

OPTI INC
Form DEF 14A
April 26, 2011

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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 §240.14a-11(c) or §240.14a-12

OPTi Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than 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:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

OPTi Inc.

3430 W. Bayshore Road Suite 103

Palo Alto, California 94303

April 25, 2011

Dear Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of OPTi Inc. (OPTi) which will be held on May 23, 2011, at 10 A.M. Pacific Time, at the offices of OPTi at 3430 W. Bayshore Road, Suite 103, Palo Alto, California.

At the Annual Meeting, you will be asked to vote on the following proposals:

1. Elect four members to the Board of Directors. These directors will serve until the earlier of OPTi s next annual meeting or the appointment of their successors.
2. Ratify the appointment of Armanino McKenna LLP as independent auditors of OPTi for the fiscal year ending March 31, 2012.

You may also be asked to vote on any other business as may properly come before the meeting or any postponement or adjournment thereof as determined by OPTi.

The foregoing items of business are more fully described in the enclosed Proxy Statement. The formal Notice of Meeting, the proxy card and a copy of the Company s Form 10-K filed on June 29, 2010, describing OPTi s operations for the year ended March 31, 2010 are also enclosed. Whether or not you plan to attend the meeting, it is important that you sign and return the enclosed proxy card promptly. A prepaid return envelope is provided for this purpose. Your shares will be voted at the meeting in accordance with your proxy.

Very truly yours,

OPTi Inc.

/s/ MICHAEL MAZZONI

Michael Mazzoni

Secretary

OPTi Inc.

Notice of Annual Meeting of Shareholders

to Be Held On May 23, 2011

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of OPTi Inc., a California corporation (OPTi or the Company), will be held on May 23, 2011 at 10 A.M. Pacific Time, at the offices of the Company at 3430 W. Bayshore Road, Suite 103, Palo Alto, California, for the following purposes:

1. To elect four directors who will serve until the earliest of OPTi s next annual meeting or the appointment of their successors (Proposal No. 1);
2. To ratify the appointment of Armanino McKenna LLP as independent auditors of OPTi for the fiscal year ending March 31, 2012 (Proposal No. 2); and
3. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof as determined by OPTi.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only shareholders of record at the close of business on April 20, 2011 are entitled to notice of and to vote at the meeting and any postponement or adjournment thereof.

By Order of the Board of Directors,

/s/ MICHAEL MAZZONI

Michael Mazzoni

Secretary

Palo Alto, California

April 25, 2011

IMPORTANT: All shareholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the meeting, you are urged to mark, sign, date, and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any shareholder attending the meeting may vote in person even if such shareholder returned a proxy card.

OPTi Inc.

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 23, 2011

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of OPTi Inc. (OPTi or the Company) for use at the Annual Meeting of Shareholders (the Annual Meeting) to be held on May 23, 2011 at 10 A.M. Pacific Time, or at any postponement or adjournment thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Shareholders. The Annual Meeting will be held at the offices of the Company at 3430 W. Bayshore Road, Suite 103, Palo Alto, California. The telephone number at that location is (650) 213-8550.

These proxy solicitation materials were mailed on or about April 26, 2011 to all shareholders entitled to vote at the meeting.

Purposes of the Annual Meeting

The purposes of the Annual Meeting are to (i) elect four directors to serve until the earlier of OPTi's next annual meeting or the appointing of their successors; (ii) ratify the appointment of Armanino McKenna LLP as the Company's independent auditors for fiscal year ending March 31, 2012; and (iii) transact such other business as may properly come before the Annual Meeting and at any and all postponements or adjournments thereof as determined by OPTi.

Annual Meeting Record Date and Share Ownership

Only shareholders of record at the close of business on April 20, 2011 (the Annual Meeting Record Date) are entitled to receive notice of and to vote at the Annual Meeting. On the Annual Meeting Record Date, 11,645,903 shares of the Company's common stock were issued and outstanding. For information regarding security ownership by management and by 5% shareholders, see Security Ownership of Certain Beneficial Owners and Management. The closing price of the Company's common stock on the OTC Bulletin Board on the Annual Meeting Record Date was \$2.00 per share.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving the proxy at any time before the named proxies vote at the Annual Meeting. A proxy may be revoked by either (1) delivering to the Company's principal executive offices at 3430 West Bayshore Road, Suite 103, Palo Alto, California 94303, a written notice of revocation or a duly executed proxy bearing a later date, addressed to the attention of Michael Mazzone, Secretary of the Company, or (2) by attending the Annual Meeting and voting in person. Attending the Annual Meeting in and of itself will not constitute a revocation of a proxy.

Voting and Solicitation

Every shareholder voting in the election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such shareholder, or distribute the shareholder's votes on the same principle among as many candidates as the shareholder deems fit, provided that votes cannot be cast for more than four (4) candidates. However, no shareholder shall be entitled to cumulate votes for any candidate unless the candidate's name has been properly placed in nomination pursuant to the procedures set forth in the Company's 2010 Proxy Statement. Cumulative voting will only be permitted if a shareholder provides the Company notice of his or her intention to vote

cumulatively prior to the voting at the Annual Meeting. On all other matters, each share has one (1) vote. Only the four nominees set forth in this proxy statement have been properly nominated for election at the Annual Meeting. No other nominees will be considered at the Annual Meeting.

Shares of common stock represented by properly executed proxies will, unless such proxies have been previously revoked, be voted in accordance with the instructions indicated thereon. In the absence of specific instructions to the contrary, properly executed proxies will be voted: (i) FOR the election of each of the Company's nominees as a director; and (ii) FOR ratification of the appointment of Armanino McKenna LLP as independent auditors for fiscal year ending March 31, 2011. No business other than that set forth in the accompanying Notice of Annual Meeting of Shareholders is expected to come before the Annual Meeting. Should any other matter requiring a vote of shareholders properly arise, the persons named in the enclosed form of proxy will vote the shares they represent as the Board of Directors shall determine.

The cost of this solicitation will be borne by the Company. The Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. Proxies may also be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, personally or by telephone, telegram or letter.

Quorum; Abstentions; Broker Non-Votes

The required quorum for the transaction of business at the Annual Meeting is a majority of the shares of common stock issued and outstanding on the Annual Meeting Record Date. Shares that are voted FOR or AGAINST a matter are treated as being present at the meeting for purposes of establishing a quorum and are also treated as shares represented and voting at the Annual Meeting (the Votes Cast) with respect to such matter.

The Company intends to include abstentions and broker non-votes as present or represented for purposes of establishing a quorum for the transaction of business. Abstentions are counted against a proposal for purposes of determining whether or not a proposal is approved, whereas broker non-votes are not counted for the purpose of determining whether a proposal has been approved.

Deadline for Receipt of Shareholder Proposals for 2012 Annual Meeting

OPTi currently expects that its next Annual Meeting of Shareholders will be held during the last week of May, 2012. Proposals of shareholders of the Company intended to be presented by such shareholders at the 2012 Annual Meeting must be received at the Company's offices, by certified mail, no later than December 27, 2011 in order to have them included in the Proxy Statement and form of proxy for that meeting. Your proposal must also satisfy the other requirements for shareholder proposals set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the 1934 Act).

Material Litigation

None of our current executive officers or directors, or any affiliate or owner of more than 5% of our common shares has been a party adverse to us in any material legal proceeding or been involved in any legal proceedings that the Securities and Exchange Commission has identified as being material to the evaluation of the ability or integrity of a director or executive officer.

Fiscal Year End

The Last Fiscal Year refers to the twelve months ended March 31, 2010.

PROPOSAL NUMBER 1**ELECTION OF DIRECTORS****Directors and Nominees for Directors**

A board of four directors is to be elected at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's four nominees named below, all of whom are presently directors of the Company. In the event that any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. The Company is not aware of any nominee who will be unable or will decline to serve as a director. The term of office of each person elected as a director will continue until the earlier of our next Annual Meeting of Shareholders or a successor has been duly qualified and elected.

Vote Required

The four (4) nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them shall be elected as directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no other legal effect in the election of directors under California law.

OUR BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE ELECTION OF ALL NOMINEES NAMED BELOW.

BOARD OF DIRECTORS AND NOMINEE BIOGRAPHICAL INFORMATION

The names of the nominees, each of whom is currently a director of the Company, and certain information about them is set forth below, including information furnished by them as to their principal occupations for the last five (5) years and their ages as of the Annual Meeting Record Date. The names of the Company's officers to the extent they are a director and certain information about them is also set forth below.

Name of Nominee	Age	Position with the Company	Since
Bernard T. Marren	75	President, Chief Executive Officer and Chairman of the Board	1996
Stephen F. Diamond ⁽¹⁾⁽²⁾⁽⁴⁾	55	Director	2003
Kapil K. Nanda ⁽¹⁾⁽³⁾⁽⁴⁾	65	Director	1996
William H. Welling ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	77	Director	1998

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of Nominating Committee
- (4) Independent Director

Bernard T. Marren has served as President and Chief Executive Officer of the Company since May 1998 and has served as a director since 1996. Mr. Marren founded and was the first President of SIA (the Semiconductor Industry Association) and is currently a director at several privately held companies. Mr. Marren also served as a director at InFocus Corporation until its sale in 2009. We believe that Mr. Marren is qualified to sit on our Board because he is the President and Chief Executive Officer of the Company and has served in that role for the past twelve years.

Stephen F. Diamond was elected as a director of the Company in September 2003. He is currently an Associate Professor of Law at the Santa Clara University School of Law where he teaches securities regulation,

corporation and international business transactions law. From 1995 to 1999 he was an associate at Wilson Sonsini Goodrich & Rosati where he represented high technology companies including OPTi and investment banks in corporate transactions, including debt and equity offerings, venture capital investments, and intellectual property rights. Mr. Diamond holds a B.A. from the University of California at Berkeley, a Ph.D. and M. Phil. from the University of London, and a J.D. from Yale Law School. We believe that Mr. Diamond's experience in securities regulations and business transactions provides strategic guidance to the Company and the Board.

Kapil K. Nanda was elected as a director in May 1996. Mr. Nanda is currently President of InfoGain Corporation, a software and development consulting company, which he founded in 1990. Mr. Nanda holds a B.S. in Engineering from the University of Punjab, India, an M.S. in Engineering from the University of Kansas, and an M.B.A. from the University of Southern California. Mr. Nanda's years of management experience with technology companies provides the Company and the Board demonstrated senior level management ability and critical industry and technology insights.

William H. Welling was elected as a director in August 1998. He is currently Chairman and CEO of @Comm Corporation, a telecommunications software company. In August 2001, @Comm Corporation filed for protection under Chapter 11 of the Federal Bankruptcy Code. Mr. Welling also serves as a director on the boards of several private companies. The Company believes that Mr. Welling's management experience with technology companies makes him an excellent candidate as a member of the Board.

There are no family relationships among any of our directors or executive officers.

CORPORATE GOVERNANCE

The Board of Directors held five meetings during the Last Fiscal Year. The Audit Committee met four times; the Compensation Committee did not meet during the Last Fiscal Year. The Compensation Committee met three times during the fiscal year ended March 31, 2011. The Nominating Committee did not meet during the Last Fiscal Year. Each member of the Board attended 75% or more of the aggregate of (i) the total number of Board meetings held during the Last Fiscal Year and (ii) the total number of meetings of Committees on which such member served, during the Last Fiscal Year. The Company encourages its directors to attend annual meetings. All of the Company's directors attended our last Annual Meeting.

Board Independence

The Board of Directors has determined that Messrs. Diamond, Nanda and Welling are independent under the rules of the NASDAQ (the NASDAQ) and the SEC, and Mr. Marren is not. The Company's common stock is quoted on the OTC Bulletin Board interdealer quotation system, which does not have director independence requirements. However, the Board of Directors believes it prudent to observe best practices and, thus, voluntarily uses the NASDAQ rules with respect to board independence. Under applicable SEC and NASDAQ rules, the existence of certain related party transactions above certain thresholds between a director and the Company are required to be disclosed and preclude a finding by the Board that the director is independent. Although the Board also has the power to consider whether transactions of those types but below the thresholds render a director not independent, and to consider whether any other types of transactions, relationships or arrangements (i.e., not specified in the SEC and NASDAQ rules) render a director not independent, the Board did not consider any such items in making its independence determination as to these four directors.

The Audit Committee, Nominating Committee and Compensation Committee are each comprised solely of independent directors, as that term is defined in Rule 5605 of the NASDAQ Marketplace Rules. Each of the members of the Company's Audit Committee met the standards for audit committee membership set forth in the NASDAQ Marketplace Rules when they were selected for the committee by the Board.

Board Leadership Structure and Risk Oversight

The Board has determined that the appropriate leadership structure for the Board at this time is for Mr. Marren, the Company's Chief Executive Officer, to serve as Chairman of the Board, and the Board has not appointed an independent lead director. At the present time, the independent directors believe that Mr. Marren's detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and its business make him the best qualified director to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. Mr. Marren's combined role enables decisive leadership, ensures clear accountability, and enhances the Company's ability to communicate its message and strategy clearly and consistently to the Company's shareholders, employees, customers and suppliers.

Each of the directors, other than Mr. Marren is independent, and the Board believes that the independent directors provide effective oversight of management. The Board may subsequently decide, however, to change that leadership structure, and the Board does not have a formal policy requiring that the Chief Executive Officer or any other member of management serve as Chairman of the Board.

Our Board of Directors is responsible for ensuring that appropriate risk management policies and procedures are in place to protect the Company. While the Board has the ultimate oversight responsibility for the risk management process, the Board has delegated to our Audit Committee the oversight of our policies and practices with respect to risk assessment and risk management. As set forth in the Audit Committee charter, the Audit Committee meets quarterly with management and the Company's independent auditors, Armanino McKenna LLP in order to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee also meets at least once each year in separate executive sessions with management and the Company's independent auditors, Armanino McKenna LLP to discuss matters that any of them or the Committee believes could present significant financial risk to the Company. In fulfilling this role, the Audit Committee conducts a quarterly risk-assessment process and reports its findings to the full Board. The Audit Committee also oversees related party transactions and conducts all negotiations in such transactions on behalf of the Company.

Board Committees

The Board of Directors has standing Audit, Compensation, and Nominating Committees.

Audit Committee. The Company has a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the 1934 Act. Mr. Welling (chairman), Mr. Diamond and Mr. Nanda are the members of our Audit Committee. The committee selects our auditors, reviews the scope of the annual audit, approves the audit fees and non-audit fees to be paid to our auditors, and reviews our financial accounting controls with the staff and the auditors. The Company's Board has determined that none of the members of its Audit Committee qualifies as an audit committee financial expert as set forth in Item 407(d)(5)(ii) of Regulation S-K of the rules promulgated by the Securities and Exchange Commission. Each of the members of the Company's Audit Committee met the standards for audit committee membership set forth in the NASDAQ Marketplace Rules when they were selected for the committee by the Board. In light of the nature of the Company's business, the Company believes that its current Audit Committee possesses the skills and experience necessary to oversee the work of the Company's independent registered public accounting firm and carry out the duties set forth in the Company's Audit Committee charter. The charter of the Audit Committee has been established and approved by the Board of Directors and was attached as Appendix A to the Company's 2007 Proxy Statement.

Compensation Committee. The Compensation Committee handles compensation matters and administers our stock incentive plan. The committee consists of Mr. Diamond (chairman) and Mr. Welling. The committee reviews and establishes the compensation and benefits for the Chief Executive Officer and the Chief Financial Officer. The Compensation Committee accepts recommendations from the executive officers regarding their compensation but final authority over executive compensation is vested in the Compensation Committee. The

Compensation Committee is comprised solely of independent directors, as that term is defined by Rule 5605 of the NASDAQ Marketplace Rules. The Compensation Committee has not used compensation consultants to determine or recommend the amount or form of executive and director compensation. The Compensation Committee does not have a charter.

Nominating Committee. Mr. Nanda and Mr. Welling are the members of our Nominating Committee. The Nominating Committee is comprised solely of independent directors, as that term is defined by Rule 5605 of the NASDAQ Marketplace Rules. The Nominating Committee interviews, evaluates, nominates and recommends individuals for membership on the Board, evaluates the effectiveness of the Board, and recommends the structure, responsibility and composition of the committees of the Board. The charter of the Nominating Committee has been established and approved by the Board of Directors and was attached as Appendix B to the Company's 2007 Proxy Statement.

DIRECTOR NOMINATIONS

Criteria for Board Membership. In selecting candidates for appointment or re-election to the Board, the Nominating Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors, and seeks to insure that at least a majority of the directors are independent under the rules of NASDAQ. Nominees for director are selected on the basis of their relevance, depth and breadth of experience, reputation among our various constituencies and communities, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties. The Nominating Committee also places a strong emphasis on individual ethics as the Committee believes that Company leadership requires individuals who will act in the Company's best interests at all times.

Shareholder Nominees. Under its charter, the Nominating Committee is responsible for considering director nominations made by security holders. A nomination should be submitted to the Nominating Committee c/o the Secretary of the Company and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the 1934 Act (including such person's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected); (b) the names and addresses of the shareholder making the nomination and the number of shares of the Company's common stock which are owned beneficially and of record by such shareholder; and (c) other appropriate biographical information and a statement as to the qualification of the nominee, and should be submitted no later than the deadlines described under the caption, "Deadline for Receipt of Shareholder Proposals for 2012 Annual Meeting" above. The Nominating Committee, in its discretion and in the manner specified in the following paragraph, will determine whether any such nominee is qualified to serve as a member of the Board. The Company has no obligation to include director nominees from shareholders in its proxy statement, and any such nominee may be subject to an appropriate background investigation.

Process for Identifying and Evaluating Nominees. The Nominating Committee does not currently have a formal policy regarding consideration of diversity in identifying director nominees, as the Nominating Committee believes the Company is well-served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Nominating Committee will re-nominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. If an incumbent director is not standing for re-election, or if a vacancy on the Board occurs between annual shareholder meetings, the Nominating Committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based on input from members of the Board, management of the Company and, if the Nominating Committee deems appropriate, a third-party search firm. The Nominating Committee will evaluate each candidate's qualifications, check relevant references, conduct a background investigation, as appropriate, and consider a variety of additional factors appropriate for the focus of the Company, including differences of viewpoint, professional experience, education and skill. In addition, such

candidates will be interviewed by at least one member of the Nominating Committee. Candidates meriting serious consideration will meet with all members of the Board. Based on this input, the Nominating Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the Committee should recommend to the Board that this candidate be appointed to fill a current vacancy on the Board, or presented for the approval of the shareholders, as appropriate.

Board Nominees for the 2011 Annual Meeting. Each of the nominees listed in this Proxy Statement are current directors standing for re-election.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders and other parties interested in communicating directly with the non-management directors as a group may do so by writing Board of Directors, c/o OPTi Inc., 3430 W. Bayshore Road, Suite 103, Palo Alto, CA 94303, USA.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee consists of Messrs. Diamond and Welling, each of who is an independent director, and neither is a current or former employee of the Company. During the Last Fiscal Year, none of our executive officers served as a director or member of the Compensation Committee or any Board committee performing equivalent functions for another entity that has one or more executive officers serving on our Board of Directors.

CODE OF ETHICS

The Company has adopted a code of ethics that applies to its Chief Executive Officer and its Chief Financial Officer in accordance with Item 406 of Regulation S-K of the SEC rules. A copy of the code of ethics is incorporated by reference as an exhibit to the Company's Form 10-K filed for the year ended March 31, 2007.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of our Common Stock as of April 20, 2011 by (a) each person known to us to own more than 5% of the outstanding shares of the Common Stock, (b) each director and nominee for director, (c) our Chief Executive Officer and Chief Financial Officer (who are our only executive officers) and (d) all directors and executive officers as a group. The information in this table is based solely on statements in filings with the Securities and Exchange Commission (the "SEC") or other reliable information. A total of 11,645,903 shares of our common stock were issued and outstanding as of April 20, 2011.

Name and Address of Beneficial Owner ⁽¹⁾	Number of Shares of Common Stock Owned ⁽²⁾	Number of Shares of Common Stock Subject to Options Exercisable Within 60 Days ⁽³⁾	Total Number of Shares of Common Stock Beneficially Owned ⁽⁴⁾	Percent Ownership
S. Muoio & Co. LLC ⁽⁵⁾ 509 Madison Avenue, Ste 406 New York, NY 10022	3,290,105		3,290,105	28.3%
Lusman Capital Management, LLC ⁽⁶⁾ 53 Forest Avenue, Ste 202 Old Greenwich, CT 06870	854,833		854,833	7.3%
Raffles Associates, L.P. ⁽⁷⁾ 450 Seventh Avenue, Ste 509 New York, NY 10123	796,515		796,515	6.8%
Weiss Asset Management LP ⁽⁸⁾ 222 Berkeley Street, 16 th Floor Boston, MA 02116	682,927		682,927	5.9%
Dimensional Fund Advisors Inc. ⁽⁹⁾ 1299 Ocean Avenue, 11 th Floor Santa Monica, CA 90401	581,210		581,210	5.0%
Bernard T. Marren	10,000		10,000	*
Michael F. Mazzoni				*
Stephen Diamond				*
Kapil Nanda	8,000	4,000	12,000	*
William Welling	21,333		21,333	*
All executive officers and directors as a group (5 persons)	39,333	4,000	43,333	*

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares as of April 20, 2011.

(1) Unless otherwise indicated, the address of each of the named individuals is c/o OPTi Inc., 3430 W. Bayshore Road, Suite 103, Palo Alto, CA 94303.

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- (2) Represents shares of outstanding common stock owned by the named parties as of April 20, 2011.
- (3) Shares of common stock subject to stock options currently exercisable or exercisable within 60 days of April 20, 2011 are deemed to be outstanding for computing the percentage ownership of the person holding such options and the percentage ownership of any group of which the holder is a member, but are not deemed outstanding for computing the percentage of any other person.
- (4) The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such

- security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities for which that person has a right to acquire beneficial ownership within 60 days.
- (5) Information on holdings of S. Muoio & Co LLC (SMC) is taken from a Form 4 filed on April 14, 2011. The shares listed are held in the accounts of several investment partnerships and investment funds (collectively, the Investment Vehicles) for which SMC serves as either general partner or investment manager. Salvatore Muoio is the managing member of SMC. SMC and Mr. Muoio may be deemed to beneficially own the securities held by the Investment Vehicles by virtue of SMC's position as general partner or investment manager of the Investment Vehicles and Mr. Muoio's status as the managing member of SMC.
 - (6) Information on holdings of Lusman Capital Management, LLC is taken from a form 13G/A, filed on February 9, 2011. Joel Lusman is the managing partner of Lusman Capital Management, LLC.
 - (7) Information on holdings of Raffles Associates L.P. is taken from a Schedule 13G/A filed on February 14, 2008. Raffles Capital Advisors LLC is the General Partner of Raffles Associates, L.P. and Paul H. O'Leary is the Managing Member of Raffles Capital Advisors LLC.
 - (8) Information on holdings of Weiss Asset Management LP is taken from a form 13G, filed on February 11, 2011. Shares reported are beneficially owned by a private investment partnership. BIP GP is the sole general partner of the Partnership, Weiss Asset Management is the sole investment manager to the Partnership, WAM GP is the sole general partner of Weiss Asset Management, and Andrew Weiss is the managing member of WAM GP and BIP GP.
 - (9) Information on holdings of Dimensional Fund Advisors is taken from a Schedule 13G/A filed on February 9, 2009. The shares listed are owned by advisory clients of Dimensional Fund Advisors. Dimensional Fund Advisors disclaims beneficial ownership of the shares listed. Katherine Newell is Vice President and Secretary of Dimension Fund.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Procedures for Approval of Related Person Transactions

The Board of Directors is responsible for reviewing and approving all material transactions with any related party. Related parties include any of our directors or executive officers, certain of our shareholders and their immediate family members.

The Company's policy is that it will not enter into other transactions with directors, officers or affiliates unless such transactions are (i) approved by the majority of the Company's independent disinterested directors, (ii) may reasonably be expected to benefit the Company, and (iii) will be on terms no less favorable to the Company than could be obtained in arm's length transactions with unaffiliated third parties.

We expect our directors, officers and employees to act and make decisions that are in the Company's best interests and encourage them to avoid situations which present a conflict between our interests and their own personal interests. Our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to the Company in an objective and fair manner. Exceptions are only permitted in the reasonable discretion of the Board of Directors. In addition, we are strictly prohibited from extending personal loans to, or guaranteeing the personal obligations of, any director or officer. The foregoing policy is not in writing. Because the Company has only a total of six persons who serve as directors and/or employees, all such persons are knowledgeable regarding the policy.

During the Company's Last Fiscal Year, there have been no transactions in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest, and no such transactions are currently proposed.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and persons or entities who own more than ten percent of our common stock, to file with the Securities and Exchange Commission reports of beneficial ownership and changes in beneficial ownership of our common stock. Those directors, officers, and shareholders are required by regulations to furnish us with copies of all forms they file under Section 16(a). Based solely upon a review of the copies of such reports furnished to us and written representations from such directors, officers, and shareholders we believe that all such reports required to be filed during 2010 or prior fiscal years were filed on a timely basis, except for one late filing by Mr. Welling.

DIRECTOR COMPENSATION

The following table summarizes director compensation during the Last Fiscal year.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Director Name ⁽¹⁾	Fees Earned or Paid in Cash ⁽²⁾ (\$)	Stock Awards (\$)	Option Awards ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Stephen Diamond	\$ 19,000						\$ 19,000
Kapil Nanda	\$ 19,000						\$ 19,000
William Welling	\$ 19,000						\$ 19,000

- (1) Mr. Marren is not included in this table as he is an employee of the Company and receives no extra compensation for his services as a director. The compensation received by Mr. Marren as an employee of the Company is shown in the Summary Compensation Table and the Outstanding Equity Awards at Fiscal Year-End Table below.
- (2) In the Last Fiscal Year each non-employee director received a \$10,000 yearly retainer and a fee of \$1,000 per board or committee meeting attended.
- (3) As of April 20, 2011, Mr. Nanda held options to purchase 4,000 shares of the Company's common stock. Mr. Diamond and Mr. Welling had no options outstanding. There were no options granted during the Last Fiscal Year.

PROPOSAL NUMBER 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors has selected Armanino McKenna LLP, independent auditors, to audit the financial statements of the Company for the fiscal year ending March 31, 2012.

Armanino McKenna LLP has been the Company's auditors since 2009. Representatives of Armanino McKenna LLP are expected to be present at the meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Vote Required

The affirmative vote of a majority of the votes cast will be required to ratify and approve the appointment of Armanino McKenna LLP as the Company's independent auditors for the fiscal year ending March 31, 2012.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION AND APPROVAL OF THE APPOINTMENT OF ARMANINO MCKENNA LLP AS INDEPENDENT AUDITORS OF OPTi FOR THE FISCAL YEAR ENDING MARCH 31, 2011.

EXECUTIVE OFFICER BIOGRAPHICAL INFORMATION

The following table sets forth certain information regarding our executive officers as of March 19, 2011.

Name of Executive Officer	Age	Position with the Company	Since
Bernard T. Marren	75	President, Chief Executive Officer and Chairman of the Board	1996
Michael F. Mazzoni	48	Chief Financial Officer and Secretary	2000

Mr. Marren's biography is presented on page 4. Mr. Mazzoni's biography is presented below.

Michael F. Mazzoni has served as Chief Financial Officer since December 2000. Mr. Mazzoni also served with the Company from October 1993 to December 1999. The last two years prior to his departure Mr. Mazzoni served as its Chief Financial Officer. Mr. Mazzoni also served as Chief Financial Officer of Horizon Navigation, Inc., a privately held, car navigation company, from January 2003 to June 2005. Prior to rejoining the Company, Mr. Mazzoni was Chief Financial Officer of Xpeed, Inc., a startup in the Digital Subscriber Line CPE business, from January 2000 to November 2000. Mr. Mazzoni has over twenty five years of experience in the accounting and finance area for technology companies and has been with the Company for seventeen years. In that time, Mr. Mazzoni has accumulated a vast knowledge of the Company's intellectual property and licensing activities.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The primary objectives of our executive compensation plan are to:

align the financial interests of our executives with those of our shareholders;

motivate and retain the executive talent required to successfully implement our business strategy; and

provide incentives for achieving our short-term and long-term goals.

To achieve these objectives, our Compensation Committee establishes and reviews compensation packages for our executive officers on an annual basis, consisting of a combination of salary and cash bonus.

The Compensation Committee meets outside the presence of all of our executive officers to consider appropriate compensation for our CEO. For our other executive officer, the Compensation Committee meets outside the presence of all executive officers except our CEO.

The Compensation Committee considers the recommendations of management when establishing compensation for our executive officers, but relies upon its own judgment to determine each individual's compensation. Factors that affect the Compensation Committee's judgment include each individual's performance and scope of responsibilities, as well as overall Company performance.

Elements of Executive Compensation

Executive compensation consists of the following elements:

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