

MEMSIC Inc  
Form 10-K/A  
April 30, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K/A  
(Amendment No. 1)

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(Mark one)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2012

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-33813

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MEMSIC, INC.  
(Exact name of registrant as specified in its charter)

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DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

04-3457049  
(I.R.S. Employer  
Identification Number)

One Tech Drive, Suite 325,  
Andover, MA 01810  
Telephone: (978)738-0900  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

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

Title of each class

Name of each exchange on which

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Common Stock, \$0.00001 par value      registered  
The Nasdaq Stock Market, LLC (Nasdaq  
Global Market)

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

None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2012 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of voting stock held by non-affiliates of the registrant was approximately \$30,724,931.

On April 26, 2013, 24,288,854 shares of the registrant's common stock were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

This Amendment No. 1 to Annual Report on Form 10-K/A amends our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission on March 22, 2013 (the “Original Report”). This Form 10-K/A replaces in its entirety the information previously incorporated by reference in Part III of the Original Report.

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## PART III

Item Directors, Executive Officers and Corporate Governance  
10.

## 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:

| Name                                   | Age | Term Expires | Position  |
|--|-----|--------------|---|
| <b>CLASS I DIRECTORS</b>               |     |              |   |
| Lawrence A. Kaufman,<br>Ph.D.(1)(2)(3) | 72  | 2014         | Director  |
| <b>CLASS II DIRECTORS</b>              |     |              |   |
| Roger W. Blethen(1)(2)(3)              | 61  | 2015         | Lead Director   |
| Yang Zhao, Ph.D.                       | 50  | 2015         | President, Chief Executive<br>Officer and Chairman of the<br>Board of Directors |
| <b>CLASS III DIRECTORS</b>             |     |              |   |
| Michael Tung(1)(2)                     | 57  | 2013         | Director  |
| Quan Zhou, Ph.D.                       | 55  | 2013         | Director  |

- 
- (1) Member of audit committee.  
(2) Member of nominating and governance committee.  
(3) Member of compensation committee

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 nanotechnology-based light management products, 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 and is an advisor to Water Analytics, Inc., a company selling waste water analytical instrumentation and to UNC Corporation, a company developing new types of batteries. 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.

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 in December 2008. Mr. Blethen also served as chairman of the board of LTX Corporation from December 2001 until its merger with Credence in August 2008. He was the chief executive officer of LTX Corporation from September 1996 to November 2005 and the president of LTX Corporation from 1994 to 1996. Mr. Blethen serves as Chairman of Ottawa-based Diablo Technologies Inc. Mr. Blethen received his B.S. in Electrical Engineering from Northeastern University in 1974. We believe that Mr. Blethen's 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 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 20 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 a member 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.

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.

Quan Zhou, Ph.D. was appointed as a director in March 2011. Dr. Zhou is a co-founder of IDG Capital Partners and has held this position since 1995. He is currently a managing member of the general partner of IDG Technology Venture Investments, L.P. and its successor funds and is serving as a director of the general partner of each of IDG-Accel China Growth Fund I, IDG-Accel China Growth Fund II and IDG-Accel China Capital Fund. In addition, Dr. Zhou currently serves as a director of Soufun Holdings Limited and also on the boards of a number of private companies, including Superdata Technology (Asia) Limited, OriGene Technologies Inc., CosmoChina International Inc., Xunlei Limited, Yesky.com Inc. and Wupima Inc. Dr. Zhou received his bachelor degree in science from the University of Science and Technology of China in 1981 and a Ph.D. in fiber optics from Rutgers University in 1989. We believe that Dr. Zhou's educational background in science, his broad experience in financial and business matters and his deep knowledge of the China market, gained from his employment as an executive of IDG Capital Partners and as director of its portfolio companies, qualifies 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 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 a majority 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.

### Audit Committee

Our audit committee consists of Messrs. Tung, Kaufman and Blethen, 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.





#### 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. A copy of our code of conduct will be furnished to any person, without charge, upon written request to the attention of: Secretary, MEMSIC, Inc., One Tech Drive, Andover, Massachusetts 01810. 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.

#### 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 2012 our directors, officers and ten-percent stockholders complied with all applicable Section 16(a) filing requirements.

## 2012 Director Compensation

For the year ending December 31, 2012, members of our board of directors received cash retainers (payable quarterly in arrears), per meeting fees and annual equity-based compensation, 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; nominating committee chair, \$5,000; and governance committee chair, \$5,000;
- each incumbent non-employee director receives annually a restricted stock unit (“RSU”), vesting over three years, entitling him to receive, when vested, 15,000 shares of our common stock, and any newly elected non-employee director will receive an RSU for 25,000 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, \$2,500 per audit committee meeting; compensation committee chair, \$2,500 per compensation committee meeting; nominating and governance committee chair, \$1,500 per nominating or governance committee meeting; and other members of our standing committees, \$1,000 per committee meeting.

The following table details the compensation earned by or paid to our directors, other than Dr. Zhao, for the year ended December 31, 2012.

|                        | Fees earned<br>or paid<br>in cash(1) | Stock<br>Awards(2) | Total     |
|------------------------|--------------------------------------|--------------------|-----------|
| Roger W. Blethen(3)    | \$97,750                             | \$57,000           | \$154,750 |
| Lawrence A. Kaufman(3) | \$70,500                             | \$57,000           | \$127,500 |
| Michael Tung(3)        | \$77,000                             | \$57,000           | \$134,000 |
| David Yang(3)(4)       | \$22,000                             | \$0                | \$22,000  |
| Quan Zhou(3)           | \$30,500                             | \$57,000           | \$87,500  |

(1) Amounts shown reflect fees earned in calendar year 2012 and exclude fees paid in 2012 for services provided in calendar year 2011, as follows: Mr. Blethen, \$19,375; Mr. Kaufman, \$14,750; Mr. Tung, \$13,500; Mr. Yang, \$11,750; Mr. Zhou, \$9,500.

(2) Amounts shown do not reflect compensation actually realized by our directors. The amounts shown represent the grant date fair value of the RSUs granted to each non-employee director.

(3) On March 2, 2012, we granted to each non-employee director continuing in office a RSU for 15,000 shares of our common stock, vesting in equal installments on each of the first three anniversaries of the date of grant.

(4)

Mr. Yang resigned as a director on August 2, 2012, and his RSU was canceled as a result of his resignation.

## Executive Officers

The following table sets forth information with respect to our executive officers as of April 26, 2013:

| Name                    | Age | Position  |
|-------------------------|-----|---|
| Yang Zhao, Ph.D         | 50  | President, Chief Executive Officer                  |
| Patricia Niu            | 46  | Chief Financial Officer                             |
| Paul M. Zavracky, Ph.D. | 64  | President of North American and European Operations |

Further information regarding Dr. Zhao is available in the section titled “–Board of Directors.”

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 18 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 Fesenius 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.

Paul M. Zavracky, Ph.D. has served as our President of North American and European Operations since January 1, 2011. Dr. Zavracky also served as a member of our Board of Directors from 1999 until his resignation on December 31, 2010. Dr. Zavracky’s more than 30 years of business experience includes research at MIT Lincoln Laboratory, teaching at a major university, and management of successful venture funded companies. From 2006 to 2010, he 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 Bachelors and Master’s degrees in Physics from Northeastern University. He has more than 100 publications and 67 issued patents.

Item Executive Compensation  
11.

2012 Summary Compensation Table. The following table sets forth compensation information for our chief executive officer and our two other most highly compensated executive officers who were in office at December 31, 2012.

These persons are referred to as our “named executive officers” elsewhere in this Report. 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 (\$) | Stock awards (\$) (1) | Option awards (\$) (2) | All other compensation (\$) (3) | Total (\$) |
|---|------|---------------|------------|-----------------------|------------------------|---------------------------------|------------|
| Yang Zhao, Ph.D<br>President and Chief Executive Officer                | 2012 | \$ 316,531(4) | \$ 166,667 | \$ -                  | \$ 432,236             | \$ 1,134                        | \$ 916,568 |
|   | 2011 | 266,239(4)    | -          | 477,400               | 394,720                | 1,134                           | 1,139,493  |
| Patricia Niu<br>Chief Financial Officer                                 | 2012 | 234,039       | 66,667     | -                     | 270,148                | 1,108                           | 571,962    |
|   | 2011 | 210,000       | 65,000     | 111,300               | -                      | 1,010                           | 387,310    |
| Paul M. Zavracky<br>President of North American and European Operations | 2012 | 270,000       | 100,000    | -                     | 216,118                | 1,134                           | 587,252    |
|   | 2011 | 270,000       | 150,000    | 190,800               | 197,360                | 1,134                           | 809,294    |

- 
- (1) Amounts shown do not reflect compensation actually realized by the named executive officer. The amounts shown represent the grant date fair value of restricted stock awards (“RSAs”) and RSUs, computed in accordance with ASC 718.
- (2) Amounts shown do not reflect compensation actually realized 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 2012 and 2011 are described in Note 13 to the consolidated financial statements included in this Report.
- (3) Consists of premium paid on behalf of the named executive officer on group life, short-term and long-term disability insurance policy.
- (4) A portion of Dr. Zhao’s salary is paid in renminbi (“RMB”).

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Outstanding Equity Awards at December 31, 2012. The following table provides information concerning outstanding equity awards held by each of our named executive officers as of December 31, 2012.

| Name                | Option Awards   |  |              | Stock Awards                     |                              |  |   |
|---------------------|-----------------|--|--------------|----------------------------------|------------------------------|--|---|
|                     | (#) Exercisable | Number of securities<br>underlying unexercised<br>options (#) Unexercisable<br>(1) | (#) Unearned | Option<br>exercise<br>price (\$) | Option<br>expiration<br>date | Number of<br>Shares<br>or Units of<br>Stock That<br>Have Not<br>Vested (#) | Market<br>Value of<br>Shares or<br>Units of<br>Stock That<br>Have<br>Not Vested<br>(\$ (2)) |
| Yang Zhao           | 46,250(3)       | -  | -            | \$ 0.30                          | 01/01/2015                   |  |   |
|                     | 250,000(4)      | -  | -            | 11.70                            | 10/03/2017                   |  |   |
|                     | -               | -  | 250,000(4)   | 11.70                            | 10/03/2017                   |  |   |
|                     | 100,000(5)      | -  | -            | 2.53                             | 08/08/2018                   |  |   |
|                     | 50,000(6)       | 150,000(6)   | -            | 3.41                             | 04/04/2021                   | 52,500(7)  | \$ 179,025  |
|                     |                 | 280,000(8)   | 2.15         | 05/20/2022                       |                              |  |   |
| Patricia Niu        | 10,000(9)       | -  | -            | 0.30                             | 09/08/2014                   |  |   |
|                     | 25,000(10)      | -  | -            | 1.54                             | 11/09/2016                   |  |   |
|                     | 50,000(11)      | -  | -            | 7.64                             | 08/22/2017                   |  |   |
|                     | 75,000(12)      | -  | -            | 2.53                             | 08/08/2018                   |  |   |
|                     | 12,500(13)      | 12,500(13)   | -            | 3.42                             | 03/12/2020                   |  |   |
|                     |                 |  |              | 06/29/2021                       | 26,250(14)                   | 83,475   |   |
|                     |                 | 175,000(8)   | 2.15         | 05/20/2022                       |                              |  |   |
| Paul M.<br>Zavracky | 30,000(15)      | -  | -            | 0.30                             | 02/12/2014                   |  |   |
|                     | (16)            |  |              |                                  |                              |  |   |
|                     | 45,000(15)      | -  | -            | 0.30                             | 04/28/2015                   |  |   |
|                     | (17)            |  |              |                                  |                              |  |   |
|                     | 12,000(15)      | -  | -            | 6.40                             | 03/12/2018                   |  |   |
|                     | (18)            |  |              |                                  |                              |  |   |
|                     | 12,000(15)      | -  | -            | 1.75                             | 03/12/2019                   |  |   |
|                     | (19)            |  |              |                                  |                              |  |   |
|                     | 8,000(15)       | 4,000(15)  | -            | 3.35                             | 05/12/2020                   |  |   |
|                     | (20)            | (20)   |              |                                  |                              |  |   |
|                     | 25,000(21)      | 75,000(21)   | -            | 3.41                             | 04/04/2021                   |  |   |
|                     |                 |  |              |                                  | 06/29/2021                   | 45,000(14)   | 143,100   |
|                     |                 | 140,000(8)   |              |                                  | 05/20/2022                   |  |   |

(1) Except as otherwise set forth below, all equity awards disclosed in this table vest as to 25% of the maximum number of shares issuable pursuant to such award on the first anniversary of the vesting start date, as set by our board of directors, and vest as to an additional 25% of the shares on each subsequent anniversary of the vesting start date, which generally is the date of grant, such that each equity award will be fully vested on the fourth anniversary of the vesting start date.

- (2) The market value was calculated based on the closing price per share of our common stock on the date of grant.
- (3) Granted on February 10, 2005 with a vesting start date of January 1, 2005 and fully vested on February 10, 2009.
- (4) An option for 250,000 shares was granted pursuant to our 2000 Omnibus Stock Plan and vests in equal installments over four years. An additional option for 250,000 shares was granted pursuant to our 2007 Stock Incentive Plan and vests 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, which we refer to in this footnote as “adjusted earnings;” (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 adjusted earnings; (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 adjusted earnings; 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 adjusted earnings. Irrespective of the above terms and conditions, the performance based options will vest fully on the eighth anniversary of the grant date of October 3, 2007.
- (5) Granted on August 8, 2008.
- (6) Granted on April 4, 2011.
- (7) Restricted stock awards granted on April 4, 2011 with 87,500 shares vesting on the first anniversary of the date of grant and 17,500 shares vesting on each of the second, third and fourth anniversaries of the grant date.
- (8) Granted on May 20, 2012.
- (9) Granted on October 15, 2004 with a vesting start date of September 8, 2004.
- (10) Granted on November 9, 2006.
- (11) Granted on August 22, 2007.
- (12) Granted on August 8, 2008.
- (13) Granted on March 12, 2010.



- (14) RSUs granted on June 29, 2011 vest in four equal installments on each of the first, second, third and fourth anniversaries of the grant date.
- (15) Stock options granted to Dr. Zavracky when he served as a director of the Company.
- (16) Granted on February 12, 2004 with a vesting start date of October 1, 2003.
- (17) Granted on April 28, 2005.
- (18) Granted on March 12, 2008 with vesting in three equal installments on each of the first, second and third anniversaries of the grant date.
- (19) Granted on March 12, 2009 with vesting in three equal installments on each of the first, second and third anniversaries of the grant date.
- (20) Granted on May 12, 2010 with vesting in three equal installments on each of the first, second and third anniversaries of the grant date.
- (21) Granted on April 4, 2011.

#### 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 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.

Item Security Ownership of Certain Beneficial Owners and Management and Related  
12. Stockholder Matters

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 April 26, 2013, 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
- 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 24,288,854 shares of our common stock outstanding as of April 26, 2013. 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 April 26, 2013 and RSUs that will vest within 60 days of April 26, 2013. 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.

| Name and Address of Beneficial Owner<br>5% Stockholders  | Shares<br>Outstanding | Beneficial Ownership |           | % of<br>Outstanding |
|--|-----------------------|----------------------|-----------|---------------------|
|  |                       | Right to<br>Acquire  | Total     |                     |
| Entities Affiliated with<br>IDG-Accel China Growth<br>Fund II L.P.<br>c/o IDG Capital<br>Management Ltd. (1)<br>Unit 1509, The Center<br>99 Queen’s Road<br>Central, Hong Kong | 4,725,223             | -                    | 4,725,223 | 19.5%               |
| Still River Fund II,LP (2)<br>1601 Trapelo Road<br>Waltham, Massachusetts<br>02451   | 2,778,107             | -                    | 2,778,107 | 11.4%               |
| Entities Affiliated with<br>InveStar Capital, Inc.(3)<br>333 W. San Carlos Street<br>San Jose, California<br>95110   | 2,357,620             | -                    | 2,357,620 | 9.7%                |
| Named Executive Officers   |                       |                      |           |                     |
| Yang Zhao, Ph.D  | 485,654 (4)           | 566,250              | 1,051,904 | 4.2%                |
| Patricia Niu   | 45,971                | 222,500              | 268,471   | 1.1%                |
| Paul M. Zavracky   | 37,422                | 196,000              | 233,422   | 1.0%                |

## Directors

|   |               |           |           |       |
|---|---------------|-----------|-----------|-------|
| Quan Zhou   | 4,738,556 (1) | -         | 4,738,556 | 19.5% |
| Michael Tung  | 2,367,620 (3) | 36,000    | 2,403,620 | 9.9%  |
| Roger W. Blethen  | 10,000        | 111,000   | 121,000   | *     |
| Lawrence A. Kaufman   | 10,000        | 32,000    | 42,000    | *     |
| All current directors and executive officers as a group (7 persons) | 7,695,223     | 1,163,750 | 8,858,973 | 34.8% |

\* Less than 1.0%

(1) Information based upon a Form 13D filed with the Securities and Exchange Commission on November 20, 2012. 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. Chi Sing Ho and Quan Zhou Ph.D. 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. Mr. Ho and Dr. Zhou are managing members of IDG Technology Venture Investment III, LLC, which is the general partner of IDG Technology Venture Investment III, L.P. Mr. Ho and Dr. Zhou are managing members of IDG Technology Venture Investments, LLC, which is the general partner of IDG Technology Venture Investments, LP. By virtue of acting together to direct the management and operations of the ultimate general partners of each of the above record owners, Mr. Ho may be deemed to have shared voting and dispositive power with respect to these shares with Dr. Zhou. Each of Mr. Ho and Dr. Zhou disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein, if any.

- (2) Information based upon a Form 5 filed with the Securities and Exchange Commission on May 11, 2010.
- (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 a 97% interest in the InveStar Funds.
- (4) Includes 18,596 shares of common stock held by Yang Zhao, as Trustee of the Yang Zhao Children's Grantor Retained Annuity. Also includes 104,218 shares of restricted stock award granted on April 4, 2011, of which 69,218 shares are vested and 17,500 shares shall vest on each of the third and fourth anniversaries of the date of grant.

## Equity Compensation Plan Information

We have two equity compensation plans under which shares are currently authorized for issuance, our Amended and Restated 2007 Stock Incentive Plan and our Amended and Restated 2009 Nonqualified Inducement Stock Option Plan. In addition, we have one equity compensation plan under which awards are currently outstanding but pursuant to which no future awards may be granted, our 2000 Omnibus Stock Plan. Both of our 2000 Omnibus Stock Plan and 2007 Stock Incentive Plan were approved by our stockholders prior to our initial public offering in December 2007. The following table provides information regarding securities authorized for issuance as of December 31, 2012 under our equity compensation plans.

| Plan Category   | Number of shares to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) (1) | Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))<br>(c) (2) |
|---|--|--|--|
| Equity Compensation Plans Approved by Security Holders        | 3,038,942  | \$ 4.66  | 1,626,675(3)   |
| Equity Compensation Plans Not Approved by Security Holders(4) | 289,976  | 3.40   | 2,196,962  |
| Total   | 3,328,918  | \$ 4.59  | 3,823,637  |

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- (1) Excludes 693,417 shares outstanding as of December 31, 2012 in the form of restricted stock awards and restricted stock units, which do not require the payment of any consideration by the recipients.
- (2) Gives effect to the issuance of restricted stock awards and restricted stock units outstanding at December 31, 2012.
- (3) Excludes 300,000 additional shares which may become issuable under our Amended and Restated 2007 Stock Incentive Plan on or after November 9, 2012 pursuant to evergreen provisions approved by our stockholders, which provide that, on each of the first five anniversaries of the adoption of the 2007 Incentive Plan the shares available for the future grant of awards under the plan shall be increased by the lesser of (i) 300,000 shares and (ii) an amount determined by the board of directors.
- (4) Our Amended and Restated 2009 Nonqualified Inducement Stock Option Plan has not been submitted for approval by our stockholders.

Item 13. Certain Relationships and Related Transactions and Director Independence

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 and Tung is an independent director.

Policies and Procedures Regarding Related Party Transactions

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 2012 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 9.7% 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 2012, we purchased an aggregate of \$5.7 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.



Item 14. Principal Accountant Fees and Services

Fees for Professional Services

The following is a summary of the fees for professional services rendered by Ernst & Young LLP for 2012 and 2011:

| Fee category       | Fees       |            |
|--------------------|------------|------------|
|                    | 2012       | 2011       |
| Audit fees         | \$ 575,414 | \$ 563,677 |
| Audit-related fees | 0          | 5,000      |
| Tax fees           | 20,000     | 78,500     |
| Total fees         | \$ 595,414 | \$ 647,244 |

**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.

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 2012 and 2011 were pre-approved.



## PART IV

Item Exhibits, Financial Statement Schedules, and Reports on Form 8-K  
15.

(a)(3) Exhibits

The following exhibits are included in this Amendment No. 1 to our Annual Report on Form 10-K:

| Exhibit No | Description  | Incorporated by Reference   |      |                   |             |
|------------|--|-----------------------------|------|-------------------|-------------|
|            |  | Filed with This Form 10-K/A | Form | Filing Date       | Exhibit No. |
| 3.1        | Amended By-Laws of the Corporation   |                             | 8-K  | December 19, 2007 | 3.2         |
| 3.2        | Second Amended and Restated Certificate of Incorporation of the Corporation  |                             | 8-K  | December 19, 2007 | 3.1         |
| 3.3        | Certificate of Amendment to Certificate of Incorporation of the Corporation  |                             | 10-K | March 22, 2013    | 3.2         |
| 31.1       | Certification of the Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | X                           |      |                   |             |
| 31.2       | Certification of the Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | X                           |      |                   |             |
| 32.1       | Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   | X                           |      |                   |             |
| 32.2       | Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the   | X                           |      |                   |             |

Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, as of April 30, 2013.

MEMSIC, INC.  
(Registrant)

By: /s/ Yang Zhao  
Yang Zhao  
Chief  
Executive  
Officer  
and President