

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): December 17, 2019

Steel Connect, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	001-35319	04-2921333
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1601 Trapelo Road, Suite 170 Waltham, Massachusetts	02451
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (781) 663-5000

(Former Name or Former Address, If Changed Since Last Report)

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 (*see* General Instruction A.2. below):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	STCN	Nasdaq Global Select

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

On December 15, 2019, Philip E. Lengyel, a director of Steel Connect, Inc. (the “Company”) passed away. Mr. Lengyel served on the Board of Directors of the Company (the “Board”) since May 2, 2014 and was chair of the Board’s Nominating and Corporate Governance Committee and was a member of the Board’s Audit Committee and Human Resources and Compensation Committee.

Following Mr. Lengyel’s passing, the number of members on the Audit Committee was reduced from three to two members. As a result, the Company is no longer compliant with Listing Rule 5605(c)(2) of The NASDAQ Stock Market LLC (“Nasdaq”), which requires that an audit committee consist of at least three members, each of whom is independent. In accordance with the Nasdaq Listing Rules, on December 17, 2019, the Company notified Nasdaq of Mr. Lengyel’s passing and the resulting non-compliance with Nasdaq Listing Rule 5605(c)(2).

The Board intends to consider a replacement for the Audit Committee position and appoint a director to the Audit Committee who satisfies the applicable requirements of the Nasdaq Listing Rules prior to the expiration of the cure period provided under the Nasdaq Listing Rules.

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

On December 17, 2019, the Human Resources and Compensation Committee approved a five percent (5%) increase in base salary for John Whitenack, the Chief Executive Officer of ModusLink Corporation, a wholly-owned subsidiary of the Company (“ModusLink”). The salary increase, which is effective December 1, 2019, increases Mr. Whitenack’s base salary from \$370,000 to \$388,500. In addition, the Human Resources and Compensation Committee approved a discretionary cash bonus of \$222,000 for Mr. Whitenack (less all applicable payroll withholding and deductions), which will be paid in two installments. The first installment in the amount of \$148,000 (less all applicable payroll withholding and deductions) will be paid on ModusLink’s next payroll date. The second installment in the amount of \$74,000 (less all applicable payroll withholding and deductions) will be paid on or before April 30, 2020. On December 17, 2019 (the “Grant Date”), the Human Resources and Compensation Committee also granted Mr. Whitenack 100,000 restricted shares of Company common stock, \$0.01 par value (the “Shares”) that vest in two tranches. The first tranche of 50,000 Shares vests on the first anniversary of the Grant Date, and the second tranche of 50,000 Shares vests on the second anniversary of the Grant Date, subject in each case to Mr. Whitenack’s continued employment through such date. This grant of restricted common stock was made under the Company’s 2010 Incentive Award Plan (as amended) and pursuant to the Restricted Stock Agreement attached as Exhibit 10.1 hereto and incorporated herein by reference.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit

No. Description

10.1 [Restricted Stock Agreement, dated December 17, 2019, between John Whitenack and Steel Connect, Inc.](#)

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**SIGNATURES**

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.

December 23, 2019

Steel Connect, Inc.

By: /s/ Douglas B. Woodworth  
Name: Douglas B. Woodworth  
Title: Chief Financial Officer

## STEEL CONNECT, INC.

**Restricted Stock Agreement  
Granted Under 2010 Incentive Award Plan**

This AGREEMENT (the “Agreement”) is made as of the 17th day of December, 2019 (the “Grant Date”) between Steel Connect, Inc., a Delaware corporation (the “Company”), and John Whitenack (the “Participant”).

In consideration of the covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Grant of Restricted Shares.

The Company hereby grants to the Participant, subject to the terms and conditions set forth in this Agreement and in the Company’s 2010 Incentive Award Plan, as amended (the “Plan”), 100,000 shares (the “Shares”) of restricted common stock, \$0.01 par value, of the Company (“Common Stock”). The Participant agrees that the Shares shall be subject to forfeiture as set forth in Section 2 of this Agreement and the restrictions on transfer set forth in Section 3 of this Agreement.

2. Vesting.

(a) Except as provided in the Plan or in Section 2(b) (or any other provision of this Agreement), provided Participant remains an Employee (as defined in the Plan) through the applicable vesting date set forth below, the Shares shall vest in their entirety and become nonforfeitable on such vesting date as follows:

<u>Vesting Date</u>	<u>Number of Shares Vested</u>
1 <sup>st</sup> Anniversary of Grant Date	50,000*
2 <sup>nd</sup> Anniversary of Grant Date	50,000*

\* Assumes that Participant has not incurred a forfeiture event prior to the vesting date.

(b) There shall be no proportionate or partial vesting of Shares in or during the months, days or periods prior to each vesting date, and all vesting of Shares shall occur only on the applicable vesting date. If Participant incurs a Termination of Service (as defined in the Plan) before the Shares vest in accordance with Section 2(a), the Shares that have not vested prior to such Termination of Service shall no longer vest, and Participant’s interest in the unvested portion of the Shares shall be immediately forfeited (effective as of the date of such termination).

3. Restrictions on Transfer.

The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively “transfer”) any Shares, or any interest therein, that would be Unvested Shares if the Participant were to cease to serve as an Employee (as defined in the Plan) at the time of the transfer. “Unvested Shares” means the total number of Shares that are not vested and that have not been forfeited.

4. Direct Registration System.

(a) Participant understands that the Shares will be in book-entry form and will be held in a book-entry account maintained by the Company's transfer agent evidencing ownership of the Shares.

(b) Concurrently with the execution of this Agreement, the Participant shall deliver to the Company a duly executed stock assignment relating to the Shares, endorsed in blank, in the form attached to this Agreement as Exhibit A (the "Stock Power"). The Participant acknowledges and agrees that the Stock Power shall be held by the Company and that the Company may use the Stock Power to effectuate the forfeiture of Shares pursuant to this Agreement. The Participant agrees that it shall execute all certificates, instruments, documents or agreements and shall take all other reasonable actions requested by the Company in order to effectuate the forfeiture of Shares pursuant to this Agreement.

(c) Notwithstanding anything herein to the contrary, in the event Unvested Shares are represented by a certificate, such certificate shall have affixed thereto a restrictive legend in substantially the form set forth in Section 5 (in addition to any other legends that may be required under federal or state securities laws), and such certificate shall be deposited with the Company, together with a stock power executed by Participant endorsed in blank.

5. Legend; Restrictive Notation.

The Shares will reflect a restrictive notation or legend, as applicable, in substantially the following form, in addition to any other notations or legends that may be required under federal or state securities laws:

"These shares of stock are subject to restrictions on transfer and a risk of forfeiture as set forth in a certain Restricted Stock Agreement between the corporation and the registered owner of these shares (or his or her predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM AND, IF REQUESTED BY THE COMPANY, DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL, WHICH OPINION AND COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE."

6. Provisions of the Plan.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

(b) As provided in the Plan, upon the occurrence of a Business Combination (as defined in the Plan), all rights of the Company hereunder shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Shares were converted into or exchanged for pursuant to such Business Combination in the same manner and to the same extent as they applied to the Shares under this Agreement. If, in connection with a Business Combination, a portion of the cash, securities and/or other property received upon the conversion or exchange of the Shares is to be placed into escrow to secure indemnification or similar obligations, the mix between the vested and unvested portion of such cash, securities and/or other property that is placed into escrow shall be the same as the mix between the vested and unvested portion of such cash, securities and/or other property that is not subject to escrow.

7. Taxes; Section 83(b) Election.

The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Participant understands that it may be beneficial in many circumstances to elect to be taxed at the time the Shares are granted rather than when and as the risk of forfeiture lapses by filing an election under Section 83(b) of the Code with the I.R.S. within 30 days from the date of grant.

THE PARTICIPANT ACKNOWLEDGES THAT IT IS THE PARTICIPANT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE PARTICIPANT'S BEHALF.

8. Miscellaneous.

(a) No Rights to Continued Employment. The Participant acknowledges and agrees that the vesting of the Shares pursuant to Section 2 hereof is earned only by continuing to serve as an Employee (as defined in the Plan). The Participant further acknowledges and agrees that the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued employment for the vesting period, for any period, or at all.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) Waiver. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board of Directors of the Company.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 3 of this Agreement.

(e) Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 8(e).

(f) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(g) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement.

(h) Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Participant.

(i) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**Steel Connect, Inc.**

By: /s/ Douglas B. Woodworth  
Name: Douglas B. Woodworth  
Title: Chief Financial Officer

Address: 590 Madison Avenue, 32<sup>nd</sup> Floor  
New York, NY 10022

**Participant**

/s/ John Whitenack  
Name: John Whitenack

Address: \_\_\_\_\_  
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*[Signature Page to Restricted Stock Agreement]*