

ModusLink Global Solutions Inc
Form 8-K
November 08, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2013

ModusLink Global Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

001-35319
(Commission

File No.)

04-2921333
(IRS Employer

Identification No.)

1601 Trapelo Road, Suite 170
Waltham, Massachusetts
(Address of principal executive offices)

02451
(Zip Code)

(781) 663-5000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e)

On November 5, 2013, the Human Resources and Compensation Committee (the Compensation Committee) of the Board of Directors of ModusLink Global Solutions, Inc. (the Company) took several actions with respect to executive compensation.

Executive Management Incentive Plan

The Compensation Committee approved the ModusLink Global Solutions, Inc. FY2014 Executive Management Incentive Plan (the Bonus Plan). The Bonus Plan is designed to recognize and reward the achievement of financial, business and management goals that are essential to the success of the Company and its subsidiaries. The Bonus Plan relates to the Company's fiscal year ending July 31, 2014. The Bonus Plan covers certain executive officers of the Company, as determined by the Compensation Committee. Target bonus percentages (the Payout Percentage) for participating executive officers (the Participants) are set forth below.

Performance under the Bonus Plan will be measured based upon the Company's fiscal 2014 results for Adjusted EBITDA, Revenue Excluding Materials and Cash Conversion Cycle, each as defined in the Bonus Plan and according to the threshold, target and maximum performance level for each metric set forth below. A percentage of each Participant's Payout Percentage will be allocated to each of the relevant components for that Participant on a 70%, 15%, 15% basis among Adjusted EBITDA, Revenue Excluding Materials and Cash Conversion Cycle, respectively. An individual performance factor between 0.5 and 1.5 (inclusive) will also influence the payout amount. The individual performance factor will be determined by the President and Chief Executive Officer for each Participant and by the Committee for the President and Chief Executive Officer, based on the Participant's performance against goals to be developed with such Participant.

In the event that Adjusted EBITDA, Revenue Excluding Materials or Cash Conversion Cycle performance exceeds target levels, the related payout shall be subject to an accelerator which may result in payment of up to two times the participant's target bonus provided that the performance reaches a stated maximum amount.

A Participant's Payout Amount will be calculated by multiplying for each component (A) the Payout Percentage, by (B) the weight percentage associated with each component, by (C) the achievement level for such component, by (D) the accelerator, if any, by (E) the Participant's base salary; and then adding the resulting amounts. This amount will then be multiplied by the individual performance factor, resulting in the actual payout to the Participant. If the employee's Payout Percentage changes during the Fiscal Year, the bonus payout will be pro-rated as follows: The new Payout Percentage will apply to the number of full months at the new percentage. The previous Payout Percentage will apply to the prior months.

The foregoing description is subject to, and qualified in its entirety by, the Bonus Plan filed as an exhibit hereto, which exhibit is incorporated herein by reference.

Bonus Targets

The Compensation Committee approved the bonus targets, as a percentage of base salary, for fiscal year 2014 for the executive officers named in the table below:

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| Name | Bonus Target % |
|------------------|-------------------------------|
| John J. Boucher | 100% |
| Steven G. Crane | 70% |
| Scott R. Crawley | 70% |

Performance-Based Restricted Stock Bonus Plan

The Compensation Committee established the ModusLink Global Solutions FY2014 Performance-Based Restricted Stock Bonus Plan (the "Restricted Stock Bonus Plan"), for the issuance of performance-based restricted shares of the Company's common stock to each of the Company's executive officers and other senior executives. The award of restricted shares of common stock under this plan is contingent upon the Company's achievement of certain levels of Adjusted EBITDA (as defined under the Bonus Plan) for fiscal 2014, and is subject to additional awards based on the level of revenue achieved by the Company in fiscal 2014, as discussed in more detail below. No awards will be made under the plan if a minimum level of Adjusted EBITDA is not achieved. If the threshold level is achieved, participants will receive an award beginning at the threshold level or greater, as described below.

Awards would be made, if at all, on the third business day following the day the Company publicly releases its financial results for the fiscal year ending July 31, 2014. Any awards of restricted shares under the Restricted Stock Bonus Plan would vest in three equal installments, on the first, second and third anniversaries of the grant date provided the recipient remains employed by the Company, or a subsidiary of the Company, on each such vesting date. Below are the awards which would be made if the performance criteria are met, for each executive officer, subject to a straight line sliding scale between the threshold and target levels, and if between Target and Maximum, award calculation shall be consistent with the accelerator under the FY2014 Executive Management Incentive Plan:

| Name | Value of Restricted Stock | | |
|------------------|---------------------------|------------|--------------|
| | Threshold | Target | Maximum |
| John J. Boucher | \$ 300,000 | \$ 600,000 | \$ 1,200,000 |
| Steven G. Crane | \$ 90,500 | \$ 181,000 | \$ 362,000 |
| Scott R. Crawley | \$ 95,100 | \$ 190,200 | \$ 380,400 |

The foregoing description is subject to, and qualified in its entirety by, the Company's FY2014 Performance Based Restricted Stock Plan filed as an exhibit hereto, which exhibit is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The exhibits listed in the Exhibit Index below are filed with this report.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ModusLink Global Solutions, Inc.

Date: November 8, 2013

By: /s/ Steven G. Crane

Name: Steven G. Crane

Title: Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|------------------------|--|
| 10.1 | ModusLink Global Solutions, Inc. FY2014 Executive Management Incentive Plan. |
| 10.2 | ModusLink Global Solutions, Inc. FY2014 Performance Based Restricted Stock Plan. |