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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-23262

ModusLink Global Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**04-2921333** **(I.R.S. Employer Identification No.)**
1601 Trapelo Road **Waltham, Massachusetts** **(Address of principal executive offices)**	**02451** **(Zip Code)**

(781) 663-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 1, 2012, there were 43,982,113 shares issued and outstanding of the registrant's Common Stock, $.01 par value per share.

MODUSLINK GLOBAL SOLUTIONS, INC.

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MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share and share amounts)
(Unaudited)

	January 31, 2012	July 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 95,618	$ 111,225
Available-for-sale securities	132	131
Accounts receivable, trade, net of allowance for doubtful accounts of $353 and $473, at January 31, 2012 and July 31, 2011, respectively	156,195	146,411
Inventories, net	94,675	77,102
Prepaid expenses and other current assets	10,325	10,876
Total current assets	356,945	345,745
Property and equipment, net	43,371	47,299
Investments in affiliates	12,352	12,016
Goodwill	3,058	3,058
Other intangible assets, net	4,029	4,699
Other assets	10,318	9,545
Total assets	$ 430,073	$ 422,362
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of obligations under capital leases	$ 29	$ 43
Accounts payable	135,970	114,588
Current portion of accrued restructuring	4,978	1,456
Accrued income taxes	—	180
Accrued expenses	37,776	36,384
Other current liabilities	6,934	7,029
Current liabilities of discontinued operations	1,452	1,817
Total current liabilities	187,139	161,497
Long-term portion of accrued restructuring	109	8
Obligations under capital leases, less current installments	32	22
Other long-term liabilities	15,755	15,773
Non-current liabilities of discontinued operations	983	1,883
Stockholders' equity:		
Preferred stock, $0.01 par value per share. Authorized 5,000,000 shares; zero issued or outstanding at January 31, 2012 and July 31, 2011	—	—
Common stock, $0.01 par value per share. Authorized 1,400,000,000 shares; 44,264,450 issued and outstanding shares at January 31, 2012; 43,829,097 issued and outstanding shares at July 31, 2011	443	438
Additional paid-in capital	7,388,896	7,387,135
Accumulated deficit	(7,181,474)	(7,170,030)
Accumulated other comprehensive income	18,190	25,636
Total stockholders' equity	226,055	243,179
Total liabilities and stockholders' equity	$ 430,073	$ 422,362

See accompanying notes to unaudited condensed consolidated financial statements

MODUSLINK GLOBAL SOLUTIONS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
Net revenue	$178,588	$234,150	$384,739	$470,529
Cost of revenue	162,521	210,759	343,179	424,784
Gross profit	16,067	23,391	41,560	45,745
Operating expenses:				
Selling, general and administrative	24,607	20,458	46,805	43,009
Amortization of intangible assets	332	1,679	663	3,358
Impairment of goodwill and intangible assets	—	27,166	—	27,166
Restructuring, net	4,597	412	5,352	1,201
Total operating expenses	29,536	49,715	52,820	74,734
Operating loss	(13,469)	(26,324)	(11,260)	(28,989)
Other income (expense):				
Interest income	122	88	244	129
Interest expense	(96)	(120)	(185)	(241)
Other gains (losses), net	830	(372)	2,055	(2,297)
Equity in losses of affiliates and impairments	(290)	(370)	(717)	(1,016)
Total other income (expense)	566	(774)	1,397	(3,425)
Loss from continuing operations before income taxes	(12,903)	(27,098)	(9,863)	(32,414)
Income tax expense	380	1,132	2,251	2,441
Loss from continuing operations	(13,283)	(28,230)	(12,114)	(34,855)
Discontinued operations, net of income taxes:				
Income (loss) from discontinued operations	670	(104)	670	(149)
Net loss	$ (12,613)	$ (28,334)	$ (11,444)	$ (35,004)
Basic and diluted earnings (loss) per share:				
Loss from continuing operations	$ (0.31)	$ (0.65)	$ (0.28)	$ (0.81)
Income (loss) from discontinued operations	0.02	—	0.02	—
Net loss	$ (0.29)	$ (0.65)	$ (0.26)	$ (0.81)
Shares used in computing basic earnings per share:	43,434	43,279	43,367	43,284
Shares used in computing diluted earnings per share:	43,434	43,279	43,367	43,284

See accompanying notes to unaudited condensed consolidated financial statements

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MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended January 31, 2012	Six Months Ended January 31, 2011
Cash flows from operating activities of continuing operations:		
Net loss	$ (11,444)	$ (35,004)
Income (loss) from discontinued operations	670	(149)
Loss from continuing operations	(12,114)	(34,855)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities of continuing operations:		
Depreciation	7,272	8,193
Impairment of goodwill and intangible assets	—	27,166
Amortization of intangible assets	663	3,358
Share-based compensation	1,880	1,897
Non-operating (gains) losses, net	(2,055)	2,297
Equity in losses of affiliates and impairments	717	1,016
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(14,105)	22,838
Inventories	(19,716)	(3,499)
Prepaid expenses and other current assets	(35)	2,246
Accounts payable, accrued restructuring and accrued expenses	30,654	(34,439)
Refundable and accrued income taxes, net	(576)	575
Other assets and liabilities	2,629	(1,227)
Net cash used in operating activities of continuing operations	(4,786)	(4,434)
Cash flows from investing activities of continuing operations:		
Additions to property and equipment	(4,949)	(3,926)
Proceeds from the sale of equity investments in affiliates	8	52
Investments in affiliates	(1,052)	(996)
Net cash used in investing activities of continuing operations	(5,993)	(4,870)
Cash flows from financing activities of continuing operations:		
Repayments on capital lease obligations	(30)	(30)
Proceeds from issuance of common stock	61	125
Repurchase of common stock	(175)	(1,622)
Net cash used in financing activities of continuing operations	(144)	(1,527)
Cash flows from discontinued operations:		
Operating cash flows	(969)	(826)
Net cash used in discontinued operations	(969)	(826)
Net effect of exchange rate changes on cash and cash equivalents	(3,715)	4,510
Net decrease in cash and cash equivalents	(15,607)	(7,147)
Cash and cash equivalents at beginning of period	111,225	161,364
Cash and cash equivalents at end of period	$ 95,618	$154,217

See accompanying notes to unaudited condensed consolidated financial statements

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) NATURE OF OPERATIONS

ModusLink Global Solutions, Inc. (together with its consolidated subsidiaries, "ModusLink Global Solutions" or "the Company"), through its wholly-owned subsidiaries, ModusLink Corporation ("ModusLink"), ModusLink PTS, Inc. ("ModusLink PTS"), and Tech for Less, LLC ("TFL"), is a leader in global supply chain business process management serving technology-based clients in the computing, software, consumer electronics, storage and communications markets. The Company designs and executes critical elements in our clients' global supply chains to improve speed to market, product customization, flexibility, cost, quality and service. These benefits are delivered through a combination of innovative service solutions, integrated operations, proven business processes, an expansive global footprint and world-class technology.

The Company had fiscal 2011 revenue of approximately $876.5 million. The Company has an integrated network of strategically located facilities in various countries, including numerous sites throughout North America, Europe and Asia. The Company previously operated under the names CMGI, Inc. and CMG Information Services, Inc. and was incorporated in Delaware in 1986.

(2) BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for fair presentation have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended July 31, 2011, which are contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on October 14, 2011. The results for the three and six months ended January 31, 2012 are not necessarily indicative of the results to be expected for the full fiscal year.

All significant intercompany transactions and balances have been eliminated in consolidation.

The Company considers events or transactions that occur after the balance sheet date but before the issuance of financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. For the period ended January 31, 2012, the Company evaluated subsequent events for potential recognition and disclosure through the date these financial statements were filed.

(3) RECENT ACCOUNTING PRONOUNCEMENTS

In December 2011, the Financial Accounting Standards Board ("FASB") issued a final standard to defer the new requirement to present components of reclassifications of other comprehensive income on the face of the income statement. This update allows entities to continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before Accounting Standard Update ("ASU") 2011-05. All other requirements included within ASU 2011-05 are not affected and entities must report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. The effective date of this update is for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company believes adoption of this new guidance will not have a material impact on the Company's financial statements as these updates have an impact on presentation only.

In September 2011, the FASB issued Accounting Standard Update 2011-08, "Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment" which is intended to reduce the complexity and costs related to testing goodwill for impairment. ASU 2011-08 allows an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment in order to determine whether it is necessary to perform the two-step quantitative goodwill impairment test already included in Topic 350. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on its qualitative assessment, that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. ASU 2011-08 also expands upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The amended guidance will be effective for the Company beginning August 1, 2012. We do not anticipate a material impact on our financial statements upon adoption.

In June 2011, the FASB issued guidance on presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of stockholders' equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or two separate but consecutive statements. The new guidance will be effective for the Company beginning August 1, 2012. The Company believes adoption of this new guidance will not have a material impact on the Company's financial statements as this update has an impact on presentation only.

In May 2011, the FASB issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credits risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value changes in unobservable inputs. The new guidance will be effective for the Company beginning on February 1, 2012. Other than requiring additional disclosures, we do not anticipate material impacts on our financial statements upon adoption.

(4) GOODWILL AND INTANGIBLE ASSETS

The Company conducts its goodwill impairment test on July 31 of each fiscal year. In addition, if and when events or circumstances change that could reduce the fair value of any of its reporting units below its carrying value, an interim test would be performed. In making this assessment, the Company relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. The Company's reporting units are the same as its operating segments: Americas, Asia, Europe, e-Business, ModusLink PTS and TFL.

The Company's remaining goodwill of $3.1 million as of January 31, 2012 relates to the Company's e-Business reporting unit. There were no indicators of impairment identified related to the Company's e-Business reporting unit during the three and six months ended January 31, 2012.

The carrying amount of goodwill allocated to the Company's reportable segments is as follows:

	Americas	Asia	Europe	TFL	All Other	Consolidated Total
			(In thousands)			
Balance as of July 31, 2011						
Goodwill	$ 94,477	$ 73,948	$ 30,108	$ 16,299	$ 5,857	$ 220,689
Accumulated impairment charges	(94,477)	(73,948)	(30,108)	(16,299)	(2,799)	(217,631)
	$ —	$ —	$ —	$ —	$ 3,058	$ 3,058
Balance as of January 31, 2012						
Goodwill	94,477	73,948	30,108	16,299	5,857	220,689
Accumulated impairment charges	(94,477)	(73,948)	(30,108)	(16,299)	(2,799)	(217,631)
	$ —	$ —	$ —	$ —	$ 3,058	$ 3,058

During the second quarter of fiscal year 2011, indicators of potential impairment caused the Company to conduct an interim impairment test for goodwill and other long-lived assets, which includes amortizable intangible assets for its ModusLink PTS and TFL reporting units in connection with the preparation of its quarterly financial statements for the quarter ended January 31, 2011. These indicators included continued operating losses, the departure of key personnel, and increasingly adverse trends that resulted in further deterioration of current operating results and future prospects for both the ModusLink PTS and TFL reporting units. These adverse trends included increased competition for and a decline in the supply of quality products at a reasonable cost for TFL, pricing pressure from existing customers for ModusLink PTS, and the emergence and growth of new competitors for both ModusLink PTS and TFL.

As a result of the impairment tests, the Company concluded that its goodwill was impaired and recorded a $13.2 million non-cash goodwill impairment charge, consisting of $7.1 million for ModusLink PTS and $6.1 million for TFL during the three months ended January 31, 2011. The Company also determined that its intangible assets were impaired and recorded a $14.0 million non-cash intangible asset impairment charge, consisting of $8.8 million for ModusLink PTS and $5.2 million for TFL during the three months ended January 31, 2011. The goodwill and intangible asset impairment charges for ModusLink PTS are not deductible for tax purposes. The goodwill and intangible asset impairment charges for TFL are deductible as amortization for tax purposes over time. The impairment charge did not affect the Company's liquidity or cash flows.

(5) SHARE-BASED PAYMENTS

Stock options for the purchase of approximately 1.0 million shares of the Company's common stock were awarded to executives during the six months ended January 31, 2012 at a weighted average exercise price of $4.24 per share. The weighted average option fair value was $1.99 per share. The weighted average option fair value was calculated using the binominal-lattice model with the following weighted average assumptions: expected volatility of 59.42%, risk-free rate of 0.82% and expected life of 4.66 years.

Additionally, approximately 200,000 nonvested shares were awarded to executives during the three months ended January 31, 2012 at a weighted average fair value of $5.27 per share. The fair value of nonvested shares is determined based on the market price of the Company's common stock on the grant date.

The following table summarizes share-based compensation expense related to employee stock options, employee stock purchases and nonvested shares for the three and six months ended January 31, 2012 and 2011, which was allocated as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
	(In thousands)			
Cost of goods sold	$ 80	$ 93	$ 176	$ 192
Selling, general and administrative	918	901	1,704	1,705
	$ 998	$ 994	$1,880	$1,897

(6) OTHER GAINS (LOSSES), NET

The following table reflects the components of "Other gains (losses), net":

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
	(In thousands)			
Foreign currency exchange gains (losses)	$ 798	$ (304)	$1,995	$(1,991)
Gain on sale of investments	8	51	8	51
Gain (loss) on disposal of assets	80	(1)	105	41
Other, net	(56)	(118)	(53)	(398)
	$ 830	$ (372)	$2,055	$(2,297)

The Company recorded foreign exchange gains of approximately $0.8 million and $2.0 million during the three months and six months ended January 31, 2012, respectively. For the three months ended January 31, 2012, the net gains primarily related to realized and unrealized gains from foreign currency exposures and settled transactions of approximately $0.4 million and $0.8 million in Asia and Europe, respectively, offset by net losses of $0.4 million in the Americas. For the six months ended January 31, 2012, the net gains primarily related to realized and unrealized gains from foreign currency exposures and settled transactions of approximately $0.7 million and $1.6 million in Asia and Europe, respectively, offset by net losses of $0.3 million in the Americas.

The Company recorded foreign exchange losses of approximately $0.3 million and $2.0 million during the three and six months ended January 31, 2011, respectively. For the three months ended January 31, 2011, the net losses primarily related to realized and unrealized losses from foreign currency exposures and settled transactions of approximately $0.2 million and $0.2 million in the Americas and Asia, respectively, offset by net gains of $0.1 million in Europe. For the six months ended January 31, 2011, the net losses primarily related to realized and unrealized losses from foreign currency exposures and settled transactions of approximately $1.6 million and $1.8 million in Asia and Europe, respectively, offset by net gains of $1.4 million in the Americas. During the three months ended January 31, 2011, the Company recorded gains of approximately $0.1 million related to distribution of proceeds from the acquisition by third parties of H2Gen Innovations, Inc. and M2E Power, Inc., companies in which the Company held minority interests, due to the satisfaction of conditions leading to the release of funds held in escrow.

(7) RESTRUCTURING AND OTHER CHARGES

The following table summarizes the activity in the restructuring accrual for the three and six months ended January 31, 2012:

	Employee Related Expenses	Contractual Obligations	Asset Impairments	Total
	(In thousands)			
Accrued restructuring balance at July 31, 2011	$ 296	$ 1,168	$ —	$ 1,464
Restructuring charges	633	138	—	771
Restructuring adjustments	(174)	158	—	(16)
Cash paid	(9)	(265)	—	(274)
Accrued restructuring balance at October 31, 2011	$ 746	$ 1,199	$ —	$ 1,945
Restructuring charges	4,119	487	—	4,606
Restructuring adjustments	(9)	—	—	(9)
Cash paid	(981)	(474)	—	(1,455)
Accrued restructuring balance at January 31, 2012	$ 3,875	$ 1,212	$ —	$ 5,087

It is expected that the payments of employee-related charges will be substantially completed during the fiscal year ended July 31, 2012. The remaining contractual obligations primarily relate to facility lease obligations for vacant space resulting from the previous restructuring activities of the Company. The Company anticipates that contractual obligations will be substantially fulfilled by May 2013.

The net restructuring charges for the three and six months ended January 31, 2012 and 2011 would have been allocated as follows had the Company recorded the expense and adjustments within the functional department of the restructured activities:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
	(In thousands)			
Cost of revenue	$ 3,844	$ 375	$4,272	$1,022
Selling, general and administrative	753	37	1,080	179
	$ 4,597	$ 412	$5,352	$1,201

During the three and six months ended January 31, 2012, the Company recorded a net restructuring charge of approximately $4.6 million and $5.4 million, respectively. For the three months ended January 31, 2012, approximately $3.7 million related to a workforce reduction of 48 employees in Europe, $0.4 million related to a workforce reduction of 5 employees within the Company's IT organization, and $0.4 million related to certain contractual obligations in connection with the restructuring of a facility in the ModusLink PTS business.

In addition, during the first quarter of fiscal 2012, the Company recorded restructuring charges of approximately $0.2 million related to the workforce reduction of 9 employees in Raleigh, North Carolina and $0.5 million for the workforce reduction of 144 employees in China. Also, approximately $0.1 million of restructuring charges related to certain contractual obligations in connection with the restructuring of facilities in Raleigh, North Carolina.

During the three and six months ended January 31, 2011, the Company recorded a net restructuring charge of approximately $0.4 million and $1.2 million, respectively. Of these amounts, for the three and six months ended January 31, 2011, approximately $0.3 million and $1.1 million, respectively related to the workforce reduction of 11 and 55 employees, respectively in the Americas and Asia. For both the three and six months ended January 31, 2011, approximately $0.1 million of the recorded net restructuring charge related to changes in estimates for previously recorded facilities lease obligations primarily based on changes to the underlying assumptions.

The following table summarizes the restructuring accrual by reportable segment and the Corporate-level activity for the three and six months ended January 31, 2012:

	Americas	Asia	Europe	TFL	All Other	Corporate-level Activity	Consolidated Total
				(In thousands)			
Accrued restructuring balance at July 31, 2011	$ 1,346	$ —	$ 118	$ —	$ —	$ —	$ 1,464
Restructuring charges	276	495	—	—	—	—	771
Restructuring adjustments	(16)	—	—	—	—	—	(16)
Cash paid	(272)	—	(2)	—	—	—	(274)
Accrued restructuring balance at October 31, 2011	$ 1,334	$ 495	$ 116	$ —	$ —	$ —	$ 1,945
Restructuring charges	488	190	3,776	133	19	—	4,606
Restructuring adjustments	—	(9)	—	—	—	—	(9)
Cash paid	(526)	(565)	(231)	(133)	—	—	(1,455)
Accrued restructuring balance at January 31, 2012	$ 1,296	$ 111	$3,661	$ —	$ 19	$ —	$ 5,087

(8) SEGMENT INFORMATION

The Company has six operating segments: Americas; Asia; Europe; e-Business; ModusLink PTS and TFL. Based on the information provided to the Company's chief operating decision-maker ("CODM") for purposes of making decisions about allocating resources and assessing performance and quantitative thresholds, the Company has determined that it has four reportable segments: Americas; Asia; Europe and TFL. The Company reports the ModusLink PTS operating segment in aggregation with the Americas operating segment as part of the Americas reportable segment. In addition to its four reportable segments, the Company reports an All other category. The All other category represents the e-Business operating segment. The Company also has Corporate-level activity, which consists primarily of costs associated with certain corporate administrative functions such as legal and finance, which are not allocated to the Company's reportable segments and administration costs related to the Company's venture capital activities. The Corporate-level activity balance sheet information includes cash and cash equivalents, available-for-sale securities, investments and other assets, which are not identifiable to the operations of the Company's operating segments.

Management evaluates segment performance based on segment net revenue, operating income (loss) and "adjusted operating income (loss)", which is defined as the operating income (loss) excluding net charges related to depreciation, long-lived asset impairment, restructuring, amortization of intangible assets and share-based compensation. These items are excluded because they may be considered to be of a non-operational or non-cash nature. Historically, the Company has recorded significant impairment and restructuring charges and therefore management uses adjusted operating income to assist in evaluating the performance of the Company's core operations.

Summarized financial information of the Company's continuing operations by operating segment is as follows:

	Three Months Ended January 31, 2012	Three Months Ended January 31, 2011	Six Months Ended January 31, 2012	Six Months Ended January 31, 2011
	(In thousands)			
Net revenue:				
Americas	$ 59,619	$ 76,269	$129,285	$157,092
Asia	51,370	62,794	112,252	120,292
Europe	50,560	78,101	108,013	155,799
TFL	8,888	7,782	16,967	17,527
All other	8,151	9,204	18,222	19,819
	$178,588	$234,150	$384,739	$470,529
Operating income (loss):				
Americas	$ (2,969)	$ (17,997)	$ (3,139)	$ (21,494)
Asia	4,748	8,226	14,048	13,082
Europe	(7,312)	486	(9,100)	1,141
TFL	(1,211)	(13,567)	(2,606)	(14,571)
All other	(34)	213	987	1,002
Total Segment operating income (loss)	(6,778)	(22,639)	190	(20,840)
Corporate-level activity	(6,691)	(3,685)	(11,450)	(8,149)
Total operating loss	$ (13,469)	$ (26,324)	$ (11,260)	$ (28,989)
Adjusted operating income (loss):				
Americas	$ (1,170)	$ 101	$ 91	$ (913)
Asia	6,032	10,115	17,038	16,974
Europe	(2,362)	2,179	(2,771)	4,297
TFL	(988)	(1,951)	(2,303)	(2,618)
All other	453	714	1,943	1,987
Total Segment Adjusted operating income	1,965	11,158	13,998	19,727
Corporate-level activity	(5,970)	(3,035)	(10,091)	(6,901)
Total Adjusted operating income (loss)	$ (4,005)	$ 8,123	$ 3,907	$ 12,826
Adjusted operating income (loss)	$ (4,005)	$ 8,123	$ 3,907	$ 12,826
Adjustments:				
Depreciation	(3,537)	(4,196)	(7,272)	(8,193)
Amortization of intangible assets	(332)	(1,679)	(663)	(3,358)
Impairment of goodwill and intangible assets	—	(27,166)	—	(27,166)
Share-based compensation	(998)	(994)	(1,880)	(1,897)
Restructuring and other, net	(4,597)	(412)	(5,352)	(1,201)
Operating loss	$ (13,469)	$ (26,324)	$ (11,260)	$ (28,989)
Other income (expense), net	566	(774)	1,397	(3,425)
Income tax expense	(380)	(1,132)	(2,251)	(2,441)
Income (loss) from discontinued operations	670	(104)	670	(149)
Net loss	$ (12,613)	$ (28,334)	$ (11,444)	$ (35,004)

	January 31, 2012	July 31, 2011
	(In thousands)	
Total assets of continuing operations:		
Americas	$ 122,069	$ 121,596
Asia	144,986	125,059
Europe	113,476	120,422

	January 31, 2012	July 31, 2011
	(In thousands)	
TFL	9,505	11,029
All other	20,947	24,808
Sub-total	410,983	402,914
Corporate-level activity	19,090	19,448
	$ 430,073	$ 422,362

As of January 31, 2012, approximately 61%, 18% and 21% of the Company's long-lived assets were located in North America, Asia and Europe, respectively. As of July 31, 2011, approximately 60%, 18% and 22%, of the Company's long-lived assets were located in North America, Asia and Europe, respectively. As of January 31, 2012, approximately $10.0 million, $6.3 million, $5.8 million, $4.4 million, and $2.9 million of the Company's long-lived assets were located in Singapore, Ireland, the Netherlands, China, and the Czech Republic, respectively. As of July 31, 2011, approximately $10.7 million, $7.1 million, $5.4 million, $4.1 million and $3.7 million of the Company's long-lived assets were located in Singapore, Ireland, the Netherlands, China and the Czech Republic, respectively.

During the three and six months ended January 31, 2012, the Company generated revenue of approximately $34.5 million and $75.7 million, respectively, in China and approximately $26.4 million and $58.8 million, respectively, in the Netherlands, from external customers. During the three and six months ended January 31, 2011, the Company generated revenue of approximately $36.6 million and $71.0 million, respectively, in China and approximately $35.0 million and $67.9 million, respectively, in the Netherlands, from external customers.

(9) EARNINGS PER SHARE

The Company calculates earnings per share in accordance with ASC Topic 260, "Earnings per Share." Under ASC Topic 260-10, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. Certain of the Company's restricted stock are considered participating securities because they contain non-forfeitable rights to dividend equivalents.

Under the two-class method, net income is reduced by the amount of dividends declared in the period for each class of common stock and participating securities. The remaining undistributed earnings are then allocated to common stock and participating securities as if all of the net income for the period had been distributed. Basic earnings per share excludes dilution and is calculated by dividing net income allocable to common shares by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing net income allocable to common shares by the weighted-average number of common shares for the period, as adjusted for the potential dilutive effect of non-participating share-based awards. The following table reconciles earnings per share for the three and six months ended January 31, 2012 and 2011.

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
	(In thousands)			
BASIC				
Loss from continuing operations	$(13,283)	$(28,230)	$(12,114)	$(35,855)
Income (loss) from discontinued operations	670	(104)	670	(149)
Less net income allocable to participating restricted stock	—	—	—	—
Net loss available for basic common shares	$(12,613)	$(28,334)	$(11,444)	$(35,004)
Weighted average common shares outstanding	43,434	43,279	43,367	43,284
Basic net loss per common share from continuing operations	$ (0.31)	$ (0.65)	$ (0.28)	$ (0.81)
Basic net income (loss) per common share from discontinued operations	0.02	—	0.02	—
	$ (0.29)	$ (0.65)	$ (0.26)	$ (0.81)
DILUTED				
Loss from continuing operations	$(13,283)	$(28,230)	$(12,114)	$(35,855)
Income (loss) from discontinued operations	670	(104)	670	(149)
Less net income allocable to participating restricted stock	—	—	—	—
Net loss available for diluted common shares	$(12,613)	$(28,334)	$(11,444)	$(35,004)
Weighted average common shares outstanding	43,434	43,279	43,367	43,284
Weighted average common equivalent shares arising from: dilutive stock options	—	—	—	—
Weighted-average number of common and potential common shares	43,434	43,279	43,367	43,284
Diluted net loss per common share from continuing operations	$ (0.31)	$ (0.65)	$ (0.28)	$ (0.81)
Diluted net income (loss) per common share from discontinued operations	0.02	—	0.02	—
	$ (0.29)	$ (0.65)	$ (0.26)	$ (0.81)

For the three and six months ended January 31, 2012, approximately 2.9 million and 3.6 million, respectively, common stock equivalent shares were excluded from the denominator in the calculation of diluted earnings per share as their inclusion would have been antidilutive.

For the three and six months ended January 31, 2011, approximately 2.6 million and 2.7 million, respectively, common stock equivalent shares were excluded from the denominator in the calculation of diluted earnings per share as their inclusion would have been antidilutive.

(10) COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss), net of income taxes, were as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012	2011	2012	2011
	(In thousands)			
Net loss	$(12,613)	$(28,334)	$(11,444)	$(35,004)
Net unrealized holding gain (loss) on securities	(14)	(11)	(12)	(49)
Foreign currency translation adjustment	(4,465)	(163)	(7,434)	6,515
Comprehensive loss	$(17,092)	$(28,508)	$(18,890)	$(28,538)

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The components of accumulated other comprehensive income was as follows:

	January 31, 2012	July 31, 2011
	(In thousands)	
Net unrealized holding gains (losses) on securities	$ (38)	$ (26)
Cumulative foreign currency translation adjustment	15,918	23,352
Pension adjustment	2,310	2,310
Accumulated other comprehensive income	$ 18,190	$25,636

(11) INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined by both the moving average and the first-in, first-out methods. Materials that the Company typically procures on behalf of its clients that are included in inventory include materials such as compact discs, printed materials, manuals, labels, hardware accessories, hard disk drives, consumer packaging, shipping boxes and labels, power cords and cables for client-owned electronic devices.

Inventories consisted of the following:

	January 31, 2012	July 31, 2011
	(In thousands)	
Raw materials	$ 60,737	$47,159
Work-in-process	2,351	2,101
Finished goods	31,587	27,842
	$ 94,675	$77,102

The Company values the inventory at the lower of cost or market. The Company continuously monitors inventory balances and records inventory provisions for any excess of the cost of the inventory over its estimated market value. The Company also monitors inventory balances for obsolescence and excess quantities as compared to projected demands. The Company’s inventory methodology is based on assumptions about average shelf life of inventory, forecasted volumes, forecasted selling prices, write-down history of inventory and market conditions. While such assumptions may change from period to period, in determining the net realizable value of its inventories, the Company uses the best information available as of the balance sheet date. If actual market conditions are less favorable than those projected, or the Company experiences a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements, additional inventory provisions may be required. Once established, write-downs of inventory are considered permanent adjustments to the cost basis of inventory and cannot be reversed due to subsequent increases in demand forecasts.

(12) CONTINGENCIES

From time to time, the Company may become involved in litigation relating to claims arising out of operations in the normal course of business, which it considers routine and incidental to its business. The Company currently is not a party to any legal proceedings, the adverse outcome of which, in management’s opinion, would have a material adverse effect on the Company’s business, results of operation, or financial condition.

(13) SHARE REPURCHASE PROGRAMS

In June 2010, the Company’s Board of Directors authorized the repurchase of up to $10.0 million of the Company’s common stock from time to time on the open market or in privately negotiated transactions over an eighteen month period, (the “June 2010 Repurchase Program”). The timing and amount of any shares repurchased was to be determined by the Company’s management based on its evaluation of market conditions and other factors. Repurchases could also be made under a Rule 10b5-1 plan, which permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The Company retired and returned repurchased shares to the Company’s authorized, but not issued or outstanding common stock. The June 2010 Repurchase Program was funded using the Company’s working capital. In total, the Company repurchased an aggregate of approximately 0.5 million shares at a cost of approximately $3.4 million under the June 2010 Repurchase Program. These share repurchases occurred primarily during the fourth quarter and first quarter of our 2010 and 2011 fiscal years, respectively. During the fiscal year ended July 31, 2011, the Company declared and paid a special cash dividend of $40.0 million in the aggregate, which was funded with available cash on hand and included amounts remaining under the June 2010 Repurchase Program. Accordingly, no further repurchases have been made under the June 2010 Repurchase Program.

(14) INCOME TAXES

The Company operates in multiple taxing jurisdictions, both within and outside of the United States. As of January 31, 2012 and July 31, 2011, the total amount of the liability for unrecognized tax benefits related to federal, state and foreign taxes was approximately $6.0 million for both periods.

In accordance with the Company's accounting policy, interest related to unrecognized tax benefits is included in the provision of income taxes line of the Consolidated Statement of Operations. For the periods ended January 31, 2012 and July 31, 2011, the Company has not recognized any material interest expense related to uncertain tax positions. As of January 31, 2012 and July 31, 2011, the Company had recorded liabilities for interest expense related to uncertain tax positions in the amount of $138 thousand and $130 thousand, respectively. The Company did not accrue for penalties related to income tax positions as there were no income tax positions that required the Company to accrue penalties. The Company does not expect that the amounts of unrecognized tax benefits will change significantly in the next twelve months. For the three and six months ended January 31, 2012, the Company was profitable in certain jurisdictions where the Company operates, resulting in an income tax expense using enacted rates in those jurisdictions.

The Company is subject to U.S. federal income tax and various state, local and international income taxes in numerous jurisdictions. The federal and state tax returns are generally subject to tax examinations for the tax years ended July 31, 2008 through July 31, 2011. To the extent the Company has tax attribute carryforwards, the tax year in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service or state tax authorities to the extent utilized in a future period. In addition, a number of tax years remain subject to examination by the appropriate government agencies for certain countries in the Europe and Asia regions. In Europe, the Company's 2005 through 2011 tax years remain subject to examination in most locations, while the Company's 2000 through 2011 tax years remain subject to examination in most Asia locations.

The Company has certain deferred tax benefits, including those generated by net operating losses and certain other tax attributes (collectively, the "Tax Benefits"). The Company's ability to use these Tax Benefits could be substantially limited if it were to experience an "ownership change," as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change would occur if there is a greater than 50-percentage point change in ownership of securities by stockholders owning (or deemed to own under Section 382 of the Code) five percent or more of a corporation's securities over a rolling three-year period.

Accordingly, on October 17, 2011, the Company's Board of Directors adopted a Tax Benefit Preservation Plan between the Company and American Stock Transfer & Trust Company, LLC, as rights agent (as amended from time to time, the "Tax Plan"). The Tax Plan reduces the likelihood that changes in the Company's investor base have the unintended effect of limiting the Company's use of its Tax Benefits. The Tax Plan is intended to require any person acquiring shares of the Company's securities equal to or exceeding 4.99% of the Company's outstanding shares to obtain the approval of the Board of Directors. This would protect the Tax Benefits because changes in ownership by a person owning less than 4.99% of the Company's stock are not included in the calculation of "ownership change" for purposes of Section 382 of the Code.

(15) @VENTURES INVESTMENTS

The Company maintains interests in several privately held companies primarily through its interests in two venture capital funds which invest as "@Ventures." The Company invests in early stage technology companies. These investments are generally made in connection with a round of financing with other third-party investors.

During the three months ended October 31, 2011, approximately $1.1 million was invested by @Ventures in privately held companies. There were no additional investments made during the quarter ended January 31, 2012. During the three and six months ended January 31, 2011, approximately $0.3 million and $1.0 million, respectively, was invested by @Ventures in two privately held companies. At January 31, 2012 and July 31, 2011, the Company's carrying value of investments in privately held companies was approximately $12.4 million and $12.0 million, respectively. During the three months ended October 31, 2011 and 2010, the Company recorded $18 thousand and $0.4 million, respectively, of impairment charges related to certain investments in the @Ventures portfolio of companies. No impairment charges were recorded for the quarters ended January 31, 2012 and 2011. During the six months ended January 31, 2012 and January 31, 2011, @Ventures did not receive any material distributions from its investments.

Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities are carried at the lower of cost or net realizable value unless it is determined that the Company exercises significant influence over the investee company, in which case the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. These adjustments are reflected in "Equity in losses of affiliates and impairments" in the Company's Consolidated Statement of Operations.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular investment's net realizable value is less than its carrying cost requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes and competition. The valuation process is based primarily on information that the Company requests from these privately held companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and the accuracy of the data may vary.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The matters discussed in this report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended that involve risks and uncertainties. All statements other than statements of historical information provided herein may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects" and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, those discussed in Part II—Item 1A below and elsewhere in this report and the risks discussed in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2011and Quarterly Report on Form 10-Q for the quarter ended October 31, 2011 filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Overview

ModusLink Global Solutions, Inc. (together with its consolidated subsidiaries, "ModusLink Global Solutions", "we" or the "Company"), through its wholly-owned subsidiaries, ModusLink Corporation ("ModusLink"), ModusLink PTS, Inc. ("ModusLink PTS") and Tech for Less, LLC ("TFL"), is a leader in global supply chain business process management serving technology-based clients in such markets as computing, software, consumer electronics, storage and communications. The Company designs and executes critical elements in our clients' global supply chains to improve speed to market, product customization, flexibility, cost, quality and service. These benefits are delivered through a combination of industry expertise, innovative service solutions, integrated operations, proven business processes, expansive global footprint and world class technology.

Management evaluates operating performance based on net revenue, operating income (loss), and net income (loss), and across its segments, on the basis of "adjusted operating income (loss)," which is defined as operating income (loss) excluding net charges related to depreciation, long-lived asset impairment, restructuring, amortization of intangible assets, share-based compensation and other charges not related to our baseline operating results. See Note 8 of the notes to the condensed consolidated financial statements included in Item 1 above for segment information, including a reconciliation of adjusted operating income (loss) to net income (loss).

We have developed a long-term set of strategic initiatives and an operating plan focused on increasing both revenue and profitability. We view the continued development of our global operational infrastructure and footprint as a primary source of differentiation in the market place. We believe that by leveraging our global footprint we will be able to optimize our clients' supply chains using multi-facility, multi-geographic solutions.

Our focus during fiscal 2012 remains consistent with the continued execution of our long-term strategic plan, and implementation of the following initiatives which are designed to achieve our long-term goals:

Drive sales growth through a combination of existing client penetration, and targeting new markets. Historically, a significant portion of our revenues from our supply chain business have been generated from clients in the computing and software markets. These markets are mature and, as a result, gross margins in these markets tend to be low. To address this, in addition to the computing and software markets, we have expanded our sales focus to include three markets, which we believe can benefit from our supply chain expertise. We believe these markets, communications, storage devices and consumer electronics, are experiencing faster growth than our historical markets, and represent opportunities to realize higher gross margins on our services. Companies in these markets often are early in their product life cycles and have significant need for a supply chain partner who will be an extension to their business models.

Increase the value delivered to clients through service expansion. During fiscal year 2012, we continue to focus on and invest in expanding and further developing our e-commerce, aftermarket and certain other offerings, which we believe will increase the overall value of the supply chain solutions we deliver to our existing clients and to new clients. We expect these solutions will enhance our gross margins and drive profitability. Furthermore, we believe that the addition of new services to existing clients will strengthen our relationship with these clients, and further integrate us with their business.

Drive operational efficiencies throughout our organization. Our strategy is to operate an integrated supply chain system infrastructure that extends from front-end order management through distribution and returns management. This end-to-end solution enables clients to link supply and demand in real time, improve visibility and performance throughout the supply chain, and provide real-time access to information for greater collaboration and making informed business decisions. We believe that our clients benefit from our global integrated business solution. We also reduce our operating costs while implementing operational efficiencies throughout the Company. We expect that our lean sigma continuous improvement program will drive further operational efficiencies in the future. The lean sigma continuous improvement program is aimed at reducing our overall costs, increasing efficiencies and improving capacity utilization. The program consists of standardized training for the Company's employees in the lean sigma fundamentals (which include six sigma and "lean" methodology approaches) including standard tools to support the identification and elimination of waste and variability and applying these methods to operational and administrative tasks. As noted, the training enables employees to identify and implement projects to improve efficiency, productivity and eliminate waste through ongoing improvement efforts. We believe this initiative will yield improved process standardization and operating efficiency gains, as well as lower our long-term operating costs.

Among the key factors that will influence our performance are successful execution and implementation of our strategic initiatives, global economic conditions, especially in the technology sector, demand for our clients' products, the effect of form factor changes, technology changes, revenue mix and demand for outsourcing services.

For the three months ended January 31, 2012, the Company reported net revenue of $178.6 million, operating loss of $13.5 million, loss from continuing operations before income taxes of $12.9 million, net loss of $12.6 million and a gross margin percentage of 9.0%. For the six months ended January 31, 2012, the Company reported net revenue of $384.7 million, an operating loss of $11.3 million, a loss from continuing operations before income taxes of $9.9 million, a net loss of $11.4 million and a gross margin percentage of 10.8%. During the six months ended January 31, 2012, the Company received approximately $3.4 million from the release by TFL Enterprises LLC, the former owner of TFL, of funds held in escrow since the date of the TFL acquisition in settlement of potential claims. The amount of $3.4 million had a favorable impact on selling, general and administrative expenses during the six months ended January 31, 2012. We currently conduct business in The Netherlands, Hungary, France, Ireland, Czech Republic, Singapore, Taiwan, China, Malaysia, Japan, Australia, New Zealand, Mexico and India in addition to our United States operations. At January 31, 2012, we had cash and cash equivalents and available-for-sale securities of $95.8 million, and working capital of $169.8 million.

As a large portion of our revenue comes from outsourcing services provided to clients such as hardware manufacturers, software publishers, telecommunications carriers, broadband and wireless service providers and consumer electronics companies, our operating performance has been and may be adversely affected by declines in the overall performance of the technology sector and the sustained economic uncertainty affecting the world economy. In addition, the drop in consumer demand for our clients' products has had and may continue to have the effect of reducing our volumes and adversely affecting our revenue performance. The market for our supply chain management services is very competitive. We also face pressure from our clients to continually realize efficiency gains in order to help our clients maintain their profitability objectives. As part of our service offerings, we are typically required to reduce our clients' costs over time. We accomplish this in various ways, including for example by shifting production to lower cost regions, redesigning clients' packaging and supply chains, and strategically sourcing materials. As part of these services and in the normal course of our business we purchase certain commodity types of materials, including, but not limited to, print, packaging, media and labels, to meet client requirements, often in quantities well in excess of those required by any one client. As a result, we receive improved pricing on materials, as well as rebates based on aggregate volumes of purchases or other criteria established by the vendor. Cost of revenue for the second quarter of our 2012 fiscal year included the positive impact of approximately $1 million attributable to such rebates. In response to an inquiry by the Securities and Exchange Commission, we are currently evaluating this practice, to determine the extent to which such rebates should be shared with certain of our clients. Based on our operating practices, including our ongoing periodic pricing negotiations with our clients, we believe the benefit of these rebates is effectively shared with our clients and that our accounting for such practices is correct.

Increased competition and client demands for efficiency improvements may result in price reductions, reduced gross margins and, in some cases, loss of market share. In addition, our profitability varies based on the types of services we provide and the regions in which we perform them. Therefore the mix of revenue derived from our various services and locations can impact our gross margin results. Also, form factor changes, which we describe as the reduction in the amount of materials and product components used in our clients' completed packaged product, can also have the effect of reducing our revenue and gross margin opportunities.

As a result of these competitive and client pressures the gross margins in our business are low. During the three and six months ended January 31, 2012, our gross margin percentage was 9.0% and 10.8%, respectively. Increased competition arising from industry consolidation and/or low demand for our clients' products and services may hinder our ability to maintain or improve our gross margins, profitability and cash flows. We must continue to focus on margin improvement, through implementation of our strategic initiatives, cost reductions and asset and employee productivity gains in order to improve the profitability of our business and maintain our competitive position. We generally react to margin and pricing pressures in several ways, including efforts to target new markets, expand our service offerings, improve the efficiency of our processes and to lower our infrastructure costs. We seek to lower our cost to service clients by moving work to lower-cost venues, establishing facilities closer to our clients to gain efficiencies, and other actions designed to improve the productivity of our operations. If we are not successful in improving our gross margins, profitability and cash flows, our property and equipment, goodwill and other intangible assets, may be subject to further impairment.

Historically, a limited number of key clients have accounted for a significant percentage of our revenue. For the six months ended January 31, 2012, sales to Hewlett-Packard and Advanced Micro Devices accounted for approximately 31% and 10%, respectively, of our consolidated net revenue. For the six months ended January 31, 2011, sales to Hewlett-Packard and Advanced Micro Devices accounted for approximately 26% and 9%, respectively, of our consolidated net revenue. We expect to continue to derive the vast majority of our operating revenue from sales to a small number of key clients. In general, we do not have agreements which obligate any client to buy a minimum amount of services from us or designate us as an exclusive service provider. Consequently, our sales are subject to demand variability by our clients. The level and timing of orders placed by our clients vary for a variety of reasons, including seasonal buying by end-users, the introduction of new technologies and general economic conditions.

Basis of Presentation

The Company has six operating segments: Americas; Asia; Europe; e-Business; ModusLink PTS and TFL. The Company has four reportable segments: Americas; Asia; Europe and TFL. The Company reports the ModusLink PTS operating segment in aggregation with the Americas operating segment as part of the Americas reportable segment. In addition to its four reportable segments, the Company reports an All other category. The All other category represents the e-Business operating segment. The Company also has Corporate-level activity, which consists primarily of costs associated with certain corporate administrative functions such as legal and finance which are not allocated to the Company's reportable segments and administration costs related to the Company's venture capital activities.

All significant intercompany transactions and balances have been eliminated in consolidation.

Results of Operations

Three months ended January 31, 2012 compared to the three months ended January 31, 2011

Net Revenue:

	Three Months Ended January 31, 2012	As a % of Total Net Revenue	Three Months Ended January 31, 2011	As a % of Total Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 59,620	33.4%	$ 76,269	32.6%	$(16,649)	(21.8)%
Asia	51,370	28.8%	62,794	26.8%	(11,424)	(18.2)%
Europe	50,560	28.3%	78,101	33.4%	(27,541)	(35.3)%
TFL	8,888	5.0%	7,782	3.3%	1,106	14.2%
All other	8,150	4.5%	9,204	3.9%	(1,054)	(11.5)%
Total	$ 178,588	100.0%	$ 234,150	100.0%	$(55,562)	(23.7)%

Net revenue decreased by approximately $55.6 million during the three months ended January 31, 2012, as compared to the same period in the prior year. This decrease was primarily a result of lower volumes from certain existing client programs as well as a decline in new business as compared to the year-ago period. Approximately $103.4 million of the net revenue for the three months ended January 31, 2012 related to the procurement and re-sale of materials as compared to $143.7 million for the three months ended January 31, 2011.

During the three months ended January 31, 2012, net revenue in the Americas region decreased by approximately $16.6 million. This decrease primarily resulted from the cancellation of a certain client program that was no longer profitable to the Company and decreases in order volumes for certain other client programs. Within the Asia region, the net revenue decrease of approximately $11.4 million primarily resulted from short-term supply constraints for certain client programs, as a result of the impact of the flooding in Thailand. Within the Europe region, the net revenue decrease of approximately $27.5 million was driven by decreases in client order volumes, as a result of challenging economic and client-specific conditions within this region. Net revenue for TFL increased by approximately $1.1 million due to higher order volumes as compared to the same period in the prior year.

A significant portion of our client base operates in the technology sector, which is intensely competitive and very volatile. Our clients' order volumes vary from quarter to quarter for a variety of reasons, including market acceptance of their new product introductions and overall demand for their products including seasonality factors. This business environment, and our mode of transacting business with our clients, does not lend itself to precise measurement of the amount and timing of future order volumes, and as a result, future consolidated and segment sales volumes and revenues could vary significantly from period to period. We sell primarily on a purchase order basis, rather than pursuant to contracts with minimum purchase requirements. These purchase orders are generally for quantities necessary to support near-term demand for our clients' products.

Cost of Revenue:

	Three Months Ended January 31, 2012	As a % of Segment Net Revenue	Three Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 58,401	98.0%	$ 73,771	96.7%	$(15,370)	(20.8)%
Asia	39,976	77.8%	48,352	77.0%	(8,376)	(17.3)%
Europe	48,686	96.3%	72,278	92.5%	(23,592)	(32.6)%
TFL	8,492	95.5%	8,417	108.2%	75	0.9%
All other	6,966	85.5%	7,941	86.3%	(975)	(12.3)%
Total	$ 162,521	91.0%	$ 210,759	90.0%	$(48,238)	(22.9)%

Cost of revenue consists primarily of expenses related to the cost of materials purchased in connection with the provision of supply chain management services as well as costs for salaries and benefits, contract labor, consulting, fulfillment and shipping, and applicable facilities costs. Cost of revenue decreased by approximately $48.2 million for the three months ended January 31, 2012, as compared to the three months ended January 31, 2011, primarily due to lower order volumes. On a consolidated basis, gross margin for the second quarter of fiscal 2012 was 9.0% as compared to 10.0% in the prior year quarter. For the three months ended January 31, 2012, the Company's gross margin percentages within the Americas, Asia and Europe regions were 2.0%, 22.2% and 3.7%, as compared to 3.3%, 23.0% and 7.5%, respectively, for the same period of the prior year. The decrease in each region is attributed to the effect of the fixed portions of indirect labor and infrastructure costs on lower volumes during the quarter, which were partially offset by a favorable impact from customer mix.

As a result of the lower overall cost of delivering the Company's services in the Asia region, particularly China, we expect gross margin levels in Asia to continue to exceed those earned in the Americas and Europe regions. However, we expect that there will continue to be pressure on gross margin levels in Asia as the market, particularly China, matures.

Selling, General and Administrative Expenses:

	Three Months Ended January 31, 2012	As a % of Segment Net Revenue	Three Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 3,661	6.2%	$ 3,674	4.8%	$ (13)	(0.4)%
Asia	6,465	12.6%	5,615	8.9%	850	15.1%
Europe	5,411	10.7%	5,335	6.8%	76	1.4%
TFL	1,427	16.1%	1,347	17.3%	80	5.9%
All other	952	11.7%	802	8.7%	150	18.7%
Sub-total	17,916	10.0%	16,773	7.2%	1,143	6.8%
Corporate-level activity	6,691	—	3,685	—	3,006	81.6%
Total	$ 24,607	13.8%	$ 20,458	8.7%	$ 4,149	20.3%

Selling, general and administrative expenses consist primarily of compensation and employee-related costs, sales commissions and incentive plans, information technology expenses, travel expenses, facilities costs, consulting fees, fees for professional services, depreciation expense and marketing expenses. Selling, general and administrative expenses during the three months ended January 31, 2012 increased by approximately $4.1 million compared to the three-month period ended January 31, 2011, primarily as a result of a $2.1 million increase in costs related to the Company's proxy contest, a $1.1 million increase in professional fees for consultants to assist with the Company's investments in sales and marketing and cost alignment initiatives, and a $0.9 million increase in sales and marketing costs. The Company does not expect to incur any additional costs related to the proxy contest or cost alignment consulting project during the remainder of our 2012 fiscal year.

Amortization of Intangible Assets:

	Three Months Ended January 31, 2012	As a % of Segment Net Revenue	Three Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 38	0.1%	$ 756	1.0%	$ (718)	(95.0)%
Asia	—	—	369	0.6%	(369)	(100.0)%
Europe	—	—	—	—	—	—
TFL	47	0.5%	307	3.9%	(260)	(84.7)%
All other	247	3.0%	247	2.7%	—	—
Total	$ 332	0.2%	$ 1,679	0.7%	$(1,347)	(80.2)%

The intangible asset amortization relates to certain amortizable intangible assets acquired by the Company in connection with its acquisition of Modus Media, Inc., ModusLink OCS, ModusLink PTS and TFL. The $1.3 million decrease in amortization expense is due to the write-off of certain intangible assets during the second fiscal quarter ended January 31, 2011 and that the intangible assets related to Modus Media, Inc. have been fully amortized. The remaining intangible assets are being amortized over lives ranging from 1 to 4 years.

Impairment of Goodwill and Intangible Assets:

	Three Months Ended January 31, 2012	As a % of Segment Net Revenue	Three Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ —	—	$ 15,889	20.8%	$(15,889)	(100.0)%
Asia	—	—	—	—	—	—
Europe	—	—	—	—	—	—
TFL	—	—	11,277	144.9%	(11,277)	(100.0)%
All other	—	—	—	—	—	—
Total	$ —	—	$ 27,166	11.6%	$(27,166)	(100.0)%

The Company conducts its goodwill impairment test on July 31 of each fiscal year. In addition, if and when events or circumstances change that could reduce the fair value of any of its reporting units below its carrying value, an interim test would be performed. In making this assessment, the Company relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. The Company's reporting units are the same as the operating segments: Americas, Asia, Europe, e-Business, ModusLink PTS and TFL.

During the second quarter of fiscal year 2011, indicators of potential impairment caused the Company to conduct an interim impairment test for goodwill and other long-lived assets, which includes amortizable intangible assets, for its ModusLink PTS and TFL reporting units in connection with the preparation of its quarterly financial statements for the quarter ended January 31, 2011. These indicators included continued operating losses, the departure of key personnel, and increasingly adverse trends that resulted in further deterioration of the current operating results and future prospects for both the ModusLink PTS and TFL reporting units. These adverse trends include increased competition for and a decline in the supply of quality products at a reasonable cost for TFL, pricing pressure from existing customers for ModusLink PTS, and the emergence and growth of new competitors for both ModusLink PTS and TFL.

As a result of the impairment test, the Company concluded that its goodwill was impaired and recorded a $13.2 million non-cash goodwill impairment charge, consisting of $7.1 million for ModusLink PTS and $6.1 million TFL during the three months ended January 31, 2011. The Company also determined that its intangible assets were impaired and recorded a $14.0 million non-cash intangible asset impairment charge, consisting of $8.8 million for ModusLink PTS and $5.2 million for TFL during the three months ended January 31, 2011. The goodwill and intangible asset impairment charges for ModusLink PTS are not deductible for tax purposes. The goodwill and intangible asset impairment charges for TFL are deductible as amortization for tax purposes over time. The impairment charge did not affect the Company's liquidity or cash flows.

Restructuring and Other, net:

	Three Months Ended January 31, 2012	As a % of Segment Net Revenue	Three Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 488	0.8%	$ 173	0.2%	$ 315	182.1%
Asia	181	0.4%	232	0.4%	(51)	(22.0)%
Europe	3,776	7.5%	—	—	3,776	—
TFL	133	1.5%	—	—	133	—
All other	19	0.2%	—	—	19	—
Sub-total	$ 4,597	2.6%	$ 405	0.2%	4,192	1035.1%
Corporate-level activity	—	—	7	—	(7)	(100.0)%
Total	$ 4,597	2.6%	$ 412	0.2%	$ 4,185	1015.8%

During the three months ended January 31, 2012, the Company recorded a net restructuring charge of $4.6 million. Of this amount, approximately $3.7 million related to a workforce reduction of 48 employees in Europe and $0.4 million related to a workforce reduction of 5 employees within the Company's IT organization. In addition, the Company recorded $0.4 million of restructuring charges related to certain contractual obligations in connection with the restructuring of a facility in the ModusLink PTS business.

During the three months ended January 31, 2011, the Company recorded a net restructuring charge of approximately $0.4 million. Of this amount, for the three months ended January 31, 2011, approximately $0.3 million related to the workforce reduction of 11 employees in the Americas and Asia. For the three months ended January 31, 2011 approximately $0.1 million of the recorded net restructuring charge related to changes in estimates for previously recorded facilities lease obligations primarily based on changes to the underlying assumptions.

Interest Income/Expense:

During the three months ended January 31, 2012 and 2011, interest income was approximately $0.1 million for both periods.

During the three months ended January 31, 2012 and 2011, interest expense totaled approximately $0.1 million for both periods. Interest expense recorded in both periods related primarily to the Company's stadium obligation.

Other Gains (Losses), net:

Other gains, net, were approximately $0.8 million for the three months ended January 31, 2012. During the three months ended January 31, 2012, the Company recorded foreign exchange gains of approximately $0.8 million. These net gains primarily related to realized and unrealized gains and losses from foreign currency exposures and settled transactions in the Americas, Asia and Europe.

Other losses, net, were approximately $0.4 million for the three months ended January 31, 2011. During the three months ended January 31, 2011, the Company recorded foreign exchange losses of approximately $0.3 million. These net losses primarily related to realized and unrealized losses from foreign currency exposures and settled transactions in the Americas, Asia and Europe.

Equity in Losses of Affiliates and Impairments:

Equity in losses of affiliates and impairments, results from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating income or losses is included in equity in losses of affiliates. Equity in losses of affiliates was $0.3 million and $0.4 million for the three months ended January 31, 2012 and 2011, respectively.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular investment's net realizable value is less than its carrying cost requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes and competition. The valuation process is based primarily on information that the Company requests from these privately held companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and the accuracy of the data may vary. No impairment charges were recorded for the quarters ended January 31, 2012 and 2011.

Estimating the net realizable value of investments in privately held early-stage technology companies is inherently subjective and has contributed to volatility in our reported results of operations in the past and may negatively impact our results of operations in the future. We may incur impairment charges to our investments in privately held companies, which could have an adverse impact on our future results of operations. A decline in the carrying value of our $12.4 million of investments in affiliates at January 31, 2012 ranging from 10% to 20%, respectively, would decrease our income from continuing operations by $1.2 million to $2.4 million.

Income Tax Expense:

During the three months ended January 31, 2012, the Company recorded income tax expense of approximately $0.4 million, as compared to income tax expense of $1.1 million for the same period in the prior fiscal year. For the three months ended January 31, 2012 and 2011, the Company was profitable in certain jurisdictions where the Company operates, resulting in an income tax expense using the enacted tax rates in those jurisdictions.

The Company provides for income tax expense related to federal, state, and foreign income taxes. The Company continues to maintain a full valuation allowance against its deferred tax assets in the U.S. and certain of its foreign subsidiaries due to the uncertainty of realizing such benefits.

Discontinued Operations:

During the three months ended January 31, 2012, the Company recorded income from discontinued operations of $0.7 million, as compared to a loss of $0.1 million for same period in the prior fiscal year. The increase of $0.8 million is attributable to the execution of a sublease of the Company's previously abandoned facility, which resulted in an adjustment to the Company's estimate of future minimum lease payments recoverable through sublease receipts.

Results of Operations

Six months ended January 31, 2012 compared to the six months ended January 31, 2011

Net Revenue:

	Six Months Ended January 31, 2012	As a % of Total Net Revenue	Six Months Ended January 31, 2011	As a % of Total Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 129,285	33.6%	$ 157,092	33.4%	$ (27,807)	(17.7)%
Asia	112,252	29.2%	120,292	25.6%	(8,040)	(6.7)%
Europe	108,013	28.1%	155,799	33.1%	(47,786)	(30.7)%
TFL	16,967	4.4%	17,527	3.7%	(560)	(3.2)%
All other	18,222	4.7%	19,819	4.2%	(1,597)	(8.1)%
Total	$ 384,739	100.0%	$ 470,529	100.0%	$ (85,790)	(18.2)%

Net revenue decreased by approximately $85.8 million during the six months ended January 31, 2012, as compared to the same period in the prior year. This decrease was primarily a result of lower volumes from certain existing client programs as well as a decline in new business as compared to the year-ago period. Approximately $224.4 million of the net revenue for the six months ended January 31, 2012 related to the procurement and re-sale of materials as compared to $286.5 million for the six months ended January 31, 2011.

During the six months ended January 31, 2012, net revenue in the Americas region decreased by approximately $27.8 million. This decrease primarily resulted from the cancellation of a certain client program that was no longer profitable to the Company and decreases in order volumes for certain other client programs. Within the Asia region, the net revenue decrease of approximately $8.0 million primarily resulted from short-term supply constraints for certain client programs, as a result of the impact of the flooding in Thailand. This decrease was partially offset by a non-recurring $4.0 million price concession for a certain customer program which was recorded as a reduction of revenue in the first quarter of the prior fiscal year. Within the Europe region, the net revenue decrease of approximately $47.8 million was driven by decreases in client order volumes, as a result of challenging economic and client-specific conditions within this region. At TFL, net revenue decreased by $0.6 million during the six months ended January 31, 2012 compared to the prior year period due to increased competition in the market.

A significant portion of our client base operates in the technology sector, which is intensely competitive and very volatile. Our clients’ order volumes vary from quarter to quarter for a variety of reasons, including market acceptance of their new product introductions and overall demand for their products including seasonality factors. This business environment, and our mode of transacting business with our clients, does not lend itself to precise measurement of the amount and timing of future order volumes, and as a result, future consolidated and segment sales volumes and revenues could vary significantly from period to period. We sell primarily on a purchase order basis, rather than pursuant to contracts with minimum purchase requirements. These purchase orders are generally for quantities necessary to support near-term demand for our clients’ products.

Cost of Revenue:

	Six Months Ended January 31, 2012	As a % of Segment Net Revenue	Six Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 124,011	95.9%	$ 152,686	97.2%	$ (28,675)	(18.8)%
Asia	84,998	75.7%	94,462	78.5%	(9,464)	(10.0)%
Europe	102,484	94.9%	143,527	92.1%	(41,043)	(28.6)%
TFL	16,871	99.4%	17,541	100.1%	(670)	(3.8)%
All other	14,815	81.3%	16,568	83.6%	(1,753)	(10.6)%
Total	$ 343,179	89.2%	$ 424,784	90.3%	$ (81,605)	(19.2)%

Cost of revenue consists primarily of expenses related to the cost of materials purchased in connection with the provision of supply chain management services as well as costs for salaries and benefits, contract labor, consulting, fulfillment and shipping, and applicable facilities costs. Cost of revenue decreased by approximately $81.6 million for the six months ended January 31, 2012, as compared to the six months ended January 31, 2011, primarily due to lower order volume. Gross margins for the first half of fiscal year 2012 were 10.8% as compared to 9.7% in the first half of fiscal year 2011. This increase is attributed to a non-recurring $4.0 million price concession for a certain client program which was recorded as reduction of revenue in the prior year period which had a negative impact on gross margin, and improved geographical and customer mix.

For the six months ended January 31, 2012, the Company's gross margin percentages within the Americas, Asia and Europe regions were 4.1%, 24.3% and 5.1%, as compared to 2.8%, 21.5% and 7.9%, respectively, for the same period of the prior year. The increase in gross margin within the Americas region is attributed to the favorable impact of cost reduction programs at certain facilities. Within the Asia region, the increase in gross margin is primarily attributed to the non-recurring $4.0 million price concession recorded in the prior year period and favorable customer mix. Within the Europe region, the decrease in gross margin is attributed to the effect of the fixed portions of indirect labor and infrastructure costs on lower volumes and an unfavorable change in customer mix. Gross margin for TFL for the six months ended January 31, 2012 was 0.6% compared with (0.1)% in the prior year period. The increase in gross margin is primarily attributed to lower inventory related charges during the six months ended January 31, 2012 compared to the prior year period.

As a result of the lower overall cost of delivering the Company's services in the Asia region, particularly China, we expect gross margin levels in Asia to continue to exceed those earned in the Americas and Europe regions. However, we expect that there will continue to be pressure on gross margin levels in Asia as the market, particularly China, matures.

Selling, General and Administrative Expenses:

	Six Months Ended January 31, 2012	As a % of Segment Net Revenue	Six Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
	(In thousands)					
Americas	$ 7,587	5.9%	$ 7,890	5.0%	$ (303)	(3.8)%
Asia	12,529	11.2%	11,424	9.5%	1,105	9.7%
Europe	10,857	10.1%	11,125	7.1%	(268)	(2.4)%
TFL	2,475	14.6%	2,668	15.2%	(193)	(7.2)%
All other	1,908	10.5%	1,753	8.8%	155	8.8%
Sub-total	35,356	9.2%	34,860	7.4%	496	1.4%
Corporate-level activity	11,449	—	8,149	—	3,300	40.5%
Total	$ 46,805	12.2%	$ 43,009	9.1%	$ 3,796	8.8%

Selling, general and administrative expenses consist primarily of compensation and employee-related costs, sales commissions and incentive plans, information technology expenses, travel expenses, facilities costs, consulting fees, fees for professional services, depreciation and marketing expenses. Selling, general and administrative expenses during the six months ended January 31, 2012 increased by approximately $3.8 million compared to the six month period ended January 31, 2011, primarily as a result of a $2.3 million increase in costs related to the Company's proxy contest, a $4.5 million increase in professional fees for consultants to assist with the Company's investments in sales and marketing and cost alignment initiatives. These increases were partially offset by a non-recurring receipt of approximately $3.4 million from the release by TFL Enterprises LLC, the former owner of TFL, of funds held in escrow since the date of the TFL acquisition in settlement of potential claims. The Company does not expect to incur any additional costs related to the proxy contest or cost alignment consulting project during the remainder of our 2012 fiscal year.

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Amortization of Intangible Assets:

	Six Months Ended January 31, 2012	As a % of Segment Net Revenue	Six Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 75	0.1%	$ 1,512	1.0%	$(1,437)	(95.0)%
Asia	—	—	738	0.6%	(738)	(100.0)%
Europe	—	—	—	—	—	—
TFL	94	0.6%	614	3.5%	(520)	(84.7)%
All other	494	2.7%	494	2.5%	—	—
Total	$ 663	0.2%	$ 3,358	0.7%	$(2,695)	(80.3)%

The intangible asset amortization relates to certain amortizable intangible assets acquired by the Company in connection with its acquisition of Modus Media, Inc., ModusLink OCS, ModusLink PTS and TFL. The $2.7 million decrease in amortization expense is due to the write-off of certain intangible assets during the quarter ended January 31, 2011 and that the intangible assets related to the Modus Media Inc. acquisition have been fully amortized. The remaining intangible assets are being amortized over lives ranging from 1 to 4 years.

Impairment of Goodwill and Intangible Assets:

	Six Months Ended January 31, 2012	As a % of Segment Net Revenue	Six Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ —	—	$ 15,889	10.1%	$(15,889)	(100.0)%
Asia	—	—	—	—	—	—
Europe	—	—	—	—	—	—
TFL	—	—	11,277	64.3%	(11,277)	(100.0)%
All other	—	—	—	—	—	—
Total	$ —	—	$ 27,166	5.8%	$(27,166)	(100.0)%

The Company conducts its goodwill impairment test on July 31 of each fiscal year. In addition, if and when events or circumstances change that would reduce the fair value of any of its reporting units below its carrying value, an interim test would be performed. In making this assessment, the Company relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. The Company's reporting units are the same as the operating segments: Americas, Asia, Europe, e-Business, ModusLink PTS and TFL.

During the six months ended January 31, 2011, indicators of potential impairment caused the Company to conduct an interim impairment test for goodwill and other long-lived assets, which includes amortizable intangible assets, for its ModusLink PTS and TFL reporting units in connection with the preparation of its quarterly financial statements for the quarter ended January 31, 2011. These indicators included continued operating losses, the departure of key personnel, and increasingly adverse trends that resulted in further deterioration of the current operating results and future prospects for both the ModusLink PTS and TFL reporting units. These adverse trends included increased competition for and a decline in the supply of quality products at a reasonable cost for TFL, pricing pressure from existing customers for ModusLink PTS, and the emergence and growth of new competitors for both ModusLink PTS and TFL.

As a result of the impairment test, the Company concluded that its goodwill was impaired and recorded a $13.2 million non-cash goodwill impairment charge, consisting of $7.1 million for ModusLink PTS and $6.1 million TFL during the six months ended January 31, 2011. The Company also determined that its intangible assets were impaired and recorded a $14.0 million non-cash intangible asset impairment charge, consisting of $8.8 million for ModusLink PTS and $5.2 million for TFL during the six months ended January 31, 2011. The goodwill and intangible asset impairment charges for ModusLink PTS are not deductible for tax purposes. The goodwill and intangible asset impairment charges for TFL are deductible as amortization for tax purposes over time. The impairment charge did not affect the Company's liquidity or cash flows.

Restructuring and Other, net:

	Six Months Ended January 31, 2012	As a % of Segment Net Revenue	Six Months Ended January 31, 2011	As a % of Segment Net Revenue	$ Change	% Change
			(In thousands)			
Americas	$ 751	0.6%	$ 603	0.4%	$ 148	24.5%
Asia	677	0.6%	582	0.5%	95	16.3%
Europe	3,772	3.5%	—	—	3,772	—
TFL	133	0.8%	—	—	133	—
All other	19	0.1%	—	—	19	—
Sub-total	$ 5,352	1.4%	$ 1,185	0.3%	4,167	351.6%
Corporate-level activity	—	—	16	—	(16)	(100.0)%
Total	$ 5,352	1.4%	$ 1,201	0.3%	$ 4,151	345.6%

During the six months ended January 31, 2012, the Company recorded a net restructuring charge of approximately $5.3 million. Of this amount, approximately $3.7 million related to the workforce reduction of 48 employees in Europe, $0.5 million for the workforce reduction of 144 employees in China, $0.4 million related to the workforce reduction of 5 employees within the Company's IT organization, and $0.2 million related to the workforce reduction of 9 employees in Raleigh, North Carolina. Also, approximately $0.4 million and $0.1 million of the restructuring charges related to certain contractual obligations in connection with the restructuring of facilities in the ModusLink PTS business and in Raleigh, North Carolina, respectively.

During the six months ended January 31, 2011, the Company recorded a net restructuring charge of approximately $1.2 million. Of this amount, for the six months ended January 31, 2011, approximately $1.1 million related to the workforce reduction of 55 employees in the Americas and Asia. For the six months ended January 31, 2011 approximately $0.1 million of the recorded net restructuring charge related to changes in estimates for previously recorded facilities lease obligations primarily based on changes to the underlying assumptions.

Interest Income/Expense:

During the six months ended January 31, 2012, interest income increased to $0.2 million from $0.1 million in the year-ago period. The increase in interest income was the result of higher average interest rates during the current period compared to the same period in the prior fiscal year.

Interest expense totaled approximately $0.2 million for both the six months ended January 31, 2012 and 2011. In both periods, interest expense related primarily to the Company's stadium obligation.

Other Gains (Losses), net:

Other gains, net, were approximately $2.1 million for the six months ended January 31, 2012. During the six months ended January 31, 2012, the Company recorded foreign exchange gains of approximately $2.0 million related to realized and unrealized losses from foreign currency exposures and settled transactions in the Americas, Asia and Europe.

Other losses, net, were approximately $2.3 million for the six months ended January 31, 2011. During the six months ended January 31, 2011, the Company recorded foreign exchange losses of approximately $2.0 million related to realized and unrealized losses from foreign currency exposures and settled transactions in the Americas, Asia and Europe.

Equity in Losses of Affiliates and Impairments:

Equity in losses of affiliates and impairments, results from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating income or losses is included in equity in losses of affiliates. Equity in losses of affiliates was $0.7 million and $1.0 million for the six months ended January 31, 2012 and 2011, respectively.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular investment's net realizable value is less than its carrying cost requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes and competition. The valuation process is based primarily on information that the Company requests from these privately held companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and the accuracy of the data may vary. Based on the Company's evaluation, it recorded impairment charges of $18 thousand and $0.4 million during the six months ended January 31, 2012 and 2011, respectively, related to its investment in a privately held company. This impairment charge is included in "Equity in losses of affiliates and impairments" in the Company's Consolidated Statement of Operations.

Estimating the net realizable value of investments in privately held early-stage technology companies is inherently subjective and has contributed to volatility in our reported results of operations in the past and may negatively impact our results of operations in the future. We may incur additional impairment charges to our investments in privately held companies, which could have an adverse impact on our future results of operations. A decline in the carrying value of our $12.4 million of investments in affiliates at January 31, 2012 ranging from 10% to 20%, respectively, would decrease our income from continuing operations by $1.2 million to $2.4 million.

Income Tax Expense:

During the six months ended January 31, 2012, the Company recorded income tax expense of approximately $2.3 million, as compared to income tax expense of $2.4 million for same period in the prior fiscal year. For the six months ended January 31, 2012 and 2011, the Company was profitable in certain jurisdictions where the Company operates, resulting in an income tax expense using the enacted tax rates in those jurisdictions.

The Company provides for income tax expense related to federal, state, and foreign income taxes. The Company continues to maintain a full valuation allowance against its deferred tax assets in the U.S. and certain of its foreign subsidiaries due to the uncertainty of realizing such benefits.

Discontinued Operations:

During the six months ended January 31, 2012, the Company recorded income from discontinued operations of approximately $0.7 million, as compared to a loss of $0.1 million for same period in the prior fiscal year. The increase of $0.8 million is attributable to the execution of a sublease of the Company's previously abandoned facility, which resulted in an adjustment to the Company's estimate of future minimum lease payments recoverable through sublease receipts.

Liquidity and Capital Resources

Historically, the Company has financed its operations and met its capital requirements primarily through funds generated from operations, the sale of our securities, returns generated by our venture capital investments and borrowings from lending institutions. As of January 31, 2012, the Company's primary sources of liquidity consisted of cash and cash equivalents of $95.6 million. In addition, on February 1, 2010, the Company and certain of its domestic subsidiaries entered into an Amended and Restated Credit Agreement and a Security Agreement (the "Credit Facility") with a bank syndicate. The Credit Facility provides a senior secured revolving credit facility up to an initial aggregate principal amount of $40.0 million and is secured by substantially all of the domestic assets of the Company. The Credit Facility permits the Company to increase the aggregate principal amount by an additional $20.0 million upon certain conditions being met. The Credit Facility terminates on February 1, 2013. Interest on the Credit Facility is based on the type of borrowing, at the base rate or the Eurodollar rate plus an applicable rate that varies from 1.25% for the base rate and 2.25% to 2.75% for the Eurodollar rate depending on the Company's consolidated leverage ratio. The Credit Facility includes certain restrictive financial covenants, which include a maximum consolidated leverage ratio, a minimum consolidated core cash flow coverage ratio and minimum global cash and restrictions that limit the ability of the Company, to among other things, create liens, incur additional indebtedness, make investments, or dispose of assets or property without prior approval from the lenders. In January 2012, the Company entered into an amendment to the Credit Facility which replaced the minimum consolidated core cash flow coverage ratio covenant with a minimum consolidated EBITDA covenant and modified the minimum global cash requirement. On January 31, 2012, the Company did not have any debt outstanding and had letters of credit for $0.1 million outstanding under the Credit Facility.

In addition, the Company maintains an uncommitted credit facility of approximately $1.0 million in Taiwan. No amounts were outstanding under this facility at January 31, 2012. The Company's working capital at January 31, 2012 was approximately $169.8 million.

Cash used in operating activities of continuing operations represents income (loss) from continuing operations as adjusted for non-cash items and changes in operating assets and liabilities. Net cash used in operating activities of continuing operations was $4.8 million and $4.4 million for the six months ended January 31, 2012 and 2011, respectively. The $0.4 million increase in cash used in operating activities of continuing operations for the six months ended January 31, 2012 compared with the same period in the prior year was due to a $12.7 million increase in loss from continuing operations as adjusted for non-cash items offset by a $12.3 million increase in cash resulting from changes in operating assets and liabilities. During the six months ended January 31, 2012, non-cash items included depreciation expense of $7.3 million, share-based compensation of $1.9 million, amortization of intangible assets of $0.7 million, non-operating gains, net, of $2.1 million, and equity in losses of affiliates and impairments of $0.7 million. The increases in accounts receivable and inventory are due to seasonal demands of clients and due to the high dollar value of inventory for a new client program. The increase in accounts payable is due to high dollar value of inventory for a new client program and increases in costs related to the Company's proxy contest.

During the six months ended January 31, 2011, non-cash items included depreciation expense of $8.2 million, impairment of goodwill and intangibles assets of $27.2 million, share-based compensation of $1.9 million, amortization of intangible assets of $3.4 million, non-operating losses, net, of $2.3 million, and equity in losses of affiliates and impairments of $1.0 million.

The Company believes that its cash flows related to operating activities of continuing operations are dependent on several factors, including increased profitability, effective inventory management practices, and optimization of the credit terms of certain vendors of the Company. Our cash flows from operations are also dependent on several factors including the overall performance of the technology sector and the market for outsourcing services, as discussed above in the "Overview" section.

Investing activities of continuing operations used cash of $6.0 million and $4.9 million during the six months ended January 31, 2012 and 2011, respectively. The $6.0 million of cash used in investing activities during the six months ended January 31, 2012 resulted primarily from $4.9 million in capital expenditures and $1.1 million of investments in affiliates. The $4.9 million of cash used by investing activities during the six months ended January 31, 2011 resulted primarily from $3.9 million in capital expenditures and $1.0 million of investments in affiliates. As of January 31, 2012, the Company had a carrying value of $12.4 million of investments in affiliates, which may be a potential source of future liquidity. However, the Company does not anticipate being dependent on liquidity from these investments to fund either its short-term or long-term operating activities.

Financing activities of continuing operations used cash of $0.1 million and $1.5 million during the six months ended January 31, 2012 and 2011, respectively. The $0.1 million of cash used for financing activities of continuing operations during the six months ended January 31, 2012 primarily related to $30 thousand of capital lease repayments and $0.2 million used to repurchase the Company's common stock which were partially offset by $61 thousand of proceeds from the issuance of common stock. The $1.5 million of cash used for financing activities of continuing operations during the six months ended January 31, 2011 primarily related to $1.6 million of cash used to repurchase the Company's common stock and $30 thousand of capital lease repayments, which were partially offset by $0.1 million of proceeds from the issuance of common stock. The Company is not dependent on liquidity from its financing activities to fund either its short-term or long-term operating activities; however, we have utilized our revolving line of credit to meet operating requirements in the past.

Cash used for discontinued operations totaled $1.0 million and $0.8 million for the six months ended January 31, 2012 and 2011, respectively, primarily for ongoing lease obligations.

Given the Company's cash resources as of January 31, 2012, the Company believes that it has sufficient working capital and liquidity to support its operations for at least the next 12 months. There are no material capital expenditure requirements as of January 31, 2012. However, should additional capital be needed to fund any future cash needs, investments or acquisition activities, the Company may seek to raise additional capital through offerings of the Company's stock, or through debt financing. There can be no assurance, however, that the Company will be able to raise additional capital on terms that are favorable to the Company, or at all.

Off-Balance Sheet Arrangements

The Company does not have any significant off-balance sheet arrangements.

Contractual Obligations

A summary of the Company's contractual obligations is included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2011. The Company's gross liability for unrecognized tax benefits was approximately $6.0 million and approximately $138 thousand of accrued interest and penalties as of January 31, 2012. The Company is unable to reasonably estimate the amount or timing of payments for the liability.

The Company agrees to indemnify its clients in the ordinary course of business. Typically, the Company agrees to indemnify its clients for losses caused by the Company. As of January 31, 2012, the Company had no recorded liabilities with respect to these arrangements.

In 1999, a subsidiary of the Company entered into a facility lease with a term ending in November 2006. The Company issued a guaranty in connection with this lease. The Company divested of its interest in the subsidiary in 2002. During the quarter ended October 31, 2006, the Company became aware that this lease had been amended to extend the lease term through November 2016 with cumulative base rent of approximately $16.0 million. The Company disputes that it has any ongoing liability under this guaranty.

The Company is also a party to litigation from time to time, which it considers routine and incidental to its business. Management does not expect the results of such routine and incidental matters to have a material adverse effect on the Company's business, results of operations or financial condition.

Critical Accounting Policies

The preparation of our quarterly financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, stock-based compensation expense, inventories, investments, income taxes, restructuring, impairment of long-lived assets, goodwill and other intangible assets, contingencies and litigation. Of the accounting estimates we routinely make relating to our critical accounting policies, those estimates made in the process of: preparing investment valuations; determining discounted cash flows for purposes of evaluating goodwill and intangible assets for impairment; determining future lease assumptions related to restructured facility lease obligations; and establishing income tax liabilities are the estimates most likely to have a material impact on our financial position and the results of operations. Some accounting policies may have a significant impact on amounts reported in these financial statements. During the three and six months ended January 31, 2012, we believe that there have been no significant changes to the items that we disclosed as our critical accounting policies and estimates in the "Critical Accounting Policies" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended July 31, 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to the impact of interest rate changes, foreign currency exchange rate fluctuations and changes in the market values of its investments. The carrying values of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and the revolving line of credit, approximate fair value because of the short-term nature of these instruments. The carrying value of capital lease obligations approximates fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. As a matter of policy, the Company does not enter into derivative financial instruments for trading purposes. Derivative positions would be used to reduce risk by hedging underlying economic or market exposure and would be valued at their fair value on our consolidated balance sheets and adjustments to fair value during the holding period would be recorded in the statement of operations.

Interest Rate Risk

At January 31, 2012, the Company had no outstanding borrowings under its Credit Facility with a bank syndicate and the Company had no open derivative positions with respect to its borrowing arrangements.

We maintain a portfolio of highly liquid cash equivalents typically maturing in three months or less as of the date of purchase. We place our investments in instruments that meet high credit quality standards, as specified in our investment policy and include corporate and state municipal obligations such as commercial paper, certificates of deposit and institutional money market funds.

Our exposure to market risk for changes in interest rates relates primarily to our investment in short-term investments. Our short-term investments are intended to establish a high-quality portfolio that preserves principal, meets liquidity needs, avoids inappropriate concentrations and delivers an appropriate yield in relationship to our investment guidelines and market conditions.

Foreign Currency Risk

The Company has operations in various countries and currencies throughout the world and its operating results and financial position are subject to exposure from significant fluctuations in foreign currency exchange rates. The Company has historically used derivative financial instruments on a limited basis, principally foreign currency forward contracts, to minimize the transaction exposure that results from such fluctuations. As of January 31, 2012, the Company did not have any outstanding foreign currency forward contracts.

Revenues from our foreign operating segments accounted for approximately 57.1% and 57.3% of total revenues during the three and six months ended January 31, 2012, respectively. A portion of our international sales made by our foreign business units in their respective countries is denominated in the local currency of each country. These business units also incur a portion of their expenses in the local currency.

Primary currencies include Euros, Singapore Dollars, Chinese Renminbi, Hungarian Forints, Czech Koruna, Taiwan Dollars, Japanese Yen, Australian Dollars, New Zealand Dollars, Malaysian Ringgits, Mexican Pesos and Indian Rupee. The income statements of our international operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions results in increased revenues and operating expenses for our international operations. Similarly, our revenues and operating expenses will decrease for our international operations when the U.S. dollar strengthens against foreign currencies. While we attempt to balance local currency revenue to local currency expenses to provide in effect a natural hedge, it is not always possible to completely reduce the foreign currency exchange rate risk due to competitive and other reasons.

The conversion of the foreign subsidiaries' financial statements into U.S. dollars will lead to a translation gain or loss which is recorded as a component of other comprehensive income (loss). For the three and six months ended January 31, 2012, we recorded a foreign currency translation loss of approximately $4.5 million and $7.4 million, respectively which were recorded within accumulated other comprehensive income in stockholders' equity in our condensed consolidated balance sheet. In addition, certain of our subsidiaries have assets and liabilities that are denominated in currencies other than the relevant entity's functional currency. Changes in the functional currency value of these assets and liabilities create fluctuations that will lead to a transaction gain or loss. For the three and six months ended January 31, 2012, we recorded realized and unrealized foreign currency transaction gains of approximately $0.8 million and $2.0 million, respectively which were recorded in "Other gains (losses), net" in our consolidated statement of operations.

Our international business is subject to risks, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign currency exchange rate volatility when compared to the United States. Accordingly, our future results could be materially adversely impacted by changes in these or other factors. As exchange rates vary, our international financial results may vary from expectations and adversely impact our overall operating results.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting (as defined by Rule 13a-15(f)), that occurred during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in litigation relating to claims arising out of operations in the normal course of business, which we consider routine and incidental to our business. We currently are not a party to any legal proceedings, the adverse outcome of which, in management's opinion, would have a material adverse effect on our business, results of operation or financial condition.

Item 1A. Risk Factors.

Other than with respect to the risk factor below, there have not been any material changes from the risk factors previously disclosed in the "Item 1A. Risk Factors" of our Annual Report on Form 10-K, for the fiscal year ended July 31, 2011 and "Item 1A. Risk Factors" of our Quarterly Report on Form 10-Q for the quarterly period ended October 31, 2011. In addition to the other information set forth in this report, including in the first paragraph under "Management's Discussion and Analysis of Financial Condition and Results of Operation," you should carefully consider the factors discussed in our Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Future proxy contests could be disruptive and costly and the possibility that activist stockholders may wage proxy contests or gain representation on or control of our Board of Directors could cause uncertainty about the direction of our business.

In connection with the 2011 Annual Meeting of Stockholders, we were engaged in a contested election with an activist stockholder for seats on the Board of Directors. Also, in connection with the 2010 Annual Meeting of Stockholders activist stockholders threatened a proxy contest, which ultimately resulted in a settlement. Future proxy contests, if any, could be costly and time-consuming, disrupt our operations and divert the attention of management and our employees from executing our strategic plan. Perceived uncertainties as to our future direction as a result of changes to composition of the Board of Directors may lead to the perception of a change in the direction of the business, instability or lack of continuity which may be exploited by our competitors, cause concern to our current or potential clients, and make it more difficult to attract and retain qualified personnel. In addition, disagreement among our directors about the direction of our business could impair our ability to effectively execute our strategic plan.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information about purchases by the Company of its common stock during the quarter ended January 31, 2012:

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
November 1, 2011-November 30, 2011	342(1)	$ 4.09	—	$ —
December 1, 2011-December 31, 2011	104(1)	$ 4.45	—	—
January 1, 2012-January 31, 2012	—	—	—	—

(1) Consists of shares delivered to the Company as payment of tax liability upon the vesting of shares of restricted stock.

Item 5. Other Information.

During the quarter ended January 31, 2012, we made no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors, as described in our most recent proxy statement.

Item 6. Exhibits.

The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed with, or incorporated by reference in, this report.

SIGNATURE

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 thereunto duly authorized.

MODUSLINK GLOBAL SOLUTIONS, INC.

Date: March 12, 2012	By:	/S/ STEVEN G. CRANE
		Steven G. Crane
		Chief Financial Officer

EXHIBIT INDEX

10.1	Offer Letter, dated November 21, 2011, by and between ModusLink Global Solutions, Inc. and Thomas Nightingale.
10.2	Executive Severance Agreement, dated December 12, 2011, by and between ModusLink Global Solutions, Inc. and Thomas Nightingale.
10.3	ModusLink Global Solutions, Inc. Third Amended and Restated Director Compensation Plan.
10.4	Second Amendment to Amended and Restated Credit Agreement, dated as of January 31, 2012, by and among ModusLink Global Solutions, Inc., certain of its subsidiaries, Bank of America, N.A., Silicon Valley Bank and HSBC USA, National Association.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: (i) Unaudited Condensed Consolidated Balance Sheets as of January 31, 2012 and July 31, 2011, (ii) Unaudited Condensed Consolidated Statements of Operations for the three and six months ended January 31, 2012 and 2011, (iii) Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended January 31, 2012 and 2011 and (iv) Notes to Unaudited Condensed Consolidated Financial Statements.*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 10.1

[redacted]

Joseph C. Lawler
President and Chief Executive Officer
1601 Trapelo Rd., Suite 170
Waltham, MA 02451

<u>Via Federal Express</u>

Mr. Thomas Nightingale

Dear Tom:

It is a distinct pleasure to offer you the position of President, Sales and Marketing for ModusLink Global Solutions, Inc. (“ModusLink” or the “Company”). In this capacity you will be a member of the Company’s Executive Leadership Team and report directly to me. This offer of employment is contingent upon satisfactory reference checks and receiving the approval of the Human Resources and Compensation Committee of the Board of Directors of the Company.

Your annualized base salary will be $400,000, paid bi-weekly. For fiscal year 2012, you will participate in the Company’s FY2012 Executive Management Incentive Plan (the “EMIP”) (as established by the Human Resources and Compensation Committee of the Board of Directors (the “Compensation Committee”)) with a target bonus of 100% of your base salary. The actual bonus payments, if any, which you receive, will be subject to the terms and conditions of the EMIP. All salary and bonus payments are subject to normal deductions and withholdings. For fiscal 2012, 50% of your target bonus will be guaranteed.

In addition, on your start date, you will be granted an option to purchase 400,000 shares of ModusLink common stock (the “Option”). These stock options will be awarded under the Company’s 2010 Incentive Award Plan (the “Plan”) and will be priced at the closing price of ModusLink’s common stock (during normal trading hours) on the date of grant. With respect to the Option, provided you remain employed by the Company on each vesting date, the vesting schedule of the Option shall be as follows: 25% of the shares underlying the Option shall vest and become exercisable on the first anniversary of the date of grant and l/48th of the shares underlying the Option shall vest and become exercisable on each monthly anniversary date of the date of grant starting on the 13th monthly anniversary date of the date of grant, so that the Option becomes fully vested and exercisable on the fourth anniversary of the date of grant.

On your start date, you will also be awarded 50,000 shares of restricted common stock of ModusLink. This award will be made pursuant to the Plan. Provided you remain employed by the Company on each vesting date, the restrictions with respect to the restricted stock award will lapse in three equal annual installments (each with respect to 33 1/3% of the award), on each of the first three anniversary dates of your start date. Further, should I cease to be employed in my capacity as Chief Executive Officer of the Company during your first twelve months of employment, 50% of the restricted stock award will become immediately vested. The Company encourages you to promptly speak with your own tax or legal advisor with respect to the tax effect and any filings that you may want to make with the Internal Revenue Service in connection with this restricted stock award.

The Option and the restricted stock award described above will each be subject to all terms, limitations, restrictions and termination provisions set forth in the Plan and in the separate option and restricted stock agreements (which will be based upon the Company's standard forms of option and restricted stock agreement) that will be executed to evidence the grant of such Option and award of restricted stock. You will also be required to execute the Company's standard form of Non-Competition Agreement as a condition of ModusLink granting you an option to purchase ModusLink common stock, awarding you shares of ModusLink restricted stock and your employment with the Company. Additionally, as a condition of employment with the Company, you will be required to execute the Company's standard form of Non-Disclosure and Developments Agreement.

The Company will also provide you with relocation benefits consistent with the Company's normal practices and policies. These benefits shall not exceed $100,000 (net of all applicable taxes, taking into consideration your individual tax filings) in the aggregate.

In recognition of the annual bonus you would be forfeiting by joining us on or before December 12, 2011, upon commencement of employment you will also be paid a sign-on bonus of $75,000, less applicable taxes and withholdings (the "Sign-On Bonus"). In the event you voluntarily terminate your employment prior to the first anniversary of your start date, you will be required to return 100% of the Sign-On Bonus to the Company. In the event that you voluntarily terminate your employment prior to the second anniversary of your start date, you will be required to return 50% of the Sign-On Bonus to the Company. Should you remain employed by the Company after the second anniversary of your start date, you will not be required to return any portion of the Sign-On Bonus. In addition you will be awarded 10,000 shares of restricted stock subject to the same vesting schedule and terms as described above with respect to the 50,000 share award.

In addition, you will be provided a monthly car allowance in the amount of $1,000, which will be treated for tax purposes as additional compensation to you. As an employee of the Company, you also will be entitled to vacation in accordance with the Company's vacation policies and will participate in any and all benefit programs, other than any severance arrangement, that the Company establishes and makes generally available to its employees from time to time, provided you are eligible under (and subject to all provisions of) the plan documents governing those programs. Details of the benefits offered will be reviewed with you in orientation on your first day of employment.

You will be an employee at will, meaning that either you, or the Company, may terminate your employment at any time and for any or no reason, with or without notice.

As a senior executive, you will enter into an Executive Severance Agreement with the Company, which will provide that should the Company terminate your employment without Cause or if the Company requires you to have your primary office more than 60 miles from Waltham, Massachusetts and you elect to terminate your employment, you will be entitled to receive 12 months base salary plus your target bonus. Payment of this amount would be made in accordance with the Company's regular pay periods, for the 12 month period following your date of termination. In addition, in the event that during your employment with the Company, the Company undergoes a Change in Control, and within one year after the Change in Control your employment is terminated by the Company, other than for Cause, or by you for Good Reason, you will be entitled to receive 12 months base salary plus your target bonus and all unvested outstanding equity awards will become vested. Payment of these amounts would be made in accordance with the Company's regular pay periods, for the 12 month period following your date of termination, including prorated installments of your bonus. All capitalized terms used in this paragraph are defined in the Executive Severance Agreement and the summary description provided in this paragraph is subject to all terms and conditions contained in the Executive Severance Agreement. In the event of any conflict between the terms of this paragraph and the terms of the Executive Severance Agreement, the Executive Severance Agreement shall govern. Any payment of severance benefits will be conditioned upon your execution of the Company's standard form of general release.

You represent and warrant that (i) you have advised the Company in writing of any agreement relating to non-competition, non-solicitation or confidentiality between you and your previous employer, (ii) you are not a party to or bound by any other employment agreement, non-compete agreement or confidentiality agreement with any other person or entity which would be violated by your acceptance of this position or which would interfere in any material respect with the performance of your duties with the Company and (iii) you will not use any confidential information or trade secrets of any person or party other than the Company in connection with the performance of your duties with the Company.

In accordance with current federal law, all new employees must provide documentation proving their eligibility to work in the United States. Please review the enclosed Employment Eligibility Verification Form (Form 1-9) and the list of acceptable documents that are required. Since the law requires that this documentation be presented as a condition of employment please have this available on your first day of work. Additionally, this offer is contingent upon you successfully completing the Company's drug screen. We will provide you the details necessary to complete such testing. You are also required to undergo a background check, including a criminal background check, and your employment is contingent upon results satisfactory to the Company.

We anticipate a start date on or before December 12, 2011. Please confirm your acceptance of this position by signing one copy of this letter and returning it to me. Please complete, sign and return the enclosed Massachusetts Tax Form, W-4, Direct Deposit Form (if you would like to have your pay check directly deposited to a bank account), the Company's Code of Conduct, and both nondisclosure and non-competition agreements that are enclosed. Also enclosed is a copy of ModusLink's Policy on Trading of Securities and Public Disclosures for your review.

If you choose to fax the documents, please fax a copy of your signed offer letter and all the enclosed documents to 781-663-5045 and bring the originals with you on your first day. If you wish to overnight the original documents, please mail one copy of your signed offer letter and the entire enclosed package to ModusLink Global Solutions, Inc., 1601 Trapelo Road, Suite 170, Waltham, MA 02451, Attention: Kathleen V. Betts.

This offer letter constitutes the entire agreement between you and the Company and supersedes all prior offers, both verbal and written. This offer automatically expires as of the close of business (5:00 p.m., Boston time) on the seventh day following the date this letter. This letter does not constitute a contract of employment or impose on the Company any obligation to retain you as an employee for any set amount of time.

Tom, we are very pleased by the prospect of your addition to our team, and we are confident that you will make a significant contribution to our future success!

Sincerely,

/s/ Joseph C. Lawler
Joseph C. Lawler
Chairman and Chief Executive Officer

Agreed and accepted:

/s/ Thomas Nightingale	11/21/11
Thomas Nightingale	Date

EXECUTIVE SEVERANCE AGREEMENT

THIS EXECUTIVE SEVERANCE AGREEMENT ("Agreement") by and between ModusLink Global Solutions, Inc., a Delaware corporation (the "Company"), and Thomas Nightingale (the "Executive"), is made as of the 12th day of December, 2011.

WHEREAS, the Executive and the Company have executed an offer letter setting forth certain terms and conditions of the Executive's employment with the Company ("Offer Letter"); and

WHEREAS, in connection with the Executive's employment, the parties desire to enter into this Executive Severance Agreement;

NOW, THEREFORE, as an inducement for and in consideration of the Executive entering into its employ, the Company agrees that the Executive shall be eligible to receive the severance payments and benefits set forth in this Agreement in the event the Executive's employment with the Company is terminated under the circumstances described and subject to the conditions below and shall be entitled to certain other rights and benefits provided herein; and for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement. The term of this Agreement shall be from the date hereof through the last day of Executive's employment with the Company (the "Termination Date").

2. Not an Employment Contract. The Executive acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain the Executive as an employee and that this Agreement does not prevent the Executive from terminating his employment. Executive understands and acknowledges that he is an employee at will and that either he or the Company may terminate the employment relationship between them at any time and for any reason.

3. Severance Payment.

(a) In the event (i) the employment of the Executive is terminated by the Company for a reason other than for Cause (as defined below), or (ii) the Executive terminates his employment due to the unilateral relocation by the Company of the Executive's principal work place for the Company to a site more than 60 miles from the Executive's principal office, the Company shall continue to pay to the Executive (as severance pay), his regular bi-weekly base salary as in effect on the Executive's last day of employment (exclusive of bonus or any other compensation) plus monthly prorated installments of his target bonus for 12 months following the Termination Date. In order to claim severance benefits pursuant to 3(a)(ii) above, the Executive must provide notice to the Company of the existence of the condition giving rise to such termination within 90 days following the initial existence of the condition, and the Company has 30 days following receipt of such notice to remedy such condition. In the event that the Executive is entitled to severance benefits under Section 3(b) below, this Section 3(a) shall not apply and shall have no further force or effect.

(b) In the event the employment of the Executive is terminated by the Company for a reason other than for Cause (as defined below) or by the Executive for Good Reason (as defined below), within twelve (12) months following a Change of Control (as defined below) of the Company, (i) the Company shall continue to pay to the Executive (as severance pay), his regular bi-weekly base salary as in effect on the Executive's last day of employment (exclusive of bonus or any other compensation), plus monthly prorated installments of his target bonus for 12 months following the Termination Date, and (ii) all of the Executive's stock options and/or restricted stock which are then outstanding shall be immediately vested, such vested awards that were granted as restricted stock shall be free of restrictions and such vested awards that were granted as options shall remain exercisable for a period of 6 months following the Executive's last day of employment (but not to exceed the original term of such awards).

(c) The Executive agrees that after the Termination Date, but prior to payment of the severance pay called for by Section 3(a) or Section 3(b), as the case may be, he shall execute a waiver and release (including confidentiality and non-disparagement provisions), based on the Company's standard form, of any and all claims he may have against the Company and its officers, employees, directors, parents, subsidiaries and affiliates. Executive understands and agrees that the payment of the severance benefits called for by this Agreement are contingent upon his execution and delivery to the Company of the previously described release of claims and such release being effective and not revoked on the sixtieth (60^{th}) day following the Termination Date. The severance payable under Section 3(a) or Section 3(b), as applicable shall commence on the sixtieth (60^{th}) day after the Executive's Termination Date provided that the release of claims described above is effective on such date. If the release of claims is not effective on the sixtieth (60^{th}) day after the Termination Date no severance benefits will be payable. Executive's rights to the severance under Section 3(a) or Section 3(b) shall constitute the sole remedy of the Executive in the event of termination of the Executive's employment. For purposes of this Agreement the Executive's termination of employment shall mean his "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h).

(d) Payments to the Executive under Sections 3(a) and 3(b) shall be bifurcated into two portions, consisting of the portion, if any, that includes the maximum amount of the payments that does not constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the portion, if any, that includes the excess of the total payments that does constitute nonqualified deferred compensation. Payments hereunder shall first be made from the portion that does not consist of nonqualified deferred compensation until such portion is exhausted and then shall be made from the portion that does constitute nonqualified deferred compensation. Notwithstanding the foregoing, if the Executive is a “specified employee” as defined in Section 409A(a)(3)(B)(i) of the Code, the commencement of the delivery of the portion that constitutes nonqualified deferred compensation will be delayed to the date that is 6 months and one day after the Executive’s termination of employment (the “Earliest Payment Date”). Any payments that are delayed pursuant to the preceding sentence shall be paid pro rata during the period beginning on the Earliest Payment Date and ending on the date that is 12 months following termination of the Executive’s employment. The determination of whether, and the extent to which, any of the payments to be made to the Executive hereunder are nonqualified deferred compensation shall be made after the application of all applicable exclusions under Treasury Reg. § 1.409A-1(b)(9). Any payments that are intended to qualify for the exclusion for separation pay due to involuntary separation from service set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of the second taxable year of the Executive following the taxable year of the Executive in which the Executive’s termination of employment occurs.

(e)(i) Notwithstanding any other provision of this Agreement, except as set forth in Section 3(e)(ii), in the event that the Company undergoes a “Change in Ownership or Control” (as defined below), the Company shall not be obligated to provide to the Executive a portion of any “Contingent Compensation Payments” (as defined below) that the Executive would otherwise be entitled to receive to the extent necessary to eliminate any “excess parachute payments” (as defined in Section 280G(b)(1) of the Code) for the Executive. For purposes of this Section 3(e), the Contingent Compensation Payments so eliminated shall be referred to as the “Eliminated Payments” and the aggregate amount (determined in accordance with Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision) of the Contingent Compensation Payments so eliminated shall be referred to as the “Eliminated Amount.”

(ii) Notwithstanding the provisions of Section 3(e)(i), no such reduction in Contingent Compensation Payments shall be made if (i) the Eliminated Amount (computed without regard to this sentence) exceeds (ii) the aggregate present value (determined in accordance with Treasury Regulation Section 1.280G-1, Q/A-31 and Q/A-32 or any successor provisions) of the amount of any additional taxes that would be incurred by the Executive if the Eliminated Payments (determined without regard to this sentence) were paid to him (including, state and federal income taxes on the Eliminated Payments, the excise tax imposed by Section 4999 of the Code payable with respect to all of the Contingent Compensation Payments in excess of the Executive’s “base amount” (as defined in Section 280G(b)(3) of the Code), and any withholding taxes). The override of such reduction in Contingent Compensation Payments pursuant to this Section 3(e)(ii) shall be referred to as a “Section 3(e)(ii) Override.” For purposes of this paragraph, if any federal or state income taxes would be attributable to the receipt of any Eliminated Payment, the amount of such taxes shall be computed by multiplying the amount of the Eliminated Payment by the maximum combined federal and state income tax rate provided by law.

(iii) For purposes of this Section 3(e), the following terms shall have the following respective meanings:

(A) "Change in Ownership or Control" shall mean a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company determined in accordance with Section 280G(b)(2) of the Code.

(B) "Contingent Compensation Payment" shall mean any payment (or benefit) in the nature of compensation that is made or made available (under this Agreement or otherwise) to a "disqualified individual" (as defined in Section 280G(c) of the Code) and that is contingent (within the meaning of Section 280G(b)(2)(A)(i) of the Code) on a Change in Ownership or Control of the Company.

(iv) Any payments or other benefits otherwise due to the Executive following a Change in Ownership or Control that could reasonably be characterized (as determined by the Company) as Contingent Compensation Payments (the "Potential Payments") shall not be made until the dates provided for in this Section 3(e)(iv). Within 30 days after each date on which the Executive first becomes entitled to receive (whether or not then due) a Contingent Compensation Payment relating to such Change in Ownership or Control, the Company shall determine and notify the Executive (with reasonable detail regarding the basis for its determinations) (i) which Potential Payments constitute Contingent Compensation Payments, (ii) the Eliminated Amount and (iii) whether the Section 3(e)(ii) Override is applicable. Within 30 days after delivery of such notice to the Executive, the Executive shall deliver a response to the Company (the "Executive Response") stating either (A) that he agrees with the Company's determination pursuant to the preceding sentence, in which case he shall indicate, if applicable, which Contingent Compensation Payments, or portions thereof (the aggregate amount of which, determined in accordance with Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision, shall be equal to the Eliminated Amount), shall be treated as Eliminated Payments or (B) that he disagrees with such determination, in which case he shall set forth (i) which Potential Payments should be characterized as Contingent Compensation Payments, (ii) the Eliminated Amount, (iii) whether the Section 3(e)(ii) Override is applicable, and (iv) which (if any) Contingent Compensation Payments, or portions thereof (the aggregate amount of which, determined in accordance with Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision, shall be equal to the Eliminated Amount, if any), shall be treated as Eliminated Payments. In the event that the Executive fails to deliver an Executive Response on or before the required date, the Company's initial determination shall be final and the Contingent Compensation Payments that shall be treated as Eliminated Payments shall be determined by the Company in its absolute discretion. If the Executive states in the Executive Response that he agrees with the Company's determination, the Company shall make the Potential Payments to the Executive within three business days following delivery to the Company of the Executive Response (except for any Potential Payments which are not due to be made until after such date, which Potential Payments shall be made on the date on which they are due). If the Executive states in the Executive Response that he disagrees with the Company's determination, then, for a period of 60 days following delivery of the Executive Response, the Executive and the Company shall use good faith efforts to resolve such dispute. If such dispute is not resolved within such 60-day period, such dispute shall be settled exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall, within three business days following delivery to the Company of the Executive Response, make to the Executive those Potential Payments as to which there is no dispute between the Company and the Executive regarding whether they should be made (except for any such Potential Payments which are not due to be made until after such date, which Potential Payments shall be made on the date on which they are due). The balance of the Potential Payments shall be made within three business days following the resolution of such dispute.

(v) The provisions of this Section 3(e) are intended to apply to any and all payments or benefits available to the Executive under this Agreement or any other agreement or plan of the Company under which the Executive receives Contingent Compensation Payments.

4. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Cause" shall mean a good faith finding by a majority of the members of the Board of Directors of the Company, after giving the Executive an opportunity to be heard, of: (i) gross negligent or willful misconduct by the Executive in connection with his employment duties, (ii) failure by the Executive (other than due to disability) to perform his duties or responsibilities required pursuant to his employment, after written notice and an opportunity to cure, (iii) misappropriation by the Executive of the assets or business opportunities of the Company, or its affiliates, (iv) embezzlement or other financial or other fraud committed by the Executive, (v) the Executive knowingly allowing any third party to commit any of the acts described in any of the preceding clauses (iii) or (iv), or (vi) the Executive's indictment for, conviction of, or entry of a plea of no contest with respect to, any felony or any crime involving moral turpitude.

(b) "Good Reason" shall mean: (i) the unilateral relocation by the Company of the Executive's principal work place for the Company to a site more than 60 miles from the Executive's principal office, (ii) a material reduction in the Executive's then-current salary without the Executive's consent or (iii) material diminution of the Executive's duties, authority or responsibilities, without the Executive's consent. In order to establish "Good Reason" for a termination, the Executive must provide notice to the Company of the existence of the condition giving rise to the "Good Reason" within 90 days following the initial existence of the condition, and the Company has 30 days following receipt of such notice to remedy such condition.

(c) "Change of Control" shall mean the first to occur of any of the following:

(A) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 50% or more of either (x) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (A), any acquisition directly from the Company shall not constitute a Change in Control; or

(B) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board of Directors of the Company (the “Board”) (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term “Continuing Director” means at any date a member of the Board (x) who was a member of the Board on the date of this Agreement or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; provided, however, that there shall be excluded from this clause (y) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(C) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company’s assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the “Acquiring Corporation”) in substantially the same proportions as their ownership of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, immediately prior to such Business Combination and (y) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 40% or more of the then-outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(D) the liquidation or dissolution of the Company.

5. Termination of Employment. Upon termination of Executive's employment with the Company for any reason, in addition to any severance payments which may be payable under this Agreement, Executive shall be entitled to receive all salary and benefits through the Termination Date.

6. Miscellaneous.

(a) Notices. Any notices delivered under this Agreement shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next-business day delivery via a reputable nationwide overnight courier service, in each case to the address of the recipient set forth in the introductory paragraph hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party. All notices to the Company shall also be addressed to the Company's General Counsel.

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

(c) Entire Agreement. This Agreement shall constitute the entire agreement between the parties regarding the matters addressed herein and supersede all prior agreements and understandings, whether written or oral, relating to the subject matter of such agreements. If there shall be any inconsistency (including, without limitation, identical capitalized terms with less than identical meanings) between the Agreement, and any other agreement (including the Offer Letter), plan, award, program or practice of the Company whether now existing or hereafter adopted or amended, then this Agreement shall control, unless the Executive and the Company hereafter have agreed otherwise in writing and such other agreement, plan, program or practice specifically refers to the provision of the Agreements affected thereby.

(d) Section 409A. This Agreement is intended to comply with the provisions of Section 409A and the Agreement shall, to the extent practicable, be construed in accordance therewith. Terms defined in the Agreement shall have the meanings given such terms under Section 409A if and to the extent required in order to comply with Section 409A. No payments to be made under this Agreement may be accelerated or deferred except as specifically permitted under Section 409A. In the event that the Agreement shall be deemed not to comply with Section 409A, then neither the Company, the Board nor its or their designees or agents shall be liable to the Executive or other person for actions, decisions or determinations made in good faith.

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

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Any action, suit or other legal arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Massachusetts (or, if appropriate, a federal court located within Massachusetts), and the Company and the Executive each consents to the jurisdiction of such a court. The Company and the Executive each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Company may be merged or which may succeed to its assets or business, provided, however, that the obligations of the Executive are personal and shall not be assigned by him.

(h) Waivers. No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

(i) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

(j) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

* * * * *

[Remainder of Page Blank]

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

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

ModusLink Global Solutions, Inc.

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Executive Vice President and General Counsel

Executive

/s/ Thomas Nightingale
Name: Thomas Nightingale

ModusLink Global Solutions, Inc.

Third Amended and Restated Director Compensation Plan

(adopted November 23, 2011)

1. Purpose. In order to attract and retain highly qualified individuals to serve as members of the Board of Directors of ModusLink Global Solutions, Inc. (the "Corporation"), the Corporation has adopted this Third Amended and Restated ModusLink Global Solutions, Inc. Director Compensation Plan (the "Plan"), effective on the day that it is adopted by the Board of Directors of the Corporation.

2. Eligible Participants. Any director of the Corporation who: (i) is not an employee of the Corporation or any of its subsidiaries or affiliates, or (ii) unless otherwise determined by the Board of Directors of the Corporation, is not an affiliate (as such term is defined in Rule 144(a)(1) promulgated under the Securities Act of 1933), employee, representative, or designee of an institutional or corporate investor in the Corporation, is eligible to participate in the Plan.

3. Quarterly Retainer. Any eligible participant who serves as a director during any fiscal quarter shall receive a payment for such quarter, in arrears, of $12,500 (the "Quarterly Retainer"), with a pro rata fee applicable to service for less than a whole quarter. In the case of a non-executive Chairman of the Board of Directors, the Quarterly Retainer shall be $28,750.

4. Committee Chairperson Fee. Unless otherwise approved by the Board of Directors, any eligible participant who serves as the chairperson of a regular and not a special committee of the Board of Directors of the Corporation during any fiscal quarter shall receive a payment, in respect thereof, in arrears, of $1,250, provided, however, that the chairperson of the Audit Committee of the Board of Directors of the Corporation during any fiscal quarter shall receive a payment, in respect thereof, in arrears, of $2,500 (as applicable, the "Committee Chairperson Fee"), in each such case with a pro rata fee applicable to service for less than a whole quarter.

5. Board and Committee Meeting Fees. Each eligible participant who attends a telephonic meeting of the Board of Directors or a committee thereof, shall receive a meeting fee of $500. Each eligible participant who attends a meeting of the Board of Directors or a committee thereof, where a majority of the directors attend such meeting in person, shall receive a meeting fee of $1,000 (as applicable, the "Meeting Fee").

6. Annual Stock Award. Each eligible participant who is both serving as a director of the Corporation on the first business day of a calendar year (the “Award Date”) shall receive a restricted stock award for shares of Common Stock of the Corporation with a fair market value equal to $80,000 (as used herein “fair market value” shall mean the closing sale price (for the primary trading session) of the Common Stock on The Nasdaq Stock Market or the national securities exchange on which the Common Stock is then traded on the Award Date, or if the Award Date is not a trading date on the next preceding trading day prior to the Award Date (and if the Common Stock is not then traded on The Nasdaq Stock Market or a national securities exchange, the fair market value of the Common Stock on such date as determined by the Board of Directors) (each, an “Annual Restricted Stock Award”), such shares to vest on the first anniversary of the Award Date, provided that the recipient remains a director of the Corporation on such vesting date. Notwithstanding the foregoing, if the participant ceases to be a director of the Corporation due to (A) removal without cause, (B) resignation upon request of a majority of the Board of Directors, other than for reasons the Board of Directors determines to be cause, or (C) the failure to be re-elected to the Board of Directors either because the Corporation fails to nominate the participant for re-election or the participants fails to receive sufficient stockholder votes, then, on the day the recipient ceases to so be a director of the Corporation, 25% of the Annual Restricted Stock Award shall vest for each full calendar quarter that the participant has served as a director of the Corporation from and after the Award Date (for the quarter in which the Award Date occurs, a director will be considered to have served for the full calendar quarter as long as the director remains a director on the last day of the quarter).

7. Payment of Retainer and Fees; Acceleration of Vesting. Unless otherwise requested by an eligible participant, the Corporation shall pay the Quarterly Retainer, the Committee Chairperson Fee, and any Meeting Fee, as soon as practicable following the completion of the fiscal quarter to which the payments relate but no later than 30 days after the end of such fiscal quarter. In the event of a Change in Control (as defined in the Corporation’s 2005 Non-Employee Director Plan, as amended) of the Corporation, (i) all amounts due and payable to each eligible participant, including any and all fees that would become due and payable at the completion of the fiscal quarter in which the Change in Control occurs (as if the eligible participant’s service to the Corporation as a director had continued until the end of such fiscal quarter), shall be promptly paid to each eligible participant no later than 5 days following the Change in Control and (ii) each unvested Annual Restricted Stock Award then outstanding shall become fully vested upon the Change in Control.

9. No Right to Continue as a Director. Neither this Plan, nor the payment of any amounts hereunder, shall constitute or be evidence of any agreement or understanding, express or implied, that the Corporation will retain any participant as a director for any period of time.

10. Administration. This Plan shall be administered by the Board of Directors of the Corporation, whose construction and determinations shall be final.

11. Amendment and Termination. This Plan may be amended, modified or terminated by the Board of Directors at any time.

Exhibit 10.4

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This **SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is dated as of January 31, 2012 and is entered into by and among **MODUSLINK GLOBAL SOLUTIONS, INC.**, a Delaware corporation ("Holdings"); each of the Domestic Subsidiaries of Holdings signatory hereto (together with Holdings, the "Borrowers"); **BANK OF AMERICA, N.A.,** as a Lender and the L/C Issuer; **SILICON VALLEY BANK**, as a Lender; and **HSBC BANK USA, NATIONAL ASSOCIATION,** as a Lender; and acknowledged and agreed to by **BANK OF AMERICA, N.A.,** in its capacity as Administrative Agent (the "Administrative Agent").

WHEREAS, the Borrowers, the Administrative Agent, the Lenders, and the L/C Issuer entered into that certain Amended and Restated Credit Agreement, dated as of February 1, 2010 (as such agreement has been amended, supplemented, or otherwise modified to date, the "Credit Agreement");

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders agree to amend certain provisions of the Credit Agreement as described herein, subject to the terms and conditions set forth herein; and

WHEREAS, the Administrative Agent and the Lenders have agreed to amend the Credit Agreement as hereinafter set forth, subject to the terms and conditions set forth herein.

NOW, THEREFORE, intending to be legally bound hereby and in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Initially capitalized terms used but not otherwise defined in this Amendment have the respective meanings set forth in the Credit Agreement, as amended hereby.

ARTICLE II

AMENDMENTS TO CREDIT AGREEMENT

2.01. **New Definitions.** The following definitions are hereby added to Section 1.02 of the Credit Agreement and inserted in the appropriate alphabetical order therein:

"Reorganizational Charges" means one-time charges accrued in the fiscal year ending as of July 31, 2012 and related to restructuring initiatives of the Borrowers and their Subsidiaries in such fiscal year.

"Second Amendment" means that certain Second Amendment to Amended and Restated Credit Agreement by and among the Administrative Agent, the Lenders, the L/C Issuer, and the Borrowers dated as of January __, 2012.

2.02. **Amended Definitions.**

(a) The phrase "the aggregate amount of all Receivables" is hereby deleted from the definition of "Eligible Receivables" appearing in Section 1.02 of the Credit Agreement and replaced by the phrase "the aggregate amount of all accounts receivable."

(b) Section 1.02 of the Credit Agreement is hereby amended by replacing the definition of "Consolidated EBITDA" contained therein with the following definition:

> "Consolidated EBITDA" means, at any date of determination, an amount equal to Consolidated Net Income of the Borrowers and their Subsidiaries for the most recently completed Measurement Period plus (a) the following, without duplication, to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges, (ii) the provision for Federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense, (iv) all Net Non-Cash Restructuring Charges recognized by Borrowers and their Subsidiaries during such Measurement Period (to the extent calculations of the Net Non-Cash Restructuring Charges for such Measurement Period result in a positive number), (v) unrealized, non-cash foreign exchange losses, (vi) realized foreign exchange losses incurred after January 1, 2012, (vii) an amount equal to all non-cash goodwill impairment charges recognized by Borrowers and their Subsidiaries, (viii) adjustments for equity investments held by CMG@Ventures Entities or from impairment charges on Investments, (ix) non-cash stock compensation expenses, (x) non-cash intangible asset impairment charges recognized by Borrowers and their Subsidiaries, and (xi) up to $11,000,000 of Reorganizational Charges recognized by Borrowers and their Subsidiaries during the fiscal year ending on July 31, 2012; minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) Federal, state, local and foreign income tax credits, (ii) unrealized, non-cash foreign exchange gains, (iii) realized foreign exchange gains accrued after January 1, 2012, and (iv) adjustments for equity investments held by CMG@Ventures Entities or from gains on Investments.

(c) Section 1.02 of the Credit Agreement is hereby amended by replacing the definition of "Loan Documents" contained therein with the following definition:

> "Loan Documents" means, collectively, (a) this Agreement, (b) the Revolving Credit Notes, (c) the Collateral Documents, (d) each Issuer Document, (e) the First Amendment, and (f) the Second Amendment, as each may be amended or otherwise modified from time to time pursuant to the terms thereof and hereof.

2.03. **Dispositions.** Section 7.05 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions of Excluded Equity Interests, equipment or real property;

(d) Dispositions of property by any Borrower to another Borrower;

(e) Dispositions of CMG@Ventures Entities or their respective Investments;

(f) Dispositions permitted by Section 7.04;

(g) Dispositions of cash Investments to the extent consistent with and permitted by the Cash Investment Policy, provided that (i) at the time of any such Disposition, no Default shall exist or would result from such Disposition, (ii) at the time of any such Disposition, the property Disposed of in reliance on this clause (g) is not subject to the exclusive control of the Administrative Agent or any Lender pursuant to any Collateral Document, and (iii) the purchase price for such property Disposed of shall be paid to the Borrowers or such Subsidiaries solely in cash; and

(h) Dispositions of accounts receivable that are not Eligible Receivables and with respect to which the Account Debtor is not a resident or citizen of or otherwise located in the United States of America, provided that (i) at the time of any such Disposition, no Default shall exist or would result from such Disposition, (ii) such Disposition shall be made on a basis that is non-recourse to any Loan Party, and (iii) the purchase price for such property Disposed of shall be paid to the Borrowers or such Subsidiaries solely in cash,

provided, however, that any Disposition pursuant to Section 7.05(a) through Section 7.05(h) shall be for fair market value."

2.04. **Financial Covenants.**

(a) Clauses (b) and (c) of Section 7.11 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

" (b) [RESERVED]

(c) Minimum Global Cash. Maintain a balance of cash (as determined under GAAP), cash equivalents (as determined under GAAP), and Cash Equivalents of less than $75,000,000 (on a consolidated basis)."

(b) A new clause (d) is hereby added to Section 7.11 of the Credit Agreement to read in its entirety as follows:

" (d) Minimum Consolidated EBITDA. Maintain Consolidated EBITDA of less than the amounts indicated for each period specified below:

Period	Consolidated EBITDA
From February 1, 2011 through January 31, 2012	$ 9,097,000
From May 1, 2011 through April 30, 2012	$ 8,810,000
From August 1, 2011 through July 31, 2012	$14,182,000
From November 1, 2011 through October 31, 2012	$14,182,000

”

2.05. **Cross-Default.** Section 8.01(e) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“ (e) Cross-Default. (i) Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which a Loan Party or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which a Loan Party or any Subsidiary thereof is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or (iii) there occurs any default under any receivables purchase agreement concerning the purchase of the accounts receivable of any Loan Party, and such default continues for thirty (30) calendar days; or”

2.06. **Compliance Certificate.** Exhibit C of the Credit Agreement is hereby amended and restated in its entirety as set forth on Exhibit C attached hereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower hereby represents and warrants to the Administrative Agent and the Lenders, as of the date hereof, as follows:

3.01. **Representations and Warranties.** After giving effect to this Amendment, the representations and warranties set forth in the Credit Agreement, including without limitation those set forth in Article V thereof, and in each other Loan Document are true and correct on and as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date. Each Borrower certifies, represents, and warrants to the Administrative Agent and the Lenders that the security interests granted to the Administrative Agent pursuant to the Collateral Documents are in full force and effect and constitute valid, perfected, first-priority security interests in the Collateral described therein.

3.02. **No Defaults.** After giving effect to this Amendment, each of the Borrowers is in compliance with all terms and conditions of the Credit Agreement and the other Loan Documents on its part to be observed and performed and no Default or Event of Default has occurred and is continuing.

3.03. **Authority and Pending Actions.** The execution, delivery, and performance by each Borrower of this Amendment has been duly authorized by each such Borrower and there is no action pending or any judgment, order, or decree in effect which is likely to restrain, prevent, or impose materially adverse conditions upon the performance by any Borrower of its obligations under the Credit Agreement or the other Loan Documents.

3.04. **Enforceability.** This Amendment constitutes the legal, valid, and binding obligation of each Borrower, enforceable against each such Borrower in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting the enforcement of creditors' rights or by the effect of general equitable principles.

3.05. **Breach; Conflicts.** The execution, delivery, and performance by each Borrower of this Amendment do not and will not conflict with, or constitute a violation or breach of, or result in the imposition of any Lien upon the property of such Borrower, by reason of the terms of (a) any contract, mortgage, lease, agreement, indenture, or instrument to which such Borrower is a party or which is binding upon it; (b) any Law with respect to such Borrower; or (c) the Organization Documents of such Borrower.

ARTICLE IV

CONDITIONS PRECEDENT

4.01. **Conditions Precedent.** The amendments contained in Article II shall not be binding upon the Administrative Agent and the Lenders until each of the following conditions precedent have been satisfied in form and substance satisfactory to the Administrative Agent:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Borrowers, the Administrative Agent, the Lenders, and the L/C Issuer;

(b) The Borrowers shall have paid (i) to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, an amendment fee equal to $60,000, and (ii) all costs, expenses, and other fees owed to and/or incurred by the Administrative Agent, the Lenders, and the L/C Issuer (including without limitation all reasonable fees and expenses of counsel to the Administrative Agent);

(c) The Administrative Agent shall have received certified copies of resolutions or other action, incumbency certificates, and/or other certificates of duly authorized officers of the Borrowers as the Administrative Agent may reasonably require evidencing the identity, authority, and capacity of each duly authorized officer authorized to act on behalf of the Borrowers in connection with this Amendment;

(d) The Administrative Agent shall have received such other documents, legal opinions, instruments, and certificates relating to this Amendment as it shall reasonably request and such other documents, legal opinions, instruments, and certificates that shall be satisfactory in form and substance to the Administrative Agent and the Lenders. All corporate proceedings taken or to be taken in connection with this Amendment and documents incidental thereto whether or not referred to herein shall be reasonably satisfactory in form and substance to the Administrative Agent and the Lenders; and

(e) All proceedings taken in connection with the transactions contemplated by this Amendment and all documentation and other legal matters incident thereto shall be satisfactory to the Administrative Agent in its sole and absolute discretion.

ARTICLE V

COSTS AND EXPENSES

Without limiting the terms and conditions of the Loan Documents, the Borrowers jointly and severally agree to pay on demand: (a) all reasonable costs and expenses incurred by the Administrative Agent in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant to this Amendment and any and all subsequent amendments, modifications, and supplements to this Amendment, including without limitation, the reasonable costs and fees of the Administrative Agent’s legal counsel; and (b) all reasonable costs and expenses reasonably incurred by the Administrative Agent in connection with the enforcement or preservation of any rights under the Credit Agreement, this Amendment, and/or the other Loan Documents, including without limitation, the reasonable costs and fees of the Administrative Agent’s legal counsel.

ARTICLE VI

MISCELLANEOUS

6.01. **Instrument Pursuant to Credit Agreement.** This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered, and applied in accordance with the terms and provisions of the Credit Agreement.

6.02. **Acknowledgment of the Borrowers.** Each Borrower hereby represents and warrants that the execution and delivery of this Amendment and compliance by such Borrower with all of the provisions of this Amendment: (a) are within the powers and purposes of such Borrower; (b) have been duly authorized or approved by the board of directors (or other appropriate governing body) of such Borrower; and (c) when executed and delivered by or on behalf of such Borrower will constitute valid and binding obligations of such Borrower, enforceable in accordance with its terms. Each Borrower reaffirms its obligation to pay all amounts due to the Administrative Agent, the Lenders, and the L/C Issuer under the Loan Documents (including, without limitation, its obligations under the Revolving Credit Notes) in accordance with the terms thereof, as amended and modified hereby.

6.03. **Entire Agreement.** This Amendment, together with all the other Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other in relation to the subject matter hereof or thereof. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 10.01 of the Credit Agreement.

6.04. **Full Force and Effect of Agreement.** Except as hereby specifically amended, modified or supplemented, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects and shall be and remain in full force and effect according to their respective terms.

6.05. **Counterparts.** This Amendment may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart executed by any party hereto. Without limiting the foregoing, the provisions of Section 10.10 of the Credit Agreement shall be applicable to this Amendment. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Amendment.

6.06. **Governing Law.** This Amendment shall in all respects be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts executed and to be performed entirely within such State, and, without limiting the generality of Section 6.01 hereof, the provisions of Sections 10.14 and 10.15 of the Credit Agreement are hereby incorporated by reference as if fully set forth herein.

6.07. **Enforceability.** Should any one or more of the provisions of this Amendment be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

6.08. **References.** All references in any of the Loan Documents to the "Credit Agreement" shall mean the Credit Agreement, as amended hereby.

6.09. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent, the Lenders, the L/C Issuer, and their respective successors, legal representatives, and assignees to the extent such assignees are permitted assignees as provided in Section 10.06 of the Credit Agreement.

[Remainder of Page Intentionally Left Blank]

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

BORROWERS:

MODUSLINK GLOBAL SOLUTIONS, INC.

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Executive Vice President, General Counsel and Secretary

MODUSLINK CORPORATION

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Executive Vice President, General Counsel and Secretary

MODUSLINK PTS, INC.

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Secretary

SOL HOLDINGS, INC.

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Secretary

MODUS MEDIA INTERNATIONAL (IRELAND) LIMITED

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Secretary

TECH FOR LESS LLC

By: /s/ Peter L. Gray
Name: Peter L. Gray
Title: Secretary

[Signatures continue on next page.]

BANK OF AMERICA, N.A.,
as a Lender and L/C Issuer

By: /s/ David Bacon
Name: David Bacon
Title: Senior Vice President

SILICON VALLEY BANK,
as a Lender

By: /s/ Jack Gaziano
Name: Jack Gaziano
Title: Managing Director

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ David A. Carroll
Name: David A. Carroll
Title: Vice President

ACKNOWLEDGED AND AGREED TO BY:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Bozena Janociak
Name: Bozena Janociak
Title: Assistant Vice President

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: ____________ __, 20 ____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of February 1, 2010 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among MODUSLINK GLOBAL SOLUTIONS, INC., a Delaware corporation ("Holdings"), each of the Domestic Subsidiaries of Holdings signatory thereto (together with Holdings, the "Borrowers"), each lender from time to time party thereto (collectively, the "Lenders" and individually, a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent and L/C Issuer.

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the **[chief executive officer / chief financial officer / treasurer / controller]** of Holdings, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on the behalf of the Borrowers, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Holdings has delivered the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of Holdings ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for month-end financial statements for the months of October, January, and April]

1. Holdings has delivered the unaudited financial statements required by Section 6.01(b) of the Agreement for the month ended as of the above date. Such consolidated financial statements fairly present the financial condition, results of operations and cash flows of Holdings and its Subsidiaries in accordance with Modified GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes to the effect that such statements are fairly stated in all material respects when considered in relation to the consolidated financial statements of Holdings and its Subsidiaries. Holdings has also delivered (i) internally prepared documentation sufficient to establish that all deviations from GAAP identified on such financial statements delivered pursuant to Section 6.01(b) in accordance with Modified GAAP have been conformed and/or modified to be in accordance with GAAP as of such fiscal quarter; (ii) a consolidating balance sheet of Holdings and its Subsidiaries as at the end of such fiscal quarter and the related consolidating statements of income or operations for such fiscal quarter and for the portion of Holdings' fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of Holdings to the effect that such statements are fairly stated in all material respects when considered in relation to the consolidated financial statements of Holdings and its Subsidiaries, and (iii) a statement of all consolidated cash balances maintained by Holdings and its Subsidiaries for each country.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrowers and their Subsidiaries during the accounting period covered by such financial statements.

3. A review of the activities of the Borrowers and their Subsidiaries during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrowers and their Subsidiaries (as applicable) performed and observed all their Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned, during such fiscal period each of the Borrowers and their Subsidiaries performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

—or—

[to the best knowledge of the undersigned, the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of the Borrowers contained in Article V of the Agreement and all representations and warranties of any Borrower that are contained in any document furnished at any time under or in connection with the Loan Documents are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsection (a) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to subsection (a) of Section 6.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedules 1 and 2 attached hereto are true and accurate on and as of the date of this Compliance Certificate.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of ______________ __, 20____.

MODUSLINK GLOBAL SOLUTIONS, INC.,
as the Borrower Agent

By: ______________________________
Name: ______________________________
Title: ______________________________

For the Month/Year ended _______________, ____ (“Statement Date”)

SCHEDULE 1
to the Compliance Certificate
($ in 000’s)

I. Section 7.11(a) – Consolidated Leverage Ratio.

A. Consolidated Funded Indebtedness at Statement Date $______

B. Consolidated EBITDA of the Borrowers and their Subsidiaries on a consolidated basis for Measurement Period ending on above date (“Subject Period”) (including Consolidated EBITDA with respect to any newly-created or acquired Subsidiary calculated on a pro forma basis for such Measurement Period as if the acquisition had been consummated as of the first day of the Measurement Period):

1. Consolidated Net Income for Subject Period: $______
2. Consolidated Interest Charges for Subject Period: $______
3. Provision for income taxes for Subject Period: $______
4. Depreciation expenses for Subject Period: $______
5. Amortization expenses for Subject Period: $______
6. All Net Non-Cash Restructuring Charges recognized by Borrowers and their Subsidiaries during Subject Period (to the extent calculations of the Net Non-Cash Restructuring Charges for Subject Period result in a positive number): $______
7. Unrealized, non-cash foreign exchange losses for Subject Period: $______
8. Realized foreign exchange losses for Subject Period incurred after January 1, 2012: $______
9. An amount equal to all non-cash goodwill impairment charges recognized by Borrowers and their Subsidiaries for Subject Period: $______
10. Adjustments for equity investments held by CMG@Ventures Entities or from impairment charges on Investments for Subject Period: $______
11. Non-cash stock compensation expenses for Subject Period: $______
12. Non-cash intangible asset impairment charges recognized by Borrowers and their Subsidiaries for Subject Period: $______
13. Up to $11,000,000 of Reorganizational Charges recognized by Borrowers and their Subsidiaries during the fiscal year ending on July 31, 2012, to the extent recognized during Subject Period: $______

14. Income tax credits for Subject Period: $______

15. Unrealized, non-cash foreign exchange gains for Subject Period: $______

16. Realized foreign exchange gains for Subject Period accrued after January 1, 2012: $______

17. Adjustments for equity investments held by CMG@Ventures Entities or from gains on Investments for Subject Period: $______

18. Consolidated EBITDA (Lines I.A.1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12 + 13 - 14 - 15 - 16 - 17): $______

C. Consolidated Leverage Ratio (Line I.A ÷ Line I.B.18): ____ to 1.0

Maximum permitted: *2.0:1.0*

II. Section 7.11(c) – Minimum Global Cash. Balance of cash (as determined under GAAP), cash equivalents (as determined under GAAP), and Cash Equivalents as of Statement Date (on a consolidated basis): **$**______

Minimum required: *$75,000,000*

For the Quarter/Year ended ____________ ("Statement Date")

SCHEDULE 2
to the Compliance Certificate
($ in 000's)

Minimum Consolidated EBITDA
(in accordance with the definition of Consolidated EBITDA
as set forth in the Agreement and Section 7.11(d) of the Agreement)

Consolidated EBITDA	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended	Twelve Months Ended
Consolidated Net Income					
+ Consolidated Interest Charges					
+ income taxes					
+ depreciation expense					
+ amortization expense					
+ Net Non-Cash Restructuring Charges (to the extent calculations of the Net Non-Cash Restructuring Charges for Subject Period result in a positive number)					
+ unrealized, non-cash foreign exchange losses					
+ realized foreign exchange losses incurred after January 1, 2012					
+ non-cash goodwill impairment charges					
+ adjustments for equity investments held by CMG@Ventures Entities or from impairment charges on Investments					

+	Non-cash stock compensation expenses
+	non-cash intangible asset impairment charges
+	up to $11,000,000 of Reorganizational Charges recognized during the fiscal year ending on July 31, 2012
_	income tax credits
_	unrealized, non-cash foreign exchange gains
_	realized foreign exchange gains accrued after January 1, 2012
_	adjustments for equity investments held by CMG@Ventures Entities or from gains on Investments
=	Consolidated EBITDA

Period	***Minimum required Consolidated EBITDA***
From February 1, 2011 through January 31, 2012	$ 9,097,000
From May 1, 2011 through April 30, 2012	$ 8,810,000
From August 1, 2011 through July 31, 2012	$ 14,182,000
From November 1, 2011 through October 31, 2012	$ 14,182,000

Exhibit 31.1

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph C. Lawler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ModusLink Global Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 12, 2012

By: /S/ JOSEPH C. LAWLER

Joseph C. Lawler
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven G. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ModusLink Global Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 12, 2012

By: /S/ STEVEN G. CRANE

Steven G. Crane
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ModusLink Global Solutions, Inc. (the “Company”) for the fiscal quarter ended January 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Joseph C. Lawler, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2012	By:	/S/ JOSEPH C. LAWLER
		Joseph C. Lawler
		President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of ModusLink Global Solutions, Inc. (the "Company") for the fiscal quarter ended January 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Steven G. Crane, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2012

By: /S/ STEVEN G. CRANE

Steven G. Crane
Chief Financial Officer