SEVCON, INC.
Form PREC14A
January 03, 2017
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 [x]

Check the Appropriate Box:

[X] 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 Rule 14a-11(c) or Rule 14a-12

SEVCON, INC.
(Name of registrant as specified in its charter)

MESON CAPITAL LP
MESON CONSTRUCTIVE CAPITAL LP
MESON CAPITAL PARTNERS LLC
RYAN MORRIS
BRYAN BOCHES
HOWARD S. GROSS
SHVETANK JAIN
ANTHONY L. POSAWATZ
JOSEPH E. WHITTERS
(Name of person(s) filing proxy statement, if other than the registrant)
Copies to:
Christopher P. Davis, Esq.
Kleinberg, Kaplan, Wolff & Cohen, P.C.
551 Fifth Avenue, New York, New York 10176
(212) 986-6000

Payment of Filing Fee (Check the Appropriate Box):

[x] 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 is 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:

PRELIMINARY COPY SUBJECT TO COMPLETION DATED JANUARY 3, 2017

MESON CAPITAL PARTNERS LLC

January ____, 2017
Dear Fellow Stockholder:

Meson Capital Partners LLC together with the other participants in this solicitation (collectively, "Meson" or "we"), is one of the largest stockholders of Sevcon, Inc., a Delaware corporation ("Sevcon" or the "Company"), beneficially owning a total of [1,119,868] shares of Common Stock, $.10 par value per share, representing approximately [19.7]% of the shares outstanding. Meson has owned shares of Sevcon continuously since March 2014. We are seeking your support for the election of up to [four] of our nominees at the 2017 annual meeting of the stockholders of the Company, to be held at the offices of Locke Lord LLP, 20th Floor, 111 Huntington Avenue at Prudential Center, Boston, Massachusetts, at [•] p.m. on Tuesday, February 7, 2017 (including any adjournments or postponements thereof and any meeting which may be called in lieu thereof, the "Annual Meeting").

As a long term stockholder (i) owning approximately a fifth of Sevcon's shares and (ii) who have had a representative actively serving on the Company's Board of Directors (the "Board") since 2013, we strongly believe the Company is uniquely positioned to benefit from the global shift towards electrification of mobility and automobiles as these market grows exponentially. There is a window of opportunity for the Company to capture market share that we believe will close within two years if not approached thoughtfully and decisively. There are numerous challenges to overcome and actions to take that will require experience, intelligence, and energy applied by the Board and the executive team. Yet this Board, as currently composed, in our opinion either fails or refuses to see or embrace the need for change and progress that is necessary to take advantage of the Company's unique position.

We have repeatedly tried to impress our concerns on the Board and work collaboratively towards a solution that would have avoided the need for a costly proxy contest. Regrettably, our repeated attempts to propel the Board and management towards embracing this historic opportunity have been met with costly entrenchment tactics including eleventh-hour attempts to change Sevcon's nomination and governance rules in ways that will insure the status quo for at least another year. We own over three times more shares than all other Board members combined and are thus highly aligned with shareholders. The aggressive tactics the Board has taken to stonewall dialog and entrench the status quo has distracted shareholders from the opportunity at hand. Management must be held accountable by a Board that knows what success looks like and if there is repeated failure to achieve performance targets, new executives must be recruited. Accordingly, we have little choice but to reconstitute this Board with representatives who are committed to taking the steps necessary to maximize value for stockholders.

The Company is currently divided into two classes with the terms of five directors set to expire at the Annual Meeting. That is precisely the system the Board itself asked you, the shareholders, to approve at the 2015 annual meeting, which you did. Now—suddenly and only after Meson properly and lawfully submitted a slate of highly qualified nominees on December 19, 2016—the Board is asking stockholders to approve an inconsistent amendment to the Company's charter such that, if passed, all directors would be up for election at the Annual Meeting. We are seeking your support to elect up to [four] of our nominees—[three] highly qualified new directors and one incumbent in the event the amendment is approved—at the Annual Meeting. Our interests are fully aligned with the interests of all stockholders—to maximize value for all. [We are not seeking control of the Board. If our Nominees are elected we could not control the Board absence the resignation of the other members of the Board, and any claim to the contrary would be entirely false and misleading.] Our interests are fully aligned with the interests of all stockholders – to maximize value for all.

We urge you to consider carefully the information contained in the attached proxy statement and then support our efforts by signing, dating and returning the enclosed [GOLD] proxy card today. The attached proxy statement and the enclosed [GOLD] proxy card are first being furnished to the stockholders on or about January __, 2017.

If you have already submitted a different color proxy card in relation to the Annual Meeting, you have every right to revoke or change the voting instructions set out therein by signing, dating and returning a later dated [GOLD] proxy card or by voting in person at the Annual Meeting. We urge you to do so immediately, as there is little time before the Annual Meeting.

If you have any questions or require any assistance with your vote, please contact InvestorCom, which is assisting us, at its address and toll-free number listed on the following page.
Thank you for your support.

Meson Capital Partners LLC

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

The attached Proxy Statement and [GOLD] proxy card are available at:

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YOUR VOTE IS IMPORTANT,
NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN!

If you have any questions or need assistance voting the [GOLD] proxy card, please call the firm assisting us:

65 Locust Avenue, Suite 302
New Canaan, CT 06840
Shareholders call toll free at (877) 972-0090
Banks and Brokers call collect at (203) 972-9300
proxy@investor-com.com

PRELIMINARY COPY SUBJECT TO COMPLETION DATED JANUARY 3, 2017

ANNUAL MEETING OF STOCKHOLDERS

OF

SEVCON, INC.

PROXY STATEMENT

OF

MESON CAPITAL PARTNERS LLC

PLEASE SIGN, DATE AND MAIL THE ENCLOSED [GOLD] PROXY CARD TODAY

Meson Capital Partners LLC together with the other participants in this solicitation (collectively, "Meson" or "we"), is one of the largest stockholders of Sevcon, Inc., a Delaware corporation ("Sevcon" or the "Company"), beneficially owning a total of [1,119,868] shares of Common Stock, par value $.10 per share (the "Common Stock"), representing approximately [19.7]% of the shares outstanding. Meson has owned shares of Sevcon continuously since March 2014. We are writing to you because we believe that the Company is at a significant crossroads and have serious doubts that the Board of Directors (the "Board") as currently constituted can fully exploit the opportunities that will be available to the Company in both the short- and long-term. We have nominated highly-qualified, capable and committed individuals who have the relevant skill sets we believe are key to best position the Company to maximize value for stockholders in the coming years. We are seeking your support and your vote at the 2017 annual meeting of the stockholders of the Company, to be held at the offices of Locke Lord LLP, 20th Floor, 111 Huntington Avenue at Prudential Center, Boston, Massachusetts, at [•] p.m. on Tuesday, February 7, 2017 (including any adjournments or postponements thereof and any meeting which may be called in lieu thereof, the "Annual Meeting") for the following:

1. to adopt an amendment to Sevcon's Amended and Restated Certificate of Incorporation to immediately declassify the Board so that all directors would be elected annually for one-year terms;

2. if Proposal 1 is approved, to elect [four] director nominees, [Bryan Boches, Howard S. Gross, Shvetank Jain, Anthony L. Posawatz (Tony) Ryan J. Morris and Joseph E. Whitters] (each a "Nominee" and, collectively, the "Nominees"), each to hold office for a term of one year;

3. if Proposal 1 is not approved, to elect [Bryan Boches, Howard S. Gross, Shvetank Jain, Anthony L. Posawatz (Tony) and/or Joseph E. Whitters], (each a "Nominee" and, collectively, the "Nominees") each to hold office for a term of one year;

4. to ratify, by an advisory vote, the selection of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2017;

5. to approve, by an advisory vote, the fiscal 2016 compensation of the Company's executive officers;

6. to indicate, by an advisory vote, the frequency with which the stockholders should vote to approve the compensation of the Company's executive officers; and

7. to transact such other business as may properly come before the Annual Meeting.:

Meson is composed of Meson Capital LP, a New York limited partnership ("MC"), Meson Constructive Capital LP, a Delaware limited partnership ("MCC"), Meson Capital Partners LLC, a Delaware limited liability company ("MCP"), and the Nominees.

This Proxy Statement and the enclosed [GOLD] proxy card are first being furnished to stockholders on or about January [ ], 2017.

As of the date hereof, Meson collectively owns an aggregate of [1,152,392] shares of Common Stock. We intend to vote such shares of Common Stock FOR the election of our Nominees, FOR the individuals who have been nominated by the Company other than [____________], [FOR/AGAINST/ABSTAIN from voting on] the amendment to the Company's Amended and Restated Certificate of Incorporation to immediately declassify the Board so that all directors would be elected annually for one-year terms, [FOR/AGAINST] the ratification, by an advisory vote, of the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2017, [FOR/AGAINST] the approval, by an advisory vote, the fiscal 2016 compensation of the Company's executive officers, to indicate, by an advisory vote, that the Company should ask the stockholders to vote on the compensation of the Company's executive officers [EACH YEAR/EVERY TWO YEARS/EVERY THREE YEARS] and in the discretion of the persons named as proxies on all other matters as may properly come before the Annual Meeting, as described herein.

The number of nominees for which we are seeking your support will differ depending on whether Proposal 1 is approved or not. According to the Company's proxy statement for the Annual Meeting, the Board is currently composed of eight directors. If Proposal 1 is approved, the Board will be immediately declassified, and the terms of all eight directors will expire at the Annual Meeting. If Proposal 1 is not approved, three of the Company's eight current directors, Glenn J. Angiolillo, Ryan J. Morris, and David R. A. Steadman will not be subject to election at the Annual Meeting, and will continue to serve as directors until the 2018 annual meeting of stockholders. The terms of the remaining five of the Company's eight current directors would expire at the Annual Meeting. [We are not seeking control of the Board. If our Nominees are elected we could not control the Board absence the resignation of the other members of the Board, and any claim to the contrary would be entirely false and misleading.]

If Proposal 1 is approved:

In the event Proposal 1 is approved, we are seeking your support to elect [four] of our nominees—[three] highly qualified new directors and one incumbent—at the Annual Meeting. Your vote to elect the Nominees will have the legal effect of replacing [three] incumbent directors with the Nominees. In the event that some of the Nominees are elected, there can be no assurance that the Company nominee(s) who get the most votes and are elected to the Board will choose to serve as on the Board with the Nominees who are elected. In the event Proposal 1 is approved, stockholders who return the GOLD proxy card will only be able to vote for our Nominees and will not have the opportunity to vote for the [four] other seat[s] up for election at the Annual Meeting.

If Proposal 1 is not approved:

In the event Proposal 1 is not approved, we are seeking your support at the Annual Meeting to elect our [three] Nominees other than Ryan J. Morris, in opposition to [three] of the Company's director nominees [___________]. This gives shareholders who wish to vote for our Nominees the ability to vote for all five directorships up for election. The names, backgrounds and qualifications of the Company's nominees, and other information about them, can be found in the Company's proxy statement. There is no assurance that any of the Company's nominees will serve as directors if our Nominees are elected.]

The Board has fixed December 9, 2016 as the record date for determining holders of Common Stock who are entitled to vote at the Annual Meeting (the "Record Date"). According to the Company, as of the Record Date the Company the Company had outstanding 5,341,993 shares of Common Stock and entitled to be voted. Each share of Common Stock entitles the record holder to one vote on each matter to be voted upon at the Annual Meeting. The mailing address of the principal executive offices of the Company is 155 Northboro Road, Southborough, MA 01772. Stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting.

THIS SOLICITATION IS BEING MADE BY MESON AND NOT ON BEHALF OF THE BOARD OF DIRECTORS OR MANAGEMENT OF THE COMPANY. WE ARE NOT AWARE OF ANY OTHER MATTERS

TO BE BROUGHT BEFORE THE ANNUAL MEETING OTHER THAN AS SET FORTH IN THIS PROXY STATEMENT. SHOULD OTHER MATTERS, WHICH WE ARE NOT AWARE OF A REASONABLE TIME BEFORE THIS SOLICITATION, BE BROUGHT BEFORE THE ANNUAL MEETING, THE PERSONS NAMED AS PROXIES IN THE ENCLOSED [GOLD] PROXY CARD WILL VOTE ON SUCH MATTERS IN THEIR DISCRETION.

MESON URGES YOU TO SIGN, DATE AND RETURN THE [GOLD] PROXY CARD IN FAVOR OF THE ELECTION OF OUR NOMINEES.

IF YOU HAVE ALREADY SENT A PROXY CARD FURNISHED BY COMPANY MANAGEMENT OR THE BOARD, YOU MAY REVOKE THAT PROXY AND VOTE ON EACH OF THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT BY SIGNING, DATING AND RETURNING THE ENCLOSED [GOLD] PROXY CARD. WE STRONGLY URGE YOU TO DO SO WITHOUT DELAY BECAUSE THERE IS LITTLE TIME BEFORE THE ANNUAL MEETING. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE ANNUAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE ANNUAL MEETING OR BY VOTING IN PERSON AT THE ANNUAL MEETING.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

This Proxy Statement and our proxy card are available at:

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IMPORTANT

Your vote is important, no matter how many or how few shares of Common Stock you own. Your vote matters. Meson urges you to sign, date, and return the enclosed [GOLD] proxy card today to vote FOR our Nominees.

If you are a "registered stockholder", please sign and date the enclosed [GOLD] proxy card and return it to Meson, c/o InvestorCom, in the enclosed postage-paid envelope today.

If you own shares in a brokerage account or through a bank, you are considered a "beneficial stockholder", and the Meson proxy materials, together with a voting instruction form (VIF), are being forwarded to you by your broker or bank. As a "beneficial owner", you must instruct your broker, trustee or other representative on how to vote your shares. Your broker cannot vote your shares on your behalf without receiving instructions from you.

Depending upon your broker or custodian's voting policy, you may be able to vote either by toll-free telephone or by using the Internet. Please refer to the enclosed voting form for instructions on how to vote electronically. You may also vote by signing, dating and returning the enclosed voting form in the pre-paid envelope provided to you.

Please do not sign or return any WHITE proxy card you may receive from the Company. If you have already submitted a WHITE proxy card, you have every right to change your vote — please use the [GOLD] proxy card to vote by Internet or telephone or simply sign, date and return the [GOLD] proxy card. Only your latest dated proxy will be counted.

YOUR VOTE IS IMPORTANT,
NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN!

If you have any questions or need assistance voting the [GOLD] proxy card, please call the firm assisting us:

65 Locust Avenue, Suite 302
New Canaan, CT 06840
Shareholders call toll free at (877) 972-0090
Banks and Brokers call collect at (203) 972-9300
proxy@investor-com.com

BACKGROUND TO THE SOLICITATION

BACKGROUND TO THE SOLICITATION

A chronology of our interactions with the Company as it pertains to the Annual Meeting is as follows:

- On July 13, 2016, Ryan Morris is elected Chairman of the Board.
- On August 4, 2016, Mr. Morris is appointed Executive Chairman of the Board.
- On August 10, 2016, Ryan Morris meet in person in Boston with a potential director candidate, Alex Garden, Matt Boyle and two of the three members of the Nominating and Governance Committee of the Board -- David Steadman and Paul Stump. The third member of the Nominating and Governance Committee -- Matthew Goldfarb -- declined to travel to Boston to attend the meeting. Mr. Garden spent several hours with the sale leaders and executives based in the Southborough office and expressed excitement about the prospects for the business.
- At the August 10, 2016 meeting, Mr. Garden was offered seat on the Board, pending a formal meeting of the Nominating and Governance Committee and the full Board. Mr. Boyle indicated that he would like Mr. Garden's help with the business. Mr. Garden indicated he would be willing to commit time and energy to the Company and help it overcome some of the many challenges that accompany rapidly growing a company.
- On August 16, 2016 Mr. Garden declined the nomination after speaking with Mr. Goldfarb.
- On October 6, 2016, Mr. Goldfarb introduced a potential director candidate to Mr. Morris, Robert Spork, who was a Portfolio Manager at Regiment Capital – a hedge fund in the process of shutting down after significant losses incurred from betting on oil prices.
- On October 10, 2016, Mr. Morris introduced Bryan Boches to meet with Messrs. Boyle, Steadman, Stump and Marv Schorr to discuss the Company's strategic opportunities and challenges and a potential appointment to the Board.
- On October 10, 2016, Mr. Morris introduced Mr. Gross to meet with Messrs. Boyle and Morris in Boston to discuss the Company's strategic opportunities and challenges and a potential appointment to the Board.
- On October 19, 2016, the Nominating and Governance Committee formally interviewed Mr. Boches and indicated in writing to Mr. Morris that a formal invitation would be extended to him to join the Board at the upcoming Annual Meeting in place of current director Mr. Ketelhut. To our knowledge, the Board never followed up with Mr. Boches to extend this offer to him directly.
- On October 23, 2016, Mr. Steadman indicated in an email that Mr. Boches would be added to the Board and William Ketelhut would be left off of the Company's slate of directors at the Annual Meeting.
- On October 24, 2016, Mr. Gross is formally introduced to the Nominating and Governance Committee of the Board as a potential director candidate.
- On November 30, 2016, Messers. Jain, Boches, Boyle and Morris met to discuss strategic and operational opportunities and challenges within the business, particularly the Italian charger business, as well as the composition of the Board. Following the meeting, Mr. Boyle indicated that he would nominate Mr. Jain to the Board.
- On December 4, 2016, Mr. Morris nominated Tony Posawatz to the Nominating and Governance Committee via email.
- On December 5, 2016, Mr. Boyle nominated Mr. Jain to the Nominating and Governance Committee at an in-person meeting.
- On December 6, 2016, the Board terminated Mr. Morris as the Executive Chairman of the Board without cause and with no advance warning or performance review. Mr. Boyle indicates that he has found Mr. Morris very helpful in many ways and would like to arrange for a new position for Mr. Morris, where he can be more involved in assisting with operations.

- On December 7, 2016, Mr. Boyle emailed Mr. Morris asking him if he would assist him as a consultant on an operational matter including redesigning the incentive system for executives. Mr. Morris indicated he was interested to help but received no follow up from Mr. Boyle regarding a specific proposal.
- On December 14, 2016, Mr. Boyle reached out to Mr. Boches regarding his need for help with the Company's business, particularly in the Italian charging division.
- On December 19, 2016, Mr. Morris contacted the Nominating and Governance Committee and Mr. Boyle regarding the potential addition of three directors to the Board, Messrs. Boches, Posawatz and Jain, in advance of the Nomination as well as the potential to reinstate Mr. Morris's Executive Chairman position. Mr. Morris indicated his was a proposal he was willing to have dialog and negotiate around. The Nominating and Governance Committee rejected Mr. Morris's offer and countered that Mr. Morris sign a two-year standstill agreement in exchange for adding Mr. Boches in place of Mr. Ketelhut to the Board. Mr. Morris indicated that this proposal was not acceptable.
- On December 19, 2016, MC nominated in writing six directors for election to the Board (the "Nomination") in accordance with all Company rules and procedures governing nominations.
- On December 22, 2016, MC updated its Schedule 13D filing indicating nominations as well as publishing a letter to the Board highlighting the need for progress at the Board level.
- On December 22, 2016, Mr. Morris received a phone call from Mr. Goldfarb indicating that this was Mr. Morris's last chance to "walk away." Mr. Goldfarb indicated that he had vastly more experience than Mr. Morris in proxy contests and threatened to embarrass Mr. Morris in the press and tarnish his reputation within the investment industry if Mr. Morris did not "walk away" and withdraw his nominees. Mr. Morris inquired as to why Mr. Goldfarb was being so aggressive despite owning 0 shares of Sevcon and Mr. Goldfarb indicated that he was "Pregnant and not going anywhere." Mr. Goldfarb indicated that he agreed that we need better Board members but that he was not willing to do it "your way" – referring to Mr. Morris. Mr. Morris again indicated that he was willing to negotiate a settlement but that it would not be in the best interest of the Company to accept the status quo.
- On December 22, 2016, shortly after Mr. Goldfarb's phone call, Mr. Morris received notice of a special board meeting in order to change the rules of the upcoming annual meeting including a change to the charter and to empower a special proxy committee.
- On December 24, 2016, the Board met to establish a proxy committee consisting of Messrs. Goldfarb, Steadman, Boyle with the power over anything relating to the Annual Meeting. At the meeting, the Board also proposed a change in the charter as an apparent defensive reaction to the Nomination in order to shorten Mr. Morris's term as a director and remove him from the Company's slate of directors at the Annual Meeting.
- From December 19, 2016 to December 24, 2016, Mr. Morris reached out to the Board several times via email, phone and text in an attempt to avoid wasteful and distasteful conflict.
- On December 24, 2016, Mr. Goldfarb indicated via text to Mr. Morris that there will be no settlement negotiations and that he has the right to withdraw his nominations
- On December 27, 2016, Mr. Goldfarb called Mr. Morris to indicate that if he were to withdraw his nominees by 4:00 p.m. (EST) in exchange for a 3-year standstill, then he will be allowed to remain on the Board. On the call Mr. Goldfarb again threatened to embarrass Mr. Morris in the press if MC did not withdraw its nominees.
- On December 27, 2016, Mr. Morris again via email contacted the Board in an effort to avoid a proxy contest. Mr. Morris's offer was a compromise from his December 19, 2016 offer – expand the Board by one, add Messrs. Boches, Posawatz and Jain to the Board in exchange for Messrs. Ketelhut and Walter Schenker not standing for election at the Annual Meeting. No condition regarding executive or Chairman roles were proposed.
- On December 27, 2016, Mr. Goldfarb, on behalf of the Board, rejected Mr. Morris's settlement offer. The Board's consistent course of action – rejecting all reasonable compromise or potential settlement negotiations – left Meson with no choice but to resubmit its nominations and proceed with a proxy solicitation.

REASONS FOR THE SOLICITATION

WE ARE CONCERNED BY THE COMPANY'S STATUS QUO OF UNDERPERFORMANCE AND BELIEVE OUR DIRECTORS ARE BETTER QUALIFIED

WE BELIEVE THE COMPANY HAS THE OPPORTUNITY TO BENEFIT FROM THE GLOBAL SHIFT TOWARDS ELECTRIFICATION OF MOBILITY AND AUTOS

WE BELIEVE THE BOARD AS CURRENTLY COMPOSED IS ILL-EQUIPPED TO SEIZE THIS OPPORTUNITY

THE BOARD HAS TAKEN AGGRESSIVE TACTICS TO ENTRENCH ITSELF AND THE STATUS QUO

TIME IS OF THE ESSENCE. WE BELIEVE THAT SIGNIFICANT IMPROVEMENT TO THE BOARD IS NEEDED NOW!

Meson Capital is a long-term and significant investor in the Company, having made its initial investment in the Company March 2014 and currently owns approximately 19% of the Company. Meson has owned shares of Sevcon continuously since March 2014. Ownership of approximately one out of every five shares of the Company aligns us well, in our opinion, with the interests of shareholders in general because we share their economic risks and would share in their economic upside if the Company prospers from our strategic vision. We have been active in the Company during our time as a stockholder and have had a representative on the Board since December 2013. During that time we have witnessed what we believe is the beginning of a significant global shift towards electrification of mobility and autos that we believe will ultimately can be characterized by exponential and explosive growth. In recent months we have grown concerned by the Board's inability to act to best position the Company to capitalize on this opportunity. We have repeatedly attempted to engage in a constructive dialogue with the other members of the Board and management on the future composition of the Board. But what had initially been a welcoming dialogue has grown increasingly antagonistic and hostile as the current board acts to aggressively entrench itself. Needless to say we are disappointed in this outcome.

We strongly believe that real and urgent change is needed at the Company, starting with the Board that sets the tone from the top. We remain convinced that the Company's focus should be on shifting to a more entrepreneurial, growth-oriented model. Fundamentally this shift must include a strong senior management team that is incentivized and held accountable to their performance. The current board is incapable of overseeing or attracting the high quality management or the capital needed for the Company to achieve its potential. In our opinion, this shift would best position the Company for the opportunities ahead. Therefore, we are soliciting your support to elect our Nominees at the Annual Meeting, who we believe would bring significant and relevant industry and technical experience to direct on the necessary shift towards growth.

We Are Concerned with the Company's Prolonged Underperformance

Our primary concern with the current composition of the Board is seeming indifference to the Company's prolonged underperformance. Management has missed targets repeatedly. The Company stated in their December 29, 2016 that they are successfully implementing a strategic plan that has been in place for two years, yet management has received zero bonus payments for those two years! In reality, the Company is significantly underperforming the market and its potential.

The stock price over the past three years has been net flat despite the major tailwinds in the market.

Stock has been net flat for almost 20 years under CEO Matt Boyle since he became CEO on November 1, 1997, while the Russell 2000 index produced a 295% total return over the same timeframe.

Cash flow from Operations has become acceleratingly negative:

While the balance sheet has gone from a net cash position to a net debt position.

We are Concerned with the Board's Resistance to Necessary Change

As stockholders are aware, the Company is uniquely positioned to take advantage of market forces in the electric and hybrid drivetrains industry. The Board acknowledged as much in a press release issued on December 29, 2016, stating that the "Board is fully supportive of this entrepreneurial, strategic approach…" The Board even installed Mr. Morris as Executive Chairman in August 2016 with the task of with gathering strategic input for the CEO and Board and advancing external strategic initiatives as well as supporting Sevcon's senior management by optimizing internal oversight and overall management accountability. Mr. Morris accomplished numerous goals during this short tenure – including raising $10 million of equity at attractive terms for the Company; developing the Company's first strategic plan in conjunction with the senior executive team; and renegotiating the Company's debt covenants to be much more favorable by reducing the potential requirements for future equity distributions.

Mr. Morris spent the considerable time during his Executive Chairman tenure crafting a strategic plan with management and identifying specific implementation steps in order to maximize shareholder value. He identified numerous internal challenges to progress and helped with specific issues when requested by the CEO. The CEO, Mr. Boyle, indicated his need for assistance in numerous areas and that the demands of the growing market were increasingly exceeding the ability of current senior management to keep pace. Specific examples include the material weaknesses of financial controls experienced in the past year as well as a number of instances when the Company turning away customers because it was unable to scale up management and engineering resources.

In fact, when Mr. Morris approached the Board with his initial thoughts – that the Board needed additional highly qualified directors to help with the transition – he was initially met with open arms. The Nominating and Governance Committee actually interviewed Mr. Boches to join the Board and indicated in writing that he would be added to the Company's slate but then, to our knowledge never followed up with Mr. Boches directly. Mr. Boyle also recommended Mr. Jain as a director candidate to the Nominating and Governance Committee. Now the Board has completely reversed its position. Why? We are concerned that, when faced with necessary but difficult decisions, this Board decided to take the path of least resistance –eliminate Mr. Morris from the Board. In our opinion, this is not the response of a Board with the best interests of stockholders in mind. The Board has had five different Chairmen in the last fifteen months, this is not a sign of a functional Board.

There is a better way forward. This Board recognized it when it installed Mr. Morris as Executive Chairman and tasked him with advancing corporate strategic growth initiatives. Despite initial support, it became apparent that the Board did not like Mr. Morris's suggestion that the addition of highly qualified board members was a necessary first step for the Company to achieve success in its opportunities. Accordingly, we are taking this directly to the stockholders. Help us reconstitute the Board with individuals who have the appropriate experience and skills, and are committed only to maximizing value for all stockholders over the long term. We are confident that a reconstituted Board would help to exploit the tremendous opportunities available to the Company.

We are Concerned with the Board's Aggressive Tactics to Entrench Itself

Meson has attempted to engage repeatedly in a collaborative dialog with the Board about the need for change at the Board level and potential configurations that could be implemented in a costless and friendly manner. Firstly, since July, Mr. Morris has introduced a number of potential highly qualified nominees to the Nominating and Governance Committee for consideration pursuant to the Board's standard process. In most cases, the Nominating and Governance Committee never followed up with these nominees. We have offered repeatedly to avoid a costly proxy contest and enter settlement negotiations but have been stonewalled that "there will be no negotiation." In fact, the Board has taken numerous shareholder-unfriendly aggressive tactics to entrench the status quo, including the following:

1) On December 24, 2016, the Board formed a proxy committee to act as a "shadow board" that includes a non-independent member, CEO Matt Boyle.
2) On October 19, 2016, the Nominating and Governance Committee interviewed and approved Bryan Boches to join the Company's Board slate for the Annual Meeting and replace William Ketelhut, then inexplicably reversed itself on this position.
3) On December 24, 2016, as a defensive reaction to Meson's Nominations, the Board suddenly adopted a change, previously thought unnecessary to the Board, to the Company's charter to shorten the tenure of certain directors, including Mr. Morris.
4) By not including him on the Company's proxy card, the Board is forcing Mr. Morris, a 19% shareholder, to engage in an expensive proxy solicitation to maintain his position on the Board and add highly qualified directors to the Board, including one previously endorsed by the Board itself.
5) The Board has adamantly refused to enter settlement negotiations despite numerous attempts to reach a compromise by Meson, thus driving up legal costs for the Company.
6) On December 6, 2016, Mr. Morris proposed shareholder-friendly governance best practices to be implemented including: A) Allowing shareholders to act by written consent; B) Allowing shareholders to call special meetings; and C) Using a majority voting standard rather than a plurality. The Board rejected all of these suggestions.

Whose interests does the Board purport to be representing with these aggressive and expensive tactics to entrench the status quo?

OUR NOMINEES HAVE THE EXPERIENCE AND QUALIFICATIONS NECESSARY TO FULLY EXPLORE AVAILABLE OPPORTUNITIES TO UNLOCK VALUE FOR STOCKHOLDERS

We have identified highly-qualified, independent directors with relevant business and financial experience who we believe will bring a fresh perspective to the Board and would be valuable in assessing and executing on initiatives to unlock value at the Company. Further, our Nominees would be committed to holding management accountable for the Company's performance.

We believe that while Sevcon has an incredible opportunity in front of it, there are numerous challenges that need to be solved and calculated risks that must be taken in order to maximize value. Our Nominees have proven experience solving these challenges facing the Company today, including:

- Developing strategy in the face of constantly changing market dynamics and availability of key talent;
- Developing recruiting and onboarding functions, especially for engineering, and decreasing reliance on contractors;
- Developing accounting functionality to solve for complex global issues and fixing material control weaknesses;
- Internal organizational and structural transition from a no-growth company to a fast-growth company;
- Recruiting key senior executive talent and developing succession plans;
- Developing performance-aligned incentive plans that hold management accountable to appropriate goals;
- Developing effective board evaluation, recruiting and succession processes;
- Developing early stage, specifically, automotive industry, connections; and
- Developing and executing growth financing plans that maximize value for shareholders while reducing risk.

[Mr. Boches is an experienced investor and investment banker with over 20 years of operations and investment experience. He has significant management experience as a senior executive, and current or past director of several technology, automotive and industrial companies. He is currently the Chief Executive Officer of Safe Catch, a food technology firm he founded, as well as a director of Basil Tree, which owns a middle market automotive parts and industrial goods manufacturer. He also co-founded and was a past board member of Blinker, a fintech application firm in the automotive sector and a co-founder of Coremetrics, a leading analytic software firm, which was acquired by IBM in 2010. Previously, he served in various positions, including as Managing Director, at Medley Capital Corporation, where he sourced and managed private debt and equity investments in the middle market. In addition, Mr. Boches was an investment banker with Morgan Stanley for several years, and while there, he was as a founding team member of China's first joint venture investment bank, CICC (HKG: 3908).

Mr. Gross is a seasoned operating executive and management consultant with extensive senior executive experience at mid-sized industrial companies. He also has vast advisory and consulting experience as the Principal of HSG Consulting, a consulting firm he founded, which provides consulting services in the areas of strategy, organizational change, and compensation. In addition, he currently teaches at the Graduate M.B.A. level as an Adjunct Professor of Entrepreneurship at Babson College. Prior to his consulting work, Mr. Gross spent nearly thirty years served as a senior executive of three mid-sized industrial companies including, Plastiglide Mfg Co as COO, Maynard Plastics as President/COO, and Snyder Industries as Chairman/CEO.

Mr. Jain has demonstrated significant experience in the technology and start-up sectors. He has been involved in various capacities at numerous startup companies in a variety of industries, including as cofounder and director of Aurora Solar, a leading solar software startup focusing on renewable energy and solar software design, as a director of Mattermost, a leading open source communications startup, as a director of Object, a mobile android phone startup focusing on products designed for millennials, and as a director of Shoppie.tv, a livestreaming community of beauty bloggers. Mr. Jain also has considerable management experience as a former director of Kiwi, Inc., a mobile entertainment company focused on mobile games and tools for the Android developer, which he cofounded and as an executive producer at Playdom Inc., a 200-person online social network game developer, which was acquired by The Walt Disney Company in June 2011.

Mr. Morris is an experienced operating executive, manager and investor in the technology industry. He has been the President of Meson Capital Partners LLC, an investment partnership, since February 2009. In addition, Mr. Morris is intimately familiar with the Company, as he has served as a director of the Company since December 2013 and served as its Executive Chairman from August 2016 until December 2016. Previously, he cofounded VideoNote LLC, an educational software company, and has served as its Chief Executive Officer since July 2008. In addition, he serves or has served, within the past 5 years, on the boards of several private and public companies, including InfuSystem Holdings, Inc. (NYSE: INFU), where he was the Executive Chairman from 2012-2015, Trans-Lux Corporation (OTCBB: TNLX) and Lucas Energy, Inc. (NYSE: LEI), where he also served as Chairman in 2013.

Mr. Posawatz has extensive executive, management and consulting experience in the electric energy and automotive industries. He currently serves as the president and Chief Executive Officer of Invictus iCAR, LLC, as automotive innovation consulting and advisory firm focused on assisting energy and auto clean technology companies. Previously, he was the president, Chief Executive Officer, and a director of Fisker Automotive, a producer of one of the world's first production plug-in hybrid electric vehicles. In addition, Mr. Posawatz worked for General Motors ("GM") for more than 30 years, including as GM's vehicle line director for the Chevrolet Volt and as a key leader of global electric vehicle development. At GM, he was responsible for bringing the Chevrolet Volt from its concept to production, as a founding member and employee number one. He also serves as a director of Envision Solar International, Inc. (OTC-QB: EVSI), an inventor, designer, and manufacturer of solar products and proprietary technology focusing on electric vehicle charging infrastructure. He also serves a member of several non-public companies' boards of directors, including Nexeon, Momentum Dynamics, and Envision Solar International. Previously, Mr. Posawatz served as the Chairman of Electric Drive Transportation Association trade association.

Mr. Whitters is an accomplished senior executive, consultant and certified public accountant, with vast experience in a variety of industries. He currently serves as a consultant to Frazier Healthcare, a private equity firm, a position he has held since 2005. Previously, Mr. Whitters was employed for almost 20 years at First Health Group Corp., a publicly traded managed care company, including for a majority of that time its Chief Financial Officer. Prior to that, Mr. Whitters served as the Manager of Accounting and Taxation for Overland Express, a publicly traded trucking company, and he began his career in public accounting with Peat Marwick (now KPMG). Mr. Whitters also has extensive management experience, with almost 15 years of public and private board experience, including currently as Chairman of the Board of PRGX Global, Inc. (NASDAQ: PRGX), a global leader in recover audit and spend analytics services, with clients in over 30 countries, a director of InfuSystem Holdings, Inc. (NYSE: INFU), a provider of ambulatory infusion pumps and associated clinical services and a director of Air Methods Corporation (NASDAQ:

AIRM), an air medical transportation company.]

PROPOSAL NO.1

TO ADOPT AN AMENDMENT TO SEVCON'S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO IMMEDIATELY DECLASSIFY THE BOARD OF DIRECTORS SO THAT ALL DIRECTORS ARE ELECTED ANNUALLY FOR ONE-YEAR TERMS

As discussed in further detail in the Company's proxy statement, the Company is submitting for stockholder approval an amendment to its Amended and Restated Certificate of Incorporation (the "Current Charter") providing for the immediate elimination of the current, partially-classified Board structure (the "Charter Amendment"). If the Charter Amendment is adopted, all directors will be elected on an annual basis beginning immediately at the Annual Meeting. In accordance with Delaware law, the Charter Amendment would also permit the removal of directors by the stockholders with or without cause. Set forth on Schedule I is the language of the Charter Amendment.

[WE MAKE NO RECOMMENDATION WITH RESPECT TO THE PROPOSAL TO ADOPT AN AMENDMENT TO SEVCON'S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO IMMEDIATELY DECLASSIFY THE BOARD OF DIRECTORS SO THAT ALL DIRECTORS ARE ELECTED ANNUALLY FOR ONE-YEAR TERMS AND INTEND TO VOTE OUR SHARES [________]]

SHARES OF COMMON STOCK REPRESENTED BY PROPERLY EXECUTED [GOLD] PROXY CARDS WILL BE VOTED AT THE ANNUAL MEETING AS MARKED AND, IN THE ABSENCE OF SPECIFIC INSTRUCTIONS, "ABSTAIN" WITH RESPECT TO THE APPROVAL OF THIS PROPOSAL

PROPOSALS NOS. 2 AND 3
ELECTION OF DIRECTORS
The Board is currently composed of eight directors. If Proposal 1 is approved, the Board will be immediately declassified, and the terms of all eight directors will expire at the Annual Meeting. If Proposal 1 is not approved, three of the Company's eight current directors, Glenn J. Angiolillo, Ryan J. Morris, and David R. A. Steadman will not be subject to election at the Annual Meeting, and will continue to serve as directors until the 2018 annual meeting of stockholders. The terms of the remaining five of the Company's eight current directors would expire at the Annual Meeting. [We are not seeking control of the Board. If our Nominees are elected we could not control the Board absence the resignation of the other members of the Board, and any claim to the contrary would be entirely false and misleading.]

If Proposal 1 is approved:

In the event Proposal 1 is approved, we are seeking your support to elect [four] of our Nominees—[three] highly qualified new directors and one incumbent—at the Annual Meeting. Your vote to elect the Nominees will have the legal effect of replacing [three] incumbent directors with the Nominees. In the event that some of the Nominees are elected, there can be no assurance that the Company nominee(s) who get the most votes and are elected to the Board will choose to serve as on the Board with the Nominees who are elected. In the event Proposal 1 is approved, stockholders who return the GOLD proxy card will only be able to vote for our Nominees and will not have the opportunity to vote for the [four] other seat[s] up for election at the Annual Meeting.

If Proposal 1 is not approved:

In the event Proposal 1 is not approved, we are seeking your support at the Annual Meeting to elect our [three] Nominees other than Ryan J. Morris, in opposition to [three] of the Company's director nominees [___________]. This gives shareholders who wish to vote for our Nominees the ability to vote for all five directorships up for election. The names, backgrounds and qualifications of the Company's nominees, and other information about them, can be found in the Company's proxy statement. There is no assurance that any of the Company's nominees will serve as directors if our Nominees are elected.]

Our Nominees:

[Bryan Boches, age 46, is the Chief Executive Officer of Safe Catch, a food technology firm he founded in December, 2014. Mr. Boches is also a Co-founder and past board member of Blinker, a fintech application firm in the automotive sector. Mr. Boches currently serves as a director of Basil Tree, which owns a middle market automotive parts and industrial goods manufacturer. From August 2007 to March 2012 he served in various positions, including as Managing Director, with Medley Capital Corporation, a closed and externally managed business development corporation, where he sourced and managed private debt and equity investments in the middle market. Previously, Mr. Boches was a corporate and M&A investment banker with Morgan Stanley and a founding team member of China's first joint venture investment bank, CICC (HKG: 3908). Mr. Boches was also a co-founder of Coremetrics, a leading analytic software firm, which was acquired by IBM in 2010. Mr. Boches earned a B.A., summa cum laude, from University of California, Santa Barbara and an M.B.A. from The Wharton School of the University of Pennsylvania. We believe that Mr. Boches' operational, financial and strategic expertise will make him a valuable addition to the Board.

Howard S. Gross, age 68, is the Principal of HSG Consulting, a consulting firm providing consulting services to mostly mid-sized private companies in the areas of strategy, organizational change, and compensation, he founded in November 2005. In addition, Mr. Gross has served as an Adjunct Professor of Entrepreneurship at Babson College, teaching at the Graduate M.B.A. level, since January 2009. Previously, Mr. Gross spent nearly thirty years served as a C-level executive of three mid-sized industrial companies including, Plastiglide Mfg Co as COO, from 1979 to 1983; Maynard Plastics as President/COO, from 1984 to 1991, and Snyder Industries as Chairman/CEO, from 1992 to 2005.

Mr. Gross also served at McKinsey & Company from 1972 to 1977, initially as a consultant and advancing to senior engagement manager. Mr. Gross received his M.B.A. from Stanford University and his B.A. from Cornell University. We believe that Mr. Gross' experience as consultant for companies in a broad range of industries and executive level experience will make him a valuable addition to the Board.

Shvetank Jain, age 32, since 2013 has been involved in various capacities at numerous startup companies in a variety of industries, including as cofounder and director of Aurora Solar, a leading solar software startup focusing on renewable energy and solar software design, as a director of Mattermost, a leading open source communications startup, as a director of Object, a mobile android phone startup focusing on products designed for millennials, and as a director of Shoppie.tv, a livestreaming community of beauty bloggers. Until September 2015, Mr. Jain served as a director of Kiwi, Inc., a mobile entertainment company he cofounded in July 2011 focused on mobile games and tools for the Android developer. Previously, Mr. Jain served as an executive producer at Playdom Inc., a 200-person online social network game developer from July 2011 until its acquisition by The Walt Disney Company in June 2011. Prior to that, Mr. Jain served as the Chief Technology Officer and Chief Operating Officer of Trippert, Inc., an iPhone and social game developer that was acquired by Playdom Inc., since cofounding it in June 2006 until October 2009. Mr. Jain received his M.B.A. from Stanford University, his Master of Applied Science from the University of Toronto and his Bachelor of Technology from Indian Institute of Technology, Kanpur. We believe that Mr. Jain' entrepreneurial and investor experience with technology start-ups, as well as engineering and software companies in will make him a valuable addition to the Board.

Ryan J. Morris, age 32, has been the President of Meson Capital Partners LLC, an investment partnership, since February 2009. Mr. Morris has served as a director of the Corporation since December 2013 and served as its Executive Chairman from August 2016 until December 2016. He cofounded VideoNote LLC, an educational software company, and has served as its Chief Executive Officer since July 2008. Mr. Morris serves on the boards of InfuSystems Holdings, Inc. (NYSE: INFU), where he was the Chairman of the Board from April 2012 until May 2015, and Trans-Lux Corporation. He has also been Chairman of the Board of Lucas Energy, Inc. (NYSE: LEI) within the past five years. We believe that Mr. Morris's service as a director of the Corporation, his experience as a member of public company boards and ownership stake in the Corporation makes him a valuable asset to the Board.

Anthony L. Posawatz (Tony), age 56, has served as the president and Chief Executive Officer of Invictus iCAR, LLC, as automotive innovation consulting and advisory firm focused on assisting energy and auto clean technology companies, since September, 2013. Mr. Posawatz also served as the president, Chief Executive Officer, and a director of Fisker Automotive, a producer of one of the world's first production plug-in hybrid electric vehicles, from August 2012 to August 2013. Mr. Posawatz worked for General Motors ("GM") for more than 30 years, as GM's vehicle line director for the Chevrolet Volt and a key leader of global electric vehicle development. At GM, he was responsible for bringing the Chevrolet Volt from concept to production (beginning in 2006 as a founding member and employee number one). Since February 2016, Mr. Posawatz has served as a director of Envision Solar International, Inc. (OTC-QB: EVSI), an inventor, designer, and manufacturer of solar products and proprietary technology focusing on electric vehicle charging infrastructure, out of home advertising infrastructure, and energy security and disaster preparedness. Mr. Posawatz currently serves as a member of several non-public companies' boards of directors, including INRIX, Nexeon, SAFE-Electrification Coalition, Momentum Dynamics, Envision Solar International and Electrification Coalition. Previously, Mr. Posawatz served as the Chairman of Electric Drive Transportation Association trade association. Mr. Posawatz received his M.B.A. from Dartmouth College and his B.S. in from Wayne State University. We believe that Mr. Posawatz's extensive experience in the automotive industry will make him a valuable addition to the Board.

Joseph E. Whitters, age 58, has been a consultant to Frazier Healthcare, a private equity firm, since 2005. From 1986 to 2005, Mr. Whitters served in various capacities with First Health Group Corp., a publicly traded managed care company, including for a majority of that time as its Chief Financial Officer. He also previously served as the Controller for United Healthcare Corp. from 1984 to 1986. Prior to that, Mr. Whitters served as the Manager of Accounting and Taxation for Overland Express, a publicly traded trucking company, and he began his career in public accounting with Peat Marwick (now KPMG). Since January 2013, Mr. Whitters has served as Chairman of the Board of PRGX Global, Inc. (NASDAQ: PRGX), a global leader in recover audit and spend analytics services, with clients in over 30 countries. Since April 2012, Mr. Whitters has served as a director of InfuSystem Holdings, Inc. (NYSE: INFU), a provider of ambulatory infusion pumps and associated clinical services. Since March 2016, Mr. Whitters has severed as a director of Air Methods Corporation (NASDAQ: AIRM), an air medical transportation company. From 2003 to 2013, Mr. Whitters served as a director of Omnicell, Inc. (NASDAQ: OMCL), a company providing comprehensive automation and business analytics software for medication and supply management in the healthcare industry. From 2014, Mr. Whitters was a director of Rural Metro Corporation (and Chairman of its Audit Committee) until its acquisition by Envision Healthcare in October 2015. Mr. Whitters is a certified public accountant. We believe that Mr. Whitter's over 30 years of financial and other business experience will make him a valuable addition to the Board.]

The principal business address of Bryan Boches is 85 Liberty Ship, Suite 203, Sausalito, CA 94965. The principal business address of Howard S. Gross is 3 Wallingford Road, Marblehead, MA 01945. The principal business address of Shvetank Jain is 1496 Sacramento St., Apt. 2, San Francisco, CA 94109. The principal business address of Ryan J. Morris is One Sansome Street, Suite 1895, San Francisco, CA 94104. The principal business address of Anthony L. Posawatz is 8071 Pine Forest Court, Davisburg, MI 48350. The principal business address of Joseph E. Whitters is 5228 Castlereigh Ct., Granite Bay, CA 95746.

As of the date hereof, Mr. Morris may be deemed to beneficially own [1,156,812] shares of Common Stock as follows: (a) 198,868 shares of Common Stock consisting of: (i) 148,271 shares of Common Stock held by MC, (ii) warrants held by MC to acquire 27,500 shares of Common Stock at a price of $10.00 per share at any time on or before July 8, 2021; and (iii) 7,699 shares of Series A Convertible Preferred Stock held by MC convertible into 23,097 shares of Common Stock; (b) 921,000 shares of Common Stock, consisting of: (i) 614,000 shares of Common Stock held directly by MCC and (ii) warrants held by MCC to acquire 307,000 shares of Common Stock at