (A) increases its Percentage Stock Ownership by any amount over such Person's lowest Percentage Stock Ownership on or after the date of this Agreement or the date of the relevant transaction, as applicable, excluding for these purposes any increase solely resulting from any subsequent transaction described in clauses (A) and (B) of Section 1(a)(iv) or shares the Beneficial Ownership of which was acquired with the Prior Approval of the Company; or (B) decreases its Percentage Stock Ownership below 4.99%;

(vi) any Person that, within ten (10) Business Days of being requested by the Company to do so, certifies to the Company that such Person became an Acquiring Person inadvertently or without knowledge of the terms of the Rights and who or which, together with all Affiliates and Associates, thereafter within ten (10) Business Days following such certification disposes of such number of shares of Common Stock so that it, together with all Affiliates and Associates, ceases to be an Acquiring Person; provided, however, that if the Person requested to so certify or dispose of shares of Common Stock fails to do so within ten (10) Business Days, then such Person shall become an Acquiring Person immediately after such ten (10) Business Day period; and

(vii) any Person (including an Exempt Person) that the Board has affirmatively determined in its sole discretion, prior to the Distribution Date, in light of the intent and purposes of this Agreement or other circumstances facing the Company, shall not be deemed an Acquiring Person, for so long as such Person complies with any limitations or conditions (including disposition of shares of Common Stock) required by the Board in making such determination.

For the avoidance of doubt, and notwithstanding anything to the contrary herein, for purposes of calculation of the numerator (but not the denominator) of any fraction used to determine (i) whether a Person's Beneficial Ownership of Common Stock then outstanding equals or exceeds 4.99% and (ii) such Person's Percentage Stock Ownership, a Person shall be treated as Beneficially Owning all Company Securities that, in the case of an Option, such Person would Beneficially Own if the Option were exercised in full (on a gross basis) without regard to any contingencies, vesting or other restrictions, and, in the case of a Derivative, in whole or in part are referenced by or form the basis of such Derivative.

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Without limiting the foregoing, at the election of the Board (which election shall be in the sole determination of the Board), if any Person is not otherwise an Acquiring Person pursuant to this Section 1(A), such Person shall nevertheless be treated as an Acquiring Person for purposes of this Agreement if that Person would be treated as a "5-percent stockholder" for purposes of Section 382 of the Code (substituting "4.99" for "five" or "5," as applicable, each time "five" or "5" is used in or for purposes of Section 382 of the Code), by application of either the constructive ownership and aggregation rules under Section 382 of the Code or the Beneficial Ownership rules under this Plan (including, but not limited to, a Person's Beneficial Ownership with respect to an Option and a Derivative described in this Section 1(a)), or any combination of the foregoing rules, in all cases applied in a manner that would result in the greatest Beneficial Ownership of Common Stock then outstanding by or Percentage Stock Ownership of such Person.

(b) "Adjustment Shares" shall have the meaning set forth in Section 11(a)(ii) hereof.

(c) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act. The terms "Affiliate" and "Associate" shall also include, with respect to any Person, any other Person whose shares of Common Stock would be deemed to be constructively owned by such first Person, owned by a single "entity" as defined in Section 1.382-3(a)(1) of the Treasury Regulations with respect to such first Person, or otherwise aggregated with shares owned by such first Person pursuant to the provisions of Section 382 of the Code, or any successor provision or replacement provision, and the Treasury Regulations thereunder.

(d) "Agreement" shall have the meaning set forth in the preamble to this Agreement.

(e) "Appropriate Officer" shall mean the Chief Executive Officer and President, the Chief Financial Officer, Chief Accounting Officer, Chief Operating Officer, Treasurer or Secretary of the Company; and for purposes of signing the Rights Certificates, shall mean the Chairman or Vice Chairman of the Board, if any, or the President, or an Executive Vice President or a Vice President and by the Secretary, or an Assistant Secretary, or the Treasurer or an Assistant Treasurer of the Company.

(f) A Person shall be deemed to be the "Beneficial Owner" of, and shall be deemed to "beneficially own" and have "beneficial ownership" of any Company Securities:

(i) that such Person, or any of such Person's Affiliates or Associates, directly owns, would be deemed constructively to own pursuant to Sections 1.382-2T(h) and 1.382-4(d) of the Treasury Regulations, owns pursuant to a "coordinated acquisition" treated as a single "entity" as defined in Section 1.382-3(a)(1) of the Treasury Regulations, or are otherwise aggregated with Company Securities owned by such Person, pursuant to the provisions of Section 382 of the Code and the Treasury Regulations thereunder;

(ii) that such Person, or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote (including the power to vote or to direct the voting of) or dispose (or direct the disposition) of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations promulgated under the Exchange Act, as in effect on the Rights Dividend Declaration Date), including pursuant to any agreement, arrangement or understanding whether or not in writing, but only if the effect of such agreement, arrangement or understanding is to treat such Persons as an "entity" pursuant to Section 1.382-3(a)(1) of the Treasury Regulations; *provided*, *however*, that a Person will not be deemed to beneficially own, or have beneficial ownership of, any security pursuant to this Section 1(f)(ii) as a result of an agreement, arrangement or understanding whether or not in writing to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations promulgated under the Exchange Act; and (B) is not also then reportable by such Person on Schedule 13D pursuant to the Exchange Act (or any comparable or successor report); and

(iii) that, in whole or in part, are referenced by or otherwise relate to any Derivative that such Person owns or would be treated as owning under Section 1(f)(i) or (ii) hereof.

(g) "Board" shall have the meaning set forth in the recitals to this Agreement.

(h) "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) "close of business" on any given date shall mean 5:00 P.M., New York City time, on such date; provided, however, that if such date is not a Business Day, it shall mean 5:00 P.M., New York City time, on the next succeeding Business Day.

(j) "Code" shall have the meaning set forth in the recitals to this Agreement.

(k) "Common Stock" shall mean the common stock, par value $0.01 per share, of the Company, except that "Common Stock" when used with reference to any Person other than the Company shall mean the capital stock of such Person with the greatest voting power, or the equity securities or other equity interest having power to control or direct the management, of such Person (or, if such Person is a Subsidiary of another Person, the Person or Persons that ultimately control such first mentioned Person).

(l) "Common Stock Equivalents" shall have the meaning set forth in Section 11(a)(iii) hereof.

(m) "Company" shall have the meaning set forth in the preamble to this Agreement.

(n) "Company Securities" shall mean (i) shares of Common Stock, (ii) shares of preferred stock (other than preferred stock described in Section 1504(a)(4) of the Code) of the Company, (iii) Options, (iv) Derivatives, and (v) any other interest that would be treated as "stock" of the Company pursuant to Section 1.382-2T(f)(18) of the Treasury Regulations.

(o) "Current Market Price" shall have the meaning set forth in Section 11(d)(i) hereof.

(p) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(q) "Derivative" shall mean, to the extent not otherwise treated as an option within the meaning of Section 1.382-4(d)(9) of the Treasury Regulations, any swap, total return swap, notional principal contract, futures contract, forward contract, participation note, equity linked instrument, or any other instrument or arrangement that provides any Person, in whole or in part, with the economic equivalent of the Beneficial Ownership of any Company Security, regardless of whether (i) such instrument or arrangement conveys any voting rights in Company Securities to such Person, (ii) such instrument or arrangement is required to be, or capable of being, settled through delivery of Company Securities, or (iii) such Person may have entered into other transactions that hedge the economic effect of such instrument or arrangement.

(r) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(s) "Equivalent Preferred Stock" shall have the meaning set forth in Section 11(b) hereof.

(t) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(u) "Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

(v) "Exempt Person" means any Person deemed to be an "Exempt Person" in accordance with Section 30 or Section 31 hereof.

(w) "Exemption Request" shall have the meaning set forth in Section 30 hereof.

(x) "Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(y) "Final Expiration Date" shall mean the earlier of (i) 11:59 p.m., New York City time, on the date that the votes of the stockholders of the Company, with respect to the Company's next annual meeting or special meeting of stockholders are certified (which date and time shall be in no event later than 11:59 P.M., New York City time, on January 18, 2019), unless the continuation of the Agreement is approved by the affirmative vote of the majority of shares of Common Stock present in person or represented by proxy at such meeting of stockholders (or any adjournment or postponement thereof) duly held in accordance with the Company's Fourth Amended and Restated Bylaws and applicable law (in which case clause (ii) will govern); or (ii) 11:59 p.m., New York City time, on January 18, 2021.

(z) "NASDAQ" means The NASDAQ Global Select Market.

(aa) "Option" means any option, warrant, convertible security, derivative (to the extent treated as an option within the meaning of Section 1.382-4(d)(9) of the Treasury Regulations), or other similar right relating to or for the purchase of a Company Security (including, but not limited to, any contingent right or right to acquire any of the foregoing rights, and any "option" within the meaning of Section 1.382-4(d)(9) of the Treasury Regulations); provided, however, that this definition shall exclude in all cases any options or similar rights issued by the Company to a Person pursuant to an equity compensation plan or similar plan.

(bb) "Percentage Stock Ownership" shall mean the percentage stock ownership of the Common Stock determined in accordance with Sections 1.382-2(a)(3), 1.382-2T(g), (h), (j) and (k), 1.382-3(a), and 1.382-4(d) of the Treasury Regulations; provided, however, that for the sole purpose of determining the percentage stock ownership of any entity (and not for the purpose of determining the percentage stock ownership of any other Person), Company Securities held by such entity shall not be treated as no longer owned by such entity pursuant to Section 1.382-2T(h)(2)(i)(A) of the Treasury Regulations.

(cc) "Person" shall mean any individual, firm, corporation, partnership, limited liability company, limited liability partnership, trust, association, syndicate or other entity, group of persons making a "coordinated acquisition" of Company Securities or otherwise treated as an entity within the meaning of Treasury Regulations Section 1.382-3(a)(1) or otherwise, and includes an unincorporated group of persons who, by formal or informal agreement or arrangement (whether or not in writing), have embarked on a common purpose or act, and also includes any successor (by merger or otherwise) of any such individual or entity.

(dd) "Preferred Stock" shall mean shares of Series D Junior Participating Preferred Stock, par value $0.01 per share, of the Company, and, to the extent that there are not a sufficient number of shares of Series D Junior Participating Preferred Stock authorized to permit the full exercise of the Rights, any other series of preferred stock of the Company designated for such purpose containing terms substantially similar to the terms of the Series D Junior Participating Preferred Stock.

(ee) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

(ff) "Prior Approval of the Company" shall mean the prior express written consent of the Company to the actions in question, executed on behalf of the Company by a duly authorized officer of the Company following express approval by action of at least a majority of the members of the Board then in office, provided that a Person shall be treated as having received the Prior Approval of the Company for an acquisition of Company Securities if such Person acquires such Company Securities from the Company pursuant to an issuance by the Company that was approved by, or that was authorized pursuant to an agreement that was approved by, the Board (or a duly authorized committee thereof). The issuance of Common Stock upon the exercise or conversion of any Company Securities so approved shall also be treated as having received the Prior Approval of the Company. The process for seeking Prior Approval of the Company is set forth in Section 30 hereof.

(gg) "Purchase Price" shall have the meaning set forth in Section 4(a) hereof.

(hh) "Record Date" shall have the meaning set forth in the recitals to this Agreement.

(ii) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.

(jj) "Requesting Person" shall have the meaning set forth in Section 30 hereof.

(kk) "Rights" shall have the meaning set forth in the recitals to this Agreement.

(ll) "Rights Agent" shall have the meaning set forth in the preamble to this Agreement.

(mm) "Rights Certificate" shall have the meaning set forth in Section 3(a) hereof.

(nn) "Rights Dividend Declaration Date" shall have the meaning set forth in the recitals to this Agreement.