

CSP INC /MA/
Form DEFA14A
February 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
 Preliminary Proxy Statement
 Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Sec. § 240.14a-12

CSP INC.
(Name of Registrant as Specified In Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)
 No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

On February 7, 2013 CSP, Inc. issued the following press release

Contact: Gary Levine
Chief Financial Officer
CSP Inc.
Tel: 978.663.7598 ext. 1200
Fax: 978.663.0150

CSP Inc. Responds to Criticisms from Samuel Kidston of North & Webster Opportunities Fund in Letter to Shareholders

Outlines Kidston's Track Record as Chairman of Three Companies

Reviews Success of New CSP CEO Victor Dellovo at Service and Systems Integration Business Segment, CSP's Primary Growth Vehicle

Requests Shareholders Vote for Company Directors

BILLERICA, MA, February 07, 2013 – CSP Inc. (NASDAQ: CSPI), a provider of IT solutions, systems integration services and dense cluster computing systems, has sent a letter to shareholders responding to criticisms from Sam Kidston and reviewing the success of new CSP CEO Victor Dellovo at the Company's Service and Systems Integration business.

Dear Fellow CSP Stockholder:

We feel obliged to provide you with supplemental information, in response to a letter from Samuel Kidston, of North & Webster Opportunities Fund, which contained criticisms of business acquisitions CSP made years ago, as far back as the year 2000.

Please first be aware that the current proxy contest against your Company is being led by Mr. Kidston, who previously threatened proxy fights against at least two small public companies, and now acts as Chairman of the Board at three such companies. Here are some salient facts about Mr. Kidston's history with these companies (all of the information cited below is from publicly available SEC filings or in press releases of the companies involved):

Mr. Kidston's most recent threatened proxy fight led to a settlement agreement dated as of June 30, 2010, under which he was appointed, in January of 2011, to the Board of Ezenia! Inc., a communications software development company. Mr. Kidston became Chairman of the Board of Ezenia! on June 9, 2011. On September 29, 2011, Ezenia! filed to deregister its common stock with the SEC. On September 30, 2011, Ezenia! filed for Chapter 11 bankruptcy.

In April of 2009, Mr. Kidston was appointed to the Board of Sport-Haley Holdings, Inc., a golf apparel distributor. On June 8, 2009, this company voluntarily delisted from NASDAQ and filed to deregister its common stock with the SEC. Sport-Haley's stock now trades on the "pink sheets." Mr. Kidston has been serving as Chairman of the Board since January of 2010 and Interim CEO of Sport-Haley since October of 2011.

In December of 2008, Mr. Kidston and J.K. Hage III were appointed to the Board of SED International Holdings, Inc., a supply chain management services company. At that same time, as part of a settlement agreement dated December 18, 2008 intended to avoid a proxy contest, Mr. Kidston and certain related persons and entities received a \$112,500 payment from SED as reimbursement for expenses. As a director, Mr. Kidston received compensation worth \$160,000 during SED's Fiscal 2012 year. Last August, Mr. Kidston was appointed Executive Chairman of SED, under new compensation arrangements that have yet to be publicly disclosed.

An SED shareholder group, Gad Partners Funds LP and Paragon Technologies, recently issued a letter which is critical of Samuel Kidston's compensation during his four years as an SED director. Among other things, the Gad group contends that the SED Board's compensation has been excessive, during a time when the stock price performance of SED shares has been dismal in the group's view. The principal of the Gad group has no business or financial affiliations of any kind with CSP, and contacted CSP on his own initiative.

Your Company's new management is committed to CSP's continued improvement in financial performance, and the creation of sustainable long-term value for CSP stockholders. We believe there is good reason to be optimistic about CSP's future growth prospects:

CSP's new President and Chief Executive Officer, Victor Dellovo, who was just promoted this past August, has overseen the growth of your Company's Service and Systems Integration business segment (SSI).

SSI has been your Company's primary growth business since its acquisition in 2003.

For Fiscal 2012, SSI's gross operating profit was more than 800% higher than it was in the first year after its acquisition.

For Fiscal 2012, SSI's revenues were \$73.7 million, with a gross operating profit of \$1.7 million.

- During Fiscal 2013, your management is implementing a new strategy to leverage SSI's historical growth by pursuing cross-selling opportunities with our Systems multicomputer business.

WE URGE YOU TO PROTECT YOUR INVESTMENT IN CSP!

PLEASE COMPLETELY DISREGARD ANY PROXY MATERIALS YOU RECEIVED FROM NORTH & WEBSTER OR SAMUEL KIDSTON.

PLEASE KNOW THAT YOUR VOTE IS EXTREMELY IMPORTANT, NO MATTER HOW FEW SHARES OF CSP YOU OWN.

CSP'S ANNUAL MEETING IS SCHEDULED FOR TUESDAY FEBRUARY 12th. THE TIME IS EXTREMELY SHORT.

PLEASE VOTE YOUR CSP SHARES BY TELEPHONE OR INTERNET TODAY.

For your further convenience, if you have any questions or need any assistance with voting your shares, please contact The Proxy Advisory Group, LLC, who is assisting your Company in this matter.

For Proxy Voting Assistance, you may call toll-free at (888) 337-7799 or (888) 33-PROXY.

Your new CEO and his management team are committed to CSP's continued improvement in financial performance, and the creation of sustainable long-term value for CSP stockholders.

We are optimistic about CSP's future. Thank you very much for your support.

Sincerely,

/s/ Victor Dellovo

Chief Executive Officer

CSP INC.

Sincerely,

/s/ C. Shelton James

Chairman of the Board

CSP INC.