

ModusLink Global Solutions Inc  
Form DEFA14A  
January 20, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**ModusLink Global Solutions, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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(6) Amount Previously Paid:

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

(8) Filing Party:

(9) Date Filed:



On January 20, 2012, ModusLink Global Solutions, Inc. gave the following presentation at its 2011 Annual Meeting of Stockholders.

2011 Annual Meeting of Stockholders

SEC Safe Harbor Statement

2

Forward looking Statement

This

presentation

contains

forward-looking

statements,

which

address

a

variety

of

subjects

including,

for

example,

the

Company's

plan

for

sustained

growth

in

revenue

and

profits;

the

Company's

assessment

of

the

long-term

prospects

for

its

market

and

the

BPO

market;

the

trend

toward

outsourcing

key  
processes;  
the  
opportunity  
for  
new  
programs  
and  
integrated  
solutions  
in  
our  
client  
base;  
the  
potential  
benefits  
of  
the  
investment  
and  
cost  
reduction  
plan  
including  
increased  
revenue  
from  
new  
programs,  
improved  
profitability,  
sales  
acceleration,  
increased  
market  
penetration,  
cost  
alignment,  
working  
capital  
improvements  
and  
improved  
results  
from  
new  
leadership;  
the  
expected

annualized  
costs  
savings  
and  
benefits  
in  
fiscal  
2012  
and  
2013  
as  
a  
result  
of  
the  
investment  
and  
cost  
reduction  
plan;  
the  
level  
of  
reinvestment  
in  
sales  
and  
marketing  
and  
other  
initiatives  
in  
fiscal  
2012  
and  
2013;  
and  
the  
impact  
of  
the  
tax  
benefit  
preservation  
plan.  
All  
statements  
other  
than  
statements



of  
historical  
fact,  
including  
without  
limitation,  
those  
with  
respect  
to  
the  
Company's  
goals,  
plans,  
expectations  
and  
strategies  
set  
forth  
herein  
are  
forward-looking  
statements.  
The  
following  
important  
factors  
and  
uncertainties,  
among  
others,  
could  
cause  
actual  
results  
to  
differ  
materially  
from  
those  
described  
in  
these  
forward-looking  
statements:  
the  
Company's  
success,  
including  
its

ability  
to  
meet  
its  
revenue,  
operating  
income  
and  
cost  
savings  
targets,  
maintain  
and  
improve  
its  
cash  
position,  
expand  
its  
operations  
and  
revenue,  
lower  
its  
costs,  
improve  
its  
gross  
margins,  
reach  
and  
sustain  
profitability,  
reach  
its  
long-term  
objectives  
and  
operate  
optimally,  
depends  
on  
its  
ability  
to  
execute  
on  
its  
business  
strategy,

including  
the  
investment  
and  
costs  
savings  
plan  
and  
the  
continued  
and  
increased  
demand  
for  
and  
market  
acceptance  
of  
its  
services;  
global  
economic  
conditions,  
especially  
in  
the  
technology  
sector  
are  
uncertain  
and  
subject  
to  
volatility;  
demand  
for  
our  
clients  
products  
may  
decline  
or  
may  
not  
achieve  
the  
levels  
anticipated  
by  
our

clients;  
the  
Company's  
management  
may  
face  
strain  
on  
managerial  
and  
operational  
resources  
as  
they  
try  
to  
over  
see  
the  
expanded  
operations;  
the  
Company  
may  
not  
realize  
the  
expected  
benefits  
of  
its  
restructuring  
and  
cost  
cutting  
actions;  
the  
Company  
may  
not  
be  
able  
to  
expand  
its  
operations  
in  
accordance  
with  
its

business  
strategy;  
the  
Company's  
cash  
balances  
may  
not  
be  
sufficient  
to  
allow  
the  
Company  
to  
meet  
all  
of  
its  
business  
and  
investment  
goals;  
the  
Company  
may  
experience  
difficulties  
integrating  
technologies,  
operations  
and  
personnel  
in  
accordance with  
its  
business  
strategy;  
the  
Company  
derives  
a  
significant  
portion  
of  
its  
revenue  
from  
a  
small

number  
of  
customers  
and  
the  
loss  
of  
any  
of  
those  
customers  
could  
significantly  
damage  
the  
Company's  
financial  
condition and results of operations; the Company frequently sells to its supply chain management clients on a purchase order basis with a minimum purchase requirements, and therefore its sales and the amount of projected revenue that is actually realized are subject to demand variability; risks inherent with conducting international operations; tax rate expectations are

based  
on  
current  
tax  
law  
and  
current  
expected  
income  
and  
may  
be  
affected  
by  
the  
jurisdictions  
in  
which  
profits  
are  
determined  
to  
be  
earned  
and  
taxed,  
changes  
in  
estimates  
of  
credits,  
benefits  
and  
deductions,  
the  
resolution  
of  
issues  
arising  
from  
tax  
audits  
with  
various  
tax  
authorities,  
including  
payment  
of  
interest

and  
penalties  
and  
the  
ability  
to  
realize  
deferred  
tax  
assets;  
the  
potential  
tax  
benefits  
represented  
by  
the  
net  
operating  
loss  
carryforwards  
may  
not  
be  
realized  
and  
the  
tax  
benefit  
preservation  
plan  
may  
not  
be  
effective  
in  
preserving  
those  
benefits;  
the  
mergers  
and  
acquisitions  
and  
IPO  
markets  
are  
inherently  
unpredictable  
and



liquidity  
events  
for  
companies  
in  
the  
Company's  
venture  
capital  
portfolio  
may  
not  
occur;  
increased  
competition  
and  
technological  
changes  
in  
the  
markets  
in  
which  
the  
Company  
competes;  
and  
the  
Company's  
review  
of  
strategic  
alternatives  
may  
not  
ultimately  
lead  
to  
a  
transaction  
that  
results  
in  
increased  
value  
to  
its  
stockholders.  
For  
a

detailed  
discussion  
of  
cautionary  
statements  
that  
may  
affect  
the  
Company's  
future  
results  
of  
operations  
and  
financial  
results,  
please  
refer  
to  
the  
Company's  
filings  
with  
the  
Securities  
and  
Exchange  
Commission,  
including  
the  
Company's  
most  
recent  
Annual  
Report  
on  
Form  
10-K  
and  
Quarterly  
Reports  
on  
Form  
10-Q.  
Forward-looking  
statements  
represent  
management's  
current

expectations  
and  
are  
inherently  
uncertain.  
We  
do  
not  
undertake  
any  
obligation  
to  
update  
forward-looking  
statements  
made  
by  
us.

Important Additional Information

On  
December  
2,  
2011,  
ModusLink  
filed  
with  
the  
Securities  
and  
Exchange  
Commission  
(the  
SEC )  
a  
definitive  
proxy  
statement  
in  
connection  
with  
its  
2011  
annual  
meeting  
of  
stockholders  
(the  
2011  
Annual  
Meeting )

and  
has  
mailed  
the  
definitive  
proxy  
statement  
to  
its  
stockholders.

The  
definitive  
proxy  
statement  
contains  
important  
information  
concerning  
the  
identity  
and  
interests  
of  
ModusLink's  
directors,  
director  
nominees  
and  
certain  
of  
its  
officers  
and  
employees  
that  
may  
be  
deemed,  
along  
with  
ModusLink,  
to  
be  
participants  
in  
the  
solicitation  
of  
ModusLink's  
stockholders

in  
connection  
with  
the  
2011  
Annual  
Meeting.  
Copies  
of  
ModusLink's  
definitive  
proxy  
statement,  
any  
other  
relevant  
documents  
and  
other  
materials  
filed  
with  
the  
SEC  
concerning  
ModusLink,  
when  
filed,  
may  
be  
obtained  
free  
of  
charge  
at  
[www.sec.gov](http://www.sec.gov)  
and  
[www.ir.moduslink.com](http://www.ir.moduslink.com).  
The  
definitive  
proxy  
statement  
and  
any  
other  
relevant  
documents  
filed  
with  
the

SEC  
contain  
(or  
will  
contain)  
important  
information,  
and  
stockholders  
should  
carefully  
read  
the  
definitive  
proxy  
statement,  
the  
accompanying  
WHITE  
proxy  
card  
and  
other  
materials  
filed  
with  
the  
SEC  
when  
they  
become  
available  
before  
making  
any  
voting  
decision.

Investor Highlights

Market leader in Supply Chain Business Process Outsourcing

\$25 billion addressable market

More than \$875 million in FY2011 revenue

Returned nearly \$97 million of cash since beginning of fiscal 2008

\$57 million of stock repurchases

12% reduction of outstanding shares

\$40 million (\$0.91 per share) special dividend to stockholders in March 2011

More than 70% of revenues from Fortune 1000 companies

Strong balance sheet\*:

No debt; approximately \$110 million of cash

Strong liquidity: current ratio of 1.8x

Legacy CMGI NOL s of \$2 billion

\*At October 31, 2011

3



Company Snapshot

ModusLink is a leader in global supply chain business process management, providing clients with a broad and integrated portfolio of solutions

4

Improving Outlook for BPO Market  
Worldwide BPO Spending 2008  
2015:  
Source: Gartner -  
Q2 2011  
5

Problems We Solve for Clients

\* 2012

16

th

Annual

Third

Party

Logistics

Study

59%

54%

41%

37%

36%

Price Pressure to Reduce Operating Costs

Global Supply Chain Complexity

Lack of Supply Chain Visibility

Volatile/Unpredictable Demand

Supply Chain Disruptions

ModusLink's solutions help clients solve their most significant supply chain challenges

Top logistics challenges for electronics companies\*

6

ModusLink Serves Highly Dynamic Core Markets

Computing

Software

Communications

Storage

Consumer

Electronics

\* Images are representative of product type and not specific products handled or clients served.

7

Our Long Term Strategy

8

\* Gartner -

Q2 2011

9

Fiscal 2011 Financial Results

Recession created adverse conditions for our clients, which in turn impacted ModusLink

Use of fewer materials in packaged products

Pricing

Unit volumes (and its effect on revenue mix)

Lower SG&A due to strong cost management initiatives

Impairment charges reflect economic and competitive effects on acquired businesses;

significant changes made to  
improve results

\* Twelve months ended July 31, 2011

\*\* Twelve months ended July 31, 2010

9



10

Most Recent Quarter  
First quarter fiscal 2012  
Revenue reflects lower  
volumes from certain client  
programs, especially in  
Europe and the Americas  
Favorable revenue mix and  
benefits from cost reduction  
actions had a positive effect  
on profitability

Achieved highest gross profit  
margin in nearly two years

Reported first operating income  
in six quarters

\* Three months ended Oct. 31, 2011

\*\* Three months ended Oct. 31, 2010

10

Capitalization and Liquidity

Maintained strong balance sheet and liquidity

\* \$40 million cash special dividend was paid to stockholders on March 31, 2011

11

(US Millions)

Total Debt

-

\$

0%

Cash & Cash Equivalents

111.5

\$

Total Common Equity

242.1

\$

100%

Marketable Securities

0.1

\$

Total Capitalization

242.1

\$

100%

Total Cash & Marketable Sec.

111.7

\$

FY2005

FY2006

FY2007

FY2008

FY2009

FY2010

FY2011

Q1FY2012

Current Assets

\$449.1

\$ 495.6

\$ 540.6

\$ 473.9

\$ 426.1

\$ 409.7

\$ \*345.7

\$ 404.6

Current Liabilities

\$224.4

\$ 213.4

\$ 220.4

\$ 235.2

\$ 189.1

\$ 187.1

\$ 161.5

\$ 219.3

Current Ratio

2.0x

2.3x

2.5x

2.0x

2.3x

2.2x

2.1x

1.8x

Capital Structure

As of October 31, 2011

Cash & Marketable Securities

As of October 31, 2011

Liquidity

Implementing Our Investment  
and Cost Reduction Plan in Fiscal 2012

Executing an investment and  
cost reduction plan to:

Increase revenue from new  
programs

Improve profitability

Put new leadership in place to

drive improved results

12

Cost Alignment &  
Working Capital

Improvements

Strengthening

Leadership

Sales Acceleration

& Increased

Market Penetration

13

\* Estimated impact relative to base year, fiscal 2011

Investment and Cost Reduction Plan:

Summary

13

Actions to Enhance Stockholder Value Since Last  
Year's Annual Meeting

Continued focus on improving financial performance through  
implementation of investment and cost reduction plan

Returned \$40 million to stockholders through special dividend

Enhanced corporate governance

Separated Chairman and CEO roles

Adopted a tax benefit preservation plan

Commenced review of strategic alternatives

Board has formed a committee comprised of independent directors that  
are currently conducting the review and will make associated  
recommendations to the full board

14

15  
Thank You  
15