

MEMSIC Inc  
Form DEF 14A  
August 27, 2010  
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## 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

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 Under Rule 14a-12

**MEMSIC, INC.**

*(Name of Registrant as Specified in Its Charter)*

**Not Applicable**

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

Payment of Filing Fee (Check the appropriate box):

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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 was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials:

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

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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Dear MEMSIC Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders, which will be held on September 30, 2010, at 10:00 a.m., at the offices of Foley Hoag LLP, Bay Colony Corporate Center, 1000 Winter Street, Suite 4000, Waltham, Massachusetts 02451. The notice of meeting and proxy statement that follow describe the business to be conducted at that meeting.

Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted. After reading the enclosed Notice of Annual Meeting and Proxy Statement, I urge you to complete, sign, date and return your proxy ballot in the envelope provided.

Thank you for your cooperation, continued support and interest in MEMSIC, Inc.

For the Board of Directors,

Yang Zhao, Ph.D.

*President and Chief Executive Officer*

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**MEMSIC, INC.**

**One Tech Drive, Suite 325,**

**Andover, Massachusetts 01810**

**(978) 738-0900**

**NOTICE OF SPECIAL MEETING IN LIEU OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON SEPTEMBER 30, 2010**

To the Stockholders of MEMSIC, Inc.:

Notice is hereby given that a Special Meeting in Lieu of the Annual Meeting of Stockholders (the *Annual Meeting*) of MEMSIC, Inc., a Delaware corporation ( *MEMSIC* or the *Company* ), will be held at 10:00 a.m., local time, on September 30, 2010, at the offices of Foley Hoag LLP, Bay Colony Corporate Center, 1000 Winter Street, Suite 4000, Waltham, Massachusetts 02451, to consider and act upon the following proposals:

1. To elect Michael Tung and Paul M. Zavracky, Ph.D. to the board of directors to serve for three-year terms as Class III directors;
2. To ratify the selection of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2010; and
3. To transact such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof.

The board of directors has fixed the close of business on August 16, 2010 as the record date for the determination of the MEMSIC stockholders entitled to notice of, and to vote at, the Annual Meeting and any postponements or adjournments thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting**

**in Lieu of Annual Meeting of Stockholders to be Held on September 30, 2010**

Pursuant to rules promulgated by the Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a notice of annual meeting, proxy card and our 2009 Annual Report, and by notifying you of the availability of our proxy materials on the Internet. **The notice of annual meeting, proxy statement, proxy card and 2009 Annual Report are available at <http://investor.memsic.com/annualmeeting.cfm>.**

All stockholders are cordially invited to attend the Annual Meeting in person. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, YOU ARE URGED TO COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE. You may revoke your proxy in the manner described in the accompanying Proxy Statement at any time before it has been voted at the Annual Meeting. Any stockholder attending the Annual Meeting may vote in person even if he or she has returned a proxy.

Properly executed proxies will be voted in accordance with the specifications on the proxy card. A list of stockholders entitled to vote will be available for inspection at the offices of the Company, located at One Tech Drive, Suite 325, Andover, Massachusetts 01810, for a period of ten (10) days prior to the Annual Meeting. Executed proxies with no instructions indicated thereon will be voted FOR the election of the two nominees named herein for director and FOR ratification of the selection of Ernst & Young LLP as our independent auditors.

By Order of the Board of Directors,

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Robert L. Birnbaum

*Secretary*

Andover, Massachusetts

August 27, 2010

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE.**

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**MEMSIC, INC.**

**One Tech Drive, Suite 325,**

**Andover, Massachusetts 01810**

**(978) 738-0900**

**PROXY STATEMENT**

**2010 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held September 30, 2010**

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**MEMSIC, INC.**

**One Tech Drive, Suite 325,**

**Andover, Massachusetts 01810**

**(978) 738-0900**

**PROXY STATEMENT**

**2010 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held September 30, 2010**

**INFORMATION ABOUT THE MEETING**

***The Meeting***

This Proxy Statement is being furnished in connection with the solicitation of proxies by the board of directors of MEMSIC, Inc., a Delaware corporation ( *MEMSIC* or the *Company* ), for use at the Company's Special Meeting in Lieu of Annual Meeting of Stockholders to be held on Thursday, September 30, 2010 (the *Annual Meeting* ) at 10:00 a.m., local time, at the offices of Foley Hoag LLP, Bay Colony Corporate Center, 1000 Winter Street, Suite 4000, Waltham, Massachusetts 02451 or at any postponements or adjournments thereof. The purpose of the Annual Meeting is to consider and act upon the following proposals:

1. To elect Michael Tung and Paul M. Zavracky, Ph.D. to our board of directors to serve for three-year terms as Class III directors;
  2. To ratify the selection of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2010; and
  3. To transact such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof.
- This Proxy Statement and the enclosed proxy card, as well as our 2009 Annual Report containing financial statements and management's discussion and analysis of financial condition and results of operations for the twelve months ended December 31, 2009, will be mailed to stockholders on or about August 27, 2010.

***How to Vote***

Only stockholders of record at the close of business on August 16, 2010 (the *Record Date* ) are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. As of the Record Date, an aggregate of 23,804,863 shares of common stock (the *Common Stock* ) of the Company were issued and outstanding and held by approximately 34 holders of record. The holders of Common Stock are entitled to one vote per share on any proposal presented at the Annual Meeting. Stockholders may vote in person or by proxy. Execution of a proxy will not affect a stockholder's right to attend the Annual Meeting and vote in person. Any proxy may be revoked by the person giving it at any time before its

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exercise by (1) filing with the Secretary of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (2) duly executing a later dated proxy relating to the same shares and delivering it to the Secretary of the Company before the taking of the vote at the Annual Meeting, or (3) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be delivered to MEMSIC, Inc., One Tech Drive, Suite 325, Andover, Massachusetts 01810, Attention: Corporate Secretary, at or before the taking of the vote at the Annual Meeting.

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### *Quorum and Tabulation of Votes*

Our bylaws provide that the presence in person or representation by proxy of the holders of at least a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to establish a quorum for the transaction of business at the Annual Meeting. If a quorum is not present, then either the chairman of the meeting or the stockholders entitled to vote at the meeting may adjourn the meeting until a later time. Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum. A broker non-vote occurs when a broker holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because, in respect of such other proposal, the broker does not have discretionary voting power and has not received instructions from the beneficial owner. The New York Stock Exchange's Rule 452 governs the ability of brokers who are record holders of shares to exercise discretionary authority to vote those shares. Rule 452 prohibits such brokers from exercising discretionary authority in the election of our directors, but brokers may exercise discretionary authority with respect to the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm, may vote shares held in street name for their clients on that proposal without instructions from the beneficial owners.

The election of directors is determined by a plurality of the votes cast and, accordingly, the director nominees receiving the highest number of FOR votes at the meeting will be elected to serve as Class III directors. You may either vote FOR or WITHHOLD your vote for each director nominee. A properly executed proxy marked WITHHOLD with respect to the election of a director nominee will not be voted in favor of the election of that director nominee, although it will be counted for purposes of determining whether there is a quorum.

Stockholder ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010 is not required by law or by our governing instruments. However, our board of directors is submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate governance and practice. Under our bylaws, the ratification of the appointment of Ernst & Young LLP requires a majority of the votes cast. You may vote either FOR or AGAINST ratification of the appointment, or you may abstain. A properly executed proxy marked ABSTAIN with respect to the ratification of the appointment will not be counted as a vote cast with respect to such ratification.

The only items of business that our board of directors intends to present at the meeting are set forth in this proxy statement. As of the date of this proxy statement, no stockholder has advised us of an intent to present any other matter, and we are not aware of any other matters to be presented at the meeting. If any other matter or matters are properly brought before the meeting, the person(s) named as your proxyholder(s) will have the discretion to vote your shares on those matters in accordance with their best judgment and as they deem advisable.

The vote on each matter submitted to stockholders is tabulated separately. Abstentions and broker non-votes are not counted as votes cast for the particular matter and, in the case of Proposal Two, have the effect of reducing the number of affirmative votes required to achieve a majority for that matter by reducing the total number of shares from which the majority is calculated.

The persons named as attorneys-in-fact in the proxies were selected by the board of directors and are officers of the Company. All properly executed proxies returned in time to be counted at the Annual Meeting will be voted.

**All shares represented by properly executed proxies will be voted in accordance with the stockholders' instructions, and if no choice is specified the shares represented by proxies will be voted in favor of the election of both director nominees identified herein and in favor of the ratification of the selection of Ernst & Young LLP as our independent auditors.**

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***Multiple Stockholders Sharing the Same Address***

If you and other residents at your mailing address own shares of Common Stock through a broker or other nominee, you may have elected to receive only one copy of this proxy statement and our 2009 Annual Report. If you and other residents at your mailing address own shares of our common stock in your own names, you may have received only one copy of this proxy statement and our 2009 Annual Report unless you provided our transfer agent with contrary instructions.

This practice, known as householding, is designed to reduce our printing and postage costs. We will promptly provide you with an additional copy of this proxy statement, enclosed proxy card and our 2009 Annual Report upon your written request to MEMSIC, Inc., One Tech Drive, Suite 325, Andover, Massachusetts 01810, Attention: Corporate Secretary. If you hold your shares through a broker or other nominee and wish to discontinue householding or to change your householding election, you may do so by calling (800) 542-1061 or writing to Broadridge Investor Communications, 51 Mercedes Way, Edgewood, New York 11717. If you hold shares in your own name and wish to discontinue householding or change your householding election, you may do so by calling (212) 936-5100 or writing to American Stock Transfer & Trust Company, 6201 15th Avenue, 2nd Floor, Brooklyn, New York 11219.

**Table of Contents****PROPOSAL ONE ELECTION OF CLASS III DIRECTORS**

Our board of directors has fixed the number of directors at six pursuant to our bylaws. The term of office for each of Michael Tung and Paul M. Zavracky, Ph.D., our current Class III directors, expires on the date of the 2010 Annual Meeting. Our board of directors has nominated Messrs. Tung and Zavracky for re-election as Class III directors, in each case for a three-year term expiring at our annual meeting of stockholders in 2013. Our Class I and Class II directors will continue in office after the Annual Meeting.

***Classes of the Board of Directors***

Our board of directors is divided into three classes. Each of the directors serves a three-year term, with one class of directors being elected by our stockholders at each annual meeting. Currently, our directors are divided into Classes I, II and III as follows:

<b>Name</b>	<b>Age</b>	<b>Term Expires</b>	<b>Position</b>
<b>CLASS I DIRECTORS</b>			
Lawrence A. Kaufman, Ph.D. <sup>(3)</sup>	69	2011	Director
David Yang <sup>(1)(2)</sup>	42	2011	Director
<b>CLASS II DIRECTORS</b>			
Roger W. Blethen <sup>(2)</sup>	59	2012	Lead Director
Yang Zhao, Ph.D.	47	2012	President, Chief Executive Officer and Chairman of the Board of Directors
<b>CLASS III DIRECTORS</b>			
Michael Tung <sup>(1)(3)</sup>	54	2010	Director
Paul M. Zavracky, Ph.D. <sup>(1)(2)(3)</sup>	61	2010	Director

<sup>(1)</sup> Member of audit committee.

<sup>(2)</sup> Member of compensation committee.

<sup>(3)</sup> Member of nominating and corporate governance committee.

***Director Nominees***

At the Annual Meeting, two Class III directors will be elected to serve until the 2013 annual meeting and until such directors' successors are duly elected and qualified, or until their earlier death, resignation, removal or disqualification. The board of directors has nominated Michael Tung and Paul M. Zavracky, Ph.D. for re-election as Class III directors. Both nominees have agreed to serve if elected, and we have no reason to believe that either will be unable to serve. In the event that a nominee is unable or declines to serve as a director at the time of the Annual Meeting, proxies will be voted for such other nominee as is then designated by our board of directors.

*Michael Tung* has served as a director since 2004. Mr. Tung joined VentureStar-InveStar Capital Inc. as chief financial officer and Managing Partner in 2002 and is responsible for managing its investment portfolio companies. Mr. Tung has over 20 years of experience in finance, taxation, accounting and general management. He served as chief financial officer for more than 10 years in various organizations, including Acer America Corp., Foxconn Corporation and Fibera Inc. (a start-up company). Mr. Tung worked as Senior Audit Manager of KPMG for 10 years. Mr. Tung received a B.S. degree in Accounting from Tam Kay University. We believe that Mr. Tung's educational background in accounting and finance, his broad experience in finance, taxation, accounting and general management and his knowledge of our industry, gained from his employment as an executive of VentureStar-InveStar Capital and as a chief financial officer of companies engaged in businesses similar to ours, qualify him to serve as a member of our board of directors.

*Paul M. Zavracky, Ph.D.* has served as a director since 1999. Dr. Zavracky's more than 30 years of business experience includes research at MIT Lincoln Laboratory, teaching at a major university, and management of

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successful venture funded companies. Since 2006 he has served Northeastern University as the Dean of the School of Technological Entrepreneurship. From 1998 to 2006, he was the president and chief operating officer of The MicroOptical Corporation, a start-up company he co-founded. Between 1991 and 1998, he was a tenured professor of electrical engineering at Northeastern University. Before joining Northeastern University, Dr. Zavracky was the chief operating officer of Kopin Corporation, a venture backed company that he and a small group of colleagues from the Massachusetts Institute of Technology's Lincoln Labs started. He led the effort in establishing Kopin's SOI materials capability as an enabling technology for liquid crystal microdisplays. Dr. Zavracky spent five years at The Foxboro Company as principal scientist and technical group leader establishing a MEMS program beginning in 1980. Dr. Zavracky also spent five years at Coulter Corporation managing the government system group working on electrophotographic film and five years at MIT Lincoln Laboratory where he was involved in the development of materials for solar energy applications. He obtained his Ph.D. in Physics at Tufts University. He holds Bachelor's and Master's degrees in Physics from Northeastern University. Dr. Zavracky has more than 100 publications and is named as an inventor in 67 issued patents. We believe that Dr. Zavracky's educational background in physics, his distinguished academic background, his experience as an entrepreneur and his service in senior scientific and operating executive positions at a range of large and small companies in industries related to our own qualify him to serve as a member of our board of directors.

***Directors Whose Terms Extend Beyond the 2010 Annual Meeting***

*Lawrence A. Kaufman, Ph.D.* has served as a director since 2008. Dr. Kaufman has been the president and chief executive officer of Lightwave Power Inc., a provider of photovoltaic products for solar energy, since May 2008. From 2006 to 2007, Dr. Kaufman was a partner in The GulfStream Group. Prior to joining The GulfStream Group, Dr. Kaufman founded Sionex Corporation, a venture-backed company that develops miniature chemical sensors, and served as its president and chief executive officer from 2000 to 2003 and as Executive Vice President from 2003 to 2005. Dr. Kaufman currently serves as a director of Top Banana, a non-profit education company, a director of Sionex Corporation and is a partner in The Pinnacle Acquisition Group. Dr. Kaufman was a director of Optical Tape Systems, Inc., from 2005 to 2007, and a director of The MicroOptical Corporation, from 2002 to 2006. Dr. Kaufman received a Bachelor of Science degree in Physics from Rensselaer Polytechnic Institute and a Ph.D. in Solid State Physics from Tufts University. We believe that Dr. Kaufman's educational background in solid state physics, his knowledge of many facets of the electronics industry, and his management experience gained from his employment as a senior operating executive and director of companies in a wide range of businesses qualify him to serve as a member of our board of directors.

*David Yang* has served as a director since 2007. Mr. Yang is a partner of The CID Group and joined The CID Group as one of the founding employees in 1998. Prior to founding The CID Group, Mr. Yang co-founded an incubator firm, Future Technology Consulting, Inc. to provide legal and advisory work to technology start-up companies in Taiwan. From 1994 to 1997, he served as a lawyer for Tsar and Tsai Law Firm and Jones Day. Mr. Yang has previously served as director or observer for Techwell, Inc., Advanced Analogic Technologies, Inc. and Young Fast Optoelectronic Co., Ltd. Mr. Yang received a J.D. degree from Cornell University in 1993 and a B.A. degree in Asian Studies from the University of Michigan, Ann Arbor in 1990. We believe that Mr. Yang's professional training in law, his extensive experience in advising companies engaged in businesses similar to ours, his service as a director and board observer to such companies and his background as a private equity investor qualify him to serve as a member of our board of directors.

*Roger W. Blethen* has served as a director since 2005. In March 2008, our Board of Directors also designated Mr. Blethen as our lead director. In 2001, Mr. Blethen was appointed chairman of the board of LTX-Credence Corporation, a provider of semiconductor test solutions to major integrated-circuit manufacturers. Mr. Blethen served as the president and chief executive officer of LTX-Credence Corporation from 1994 to October 2005. Mr. Blethen serves as Chairman of Quebec-based Diablo Technologies Inc. Mr. Blethen currently serves Northeastern University as an advisor to its School for Technological Entrepreneurship. Mr. Blethen received his B.S. in Electrical Engineering from Northeastern University in 1974. We believe that Mr. Blethen's

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educational background in electrical engineering, his broad knowledge of the semiconductor industry, gained from his long tenure as a senior operating executive and director of LTX-Credence Corporation and as a director of Diablo Technologies, and the skills, judgment and experience he has accumulated in these capacities and as a chief executive officer qualify him to serve as a member of our board of directors.

*Yang Zhao, Ph.D.* is our founder and has served as our President and Chief Executive Officer since our inception and as chairman of the Board of Directors since 2007. Dr. Zhao has over 17 years of experience in MEMS technology and related business development. Prior to founding our company in 1999, Dr. Zhao served in various management positions at Analog Devices, Inc. for seven years, where he was instrumental in developing ADI's MEMS product line and forming industry-wide strategic relationships. Dr. Zhao is well-recognized in the field of MEMS technology. He has been named as an inventor on 22 U.S. patents in IC circuit, processing, packaging and MEMS technology. Dr. Zhao holds a B.S. degree in physics from Peking University, as well as a master's degree and a Ph.D. in electrical engineering from Princeton University where he studied under Professor Daniel Tsui, who won the 1998 Nobel Prize in physics. He is currently the vice chairman of the board at the School of Engineering of Peking University. We believe that Dr. Zhao's educational background in electrical engineering and MEMS technology, his prior management experience and his extensive knowledge of our company's history and culture, its products, technology and personnel, and its markets and customers, qualify him to serve as a member of our board of directors.

***Chairman of the Board and Lead Director***

Yang Zhao, Ph.D., our president and chief executive officer, is also the chairman of our board of directors. In that capacity, he presides over all meetings of the board. In March 2008, our board of directors established the additional position of lead director and appointed Roger Blethen to serve in that position. Our lead director is a non-employee director whose responsibilities are to:

preside over board meetings in the absence of the chairman and lead executive sessions of the board (i.e., sessions without management present);

consult with other directors concerning corporate governance matters and identification of issues for board meeting discussions and set the board meeting agenda in consultation with the chairman;

advise the chief executive officer on organizational development, business strategy and corporate governance; and

advise the chief executive officer and chief financial officer on appropriate communications policies and procedures.

We believe that our current board leadership structure, with Dr. Zhao serving as both chief executive officer and board chairman, is appropriate and in the interest of our stockholders, in light of Dr. Zhao's experience and effectiveness in serving in these roles, the efficiencies of having the chief executive officer also serve in the role of chairman and our strong corporate governance structure, including the fact that all of our other directors are independent. We believe that by having Dr. Zhao serve as our chairman we benefit from his extensive knowledge of our company's history and culture, its products, technology and personnel, its markets and customers, and its operations in setting the agenda for meetings of our board, bringing relevant information to the attention of the directors and facilitating discussion of important strategic and operational issues. His combined role also enables decisive leadership, ensures clear accountability, and enhances our ability to communicate clearly and consistently to our stockholders, employees, customers and suppliers. Our purpose in establishing the lead director position was to facilitate communications between the independent directors and the chairman and thereby assist both him and the independent directors in more efficiently and effectively performing their respective roles. Our lead director has no role in the management or operations of the company, does not establish company policy or strategy and, except as directed by the board, does not act as a spokesman for the company.



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### ***Director Independence***

A majority of our directors are independent within the meaning of the applicable rules of the SEC and The Nasdaq Stock Market, LLC. Specifically, our board of directors has determined that each of Messrs. Blethen, Kaufman, Tung, Yang and Zavracky is an independent director.

Each executive officer serves at the discretion of the board of directors and holds office until his successor is elected and qualified or until his earlier resignation or removal. There are no family relationships among any of our directors and executive officers.

### ***Committees of the Board of Directors***

Our board of directors has established an audit committee, a compensation committee and a nominating committee, which are the only standing committees of the board of directors.

*Audit committee.* Our audit committee consists of Messrs. Tung, Yang and Zavracky, with Mr. Tung serving as chair. Our audit committee oversees our corporate accounting and financial reporting process and internal controls over financial reporting. Our audit committee evaluates the qualifications, independence and performance of our independent registered public accounting firm, Ernst & Young LLP; engages and determines the compensation of the independent auditor; approves the retention of the independent auditor to perform any proposed permissible non-audit services; reviews our financial disclosures, including our critical accounting policies and internal controls over financial reporting; prepares an annual report to our stockholders for inclusion in our proxy statement; reviews and approves in advance any proposed related party transactions; and discusses with management and the independent auditor the results of the annual audit and our financial statements. We believe that our audit committee members meet the requirements for independence and financial literacy under the current requirements of the Sarbanes-Oxley Act of 2002, The Nasdaq Global Market and SEC rules and regulations. In addition, the board of directors has determined that Mr. Tung is qualified as an audit committee financial expert within the meaning of the SEC rules and regulations. A copy of the charter of our audit committee is available in the Investor Relations section of our website at [www.memsic.com](http://www.memsic.com).

*Compensation committee.* Our compensation committee consists of Messrs. Blethen, Yang and Zavracky, with Mr. Blethen serving as chair. Our compensation committee administers our stock option plans and employee stock purchase plans; recommends to our board of directors the compensation of our executive officers; prepares a report of the committee required by the rules of the SEC to be included in our proxy statement; recommends to our board of directors any performance-based awards to be granted to any of our executive officers or other employees; recommends to our board of directors the terms and conditions of any employment agreement and any arrangements regarding severance or change of control payments with any of our executive officers; recommends to our board of directors, and reviews periodically, the compensation of our directors; and recommends to our board of directors, and reviews periodically, the composition of our plans and programs for employee compensation. We believe that each member of our compensation committee meets the requirements for independence under the rules of The Nasdaq Global Market. A copy of the charter of our compensation committee is available in the Investor Relations section of our website at [www.memsic.com](http://www.memsic.com).

*Nominating and corporate governance committee.* Our nominating and corporate governance committee, or nominating committee, consists of Messrs. Kaufman, Tung and Zavracky, with Dr. Zavracky serving as chair. Our nominating committee identifies individuals qualified to become members of the board and recommends to our board of directors nominees for election as directors. We believe that our nominating committee members meet the independence requirements under the rules of The Nasdaq Global Market. A copy of the charter of our nominating committee is set forth in [Appendix A](#) hereto and is available in the Investor Relations section of our website at [www.memsic.com](http://www.memsic.com).

**Table of Contents****2009 Director Compensation**

Members of our board of directors receive cash retainers (payable quarterly in arrears), per meeting fees and annual stock option awards, as follows:

each non-employee director receives a cash retainer in the amount of \$20,000 per year;

our lead director and chairpersons of our standing committees receive additional annual cash retainers, as follows: lead director, \$20,000; audit committee chair, \$10,000; compensation committee chair, \$7,500; and nominating committee chair, \$5,000;

each incumbent non-employee director receives annually a non-qualified stock option to purchase 12,000 shares of our common stock, and any newly elected non-employee director will receive upon such election a non-qualified stock option to purchase 20,000 shares of our common stock; and

our non-employee directors also receive cash fees for each meeting of the board of directors or of any committee of which they are members that they attend, as follows: all non-employee directors, \$2,500 per board meeting; audit committee chair, up to \$1,500 per audit committee meeting; compensation committee chair, \$2,500 per compensation committee meeting; and other members of our standing committees, \$1,000 per committee meeting.

The following table details the compensation paid to our directors, other than Dr. Zhao, for the year ended December 31, 2009.

	Fees earned or paid in cash <sup>(1)</sup>	Option Awards <sup>(2)</sup>	Total
Roger W. Blethen <sup>(3)</sup>	\$ 66,500	\$ 3,496	\$ 69,996
Lawrence A. Kaufman <sup>(3)(4)</sup>	\$ 36,500	\$ 6,579	\$ 43,079
Michael Tung <sup>(3)</sup>	\$ 51,500	\$ 3,496	\$ 54,996
David Yang <sup>(3)</sup>	\$ 41,500	\$ 3,496	\$ 44,996
Paul M. Zavracky <sup>(3)</sup>	\$ 45,500	\$ 3,496	\$ 48,996

<sup>(1)</sup> Amounts shown reflect fees earned in calendar year 2009 and do not include fees paid in 2009 for services provided in calendar year 2008.

<sup>(2)</sup> Represents the grant date fair value of non-qualified stock options granted to each non-employee director, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( ASC 718 ). The assumptions used to calculate the fair value of the stock options granted in 2009 are described in Note 9 to the consolidated financial statements included in our 2009 Annual Report that accompanies this proxy statement.

<sup>(3)</sup> On March 12, 2009, we granted to each non-employee director a non-qualified stock option to purchase 12,000 shares of our common stock at an exercise price of \$1.75 per share, vesting in equal installments on each of the first three anniversaries of the date of grant.

<sup>(4)</sup> On January 21, 2009, we granted Dr. Kaufman in connection with his initial appointment as a director a non-qualified stock option to purchase 20,000 shares of our common at an exercise price of \$1.64 per share, vesting in equal installments on each of the first three anniversaries of the date of grant.

**Meetings of the Board of Directors**

Our board of directors met in person or by telephone 11 times during the year ended December 31, 2009. All of our directors attended at least 75% of the aggregate of the total number of meetings of the board of directors and meetings held by all committees of the board on which they served in 2009.



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### ***Policy Regarding Board Attendance***

Our directors are expected to attend meetings of the board of directors and meetings of committees on which they serve. Our directors are expected to spend the time needed at each meeting and to meet as frequently as necessary to properly discharge their responsibilities. We encourage members of our board of directors to attend annual meetings of stockholders, but we do not have a formal policy requiring them to do so.

### ***Director Candidates and Selection Process***

Our nominating committee is responsible for identifying and reviewing candidates to fill open positions on the board of directors, including positions arising as a result of the expiration of the term, removal, resignation or retirement of any director, an increase in the size of the board or otherwise, and recommending to our full board candidates for nomination for election to the board. The committee is responsible for reviewing from time to time the appropriate skills and characteristics required of board members in the context of the current make-up of the board, including such factors as business experience, diversity, and personal skills in technology, finance, marketing, sales, financial reporting and other areas that contribute to an effective board. In recommending new directors, the committee will consider any requirements of applicable law or listing standards, a candidate's strength of character, judgment, business experience and specific area of expertise, factors relating to the composition of the board (including its size and structure), principles of diversity, and such other factors as the committee deems to be appropriate. The committee considers diversity, which it views broadly to include diversity of experience, skills and viewpoint as well as traditional diversity concepts such as race or gender, as one of a number of factors in identifying nominees for director. The committee has not adopted any formal policy, guidelines or procedures with respect to the consideration of diversity in the nominating process.

Stockholders may recommend individuals to the nominating committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to our nominating committee, c/o Corporate Secretary, MEMSIC, Inc., One Tech Drive, Suite 325, Andover, Massachusetts 01810. Assuming that appropriate biographical and background material has been provided on a timely basis, the nominating committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in our proxy card for the next annual meeting. Any recommendation of a potential director nominee should also include a statement signed by the proposed nominee expressing a willingness to serve on our board if elected. As part of this responsibility, the committee will be responsible for conducting, subject to applicable law, any and all inquiries into the background and qualifications of any candidate for the board and such candidate's compliance with the independence and other qualification requirements established by the committee or imposed by applicable law or listing standards.

### ***Stockholder Communications with the Board***

Stockholders wishing to communicate with our board should send correspondence to the attention of the Chairman of the Board of Directors, c/o Corporate Secretary, MEMSIC, Inc., One Tech Drive, Suite 325, Andover, Massachusetts 01810, and should include with the correspondence evidence that the sender of the communication is one of our stockholders. Satisfactory evidence would include, for example, contemporaneous correspondence from a brokerage firm indicating the identity of the stockholder and the number of shares held. The Chairman will review all correspondence confirmed to be from stockholders and decide whether or not to forward the correspondence or a summary of the correspondence to the full board or a committee of the board, or if the Chairman determines in accordance with his best judgment that the matter can be addressed by management, then to the appropriate officer of the Company. The Chairman will review all stockholder

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correspondence, but the decision to relay that correspondence to the full board or a committee will rest entirely within his discretion. Our board believes that this process will suffice to handle the relatively low volume of communications we have historically received from our stockholders. If the volume of communications increases such that this process becomes burdensome to the Chairman, our board may elect to adopt more elaborate screening procedures.

### ***Code of Conduct and Code of Ethics***

Our board of directors has adopted a code of conduct, which establishes the standards of ethical conduct applicable to all of our directors, officers and employees. Our code of conduct addresses issues relating to, among other things, conflicts of interest, related party transactions, use of company funds and sensitive payments, corporate opportunities, internal controls over financial reporting, and confidential information. In addition, our board of directors has adopted a code of ethics applicable to our chief executive officer and chief financial officer. Our code of ethics sets guidelines for these individuals to implement policies and procedures to enhance disclosure and reporting system at our company. Our code of conduct is publicly available on our website at [www.memsic.com](http://www.memsic.com). Any waiver of our code of conduct or code of ethics with respect to our chief executive officer, chief financial officer, controller or persons performing similar functions may only be authorized by our audit committee and will be disclosed as required by applicable law.

### ***Board of Directors Recommendation***

**Our Board of Directors recommends that you vote *FOR* the election of Michael Tung and Paul M. Zavracky, Ph.D. as our Class III directors.**

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**PROPOSAL TWO RATIFICATION OF APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP currently serves as our independent registered public accounting firm and audited our consolidated financial statements for the year ended December 31, 2009. Our audit committee has appointed Ernst & Young LLP to serve as our independent registered public accounting firm for 2010 and to audit our consolidated financial statements for the year ending December 31, 2010.

Our audit committee is responsible for selecting and appointing our independent registered public accounting firm, and this appointment is not required to be ratified by our stockholders. However, our audit committee has recommended that the board of directors submit this matter to the stockholders as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the audit committee will reconsider whether to retain Ernst & Young LLP, and may retain that firm or another without re-submitting the matter to our stockholders. Even if the appointment is ratified, the audit committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of our company and stockholders.

In order to pass, this proposal must receive a majority of the votes cast with respect to this matter.

***Board of Directors Recommendation***

**Our board of directors recommends that you vote *FOR* the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010.**

**Table of Contents****EXECUTIVE OFFICERS AND COMPENSATION OF EXECUTIVE OFFICERS***Executive Officers*

The following table sets forth information with respect to our executive officers as of August 16, 2010:

Name	Age	Position
Yang Zhao, Ph.D.	47	President and Chief Executive Officer
Patricia Niu	43	Chief Financial Officer
Mark S. Laich	48	Vice President of Worldwide Sales and Marketing

Further information regarding Dr. Zhao is available in the section titled "Directors Whose Terms Extend Beyond the 2010 Annual Meeting."

*Patricia Niu* has served as our Chief Financial Officer since June 2008. From 2003 to 2008, Ms. Niu held positions as our Vice President of Finance and Corporate Controller. Ms. Niu has over 15 years of experience in corporate finance and four years of experience in commercial banking. Prior to joining MEMSIC, Ms. Niu served as the International Business Unit Controller at Key3Media Events, Inc. from 2001 to 2002 and Audit Supervisor and Senior Financial Analyst at Fresenius Medical Care, N.A. from 1995 to 2001. From 1989 through 1995, Ms. Niu was a commercial lender at Bank of China, Head Office in Beijing, China and The Savings Bank in Wakefield, Massachusetts. Ms. Niu received an M.B.A. from Northeastern University in Boston in 1994 and a B.A. from Beijing Foreign Studies University in China in 1989.

*Mark S. Laich* has served as our Vice President of Worldwide Sales and Marketing since October 2008. Mr. Laich has over 21 years experience in semiconductor sales and intellectual property licensing. From October 2004 to December 2007, Mr. Laich held various senior sales management positions with Potentia Semiconductor Corporation. Prior to Potentia Semiconductor, from March 2001 to September 2004, Mr. Laich was director of sales at Azanda Network Devices, Inc. Mr. Laich received a Bachelor of Science in Electrical Engineering from Virginia Polytechnic Institute.

*Executive Compensation*

**2009 Summary Compensation Table.** The following table sets forth compensation information for our chief executive officer and our two other executive officers who were in office at December 31, 2009. These persons are referred to as our named executive officers elsewhere in this proxy statement. Except as provided below, none of our named executive officers received any other compensation required to be disclosed by law or in excess of \$10,000 annually.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards <sup>(1)</sup>	All Other Compensation (\$)	Total (\$)
Yang Zhao, Ph.D.	2009	\$ 257,683	\$ 200,000	\$	\$ 3,000 <sup>(2)</sup>	\$ 460,683
<i>President and Chief Executive Officer</i>	2008	250,000		15,071	1,500 <sup>(2)</sup>	266,571
Patricia Niu	2009	155,000	75,000			230,000
<i>Chief Financial Officer</i>	2008	155,000	20,000 <sup>(3)</sup>	11,303		186,303
Mark S. Laich <sup>(4)</sup>	2009	165,000	115,000			280,000
<i>Vice President Worldwide Sales and Marketing</i>	2008	25,385		5,466		30,851

<sup>(1)</sup> Amounts shown do not reflect compensation actually received by the named executive officer. The amounts shown represent the grant date fair value of stock options granted to the named executive officer, computed in accordance with ASC 718. The assumptions used to calculate the fair value of the stock options granted in 2009 and 2008 are described in Note 9 to the consolidated financial statements included in our 2009 Annual Report that accompanies this proxy statement.

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- (2) Represents cash awards under our patent reward policy, as a result of the issuance and assignment to us of patents on inventions made by Dr. Zhao.
- (3) The board approved a \$20,000 bonus to Ms. Niu for her taking on the responsibility of serving as our Chief Financial Officer following the resignation of Shang Hsiao in June 2008.
- (4) Mr. Laich was appointed as our Vice President Worldwide Sales and Marketing in October 2008.

**Outstanding Equity Awards at December 31, 2009.** The following table provides information concerning outstanding equity awards held by each of our named executive officers as of December 31, 2009.

Name	Option Awards			Option exercise price (\$)	Option expiration date
	(#) Exercisable <sup>(1)</sup>	Number of securities underlying unexercised options (#) Unexercisable <sup>(1)</sup>	(#) Unearned		
Yang Zhao	46,250 <sup>(2)</sup>			\$ 0.30	01/01/2015
	125,000 <sup>(3)</sup>	125,000 <sup>(3)</sup>		11.70	10/03/2017
			250,000 <sup>(3)</sup>	11.70	10/03/2017
	25,000 <sup>(4)</sup>	75,000 <sup>(4)</sup>		2.53	08/08/2018
Patricia Niu	10,000 <sup>(5)</sup>			0.30	09/08/2014
	18,750 <sup>(6)</sup>	6,250 <sup>(6)</sup>		1.54	11/09/2016
	25,000 <sup>(7)</sup>	25,000 <sup>(7)</sup>		7.64	08/22/2017
	18,750 <sup>(8)</sup>	56,250 <sup>(8)</sup>		2.53	08/08/2018
Mark S. Laich	30,000 <sup>(9)</sup>	90,000 <sup>(9)</sup>		1.80	10/28/2018

- (1) Except as disclosed in Note 3, all options in this table vest in equal installments over four years.
- (2) Granted pursuant to our 2000 Omnibus Stock Plan on February 10, 2005 with a vesting start date of January 1, 2005.
- (3) Granted on October 3, 2007. 250,000 shares were granted pursuant to our 2000 Omnibus Stock Plan and vest in equal installments over four years. The additional 250,000 shares were granted pursuant to our 2007 Stock Incentive Plan and vest according to the following performance-based criteria: (i) 62,500 shares vest on the day after any period of 12 rolling months in which we recognize at least \$10.5 million in earnings before taxes, excluding amortization of intangible assets associated with future acquisitions; (ii) an additional 62,500 shares vest on the day after any period of 12 rolling months in which we recognize at least \$13.1 million in earnings before taxes, excluding amortization of intangible assets associated with future acquisitions; (iii) an additional 62,500 shares vest on the day after any period of 12 rolling months in which we recognize at least \$15.8 million in earnings before taxes, excluding amortization of intangible assets associated with future acquisition; and (iv) an additional 62,500 shares vest on the day after any period of 12 rolling months in which we recognize at least \$18.4 million in earnings before taxes, excluding amortization of intangible assets associated with future acquisitions. Irrespective of the above terms and conditions, the options shall vest fully on the eighth anniversary of the grant date.
- (4) Granted on August 8, 2008 with a vesting start date of August 8, 2008.
- (5) Granted on October 15, 2004 with a vesting start date of September 8, 2004.
- (6) Granted on November 9, 2006 with a vesting start date of November 9, 2006.
- (7) Granted on August 22, 2007 with a vesting start date of August 22, 2007.
- (8) Granted on August 8, 2008 with a vesting start date of August 8, 2008.
- (9) Granted on October 28, 2008 with a vesting start date of October 28, 2008.

**Employment Arrangements with Named Executive Officers**

**Change in Control Agreements.** On March 26, 2009, we entered into Senior Executive Change in Control Agreements, or the Change in Control Agreements, with Yang Zhao and Patricia Niu. These agreements provide for the acceleration of vesting of stock options held by Dr. Zhao and Ms. Niu if, after a change in control, we terminate the executive's employment without cause or the executive terminates his or her employment due to a



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breach by us (as each event is defined in the Change in Control Agreements). Once the acceleration provisions of the Change in Control Agreements are triggered, the vesting of each option held by the executive shall be accelerated such that a portion of such options equal to the portion that would otherwise have vested during the last year of the vesting schedule shall become exercisable immediately. This acceleration shall be applied after, and not in lieu of, any accelerated vesting that may be provided for under the terms of such option and any plan under which such option was granted and by any resolution of our board of directors or any committee thereof. However, to the extent that the total acceleration of vesting that each executive would receive exceeds a combined total of twenty-four (24) months then the provisions of these Change in Control Agreements shall not apply.

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**INFORMATION ABOUT COMMON STOCK OWNERSHIP AND PERFORMANCE**

***Stock Owned by Directors, Executive Officers and Greater-Than-5% Stockholders***

The following table sets forth certain information with respect to beneficial ownership of our common stock, as of August 16, 2010, by:

each beneficial owner of 5% or more of the outstanding shares of our common stock;

each of our named executive officers;

each of our directors and nominees for election as director; and

all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act and is based on 23,804,863 shares of our common stock outstanding as of August 16, 2010. Amounts under the heading "Right to Acquire" represent shares that may be acquired upon exercise of stock options that are currently exercisable or exercisable within 60 days of August 16, 2010. For purposes of calculating percentages in the table below, shares listed opposite the name of a person under the heading "Right to Acquire" are deemed outstanding and beneficially owned by such person, but are not deemed outstanding for computing the percentage ownership of any other person. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name. Except as otherwise indicated, the address of each of the persons in this table is c/o MEMSIC, Inc., One Tech Drive, Andover, Massachusetts 01810.

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Name and Address of Beneficial Owner	Shares Outstanding	Beneficial Ownership		% of Outstanding
		Right to Acquire	Total	
<i>5% Stockholders</i>				
Entities Affiliated with IDG-Accel China Growth Fund II L.P. c/o IDG VC Management Ltd. <sup>(1)</sup>	4,725,223		4,725,223	19.85%
Unit 1509, The Center 99 Queen s Road Central, Hong Kong				
Seligman Spectrum Focus (Master) Fund <sup>(2)</sup>	3,093,629		3,093,629	13.00%
PO Box 309 Ugland House, South Church Street George Town, Grand Cayman KY1-1104				
Still River Fund II, LP	2,778,107		2,778,107	11.67%
1601 Trapelo Road Waltham, Massachusetts 02451				
Entities Affiliated with InveStar Capital, Inc. <sup>(3)</sup>	2,357,620		2,357,620	9.90%
333 W. San Carlos Street San Jose, California 95110				
<i>Executive Officers</i>				
Yang Zhao, Ph.D	896,113 <sup>(4)</sup>	283,750	1,179,863	4.96%
Patricia Niu	40,000	103,750	143,750	*
Mark S. Laich		30,000	30,000	*
<i>Non-Employee Directors</i>				
Michael Tung	2,357,620 <sup>(3)</sup>	12,000	2,369,620	9.95%
David Yang	925,000 <sup>(5)</sup>	12,000	937,000	3.93%
Paul M. Zavracky	36,000	87,000	123,000	*
Roger W. Blethen		87,000	87,000	*
Lawrence A. Kaufman		5,000	5,000	*
All current directors and executive officers as a group (8 persons)	4,254,733	620,500	4,875,233	20.47%

\* Less than 1.0%

(1) Information based upon an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 12, 2010. Includes 4,146,394 shares of which the record owner is IDG-Accel China Growth Fund II L.P., 339,108 shares of which the record owner is IDG-Accel China Investors II L.P., 150,000 shares of which the record owner is IDG Technology Venture Investments, LP., 71,393 shares of which the record owner is IDG Technology Venture Investments, LLC, and 18,328 shares of which the record owner is IDG Technology Venture Investment III, L.P. Quan Zhou and Patrick J. McGovern are directors and executive officers of IDG-Accel China Growth Fund GP II Associates Ltd., which is the ultimate general partner of both IDG-Accel China Growth Fund II L.P. and IDG-Accel China Investors II L.P. Quan Zhou and Patrick J. McGovern are the managing members of IDG Technology Venture Investment III, LLC, which is the general partner of IDG Technology Venture Investment III, L.P. Quan Zhou and Patrick J. McGovern are the managing members of IDG Technology Venture Investments, LLC, which is the general partner of IDG Technology Venture Investments, LP.

(2) Information based upon a Schedule 13D filed with the Securities and Exchange Commission on April 12, 2010 and a Form 4 filed on June 14, 2010. The Schedule 13D was filed jointly with Ameriprise Financial, Inc. and RiverSource Investments, LLC. Ameriprise Financial, Inc., is the parent company of RiverSource Investments, LLC. RiverSource Investments, LLC is an

investment adviser to the reporting person.

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- (3) Includes 1,285,551 shares held by InveStar Semiconductor Development Fund, Inc., and 1,072,069 shares held by InveStar Semiconductor Development Fund, Inc. (II) LCD, together the InveStar Funds. InveStar Capital, Inc., a Cayman Islands limited liability company, acts as investment manager of InveStar Funds and exercises investment control over the shares held by such entities. Michael Tung is the chief financial officer and managing partner of VentureStar-InveStar Capital Inc. and Mr. Tung may be deemed to beneficially own the shares held by InveStar Funds and each disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein. TSMC International Investment Ltd. holds 97.08% interest in the InveStar Funds.
- (4) Includes 240,363 shares of common stock held by Yang Zhao, as Trustee of the Yang Zhao Children's Grantor Retained Annuity Trust and 600,908 shares of common stock held by Yang Zhao, as Trustee of the Yang Zhao Grantor Retained Annuity Trust FBO Naifeng Yang.
- (5) Includes 462,500 shares held by Asia Pacific Genesis Venture Capital Fund, L.P., 128,000 shares held by C&D Capital Corp., 113,500 shares held by Global Vision Venture Capital Co., Ltd., 62,500 shares held by Asia Pacific Century Venture Capital LTD, 47,500 shares held by China Power Venture Capital Co., Ltd., 26,500 shares held by Nien Hsing International (Bermuda) Ltd., 21,500 shares held by Asiagroup Worldwide Limited, 17,500 shares held by STAR Pacific Worldwide Limited, 16,500 shares held by A&D Capital Corp., 16,500 shares held by J&D Capital Corp., and 12,500 shares held by CAM-CID Asia Pacific Investment Corp. The CID Group and its affiliates have entered into investment management agreements to manage the investment direction of these entities' funds. Steven Chang, managing partner of The CID Group, and David Yang, a partner of The CID Group, share voting and dispositive power over shares held by these entities. Mr. Yang disclaims beneficial ownership in all shares except to the extent of his pecuniary interest therein, if any.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who beneficially own more than ten percent of a registered class of our equity securities, to file reports of ownership of, and transactions in, our securities with the Securities and Exchange Commission. These directors, executive officers and ten-percent stockholders are also required to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms received by us, and on written representations from certain reporting persons, we believe that during 2009 our directors, officers and ten-percent stockholders complied with all applicable Section 16(a) filing requirements.

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**INFORMATION ABOUT OUR AUDIT COMMITTEE AND AUDITORS**

***Our Auditors***

Ernst & Young LLP have been selected by the audit committee of the board of directors as the independent registered public accounting firm to audit our financial statements for the year ending December 31, 2010. Ernst & Young LLP also served as our auditors in 2009. We expect that representatives of Ernst & Young LLP will attend our annual meeting, will have an opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

***Audit Committee Report***

The primary role of our audit committee is to assist our board of directors in fulfilling its oversight responsibilities by reviewing the financial information proposed to be provided to stockholders and others, the adequacy of the system of internal control over financial reporting and disclosure controls and procedures established by management and the board, and the audit process and the independent auditors' qualifications, independence and performance.

Management is responsible for establishing and maintaining the Company's system of internal controls and for preparation of the Company's financial statements. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an audit of our consolidated financial statements in accordance with generally accepted auditing standards and issuing an opinion on the financial statements. The audit committee has met and held discussions with management and our independent auditors, and has also met separately with our independent auditors, without management present, to review the adequacy of our internal controls, financial reporting practices and audit process.

The audit committee has reviewed and discussed our audited consolidated financial statements for the year ended December 31, 2009 with management and the independent auditors. As part of this review, the audit committee discussed with Ernst & Young LLP the communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, "Communication with Audit Committees."

The audit committee has received from Ernst & Young LLP a written statement describing all relationships between that firm and the Company that might bear on the auditors' independence, consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. The audit committee has discussed the written statement with the independent auditors, and has considered whether the independent auditors' provision of any consultation and other non-audit services to the Company is compatible with maintaining the auditors' independence.

Based on the above-mentioned reviews and discussions with management and the independent auditors, the audit committee recommended to the board of directors that the Company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission.

The foregoing report is provided by the undersigned members of the audit committee.

Michael Tung, *Chair*  
David Yang  
Paul M. Zavracky

*The foregoing audit committee report shall not be deemed to be soliciting material or filed or incorporated by reference into any filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under these acts, except to the extent we specifically incorporate it by reference into such filings.*

**Table of Contents*****Fees for Professional Services***

The following is a summary of the fees for professional services rendered by Ernst & Young LLP for 2009 and 2008:

Fee category	Fees	
	2009	2008
Audit fees	\$ 567,000	\$ 540,000
Audit-related fees	25,000	
Tax fees	60,500	49,600
All other fees		
<b>Total fees</b>	<b>\$ 652,500</b>	<b>\$ 589,600</b>

*Audit fees.* Audit fees represent fees for professional services performed by Ernst & Young LLP for the audit of our annual financial statements and the review of our quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements and related expenses.

*Audit-related fees.* Audit-related fees represent fees for assurance and related services performed by Ernst & Young LLP that are reasonably related to the performance of the audit or review of our financial statements, including consultation on accounting standards or accounting for specific transactions.

*Tax fees.* Tax fees represent fees for professional services performed by Ernst & Young LLP with respect to tax compliance, tax advice and tax planning and related expenses. These services include assistance with the preparation of federal, state, and foreign income tax returns.

*All other fees.* All other fees represent fees for products and services provided by Ernst & Young LLP, other than those disclosed above.

***Pre-Approval Policies and Procedures***

Our audit committee's pre-approval policies or procedures do not allow our management to engage Ernst & Young LLP to provide audit, audit-related or non-audit related services without audit committee pre-approval. All of the services provided by Ernst & Young LLP during 2008 and 2009 were pre-approved.

***Whistleblower Procedures***

Our audit committee has adopted procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by our directors, officers and employees of concerns regarding questionable accounting, internal accounting controls or auditing matters. These procedures are set forth in our code of conduct. See Proposal One Election of Class III Directors Code of Conduct and Code of Ethics.

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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

***Policies and Procedures***

Our policies and procedures for related party transactions are contained in our code of conduct and our audit committee charter.

Our code of conduct requires all of our employees, officers and directors to report to our chief executive officer any significant related-party transaction that he or she believes exists or might occur. These related-party transactions include those between our company and: (i) family members or friends of an employee, officer or director; (ii) an organization for which the employee, officer or director currently or has in the past five years served as an officer, director, trustee or partner; (iii) an organization in which the employee, officer or director has a financial interest, other than an investment of less than 1% of the outstanding shares of a publicly-held company; and (iv) any individual or organization with whom the employee, officer or director is negotiating, or with whom he or she has an arrangement, concerning prospective employment.

Our audit committee charter provides the committee with the responsibility to review, and the authority to approve or disapprove, any transaction between our company and any (i) of our directors or executive officers; (ii) nominee for election as a director; (iii) person known to our company to own more than 5% of any class of our voting securities; (iv) member of the immediate family of any such person, if such transaction is required to be disclosed under the related-party transactions rules of the SEC.

In addition to the compensation arrangements with directors and the executive officers described above, the following is a description of each transaction during fiscal year 2009 and each currently proposed transaction in which:

we have been or are to be a participant;

the amount involved exceeds \$120,000; and

any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

***Relationship with InveStar Funds and Taiwan Semiconductor Manufacturing Company, Limited, or TSMC***

InveStar Semiconductor Development Fund, Inc. and InveStar Semiconductor Development Fund, Inc. (II) LCD, together the InveStar Funds, hold in aggregate approximately 9.90% of our common stock on a fully diluted basis. TSMC, our largest third-party supplier, has historically supplied substantially all of our wafers required in our manufacturing process. In 2009, we purchased an aggregate of \$4.9 million in wafers from TSMC. TSMC holds in the aggregate 97% interest in the InveStar Funds and is authorized to appoint the board of directors of the InveStar Funds. InveStar Capital, Inc. is the fund manager and holds the remaining interest in the InveStar Funds. One of our directors, Michael Tung, is the managing partner and chief financial officer of InveStar Capital, Inc.



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**OTHER MATTERS**

***Other Business***

Neither we nor our board of directors intends to propose any matters of business at the Annual Meeting other than those described in this proxy statement. Neither we nor our board know of any matters to be proposed by others at the Annual Meeting.

***Solicitation of Proxies***

We are soliciting the proxies in the enclosed form and paying the cost of the solicitation. In addition to the use of the mails, we may solicit proxies personally or by telephone or telegraph using the services of our directors, officers and regular employees at nominal cost. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for expenses incurred in sending proxy materials to beneficial owners of our common stock.

***Stockholder Proposals***

For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting to be held in 2011, the proposal must be in writing and be received by our Corporate Secretary at our principal executive offices no later than June 28, 2011. If the date of next year's annual meeting is more than 30 days before or after September 30, 2011, the deadline for inclusion of proposals in our proxy statement will instead be a reasonable time before we begin to print and mail our proxy materials. Stockholder proposals must comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended, and any other applicable rules established by the SEC. In addition, our bylaws establish an advance notice procedure with regard to including stockholder proposals to be brought before an annual meeting of stockholders. For a stockholder's proposal to be brought before our 2011 annual meeting, the stockholder must give written notice to our Corporate Secretary at our principal executive offices not less than sixty (60) days and not more than ninety (90) days prior to the date set for the annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if the annual meeting of stockholders is to be held on a date prior to the second Wednesday in June, which in 2011 will be June 8, 2011, and if less than seventy (70) days' notice or prior public disclosure of the date of the annual meeting is given or made, notice by the stockholder to be timely must be so received by the close of business on the tenth (10th) day following the earlier of the date on which notice of the date of the annual meeting was mailed or the day on which public disclosure was made of the date of the annual meeting. Our bylaws also specify requirements as to the form and content of a stockholder's notice.

***Nomination of Director Candidates***

Any proposals to nominate candidates for election to our board of directors must be in writing and include the nominee's name and qualifications for board membership and should be directed to our Corporate Secretary at our principal executive offices. To be timely, a stockholder's notice must be received by our Corporate Secretary within the time specified in our bylaws for stockholder proposals, described above. The notice must contain all information relating to the proposed nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, or pursuant to any other then existing statute, rule or regulation applicable thereto (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and must also include information concerning the identity of, and shares of our stock held of record and beneficially by, both the record stockholder giving the notice and the beneficial owner of our stock, if other than the record holder giving notice, on whose behalf the nomination is made.

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***Where You Can Find Additional Information***

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these proxy materials and any other documents we have filed at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

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**Appendix A**

**MEMSIC, INC.**

**Charter for the Nominating and Corporate Governance Committee of the Board of Directors**

**I. Statement of Purpose**

The Nominating and Corporate Governance Committee (the *Committee*) is a standing committee of the board of directors (the *Board*) of MEMSIC, Inc. (together with its subsidiaries, the *Company*). The purposes of the Committee are:

to identify individuals qualified to become members of the Board and to recommend to the Board nominees for election as directors; and

to advise the Board regarding appropriate corporate governance policies and assist the Board in achieving them.

**II. Organization**

A. **Charter.** By adoption of this charter, the Board has delegated to the Committee the authority necessary for the Committee to fulfill its obligations under this charter. At least annually, the Committee shall review and assess the adequacy of this charter and recommend to the Board any changes that would enable the Committee to fulfill its responsibilities more effectively.

B. **Members.** The Committee shall consist of at least two members of the Board. The members of the Committee shall be appointed by, and serve at the discretion of, the Board. In selecting the members of the Committee, the Board shall endeavor to ensure that each member of the Committee satisfies the independence requirements of Nasdaq Marketplace Rule 4200(a)(15), as amended from time to time, and any other applicable rules and regulations.

C. **Chairperson.** The Board shall appoint a chairperson of the Committee, who shall serve at the discretion of the Board. The chairperson shall establish the agenda for and preside at all meetings of the Committee and shall have such other powers and responsibilities as the Board or the Committee shall designate.

D. **Meetings; Minutes.** Each year, the Committee shall establish a schedule of meetings; additional meetings may be scheduled as required. The Committee shall meet periodically in executive session, as it deems appropriate. The procedures with respect to calling, noticing and holding meetings of the Committee and conducting business of the Committee shall be the same as those provided in the by-laws of the Company with respect to calling, noticing and holding meetings of and taking action by the Board. The Committee shall maintain written minutes of its meetings. The minutes shall be distributed periodically to the other members of the Board and shall be filed with the minutes of the meetings of the Board.

E. **Reports.** The Committee shall make regular reports to the Board regarding the activities of the Committee. Such reports may be made either orally or in writing.

**III. Responsibilities**

A. **Establishment of Selection Criteria for Nominees for Director.** The Committee shall establish and periodically review the criteria it shall use to evaluate the qualifications of candidates, including any minimum qualifications. The Committee shall consider the requirements of applicable law, the listing standards of the Nasdaq Stock Market, Inc., strength of character, judgment, business experience and specific areas of expertise, familiarity with the Company's industry, factors relating to the composition of the Board (including its size and structure), principles of diversity, and such other factors as the Committee shall deem appropriate.

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**B. *Director Recruitment.*** The Committee shall (in consultation with the Board) search for, evaluate and recruit, and shall recommend to the Board, candidates to fill positions on the Board, including as a result of the retirement, resignation or removal of any director, an increase in the size of the Board or otherwise. In determining whether to recommend the re-election of any incumbent director, the Committee shall consider the past contributions and overall performance of the director. The Committee shall establish appropriate procedures for stockholders to submit recommendations for candidates to serve as a director. The Committee shall also review and evaluate any candidate properly recommended by a stockholder of the Company in light of the Committee's criteria for selection of new directors.

**C. *Assessment of Independence.*** The Committee shall at least annually, or more frequently as circumstances require, assess the independence of each member of the Board.

**D. *Corporate Governance.*** The Committee shall keep abreast of developments with regard to corporate governance to enable the Committee to make recommendations to the Board in light of such developments as may be appropriate. Specifically, the Committee shall, on a periodic basis:

(i) review the certificate of incorporation and bylaws of the Company and, where appropriate, recommend to the Board that it amend the bylaws, or that it propose amendments to the certificate of incorporation and by-laws for consideration by the shareholders;

(ii) review the corporate governance practices of the Company and, where appropriate, make recommendations to the Board with respect to changes to such practices, including, among other matters: (a) the size, composition and responsibilities of the Board and its committees, (b) policies, if any, with respect to the tenure and retirement of directors, stock ownership requirements or restrictions concerning the maximum number of boards on which a director may serve, (c) the organization and procedures of the Board, including policies relating to meetings of the Board, meeting schedules and locations, agendas and procedures for delivery of materials in advance of meetings, (d) procedures for security holders and other interested parties to communicate with non-management members of the Board, and (e) policies regarding attendance by directors at the Company's annual meeting of stockholders; and

(iii) review and evaluate the Company's succession plans relating to its chief executive officer and other executive officers.

**E. *Evaluation of the Board and the Committee.*** The Committee shall oversee an annual evaluation of the Board. The Committee shall report annually to the Board on the results of the evaluation of the Board. The Committee shall evaluate its own performance on an annual basis and report annually to the Board on the results of evaluation of the Committee.

**F. *Director Education.*** The Committee shall consider on an annual basis the nature of any continuing education that may be desirable for the Board and, if appropriate, recommend to the Board that resources be made available in this regard.

**G. *Other Delegated Responsibilities.*** The Committee shall carry out such other duties as the Board may delegate to the Committee from time to time.

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**ANNUAL MEETING OF STOCKHOLDERS OF**

**MEMSIC, INC.**

**September 30, 2010**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL**

**The Notice of Meeting, proxy statement and proxy card are available at**

**<http://investor.memsic.com/annualmeeting.cfm>**

Please sign, date and mail your proxy card in the envelope provided as soon as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE DIRECTOR NOMINEES AND FOR PROPOSAL 2.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

**PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

Proposal 1. To elect each of the following persons for a three-year term as a Class III director:

Proposal 2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2010.

FOR    AGAINST    ABSTAIN  
"                    "                    "

" **FOR ALL NOMINEES**

**NOMINEES:**  
m Michael Tung

" **WITHHOLD AUTHORITY FOR ALL NOMINEES**

m Paul M. Zavracky, Ph.D.

" **FOR ALL EXCEPT**  
(See instructions below)

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee, mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: **1**

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To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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**MEMSIC, INC.**

**One Tech Drive, Suite 325**

**Andover, Massachusetts 01810**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Yang Zhao, Ph.D., Roger W. Blethen and Robert L. Birnbaum as proxies, each with full power of substitution, to represent and vote as designated on the reverse side, all the shares of Common Stock of MEMSIC, Inc. held of record by the undersigned on August 16, 2010, at the Special Meeting in Lieu of Annual Meeting of Stockholders to be held at the offices of Foley Hoag LLP, Bay Colony Corporate Center, 1000 Winter Street, Suite 4000, Waltham, Massachusetts 02451, on September 30, 2010, at 10:00 a.m. local time, and any adjournment or postponement thereof.

**(Continued and to be signed on the reverse side)**