

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **March 30, 2020**

Safeguard Scientifics, Inc.

(Exact Name of registrant as Specified in Charter)

Pennsylvania
(State or other Jurisdiction of Incorporation)

1-5620
(Commission File Number)

23-1609753
(IRS Employer ID No.)

One Radnor Corp. Ctr., Suite 110
100 Matsonford Rd.
Radnor, PA
(Address of Principal Executive Offices)

19087
(Zip Code)

Registrant's telephone number, including area code: **610-293-0600**

Not applicable

(Former Name or Former Address if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$.10 par value)	SFE	New York Stock Exchange

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

Emerging growth company

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

ITEM 2.06 Material Impairments

On April 2, 2020, Safeguard Scientifics, Inc. (the “Company”) determined that it expects to incur non-cash impairment charges of \$5 to \$12 million during the three months ended March 31, 2020 related to several digital media and other ownership interests due to a more challenging merger and acquisition market that is generally reducing valuation expectations and extending exit timelines. In one case, multiple potential buyers indefinitely delayed their proposals due to uncertainties impacting their businesses related to COVID-19 and the related uncertain economic impact. The management teams of the entities in which the Company holds such interests are continuing to take actions to respond to the rapidly changing environment, including implementing cost reduction efforts, securing additional capital or other actions, which could mitigate some of the expected impacts.

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

On March 30, 2020, the Company entered into an employment agreement (the “Salzman Agreement”) with Eric Salzman. The Salzman Agreement provides for the terms and conditions of Mr. Salzman’s employment with the Company and his appointment, effective as of April 1, 2020, as the Company’s Chief Restructuring Officer.

Mr. Salzman, age 53, had been providing consulting services to the Company since November 21, 2019. Mr. Salzman has over 25 years of experience in M&A, restructuring and special situations investing at several firms including Credit Suisse Asset Management and Lehman Brothers. Most recently, Mr. Salzman has been the Managing Member of SarniHaan Capital Partners LLC, a boutique consulting firm that provides high impact strategic advice to investment funds as well as public and private technology companies. Prior to establishing SarniHaan Capital Partners LLC in 2011, Mr. Salzman was a Managing Director in Lehman Brothers’ Private Equity and Principal Investing Group and its Global Trading Strategies Division. Mr. Salzman currently serves on the board of 8x8, Inc, Carnegie Learning, Inc. and SolAero Technologies Corp. Mr. Salzman earned a B.A. Honors from the University of Michigan and an MBA from Harvard University.

Pursuant to the terms of the Salzman Agreement, Mr. Salzman will serve as Chief Restructuring Officer for an initial six-month term ending on October 1, 2020 (the “Initial Term”). The Initial Term will be automatically extended for up to three consecutive six-month terms through April 1, 2022 unless otherwise terminated by Mr. Salzman or the Company.

Under the terms of the Salzman Agreement, Mr. Salzman will receive an annual base salary equal to \$540,000. In addition, Mr. Salzman is entitled to receive (i) a fully vested stock grant for 8,000 shares of the Company’s common stock under the Company’s 2014 Equity Compensation Plan and (ii) a restricted stock unit grant representing a right to receive 20,000 shares of the Company’s common stock, which will vest and become payable ratably over the Initial Term, subject to Mr. Salzman’s continued employment. Mr. Salzman is eligible to receive an additional restricted stock unit grant representing a right to receive 20,000 shares of the Company’s common stock for each six-month term after the Initial Term. Under the Salzman Agreement, Mr. Salzman also may be eligible to receive 20,000 fully-vested shares of the Company’s common stock at the end of the Initial Term and any additional six-month term based on Mr. Salzman’s performance, in the sole discretion of the Board (the “Discretionary Stock Grant”). During the Initial Term, Mr. Salzman is not eligible to participate in any of the Company’s annual incentive programs or plans. Mr. Salzman will be eligible to participate in the Company’s welfare and benefit plans generally available to the Company’s executive employees.

The Salzman Agreement provides that if Mr. Salzman is terminated without “Cause” (as defined in the Salzman Agreement) or resigns for “Good Reason” (as defined in the Salzman Agreement), Mr. Salzman will be paid an amount equivalent to the unpaid portion of his base salary which would have been payable for the remainder of the Initial Term or additional six-month term, as applicable. Any restricted stock unit grants awarded prior to Mr. Salzman’s termination date and not previously vested and paid will immediately vest upon Mr. Salzman’s termination. In addition, Mr. Salzman will receive a fully-vested stock grant representing the pro-rated portion of the Discretionary Stock Grant for such term.

On March 31, 2020, Robert J. Rosenthal, Ph.D., the Chairman of the Company’s Board of Directors (the “Board”), was appointed as the Company’s Executive Chairman and Principal Executive Officer, effective April 1, 2020. The Company entered into a letter agreement with Dr. Rosenthal (the “Rosenthal Agreement”), which provides for the terms and conditions of Dr. Rosenthal’s employment with the Company. Pursuant to the Rosenthal Agreement, Dr. Rosenthal will continue to receive compensation for his services as Chairman of the Board, as well as for serving on any applicable committees, but such compensation will be solely for his continued service on the Board and not separately for his services as Executive Chairman or Principal Executive Officer. His compensation for his services as Executive Chairman and Principal Executive Officer will be one dollar. In accordance with the rules of the New York Stock Exchange, Dr. Rosenthal will no longer serve on committees of the Board that may only be composed of independent directors. Dr. Rosenthal will be eligible to participate in the Company’s welfare and benefit plans generally available to the Company’s executive employees.

Dr. Rosenthal, age 63, has served as Chairman of the Company’s Board since 2016 and has been a member of the Company’s Board since 2007. Dr. Rosenthal has been the Chairman of the Board of Directors of Taconic Biosciences, Inc., a provider of research models for pharmaceutical and biotechnology researchers (“Taconic”), since 2019, and was Chief Executive Officer and a Director of Taconic from 2014 to 2018. From January 2010 to December 2013, he served as Chairman and Chief Executive Officer of IMI Intelligent Medical Implants, AG, a medical technology company that developed an intelligent retinal implant for degenerative retinal disorders. Dr. Rosenthal served as President and Chief Executive Officer of Magellan Biosciences, Inc., a provider of clinical diagnostics and life sciences research tools, from October 2005 to December 2009. From October 2003 until January 2007, Dr. Rosenthal also served as President and Chief Executive Officer of TekCel, Ltd., a provider of life sciences research tools. From 1995 to 2003 Dr. Rosenthal served in various executive positions at life sciences companies. Dr. Rosenthal also is a director of Bruker Corporation and InVivo Therapeutics Holdings Corp.

On March 31, 2020, Brian J. Sisko, the President and Chief Executive Officer of the Company, stepped down as CEO of the Company, effective April 1, 2020. A separation agreement with Mr. Sisko will be disclosed once finalized.

The summary descriptions of the Salzman Agreement and the Rosenthal Agreement contained in this Current Report on Form 8-K are not complete and are qualified in their entirety by, and should be read in conjunction with, the complete text of the Salzman Agreement and the Rosenthal Agreement, which are filed as Exhibit 10.1 and Exhibit 10.2 hereto, respectively, and are incorporated herein by reference.

ITEM 7.01. Regulation FD Disclosure.

On April 6, 2020, the Company issued a press release announcing the appointment of Mr. Salzman as Chief Restructuring Officer, the appointment of Dr. Rosenthal as Executive Chairman and Mr. Sisko’s stepping down as CEO of the Company. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated into this Item 7.01 by this reference.

The information contained in this Item 7.01, including the information set forth in the press release attached hereto and incorporated by reference herein, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise. The information in the Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 [Employment Agreement, dated March 30, 2020, by and between the Company and Eric Salzman.](#)

10.2 [Employment Agreement, dated April 1, 2020, by and between the Company and Robert J. Rosenthal.](#)

99.1 [Press Release of Safeguard Scientifics, Inc. dated April 6, 2020.](#)

104 Cover Page Interactive Data File (formatted as Inline XBRL).

SIGNATURES

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

Safeguard Scientifics, Inc.

Date: April 6, 2020

By: /s/ G. Matthew Barnard

Name: G. Matthew Barnard

Title: General Counsel



March 30, 2020

Via email
Eric Salzman

Dear Eric:

Safeguard Scientifics, Inc. ("Safeguard" or the "Company") is pleased to offer you a position as Chief Restructuring Officer at Safeguard on the terms and subject to the conditions set forth in this letter. It would be intended that you would join the Company as the Chief Restructuring Officer, reporting to the Executive Chairman of Safeguard's Board of Directors ("Board"), effective as of April 1, 2020 (the "Commencement Date") for a six-month term ending on October 1, 2020 (the "Initial Term"); provided, that the Initial Term shall automatically extend for up to three consecutive six-month terms (each an "Extended Term") through April 1, 2022 unless either you or Safeguard provide written notice to the other party at least thirty (30) days prior to any such six-month period (the Initial Term plus any Extended Term shall constitute the "Term" herein). You will be required to dedicate substantially all of your professional time and efforts to your position with Safeguard. At the end of the Term, your employment may be extended upon mutual agreement.

This letter agreement constitutes the entire agreement between you and Safeguard and supersedes the prior consulting agreement dated November 21, 2019, by and between Safeguard and you as managing member of SamiHaan Capital Partners LLC ("Prior Agreement"), other than with respect to the confidentiality and indemnification provisions set forth in the Prior Agreement and the terms of the related confidentiality agreement dated October 2, 2019.

Salary. The annual base salary rate associated with this position is \$540,000 (i.e., \$45,000 per month) and will be paid on a bi-weekly basis. During the Initial Term, you will not be eligible to participate in any annual incentive programs or plans of Safeguard.

Equity Grants. Within ten days of your Commencement Date, you will receive a fully vested stock grant for 8,000 shares of common stock of Safeguard under the 2014 Equity Compensation Plan (the "Plan"). At the same time, you will also receive a restricted stock unit grant representing a right to receive 20,000 shares of Safeguard's common stock, which will vest and become payable ratably over the six-month Initial Term, in equal monthly installments following your Commencement Date, subject to your continued employment or service to Safeguard (the "Initial Term RSU Grant"). You will also be eligible for a restricted stock unit grant representing a right to receive an additional 20,000 shares of Safeguard's common stock for each Extended Term, if applicable, which will vest and become payable over each six-month Extended Term, in equal monthly installments, subject to your continued employment or service to Safeguard (the "Extended Term RSU Grant"). Any restricted stock units granted to you will include dividend equivalent rights which will accrue and become payable to you when the underlying restricted stock units are paid. The specific terms and conditions of the stock unit will be set forth further in the award agreement evidencing the stock unit. In addition, at the end of the Initial Term and any Extended Term, you will be eligible to receive 20,000 full-vested shares of common stock of Safeguard in the sole discretion of the Board based on your performance for the Initial Term or any Extended Term (the "Discretionary Stock Grant") issued no later than ten days after the end of the Initial Term or any Extended Term. The Discretionary Stock Grant will be granted under the Plan.

Expense Reimbursement. You will be entitled to reimbursement for all reasonable and necessary travel and business expenses in a timely manner according to the Company policy.

Benefits. You will also be eligible to participate in Safeguard's health, dental, vision, disability, 401(k), and other benefit plans including fringe benefits generally available to Safeguard executive employees from *time* to time. And, you will be entitled to accrue vacation at the annual rate of three weeks of vacation per calendar year. The first year's vacation will be pro-rated based on your Commencement Date.

Severance Benefits. In the event Safeguard terminates your employment without "Cause" (as defined below) or resign for Good Reason (as defined below), Safeguard will provide you the following benefits that will be the only severance benefits or other payments in respect of your employment with Safeguard to which you will be entitled. Without limiting the generality of the foregoing, these benefits are in respect of all salary and other rights that you may have against Safeguard or its affiliates. For the avoidance of doubt, notice of non-renewal of any six-month Extended Term prior to the end of or following the Initial Term will not constitute a termination of your employment without Cause or resignation for Good Reason.

If you are terminated without Cause or resign for Good Reason:

- You will be paid an amount equivalent to any unpaid portion of your base salary as of the date of termination which would have been payable for the remainder of the applicable six-month Initial Term or Extended Term, less applicable tax deductions and withholdings. For example, if you were terminated without Cause or resigned for Good Reason at the end of the second month of a six-month Extended Term, you would be paid four months of base salary, or \$180,000. The severance amount will be paid in a lump sum within 10 days of the termination date.
- You will immediately vest in your Initial Term RSU Grant and any Extended Term RSU Grant that has been awarded prior to your termination date and was not previously vested and paid.
- You will receive a fully-vested stock grant, representing a portion of the Discretionary Stock Grant, equal to a number of shares of Safeguard common stock equal to 20,000 shares, multiplied by a fraction equal to (x) the number of calendar months you were employed during the Initial Term or any applicable Extended Term, over (y) six months. For example, if you were terminated without Cause or resigned for Good Reason in the 4th month of an Extended Term, you would receive a fully-vested stock grant equal to 13,333 shares of Safeguard common stock.

All severance-related compensation and benefits described above will be contingent on your execution of a release, in form acceptable to Safeguard in its sole discretion, which is not subsequently rescinded, of all claims against Safeguard pursuant to Safeguard's standard employee form. You will have 21 days following your termination of employment in which to consider the release although you may execute it sooner.

In this letter agreement, the term "Cause" means (a) your willful failure to abide by the reasonable work-related instructions and requests of the Executive Chairman of the Board of Directors during your employment and/or your failure to adhere to any written Safeguard policy in effect from time to time if you have been given a reasonable opportunity to comply with such policy or cure your failure to comply (which reasonable opportunity must be granted during the 10-day period preceding termination of this letter agreement); (b) your appropriation (or attempted appropriation) of a material business opportunity of Safeguard, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of Safeguard; (c) your misappropriation (or attempted misappropriation) of any of Safeguard's funds or property; or (d) your conviction of, indictment for (or its procedural equivalent), or your entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment.

In this letter agreement, the term "Good Reason" shall mean the occurrence of one or more of the following, without your consent: (i) material diminution of your authority, duties or responsibilities; (ii) a material diminution in your base salary; or (iii) any action or inaction that constitutes a material breach by Safeguard of a material provision of this letter agreement; provided, that you must provide written notice of termination for Good Reason to Safeguard within 30 days after the event constituting Good Reason first occurs, Safeguard shall have a period of 30 days in which it may correct the act or failure to act that constitutes the grounds for Good Reason and if Safeguard does not correct the act or failure to act, you must terminate your employment for Good Reason within 30 days after the end of the cure period, in order for the termination to be considered a Good Reason termination.

Terms of Employment, Agreements. Subject to the terms of this letter agreement, you will be an employee-at-will and subject to the arrangements described in Safeguard's employee handbook as modified from time to time. In addition, this offer is subject to your agreement to comply with various covenants designed to protect Safeguard's confidential information and employee and customer relationships. These provisions are contained in a Confidentiality & Intellectual Property Assignment Agreement, a copy of which is attached. We will need to receive a signed copy of the agreement prior to your start date.

Indemnification and D&O Insurance. Safeguard will indemnify you and hold you harmless in connection with your duties to the fullest extent provided by Safeguard's bylaws and applicable law and will cover you under directors' and officers' liability insurance in accordance with its terms both during and, while potential liability exists, after the Term in the same amount and to the same extent as the Company covers its other officers and directors.

Miscellaneous. This letter agreement and the other agreements referred to herein contain the entire agreement between the parties hereto and supersede any and all prior agreements and understandings concerning your employment by Safeguard. This letter agreement shall not be altered or otherwise amended, except pursuant to an instrument in writing signed by each of the parties hereto. In the event that any provision of this letter agreement is determined to be partially or wholly invalid, illegal or unenforceable in any jurisdiction, then such provision shall, as to such jurisdiction, be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or if such provision cannot be modified or restricted, then such provision shall, as to such jurisdiction, be deemed to be excised from this letter agreement. This letter agreement will bind the heirs, personal representatives, successors and assigns of both you and Safeguard, and inure to the benefit of both you and Safeguard, and to your heirs, successors and assigns, except that the duties and responsibilities of you are of a personal nature and shall not be assignable or delegable in whole or in part by you. This letter agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. This letter agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts made and performed wholly therein without regard to rules governing conflicts of law.

Compliance with Section 409A of the Code.

Compliance. This letter agreement will be interpreted to avoid any penalty sanctions under Section 409A of the Code. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A, then such benefit or payment will be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A of the Code, all payments to be made upon a termination of employment under this letter agreement may only be made upon a "separation from service" within the meaning of such term under Section 409A of the Code, each payment made under this letter agreement will be treated as a separate payment and the right to a series of installment payments under this letter agreement is to be treated as a right to a series of separate payments. In no event will you, directly or indirectly, designate the calendar year of any payments to be made to you under this letter agreement. All reimbursements and in-kind benefits provided under this letter agreement will be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this letter agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

Payment Delay. Notwithstanding any provision in this letter agreement to the contrary, if at the time of your separation from service with Safeguard, Safeguard has securities which are publicly traded on an established securities market and you are a "specified employee" (as defined in Section 409A of the Code) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this letter agreement as a result of such termination of employment to prevent any accelerated or additional tax under Section 409A of the Code, then Safeguard will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to you) that are not otherwise paid within the short term deferral exception under Section 409A of the Code and are in excess of the lesser of two times your then-annual compensation or (ii) the limit on compensation then set forth in Section 401(a)(17) of the code, until the first payroll date that occurs after the date that is six months following the your "separation from service" with Safeguard (as defined under Section 409A of the Code). If any payments are postponed due to such requirements, such postponed amounts will be paid in a lump sum to you on the first payroll date that occurs after the date that is six months following *your* "separation from service" with Safeguard. If you die during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of Section 409A of the Code will be paid to the personal representative of your estate within 60 days after the date of your death.

This offer is contingent upon the results of a background check. After you have signed and returned this offer letter, you will be asked to complete and return an Investigation Authorization, Waiver & Release form, which explains the purpose and the nature of this background check.

We trust you will enjoy the challenges and opportunities of working in a dynamic environment, and look forward to a mutually rewarding association. If these terms are agreeable, please signify your acceptance below and return one copy to me along with the executed Confidentiality & Intellectual Property Assignment Agreement and background check forms. If there are any other questions, please do not hesitate to contact me.

Sincerely,



Robert J. Rosenthal

Attachment

Agreed and accepted:


Name: Eric Salzman

30 March 2020

Date

CONFIDENTIALITY & INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

In consideration and as a condition of my employment by the Company, I hereby agree with the Company as follows:

1. Definitions. The term "Company" shall include Safeguard Scientifics, Inc., its subsidiaries and affiliates. The Company shall have the right to assign this Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said successors or assigns. The term "Partner Company" shall mean any person or entity with which, at the time of determination, the Company has made, or is actively considering making, (i) an equity or debt financing, issuance, purchase, exchange or transfer arrangement, (ii) an acquisition, sale, exchange or transfer of any material assets, or (iii) a strategic alliance or exclusive license of intellectual property (each of the foregoing, a "Safeguard Transaction").

2. Confidentiality; Non-Disclosure and Mutual Non-Disparagement. I will not at any time, whether during or after the termination of my employment, reveal to any person or entity any of the trade secrets or confidential information of the Company or of any third party which the Company is under an obligation to keep confidential (including but not limited to trade secrets or confidential information respecting inventions, products, designs, methods, know-how, techniques, systems, processes, software programs, works of authorship, customer lists, databases, projects, plans, proposals, financial information, financing arrangements, sales terms and business methods), except as may be required in the ordinary course of performing my duties as an employee of the Company, and I shall keep secret all matters entrusted to me and shall not use or attempt to use any such information in any manner which may injure or cause loss or may be calculated to injure or cause loss whether directly or indirectly to the Company.

The above restrictions shall not apply to information that I can demonstrate by competent evidence: (i) was or comes into the public domain through no fault of my own; (ii) was received from a third party outside of the Company without a breach of any confidentiality obligation; (iii) was approved for release by written authorization of the Company; or (iv) may be required by law or an order of any court, agency or proceeding to be disclosed; provided, I shall provide the Company notice of any such required disclosure once I have knowledge of it and will help the Company to the extent reasonable to obtain an appropriate protective order.

Further, I agree that during my employment I shall not take, use or permit it to be used any notes, memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data, documentation or other materials of any nature relating to any matter within the scope of the business of the Company or a Partner Company or concerning any of its dealings or affairs otherwise than for the benefit of the Company or as applicable, a Partner Company. I further agree that I shall not, after the termination of my employment, use or permit to be used any such notes, memoranda, reports, lists, records, drawings, sketches, specifications, software programs, data, documentation or other materials, it being agreed that all of the foregoing shall be and remain the sole and exclusive property of the Company and that immediately upon the termination of my employment I shall deliver all of the foregoing, and all copies thereof, to the Company's Legal Department at the Company's main office.

I agree not to disparage the Company or a Partner Company or their respective officers, directors, investors, employees, and affiliates or make any public statement reflecting negatively on the Company or a Partner Company or their respective officers, directors, investors, employees, and affiliates, including (without limitation) any matters relating to the operation or management of the Company. I understand that the Company shall instruct and take all reasonable steps to cause its officers and members of the Board not to disparage me on any matters relating to the my services to the Company, business, professional or personal reputation or standing, irrespective of the truthfulness or falsity of such statement.

3. Ownership of Inventions and Ideas. I acknowledge that the Company shall be the sole owner of all the results and proceeds of my service hereunder, including but not limited to, all patents, patent applications, patent rights, formulas, models, data, algorithms, copy rights, inventions, developments, discoveries, other improvements, data, documentation, drawings, charts, and other written, audio and/or visual materials relating to equipment, methods, products, processes, or programs in connection with or useful to the business of the Company or a Partner Company (collectively, the "Developments") which I, by myself or in conjunction with any other person, may conceive, make, acquire, acquire knowledge of, develop or create while performing my role or using Company assets or resources during the term of my employment hereunder, free and clear of any claims by me (or any successor or assignee of mine) of any kind or character whatsoever other than my right to the salary I receive from time to time from the Company. I acknowledge that all copyrightable Developments shall be considered works made for hire under the Federal Copyright Act. I hereby assign and transfer my right, title and interest in and to all such Developments, and agree that I shall, at the request of the Company, execute or cooperate with the Company in any patent applications, execute such assignments, certificates or other instruments, and do any and all other acts, as the Company from time to time reasonably deems necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend the Company's right, title and interest in or to any such

Developments. The restriction of this Section 3 do not apply to intellectual property created prior to my employment with Company or created while performing teaching, advisory, and/or board duties for organizations outside of Company which were previously disclosed to Company in writing.

4. Non-Solicitation. While I am employed at the Company and for a period of one year after termination of my employment (for any reason, whether voluntary or involuntarily), I agree that I will not:

(i) directly or indirectly solicit, entice or induce any Partner Company or prospective Partner Company with which the Company was having discussions at any time within the preceding six months to (a) commence or participate in discussions or activities regarding, or to enter into, a Safeguard Transaction with any other person or entity, (b) cease or diminish any such discussions or activities with the Company or any Partner Company or (c) otherwise cease or diminish its business with the Company, and I shall not approach any such person or entity for such purpose or authorize or knowingly approve the taking of such actions by any other person or entity; or

(ii) directly or indirectly (a) solicit, recruit or hire any employee or partner of the Company or any Partner Company to work for a person or entity other than the Company or the respective Partner Company, or (b) engage in any activity that would cause any employee or partner of the Company or any Partner Company to violate any duty to or agreement with the Company or a Partner Company.

5. Prior Restrictive Covenants. I represent that I have delivered to the Company copies of any agreements or arrangements which may restrict or prohibit the performance by me of any of my duties or responsibilities. I agree that I shall comply with any such agreements or arrangements and shall consult with the General Counsel of the Company in the event that I believe that such compliance in any way is a constraint to the aggressive performance of my duties or responsibilities. Without limiting the generality of the foregoing, I agree that I will not bring to any Company or Partner Company facility any information or materials with me which are subject to confidentiality obligations owed to my prior employers or others, nor shall I use any such confidential information or materials in performing my duties for the Company or any Partner Company. I acknowledge that my breach of this Section 5 would materially harm the Company, and that in such event the Company may terminate me for Cause.

6. Reasonable Restrictions. I agree that any breach of this Agreement by me will cause irreparable damage to the Company and that in the event of such breach the Company shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent the violation of my obligations hereunder. I hereby acknowledge that the types and periods of restriction imposed in the provisions of this Agreement are fair and reasonable and are reasonably required for the protection of the Company and the goodwill associated with the business of the Company. I represent that my experience and capabilities are such that the restrictions contained herein will not prevent me from obtaining employment or otherwise earning a living at the same general economic benefit as reasonably required by me. I further agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity or subject so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting and reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

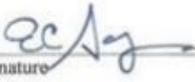
7. Resignation as Director and Officer. Upon termination of employment with the Company, I shall resign from all board and officer positions I hold with the Company and all Partner Companies (and all affiliates and subsidiaries of Partner Companies). In this regard, I agree upon the Company's request from time to time to sign and deliver to the Company resignation letters acceptable to the Company.

8. Withholding. I acknowledge and agree that the Company is entitled to withhold applicable taxes and other legally required deductions from all payments and other benefits and obligations of the Company to me.

9. General I understand that this Agreement does not create an obligation on the Company or any other person or entity to continue my employment or to exploit any Development. Any waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof. No term or condition set forth in this letter may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by me and an authorized executive officer of the Company. My obligations under this Agreement shall survive the termination of my employment regardless of the manner of such termination and shall be binding upon my heirs, executors, administrators and legal representatives. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, will be settled by arbitration in Philadelphia, Pennsylvania, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association,

using one arbitrator, and judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction. In any suit, action or procedure by either party to enforce any provisions of this Agreement, the prevailing party shall be entitled to recover reasonable costs, expenses and attorney's fees from the other party.

I N WITNESS WHEREOF, the undersigned has executed this Agreement as a sealed document as of this 1>_day of _____, 2020.


Signature

Eric C. Selzman
Printed Name

Safeguard Scientifics, Inc.
One Radnor Corp. Ctr.
100 Matsonford Road, Suite 110
Radnor, PA 19087

April 1, 2020

Robert Rosenthal
XXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXX

Dear Bob:

This letter agreement (“Agreement”) reflects your transition to Executive Chairman and Principal Executive Officer of Safeguard Scientifics, Inc. (“Safeguard”), effective on April 1, 2020 (Effective Date”).

1. Terms of Employment.

- a. You and Safeguard hereby agree that your position as Executive Chairman and Principal Executive Officer of Safeguard is on an interim basis for six months and will commence on the Effective Date and end on October 1, 2020 (the “Term”).
- b. Your compensation as Executive Chairman and Principal Executive Officer will be one dollar for the Term.
- c. As Executive Chairman and Principal Executive Officer, you will devote sufficient time to perform the services customarily required of such position and report to the Board of Directors of Safeguard (“Board”).
- d. You will be an employee-at-will and subject to the arrangements described in Safeguard’s employee handbook as modified from time to time.
- e. You will be eligible to participate in any employee benefit plans of Safeguard on the same terms and conditions as may be offered to other employees of Safeguard from time to time.

2. Continued Service on Board and Committees. Your employment as Executive Chairman and Principal Executive Officer will not affect your service on the Board or any Board committees. During the Term, you will continue to serve as Chair of the Board, including on any committees of the Board on which you are eligible to serve under the rules of the New York Stock Exchange. In addition, during the Term, you will continue to receive compensation for your services as Chair of the Board, as well as for serving on any applicable committees, but such compensation will be solely for your continued service on the Board and committees and will not separately be for your services as Executive Chairman or Principal Executive Officer.

3. Entire Agreement. This Agreement constitutes the entire agreement and understanding relating to your employment with Safeguard and supersedes any and all prior agreements and understandings whether oral or written, relating thereto.

4. Amendment. No term or condition set forth in this letter may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and the Board or a duly authorized officer of Safeguard.

5. Governing Law. The provisions set forth in this Agreement will be construed and enforced in accordance with the law of the Commonwealth of Pennsylvania without regard to the conflicts of laws rules of any state.

6. Taxes. Safeguard may withhold applicable taxes and other legally required deductions from all payments to be made hereunder.

If this Agreement sets forth our agreement on the subject matter hereof, kindly sign and return to us the enclosed copy of this letter, which will then constitute our legally binding agreement.

Sincerely,

Safeguard Scientifics, Inc.

By: _____
Joseph M. Manko, Jr.
Director

I agree to be bound by the terms and conditions of this letter agreement.

Robert Rosenthal

Date

**SAFEGUARD SCIENTIFICS ANNOUNCES ORGANIZATIONAL CHANGES
TO DRIVE SHAREHOLDER RETURNS**

- *Brian Sisko to step down as CEO*
- *Dr. Robert J. Rosenthal assumes role of Executive Chairman of the Board*
- *Industry veteran, Eric C. Salzman, appointed Chief Restructuring Officer*
- *Provides business update in light of COVID 19*

Radnor, PA, April 6, 2020 — [Safeguard Scientifics, Inc.](#) (NYSE:SFE) ("Safeguard" or "the Company") today announced several organizational changes to drive total shareholder returns.

Brian Sisko is stepping down as CEO of Safeguard after 14 years of service. Under Mr. Sisko's leadership, the Company embarked on its current strategy and has returned over \$187 million of cash to its balance sheet, repaid its outstanding debt and returned over \$20 million to shareholders. Mr. Sisko stated, "I am pleased to have taken the Company to its current position and remain very optimistic about its future prospects."

Dr. Robert J. Rosenthal, the current Chairman of the Company's Board of Directors (the "Board"), will assume the role of Executive Chairman of the Board to provide continuity, expertise and oversight of the execution of the Company's strategy. Dr. Rosenthal will not receive additional compensation for assuming this expanded role.

Eric C. Salzman has been appointed to the newly created role of Chief Restructuring Officer ("CRO"). The CRO will report to the Executive Chairman and Board, and will be responsible for all aspects of the value maximization strategy. Mr. Salzman joins Safeguard after a 28-year career as an investment banker, growth equity and special situations investor and restructuring advisor at several Wall Street firms. Mr. Salzman helped oversee the monetization of a \$2 billion portfolio of illiquid assets in the Lehman Brothers bankruptcy and subsequently advised several investment funds on value-maximization strategies for their respective portfolios. He has been an advisor to Safeguard's Board since November 2019 and currently serves as a director on the board of 8x8, Inc., (NYSE: EGHT). Mr. Salzman earned a B.A. Honors from the University of Michigan and an MBA from Harvard University.

"I am looking forward to working with Bob, the other members of the Board and the Safeguard team to build on the work achieved since Safeguard's new strategy was launched in 2018," said Mr. Salzman. "Based on my experience in principal investing, M&A, restructuring and value maximizing a number of illiquid companies and portfolios, I believe I can effectively contribute to the execution of the strategy and drive results for all stakeholders, notwithstanding the volatile macroenvironment."

Dr. Rosenthal, said "I want to thank Brian for his unwavering commitment to the Company and for bringing us to the current position, with a strong balance sheet and significant potential for monetization of our portfolio." Dr. Rosenthal continued, "We are very excited to have Eric join us to lead the next phase of our strategy, particularly given his extensive experience in value-maximizing and monetizing portfolios. We believe these changes will allow us to more effectively execute on our strategy, continue to focus on our cost structure and position Safeguard to operate in the current market and economic environment."



Business Update in light of COVID 19

Safeguard holds minority ownership interests in 15 healthcare and tech enabled companies representing over \$200 million of deployed capital. A majority of these ownership interests are in relatively mature venture backed businesses, none are pre-revenue, and all but one had greater than \$5 million of revenue for the year-ended December 31, 2019. Over the past several months, we have been conducting an in-depth review of our companies valuations, prospects and exit opportunities with the more recent assistance of Mr. Salzman as an advisor to the Board.

The current economic and market conditions brought about by the COVID 19 pandemic have impacted our entire portfolio. We are working with the management teams of each portfolio company to take actions to respond to this rapidly changing environment. These steps include implementing cost reduction efforts, securing additional capital and exploring a range of other steps which could mitigate some of the expected negative repercussions of current market conditions. We are also seeing a more challenging merger and acquisition market that generally lowers valuation expectations and extends exit timelines. Some of our companies are seeing increased opportunities, but we have seen multiple potential buyers for at least one of our companies indefinitely delay proposals due to uncertainties impacting their businesses related to COVID-19. As a result, Safeguard currently expects to incur non-cash impairment charges to our carrying values of several digital media and other interests of \$5 to \$12 million during the three months ended March 31, 2020. In addition, we now expect our follow-on funding requirements for the full year of 2020 may be towards the higher-end of, and may exceed our prior estimate of \$5 to \$10 million. Also, we now expect our corporate expenses* for the year ended December 31, 2020 to be lower than our prior target of \$6.4 to \$6.8 million.

Management will continue to update shareholders on developments within the portfolio and progress on our strategy at the regularly scheduled quarterly update.

About Safeguard Scientifics

Historically, Safeguard Scientifics (NYSE:SFE) has provided capital and relevant expertise to fuel the growth of technology-driven businesses. Safeguard has a distinguished track record of fostering innovation and building market leaders that spans more than six decades.

For more information, please visit www.safeguard.com.

* Corporate expenses is a non-GAAP measure that excludes depreciation, stock based compensation, severance and retirement costs, and other non-recurring items and other. See complete definition and reconciliation in our February 27, 2020 full-year 2019 financial results press release.

Forward-looking Statements

Except for the historical information and discussions contained herein, statements contained in this release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are subject to risks and uncertainties. Forward-looking statements include, but are not limited to, statements regarding Safeguard’s ability to maximize the value of monetization opportunities of its ownership interests and drive total shareholder returns. Safeguard’s initiatives taken or contemplated to enhance and unlock value for all of its shareholders, Safeguard’s efforts to execute on and implement its strategy to streamline its organizational structure, reduce its operating costs, pursue monetization opportunities for ownership interests and maximize the return of value to its shareholders, Safeguard’s ability to create, unlock, enhance and maximize



shareholder value, the effect of Safeguard's management succession plan on driving increased organizational effectiveness and efficiencies, the ability of the management team to execute Safeguard's strategy, the availability of, the timing of, and the proceeds that may ultimately be derived from the monetization of ownership interests, Safeguard's projections regarding the reduction in its ongoing operating expenses, Safeguard's projections regarding annualized operating expenses and expected severance expenses, monetization opportunities for ownership interests, and the amount of net proceeds from the monetization of ownership interests that will enable the return of value to Safeguard shareholders after satisfying working capital needs and the timing of such return of value. Such forward-looking statements are not guarantees of future operational or financial performance and are based on current expectations that involve a number of uncertainties, risks and assumptions that are difficult to predict. Therefore, actual outcomes and/or results may differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that could cause actual results to differ materially include, among others, our ability to make good decisions about the monetization of our ownership interests for maximum value or at all and the return of value to our shareholders, our ability to successfully execute on our strategy to streamline our organizational structure and align our cost structure to increase shareholder value, whether our strategy will better position us to focus our resources on the highest-return opportunities and deliver enhanced shareholder value, the ongoing support of our existing ownership interests, the fact that our companies may vary from period to period, challenges to achieving liquidity from our ownership interests, fluctuations in the market prices of our publicly traded holdings, if any, competition, our inability to obtain maximum value for our ownership interests, our ability to attract and retain qualified employees, market valuations in sectors in which our ownership interests operate, our inability to control our ownership interests, our need to manage our assets to avoid registration under the Investment Company Act of 1940, risks, disruption, costs and uncertainty caused by or related to the actions of activist shareholders, including that if individuals are elected to our Board with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create value for our shareholders and perceived uncertainties as to our future direction as a result of potential changes to the composition of our Board may lead to the perception of a change in the direction of our business, instability or a lack of continuity that may adversely affect our business, and risks associated with our ownership interests, including the fact that most of our ownership interests have a limited operating history and a history of operating losses, face intense competition and may never be profitable, the effect of economic conditions in the business sectors in which Safeguard's companies operate, and other uncertainties described in our filings with the Securities and Exchange Commission. Many of these factors are beyond the Company's ability to predict or control. As a result of these and other factors, the Company's past operational and financial performance should not be relied on as an indication of future performance. The Company does not assume any obligation to update any forward-looking statements or other information contained in this press release.

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SAFEGUARD CONTACT:

Mark Herndon

Chief Financial Officer

(610) 975-4913

mherndon@safeguard.com