

MoSys, Inc.  
Form DEF 14A  
April 29, 2014

[QuickLinks](#) -- Click here to rapidly navigate through this document

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

**SCHEDULE 14A**

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 §240.14a-12

**MOSYS, INC.**

---

(Name of Registrant as Specified In Its Charter)

---

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

## Edgar Filing: MoSys, Inc. - Form DEF 14A

- o Fee paid previously with preliminary materials.
- o 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:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

---

3301 Olcott Street  
Santa Clara, CA 95054

Dear Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of MoSys, Inc. (the "Company") to be held June 3, 2014, at 9:30 a.m., at our corporate headquarters located at 3301 Olcott Street, Santa Clara, California 95054.

The matters expected to be acted upon at the meeting are described in detail in the following Notice of the 2014 Annual Meeting of Stockholders and Proxy Statement.

It is important that your shares be represented and voted at the Annual Meeting. Whether you plan to attend the Annual Meeting or not, it is important that you promptly register your vote in accordance with the instructions set forth on the enclosed proxy card to ensure your proper representation. Returning the proxy does not deprive you of your right to attend the Annual Meeting. If you decide to attend the Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the meeting.

We look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ LEONARD PERHAM

---

Leonard Perham

*Chief Executive Officer and President*

First mailed to stockholders  
on or about May 6, 2014

---

**YOUR VOTE IS IMPORTANT.  
PLEASE REMEMBER TO PROMPTLY RETURN YOUR PROXY.**

---

**MOSYS, INC.**  
**NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of MoSys, Inc.:

NOTICE IS HEREBY GIVEN that the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of MoSys, Inc., a Delaware corporation (the "Company"), will be held June 3, 2014, at 9:30 a.m., at the Company's corporate headquarters located at 3301 Olcott Street, Santa Clara, California 95054, for the following purposes:

1. To elect five members of our board of directors to hold office until the next annual meeting of stockholders or until their respective successors have been elected and qualified. The nominees are Leonard Perham, Tommy Eng, Chi-Ping Hsu, Stephen L. Domenik and Victor K. Lee;
2. To ratify the Audit Committee's appointment of Burr Pilger Mayer, Inc. as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. To hold an advisory vote to approve executive compensation;
4. To approve the amendment and restatement of the Company's 2010 Equity Incentive Plan to increase the number of shares currently reserved for issuance thereunder by adding to the share reserve an additional 1,500,000 shares and to approve the material terms of the 2010 Equity Incentive Plan for purposes of Internal Revenue Code Section 162(m); and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment of the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders of record at the close of business on April 10, 2014 are entitled to notice of and to vote at the Annual Meeting, or at any adjournment thereof. A list of such stockholders will be available for inspection at our principal office.

You are cordially invited to attend the Annual Meeting. However, to ensure that you are represented at the Annual Meeting, please vote your shares by submitting instructions for proxy voting via the Internet, by phone, or by signing, dating and returning the proxy card in accordance with the instructions set forth on the enclosed proxy card at your earliest convenience. If you wish to submit your proxy by mail, a return addressed envelope is enclosed for your convenience. If you attend the Annual Meeting, you may vote in person even though you have submitted your proxy previously. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ LEONARD PERHAM

---

Leonard Perham  
*Chief Executive Officer and President*

Santa Clara, California  
April 29, 2014

---

**MOSYS, INC.**  
3301 Olcott Street  
Santa Clara, California 95054

---

**PROXY STATEMENT**

---

**GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation by the board of directors of MoSys, Inc., a Delaware corporation (the "Company"), of proxies, in the accompanying form, to be used at the 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held at our corporate headquarters located at 3301 Olcott Street, Santa Clara, California 95054 on June 3, 2014, at 9:30 a.m., and any adjournments of the Annual Meeting. Unless the context otherwise requires, the "Company," "MoSys," "we," "us" and similar terms refer to MoSys, Inc.

If you need directions to the location of the Annual Meeting in order to attend and vote in person, please contact us at (408) 418-7500.

This Proxy Statement and the accompanying proxy card are being mailed on or about May 6, 2014 to all stockholders entitled to notice of and to vote at the Annual Meeting.

**SOLICITATION AND VOTING PROCEDURES**

Shares represented by valid proxies in the accompanying form received in time for use at the Annual Meeting and not revoked at or prior to the Annual Meeting will be voted at the Annual Meeting, as discussed below. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the Annual Meeting. Holders of our common stock are entitled to one vote per share on all matters. To vote in person, a stockholder must attend the Annual Meeting, and then complete and submit the ballot provided at the meeting. To vote by proxy, a stockholder must mark, sign and date the enclosed proxy card and mail it to our transfer agent or submit voting instructions electronically by using the telephone or Internet following the instructions provided on the proxy card. An automated system administered by our transfer agent tabulates stockholder votes submitted by proxy, and an officer of ours will tabulate votes cast in person at the Annual Meeting.

Stockholders of record who are present at the meeting in person or by proxy and who abstain from voting on a proposal, including brokers holding customers' shares of record, will be included in the number of stockholders present at the meeting for purposes of determining whether a quorum is present.

The voting requirements for the proposals that we will consider at the Annual Meeting are:

*Proposal 1 Election of Directors.* Directors are elected by a plurality, and the five directors who receive the most votes will be elected to our board of directors. Shares represented by properly completed and timely submitted proxies will be voted "FOR" the election of the nominees listed in the Notice of the Annual Meeting, unless authority to do so is specifically withheld. If any nominee declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although we know of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the board of directors may designate.

*Proposal 2 Ratification of Appointment of Burr Pilger Mayer, Inc. as Independent Registered Public Accounting Firm.* An affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting is necessary for approval of this proposal.

---

## Edgar Filing: MoSys, Inc. - Form DEF 14A

*Proposal 3 Advisory Vote to Approve Executive Compensation.* An affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting will constitute approval of this proposal.

*Proposal 4 Increase the number of shares of common stock reserved for issuance under the 2010 Equity Incentive Plan and approve the material terms of such plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.* An affirmative vote of the holders of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting will constitute approval of this proposal.

*Abstentions and Broker Non-Votes.* Brokers holding shares in street name for customers have discretionary authority to vote on some matters when they have not received instructions from the beneficial owners of shares. Under the Delaware General Corporation Law, an abstaining vote and a broker "non-vote" are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Annual Meeting. A broker "non-vote" occurs when a broker or other nominee holding shares for a beneficial owner signs and returns a proxy with respect to shares of common stock held in a fiduciary capacity (typically referred to as being held in "street name") but does not vote on a particular matter due to a lack of discretionary voting power and instructions from the beneficial owner. Under listing rules governing voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters but not on non-routine matters. At the Annual Meeting, only Proposal No. 2 (the ratification of appointment of Burr Pilger Mayer, Inc. as our independent registered public accounting firm for the 2014 audit) is a routine matter under these rules. Brokers that do not receive instructions from the beneficial owners of the shares are entitled to vote only on Proposal No. 2 (the ratification of appointment of Burr Pilger Mayer, Inc. as our independent registered public accounting firm for the 2014 audit).

Broker non-votes are considered present but not entitled to vote. They will not affect the outcome of the vote on any of the proposals at the Annual Meeting because broker non-votes are excluded from the tabulation of votes cast on each proposal. Abstentions are counted as present and entitled to vote for purposes of establishing a quorum. An abstention will have no effect on the election of directors under Proposal No. 1. However, an abstention will have the same effect as a vote "against" the ratification of the appointment by the Audit Committee of Burr Pilger Mayer, Inc. as our independent registered public accounting firm for the 2014 audit under Proposal No. 2, the approval of executive compensation under Proposal No. 3 and the approval to increase the number of shares of common stock reserved for issuance under the 2010 Equity Incentive Plan under Proposal 4, because a vote in favor of these proposals from a majority of the shares present in person or by proxy and entitled to vote is needed for approval.

**Special Note Regarding Shares Held in Broker Accounts.** If you hold your shares through a broker, bank or other nominee, it is critical that you submit a legal proxy or voting instructions if you want your shares to be counted. If you hold your shares through a bank, broker or other nominee and you do not submit a proxy or otherwise instruct your bank, broker or other nominee how to vote in the election of directors, the advisory vote on executive compensation and the increase in the number of shares reserved for issuance under the 2010 Equity Incentive Plan, no votes will be cast on your behalf on Proposal Nos. 1, 3 and 4. If you submit a signed proxy, but do not provide voting instructions, your bank, broker or other nominee will, as in prior years, have discretion to vote uninstructed shares on the ratification of our independent registered public accounting firm (Proposal No. 2), and your shares may still be counted for purposes of determining if a quorum is present.

All proxies will be voted as specified on the proxy cards submitted by stockholders, if the proxy is properly executed or electronically submitted and is received by us prior to the close of voting at the Annual Meeting or any adjournment or postponement of the Annual Meeting. Our chief executive officer, Leonard Perham, and our chief financial officer, James Sullivan, have been designated as proxy holders for the Annual Meeting. If no choice has been specified, a timely returned and properly executed or

## Edgar Filing: MoSys, Inc. - Form DEF 14A

electronically submitted proxy card will be voted in accordance with management's recommendations on Proposals Nos. 1, 2 and 3, which are described in detail elsewhere in this Proxy Statement, except with respect to broker non-votes. In addition, all properly completed and timely returned or electronically submitted proxy cards will be voted by the proxyholders in their discretion for any other matters properly and timely submitted for a vote at the Annual Meeting.

Only holders of our common stock at the close of business on April 10, 2014, the record date, will be entitled to notice of and to vote at the Annual Meeting. As of that date, we had 49,482,564 shares of common stock outstanding each with one vote per share.

The cost of soliciting proxies, including expenses incurred in connection with preparing and mailing this Proxy Statement and the proxy card and maintaining the Internet access for such materials and the submission of proxies will be borne by us. Copies of solicitation material will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners of our common stock. We will reimburse brokerage firms and other persons representing beneficial owners of common stock for their expenses in forwarding proxy material to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, electronic facsimile transmission and other electronic means, and personal solicitation by our directors, officers or employees. No additional compensation will be paid to directors, officers or employees for such solicitation. We have retained Wells Fargo Shareowner Services to assist in the distribution of proxies for a fee estimated to be approximately \$3,000 plus reasonable out-of-pocket expenses. We may also decide to engage the services of a private proxy solicitor and incur fees of up to approximately \$10,000. Copies of our 2013 Annual Report on Form 10-K filed with the SEC on March 14, 2014 are being mailed to stockholders with this Proxy Statement and these documents can also be viewed on the investors section of our website, [www.mosys.com](http://www.mosys.com). Additional copies of our 2013 Annual Report on Form 10-K, excluding exhibits, may be obtained by any stockholder, without charge, by sending an e-mail to [priv\\_ir@mosys.com](mailto:priv_ir@mosys.com) or by written request addressed to: MoSys, Inc., 3301 Olcott Street, Santa Clara, California 95054, Attention: Investor Relations.

### REVOCABILITY OF PROXIES

You can revoke your proxy at any time before the voting at the Annual Meeting by sending a properly signed written notice of your revocation to our Secretary, by submitting another proxy that is properly signed and bearing a later date, by following the specified procedures for submitting a proxy electronically and changing your vote or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not itself revoke an earlier submitted proxy. You should direct any written notices of revocation and related correspondence to MoSys, Inc., 3301 Olcott Street, Santa Clara, California 95054, Attention: Secretary.

### IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 3, 2014

This Proxy Statement, the proxy card and our 2013 Annual Report on Form 10-K are available at [www.mosysinc.com/proxy/proxymaterials.html](http://www.mosysinc.com/proxy/proxymaterials.html).

**BOARD OF DIRECTORS****Directors**

Our bylaws provide that the number of directors is determined by resolution of the board of directors and can be changed by approval of the stockholders or a majority of the directors. Our board of directors currently consists of five directors. Each director is elected to serve until the next annual meeting of stockholders and until the election and qualification of his or her successor or his or her earlier resignation or removal.

The names of our directors, including five nominees to be elected at the Annual Meeting, and certain information about each of them, are set forth below.

Name	Age	Position(s) with the Company
Leonard Perham	70	Chief Executive Officer, President and Director
Tommy Eng(1)(3)	56	Director
Chi-Ping Hsu(2)(3)	59	Director
Stephen L. Domenik(1)(2)	61	Director
Victor K. Lee(1)	57	Director

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Technology Strategy Committee

The principal occupations and positions for at least the past five years of our directors are described below. There are no family relationships among any of our directors or executive officers.

*Len Perham.* Mr. Perham was appointed to be our chief executive officer and president and a member of our board of directors in November 2007. Mr. Perham was one of the original investors in MoSys and initially served on our board of directors from 1991 to 1997. In 2000, Mr. Perham retired from Integrated Device Technology, Inc., where he served as chief executive officer from 1991 to 2000 and as president and a board member from 1986. From March 2000 to February 2012, Mr. Perham served as a member of or chairman of the board of directors of NetLogic Microsystems, Inc., a fabless semiconductor company. Mr. Perham also has been a private investor holding officer and director positions with various private companies. Mr. Perham holds a B.S. in electrical engineering from Northeastern University. We believe that Mr. Perham's qualifications to serve as a director include his tenure as our chief executive officer and as a member of the board of directors, during which time he has gained a unique and extensive understanding of our company, our business and our long term strategy, as well as his experience in the semiconductor industry generally.

*Tommy Eng.* Mr. Eng was appointed to our board of directors in August 2004. Mr. Eng is a founding partner of EXA Ventures, a venture capital investment firm specializing in IT, semiconductor, communication, multimedia technology/services/content, software, and the incubation of early stage technology companies. Mr. Eng has been an investor holding officer and director positions with various private companies. Prior to founding EXA Ventures, Mr. Eng was an entrepreneur and executive in the semiconductor, software and communication industries. Mr. Eng held various executive and engineering positions at Tera Systems, Mentor Graphics, Silicon Compiler Systems, and Bell Labs. Mr. Eng holds a B.S. in electrical engineering from Polytechnic University in New York and a M.S. in electrical engineering from the University of California at Berkeley. We believe that Mr. Eng's qualifications to serve on the board of directors include his extensive business experience, including senior management positions at several



## Edgar Filing: MoSys, Inc. - Form DEF 14A

different companies in the semiconductor industry. He brings strategic and technical insight to the board of directors.

*Chi-Ping Hsu.* Dr. Hsu was appointed to our board of directors in August 2004. Since April 2003, Dr. Hsu has held executive positions at Cadence Design Systems, an electronic design automation software and engineering services company, most recently as senior vice president, chief strategy officer of EDA, and chief of staff to Cadence's chief executive officer. From November 2001 to April 2003, Dr. Hsu was president and chief operating officer of Get2Chip, a supplier of high-performance system-on-chip synthesis, which was acquired by Cadence. A graduate of the Taiwan National University with a B.S. in electrical engineering, Dr. Hsu also holds a Ph.D. in electrical engineering and computer science from the University of California at Berkeley. We believe that Dr. Hsu's qualifications to serve on the board of directors include his extensive business experience having held senior management positions at several different companies in the semiconductor and electronic design automation software industries. He brings strategic and operational insight to the board of directors.

*Stephen L. Domenik.* Mr. Domenik was appointed to our board of directors in June 2012. Since 1995, Mr. Domenik has been a general partner with Sevin Rosen Funds, a venture capital firm, and serves on the boards of directors of various private companies. In January 2014, Mr. Domenik joined the board of Meru Networks, Inc. Since December 2013, Mr. Domenik has served on the board of directors of Emcore Corporation and PLX Technology, Inc. Since August 2010, Mr. Domenik has served on the board of directors of Pixelworks, Inc. He also served on the board of directors of NetLogic Microsystems, Inc. from January 2001 until it was acquired in February 2012. Mr. Domenik holds a B.S. in Physics and a M.S.E.E. from the University of California at Berkeley. We believe that Mr. Domenik's qualifications to serve on the board of directors include his extensive business experience, having held senior management positions at several companies in the semiconductor and software industry and having served on the boards of directors of multiple public semiconductor companies. In addition, he has considerable relevant experience in corporate investments and the strategic development of high-technology companies.

*Victor K. Lee.* Mr. Lee was appointed to our board of directors in June 2012. Mr. Lee is currently a consultant in the semiconductor industry. Since September 2006, Mr. Lee has served on the board of directors of Monolithic Power Systems, Inc. Mr. Lee served as chief financial officer of Ambarella, Inc., a fabless semiconductor company from August 2007 to March 2011. From December 2002 through June 2007, Mr. Lee served as chief financial officer and secretary of Leadis Technology, Inc., a fabless semiconductor company. Prior to 2002, Mr. Lee held various financial positions at SINA Corporation, VLSI Technology, Inc. and Advanced Micro Devices, Inc. Mr. Lee holds a B.S. in Industrial Engineering and Operations Research and a M.B.A. from the University of California at Berkeley. We believe that Mr. Lee's qualifications to serve on the board of directors include his extensive business experience, having held senior financial management positions at several companies in the semiconductor industry and having served on the board of directors of a public semiconductor company. Mr. Lee is also capable of providing our board of directors with valuable insight into financial management and disclosure issues relevant to our business.

## CORPORATE GOVERNANCE

### Director Independence

Our board of directors has determined that each of the current directors, with the exception of Mr. Perham, is "independent," as defined by the listing rules of the NASDAQ Stock Market, or NASDAQ, and the rules and regulations of the Securities and Exchange Commission, or SEC. Our board of directors has standing Audit and Compensation Committees, each of which is comprised solely of independent directors in accordance with the NASDAQ listing rules. No director qualifies as independent unless the board of directors affirmatively determines that he has no direct or indirect relationship with us that would impair his independence. We independently review the relationship of the Company to any entity employing a director or on whose board of directors he is serving currently.

### Audit Committee

Our board of directors established the Audit Committee for the purpose of overseeing the accounting and financial reporting processes and audits of our financial statements. The Audit Committee also is charged with reviewing reports regarding violations of our code of ethics and complaints with respect thereto, and internal control violations under our whistleblower policy are directed to the Chairman of the Audit Committee. The responsibilities of our Audit Committee are described in the Audit Committee Charter adopted by our board of directors, a current copy of which can be found on the investors section of our website, [www.mosys.com](http://www.mosys.com).

Messrs. Lee, Eng and Domenik are the members of the Audit Committee. Mr. Domenik joined the Audit Committee in June 2013, when James Kupec, a former Audit Committee member, left our board of directors. All are independent as determined in accordance with Rule 5605(a)(2) of the NASDAQ listing rules and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Mr. Lee serves as chairman and has been designated by the board of directors as the "audit committee financial expert," as defined by Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended, and the Exchange Act. That status does not impose on him duties, liabilities or obligations that are greater than the duties, liabilities or obligations otherwise imposed on him as a member of the Audit Committee and the board of directors, however. The Audit Committee has delegated authority to Mr. Lee for review and approval of non-audit services proposed to be provided by our independent auditors.

### Compensation Committee

Messrs. Domenik and Hsu are the members of the Compensation Committee, with Mr. Domenik serving as the chairman. Mr. Domenik became the chairman of the Compensation Committee in June 2013, when James Kupec, the former Committee chairman, left our board of directors.

The Compensation Committee is responsible for reviewing, recommending and approving our compensation policies and benefits, including the compensation of all of our executive officers and directors. Our Compensation Committee also has the principal responsibility for the administration of our equity incentive and stock purchase plans. The responsibilities of our Compensation Committee are described in the Compensation Committee Charter, which was adopted in January 2014 by our board of directors, a current copy of which can be found on the investors section of our website, [www.mosys.com](http://www.mosys.com).

### Technology Strategy Committee

Our board of directors established the Technology Strategy Committee in August 2004 to oversee the development, planning and implementation of our long-term intellectual property strategy. Messrs. Eng and Hsu are the current members of the Technology Strategy Committee. Mr. Eng is chairman of this committee. This committee does not meet regularly but it, or its members, confers with management informally from time to time.

## Nominations Process

We do not have a nominating committee. Instead of having such a committee, our board of directors historically has appointed all of the independent directors on our board to search for and evaluate qualified individuals to become nominees for director and board committee members. The independent directors recommend candidates for nomination for election or reelection for each annual meeting of stockholders and, as necessary, to fill vacancies and newly created directorships, and evaluate candidates for appointment to and removal from committees. The independent directors operate in this capacity under authority granted by resolution of the board of directors, rather than by charter.

When new candidates for our board of directors are sought, the independent directors evaluate each candidate for nomination as director within the context of the needs and the composition of the board of directors as a whole. The independent directors conduct any appropriate and necessary inquiries into the backgrounds and qualifications of candidates. When evaluating director nominees, our board of directors generally seeks to identify individuals with diverse, yet complementary backgrounds. Although we have no formal policy regarding diversity, our directors consider both the personal characteristics and experience of director nominees, including each nominee's independence, diversity, age, skills, expertise, time availability and industry background in the context of the needs of the board of directors and the Company. The board of directors believes that director nominees should exhibit proven leadership capabilities and experience at a high level of responsibility within their chosen fields, and must have the experience and ability to analyze the complex business issues facing MoSys, and specifically, the issues inherent in the semiconductor industry. In addition to business expertise, the board of directors requires that director nominees have the highest personal and professional ethics, integrity and values and, above all, are committed to representing the long-term interests of our stockholders and other stakeholders. To date, we have not paid any fee to a third party to assist in the process of identifying or evaluating director candidates.

Our independent directors will consider candidates for nomination as director who are recommended by a stockholder and will not evaluate any candidate for nomination for director differently because the candidate was recommended by a stockholder. To date, we have not received or rejected any suggestions for a director candidate recommended by any stockholder or group of stockholders owning more than 5% of our common stock. When submitting candidates for nomination to be elected at our annual meeting of stockholders, stockholders must also follow the notice procedures and provide the information required by our bylaws. To consider a candidate recommended by a stockholder for nomination at the 2015 Annual Meeting of Stockholders, the recommendation must be delivered or mailed to and received by our Secretary within the time periods discussed elsewhere in this proxy statement under the heading "Stockholder Proposals for 2015 Annual Meeting." The recommendation must include the information specified in our bylaws for stockholder nominees to be considered at an annual meeting, including the following:

The stockholder's name and address and the beneficial owner, if any, on whose behalf the nomination is proposed;

The stockholder's reason for making the nomination at the annual meeting, and the signed consent of the nominee to serve if elected;

The number of shares owned by, and any material interest of, the record owner and the beneficial owner, if any, on whose behalf the record owner is proposing the nominee;

A description of any arrangements or understandings between the stockholder, the nominee and any other person regarding the nomination; and

Information regarding the nominee that would be required to be included in our proxy statement by the rules of the SEC, including the nominee's age, business experience for the past five years and any other directorships held by the nominee.

## Edgar Filing: MoSys, Inc. - Form DEF 14A

The information listed above is not a complete list of the information required by our bylaws. The secretary will forward any timely recommendations containing the required information to our independent directors for consideration.

### **Board Leadership Structure**

Our bylaws provide the board of directors with flexibility to combine or separate the positions of chairman of the board of directors and chief executive officer in accordance with its determination that utilizing one or the other structure is in the best interests of our company. Currently, the board of directors has not appointed a chairman or lead independent director. From time to time, each of the independent directors works with Mr. Perham to perform a variety of functions related to our corporate governance, including coordinating board of directors activities, setting the agenda for meetings (in consultation with Mr. Perham, as necessary or appropriate) and ensuring adequate communication between the board of directors and management. Our Audit Committee, which oversees critical matters such as our relationship with our auditors, financial reporting practices and system of disclosure controls and internal controls over financial reporting, and our Compensation Committee, which oversees our executive compensation program, each consists entirely of independent directors.

### **Risk Oversight**

The board of directors is actively involved in the oversight of risks, including strategic, credit, liquidity, operational and other risks, which could affect our business. The board of directors does not have a standing risk management committee, but administers this oversight function directly through the board of directors as a whole and through its committees, which oversee risks relevant to their respective functions. For example, the Audit Committee assists the board of directors in its risk oversight function by reviewing and discussing with management our compliance with accounting principles, financial reporting practices, system of disclosure controls and internal controls over financial reporting and the treasury function, including management of our cash and investments. The Compensation Committee assists the board of directors in its risk oversight function by considering risks relating to the design of our executive compensation programs and arrangements and employee benefit plans. The Technology Strategy Committee advises management on risks associated with the development, planning and implementation of our long-term intellectual property strategy and new product initiatives, as well as important intellectual property transactions. The full board of directors considers strategic risks and opportunities and receives reports from the committees regarding risk oversight in their areas of responsibility as necessary. The board of directors and each committee administers its respective risk oversight function by evaluating management's monitoring, assessment and management of risks, including steps taken to limit our exposure to known risks, through regular interaction with our senior management and in board and committee deliberations that are closed to members of management. The interaction with management occurs not only at formal board and committee meetings but also through periodic and other written and oral communications.

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

Stockholders who desire to communicate with the board of directors, or a specific director, may do so by sending the communication addressed to either the board of directors or any director, c/o MoSys, Inc., 3301 Olcott Street, Santa Clara, California 95054. These communications will be delivered to the board of directors, or any individual director, as specified.

### **Annual Meeting Attendance**

We have a policy of encouraging each director to attend the annual meeting of stockholders, but attendance is not required. Mr. Perham, who is also our president and chief executive officer, attended the 2013 Annual Meeting of Stockholders.

### **Meetings of the Board and Committees**

During 2013, there were four meetings of the board of directors, four meetings of the Audit Committee and three meetings of the Compensation Committee. Each director attended 100% of the total number of meetings of the board of directors. The Audit Committee members attended all of the Audit Committee meetings, with the exception of Mr. Domenik, who attended no Audit Committee meetings in 2013, subsequent to joining the Audit Committee in June 2013. Mr. Domenik was an Audit Committee member for two of the four meetings. The Compensation Committee members attended 100% of the meetings held in 2013, with the exception of Mr. Domenik, who attended 67% of the meetings. The board of directors and the Compensation Committee also acted at times by unanimous written consent, as authorized by our bylaws and the Delaware General Corporation Law. The Technology Strategy Committee held no formal meetings during 2013.

### **Compensation Committee Interlocks and Insider Participation**

During 2013, none of our executive officers served as a member of the board of directors or compensation committee of any entity that had one or more of its executive officers serving as a member of our board of directors or Compensation Committee. Messrs. Domenik and Hsu, the Compensation Committee members, were not officers or employees of ours during 2013 or at any other time.

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

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of ours. Directors, executive officers and greater than 10% holders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. Based solely on our review of Forms 3 and 4 received during 2013 (and any written representations to us by such persons) received with respect to fiscal year 2013, we believe that all directors, executive officers and 10% stockholders complied with all applicable Section 16(a) filing requirements during 2013.

### **Code of Ethics**

We have adopted a code of ethics that applies to all of our employees. The code of ethics is designed to deter wrongdoing and to promote, among other things, honest and ethical conduct, full, fair, accurate, timely, and understandable disclosures in reports and documents submitted to the SEC and other public communications, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations of the code to an appropriate person or persons identified in the code and accountability for adherence to such code.

The code of ethics is available on our website, [www.mosys.com](http://www.mosys.com). If we make any substantive amendments to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer or Chief Financial Officer, or persons performing similar functions, where such amendment or waiver is required to be disclosed under applicable SEC rules, we intend to disclose the nature of such amendment or waiver on our website.

**DIRECTOR COMPENSATION**

The following table summarizes the compensation we paid to our non-employee directors in 2013:

Name	Option Awards \$(1)(2)	Total (\$)
Tommy Eng	37,436	37,436
Chi-Ping Hsu	37,436	37,436
James D. Kupec(3)		
Stephen L. Domenik	74,872	74,872
Victor K. Lee	74,872	74,872

- (1) Option award amounts reflect the aggregate grant date fair value with respect to stock options granted to the non-employee directors, as determined pursuant to FASB ASC Topic 718. The assumptions used to calculate the aggregate grant date fair value of option awards are set forth in the notes to the audited consolidated financial statements included in our 2013 Annual Report on Form 10-K. These amounts do not reflect actual compensation earned or to be earned by our non-employee directors. Option award amounts consist of: options granted to Mr. Eng and Dr. Hsu on July 18, 2013 to purchase 20,000 shares each, with a grant date fair value of \$37,436 for each option; and options granted to Mr. Domenik and Mr. Lee on July 18, 2013, to purchase 40,000 shares each, with a grant date fair value of \$74,872 each.
- (2) As of December 31, 2013, our non-employee directors held outstanding options to purchase the following number of shares of our common stock: Tommy Eng, 300,000; Chi-Ping Hsu, 220,000; Stephen L. Domenik, 180,000 and Victor K. Lee, 200,000.
- (3) Mr. Kupec served on our board of directors through June 4, 2013.

In 2013, members of our board of directors did not receive any cash compensation for their service as directors. Pursuant to our 2010 Equity Incentive Plan (the "2010 Plan"), on July 18, 2013, we granted options to purchase 20,000 shares to each of Messrs. Eng, Hsu, Domenik and Lee at an exercise price of \$4.19 per share. These options vest in full on the first anniversary of the date of grant. The 2010 Plan permits the board of directors to establish by resolution the number of shares, up to a maximum of 40,000 each year for each non-employee director, to be covered by annual option grants or other awards to our non-employee directors for each year of service on our board. The awards will be granted at the first regular meeting of the board of directors following the date of each annual meeting of stockholders and vest in full on the first anniversary of the grant date, subject to continuous service during the period. Historically, the annual award to a director was an option to purchase 20,000 shares of common stock, and, in 2013, the board of directors determined that, although the 2010 Plan permits annual award grants of up to 40,000 shares, the annual award for service on the board of directors should continue to be an option to purchase 20,000 shares. The 2010 Plan also provides that each non-employee director shall be granted an award to acquire up to 120,000 shares upon his or her initial appointment or election to our board of directors, vesting over a four-year period at the rate of one fourth of the total number of shares each year, subject to the non-employee director's continuous service on the board, with the exercise price of the award equal to 100% of the fair market value of a share of common stock on the date that he becomes a director. The 2010 Plan also provides that each non-employee director shall be granted an award to purchase up to 20,000 shares for his or her role as chairperson of the Compensation and Audit Committees. Messrs. Domenik and Lee were chairmen of the Compensation and Audit Committees, respectively, in 2013, and, therefore, each was granted an additional option to purchase 20,000 shares for their service in this capacity. In the event of a merger, sale of substantially all of our assets or similar transaction, vesting of all director options would accelerate as to 100% of the unvested shares subject to the award. All awards to directors have a term of not longer than six years. The 2010 Plan also permits a disinterested majority of the board of directors, in its discretion, to authorize additional

shares to be awarded or granted under stock options to committee chairs and other non-employee directors for extraordinary service on the board. The exercise price per share under each such discretionary option grant is equal to the fair market value of a share of our common stock on the date of grant on the principal trading market for our common stock at the time of grant, which is the NASDAQ Global Select Market, or the Nasdaq GM.

## EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS

### *Overview of Compensation Program*

The Compensation Committee of the board of directors has responsibility for establishing, implementing and monitoring adherence to our compensation philosophy. The board of directors has delegated to the Compensation Committee the responsibility for determining our compensation policies and procedures for senior management, including the named executive officers, periodically reviewing these policies and procedures, and making recommendations concerning executive compensation to be considered by the full board of directors, when such approval is required under any of our plans or policies or by applicable laws. The Compensation Committee also has the principal responsibility for the administration of our stock plans, including the approval of stock option grants to the named executive officers.

The compensation received by our named executive officers in fiscal year 2013 is set forth in the Summary Compensation Table, below. For 2013, the named executive officers included Leonard Perham, President and Chief Executive Officer, James Sullivan, Vice President of Finance and Chief Financial Officer and Thomas Riordan, Chief Operating Officer.

### *Compensation Philosophy*

In general, our executive compensation policies are designed to recruit, retain and motivate qualified executives by providing them with a competitive total compensation package based in large part on the executive's contribution to our financial and operational success, the executive's personal performance and increases in stockholder value as measured by the price of our common stock. We believe that the total compensation paid to our executives should be fair, reasonable and competitive.

We seek to have a balanced approach to executive compensation with each primary element of compensation (base salary, variable compensation and equity incentives) designed to play a specific role. Overall, we design our compensation programs to allow for the recruitment, retention and motivation of the key executives and high-level talent required in order for us to:

supply high-value and high-quality integrated circuit solutions to our customer base;

achieve or exceed our annual financial plan and be profitable;

make continuous progression towards achieving our long-term strategic objectives to be a high-growth company with growing profitability; and

increase our share price to provide greater value to our stockholders.

### *Role of Executive Officers in Compensation Decisions*

The chief executive officer ("CEO") makes recommendations based on guidelines for equity and non-equity compensation for executives that have been approved by the Compensation Committee. The Compensation Committee reviews these guidelines annually. The CEO annually reviews the performance of our executives (other than himself) and presents his recommendations for proposed salary adjustments, bonuses and equity awards to the Compensation Committee once a year. In its discretion, the Compensation Committee may accept, modify or reject the CEO's recommendations. Only the Compensation Committee and the board of directors are authorized to approve the compensation for

## Edgar Filing: MoSys, Inc. - Form DEF 14A

any named executive officer. Compensation of new executives is based on hiring negotiations between the individuals and our CEO and/or Compensation Committee.

### *Elements of Compensation*

Consistent with our compensation philosophy and objectives, we offer executive compensation packages consisting of the following three components:

base salary;

annual incentive compensation; and

equity awards.

In each fiscal year, the Compensation Committee determines the amount and relative weighting of each component for all executives, including the named executive officers. Base salaries are paid in fixed amounts and thus do not encourage risk taking. For 2013, we had no incentive bonus programs.

Our widespread use of long-term compensation consisting of stock options and restricted stock units ("RSUs") focuses recipients on the achievement of our longer-term goals. For example, the stock options granted to our executives in 2013 vest in increments over four years and will fully vest in 2017, and the stock options granted to our non-executive employees vest in increments over four years from the date of grant. The Compensation Committee believes that these awards do not encourage unnecessary or excessive risk taking because the ultimate value of the awards is tied to our stock price, and the use of multi-year vesting schedules help to align our employees' interests even more closely with those of our long-term investors.

### *Base Salary*

Because our compensation philosophy stresses performance-based awards, base salary is intended to be a smaller portion of total executive compensation relative to long-term equity. Therefore, we target executive base salary at the median level of the compensation guidelines that have been approved by the Compensation Committee. In addition, the Compensation Committee takes into account the executive's scope of responsibility and significance to the execution of our long-term strategy, past accomplishments, experience and personal performance and compares each executive's base salary with those of the other members of senior management. The Compensation Committee may give different weighting to each of these factors for each executive, as it deems appropriate. The Compensation Committee did not retain a compensation consultant or determine a compensation peer group for 2013. In 2013, there were no changes to the base salaries paid to our named executive officers.

### *Annual Incentive Compensation*

The Compensation Committee did not adopt an executive bonus plan for 2013 because the Compensation Committee believed that such a plan should be based on pre-tax profit and none was projected. To date, the Compensation Committee has not adopted an executive bonus plan for 2014 as the Company does not expect to be profitable in 2014. As soon as we achieve profitability on a pre-tax basis, the Compensation Committee intends to implement a bonus plan for our executives.

### *Equity Awards*

Although we do not have a mandated policy regarding the ownership of shares of common stock by officers and directors, we believe that granting equity awards to executives and other key employees on an ongoing basis gives them a strong incentive to maximize stockholder value and aligns their interests with those of our other stockholders on a long-term basis. Our 2010 Plan enables us to grant equity awards, as well as other types of stock-based compensation, to our executive officers and other



## Edgar Filing: MoSys, Inc. - Form DEF 14A

employees. Under authority delegated to it by the board of directors, the Compensation Committee reviews and approves all equity awards granted to named executive officers under the 2010 Plan. Typically, the options granted upon the executive's hire vest with respect to one-fourth of the total number of shares subject to the grant on the first anniversary of the grant date and with respect to 1/48th of the shares monthly thereafter. The options granted to executives in connection with an annual performance review typically vest over a four-year period at the rate of 1/48th of the shares monthly. Our general policy is to grant the options with an exercise price equal to fair market value, which currently is the closing price of the common stock on the Nasdaq GM on the grant date. RSUs granted to executives in connection with an annual performance review typically vest annually over a three to five-year period.

We intend to grant equity awards to achieve retention and motivation:

upon the hiring of key executives and other personnel;

annually, when we review progress against corporate and personal goals; and

when we believe that competitive forces or economic conditions threaten to cause our key executives to lose their motivation and/or where retention of these key executives is in jeopardy.

With the Compensation Committee's approval, we grant options to purchase shares of common stock when we initially hire executives and other employees, as a long-term performance incentive. The Compensation Committee has determined the size of the initial option grants to newly hired executives with reference to existing guidelines and hiring negotiations with the individual, in addition to other relevant information regarding the size and type of compensation package considered necessary to enable us to recruit, retain and motivate the executive.

Historically, no employee was eligible for an annual performance grant until the employee had worked for us for at least six months. Historically, annual performance reviews were conducted in the second quarter of each fiscal year, but beginning in 2014, annual performance reviews will be conducted in the first quarter of each fiscal year. Our CEO conducts the performance review of the other executives, all of whom report to him, and advises the Compensation Committee of any recommended new option grants. In addition to reviewing the CEO's recommendations for other executives, the Compensation Committee also reviews the CEO's annual performance and determines whether he should be granted an option to purchase additional shares. Aside from stock award grants in connection with annual performance reviews, we do not have a policy of granting additional awards to executives and, consequently, the board of directors and the Compensation Committee have not adopted a policy with respect to granting awards in coordination with the release of material non-public information.

In determining the size of equity awards in connection with the annual performance reviews of our executives, the Compensation Committee takes into account the executive's current position with and responsibilities to us. In June 2013, the Compensation Committee approved an option grant for 100,000 shares to Mr. Perham, as a result of the review by our board of directors of Mr. Perham's annual performance and its annual review of compensation of our other executives. The amount of the grant was determined by considering Mr. Perham's previous option grants and current options outstanding, as well as the size of grants made to other executives. The grant to Mr. Perham was larger than any grant to other executives because of his responsibilities as CEO and he had not received any awards of stock-based compensation since 2011. In addition, the Compensation Committee observed that Mr. Perham had not been paid a bonus for any year of service to us, and he voluntarily reduced his salary in 2011 without receiving any salary increases since then. Mr. Perham's base salary is significantly below the base salaries of chief executive officers of comparable companies in our industry and options are the primary component of Mr. Perham's compensation package.

In June 2013, in connection with Mr. Sullivan's annual performance review, upon the recommendation of Mr. Perham, the Compensation Committee approved an option grant of 36,250 shares and a grant of RSUs for 10,000 shares to Mr. Sullivan.

## Edgar Filing: MoSys, Inc. - Form DEF 14A

Only the board of directors or the Compensation Committee may approve options or other equity-based compensation to our executives. However, the board of directors has authorized the CEO to approve option grants to employees at the senior director level and below for the purchase of not more than 100,000 shares by any employee during any calendar year. All such grants must be consistent with equity incentive guidelines approved by the Compensation Committee. The exercise price for such grants must be equal to the closing price of a share of the common stock on the Nasdaq GM on the date of grant.

Going forward, we intend to continue to evaluate and consider equity grants to our executives on an annual basis. We expect to consider potential equity awards for executives at the same time as we annually review our employees' performance and determine whether to award grants for all employees.

### *Accounting and Tax Considerations*

Our Compensation Committee has reviewed the impact of tax and accounting treatment on the various components of our executive compensation program. Section 162(m) of the Internal Revenue Code (the "Code") generally disallows a tax deduction to publicly-held companies for compensation paid to "covered" executive officers, to the extent that compensation paid to such an officer exceeds \$1 million during the taxable year. We endeavor to award compensation that will be deductible for income tax purposes, though other factors will also be considered. Our Compensation Committee may authorize compensation payments that do not comply with the exemptions to Section 162(m) when we believe that such payments are appropriate to attract and retain executive talent.

### *Say-on-Pay*

In 2011, we gave our stockholders an opportunity to provide feedback on our executive compensation through an advisory vote at our annual stockholder meeting. Stockholders were asked to approve, on an advisory basis, the compensation paid to our named executive officers. A significant percentage of stockholders indicated approval of the compensation of the named executive officers, with 62% of the shares present or represented by proxy and entitled to vote on such matter voting in favor of the proposal.

In light of the results of the advisory vote, the Compensation Committee has continued to apply principles that were substantially similar to those applied historically in determining compensation policies and decisions and did not make any significant changes to executive compensation decisions and policies with respect to 2013 executive compensation. The Compensation Committee will consider the results of the current advisory vote in its compensation policies and decisions.

## **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis provisions to be included in this proxy statement and in our Annual Report on Form 10-K for the year ended December 31, 2013. Based on this review and discussion, the Compensation Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in our Annual Report on Form 10-K for the year ended December 31, 2013.

The Compensation Committee of the Board of Directors:

Stephen L. Domenik (Chairman)  
Chi-Ping Hsu

## SUMMARY COMPENSATION TABLE

The following table sets forth compensation information for fiscal years 2013, 2012 and 2011 for each of our named executive officers.

Name and principal position	Year	Salary (\$)	Stock Option Awards \$(1)	Non-Equity		Total (\$)
				Restricted Stock Awards \$(1)	Incentive Plan Compensation (\$)	
Leonard Perham(2) Chief Executive Officer & President	2013	150,000	236,700			386,700
	2012	147,443				147,443
	2011	191,667	216,300			407,967
James Sullivan(3) Chief Financial Officer & Vice President of Finance	2013	209,625	85,804	44,600		340,029
	2012	209,625				209,625
	2011	198,047	86,120			284,167
Thomas Riordan(4) Chief Operating Officer & Executive Vice President	2013	160,000				160,000
	2012	160,000				160,000
	2011	100,000	1,765,600			1,865,600

- (1) Award amounts reflect the aggregate grant date fair value with respect to equity granted during the years indicated, as determined pursuant to FASB ASC Topic 718. The assumptions used to calculate the aggregate grant date fair value of option awards are set forth in the notes to the audited consolidated financial statements included in our 2013 Annual Report on Form 10-K filed with the SEC on March 14, 2014. These amounts do not reflect actual compensation earned or to be earned by our named executive officers.
- (2) In November 2011, Mr. Perham recommended to the Compensation Committee that his annual base salary be reduced from \$200,000 to \$150,000 effective November 1, 2011. The Compensation Committee accepted Mr. Perham's recommendation, and his annual base salary was reduced to \$150,000 effective November 1, 2011.
- (3) In November 2011, our Compensation Committee increased Mr. Sullivan's annual base salary to \$209,625, retroactive to July 1, 2011.
- (4) Mr. Riordan became our chief operating officer and executive vice president in May 2011.

**GRANTS OF PLAN-BASED AWARDS**

The following table provides information on plan-based awards granted in 2013 to each of the named executive officers.

<b>Name</b>	<b>Grant Date</b>	<b>All Other Stock Awards: Number of Shares of Stock or Units (#)(1)</b>	<b>All Other Option Awards: Number of Securities Underlying Options (#)</b>	<b>Exercise or Base Price of Option Awards (\$/Share)(2)</b>	<b>Grant Date Fair Value of Stock and Option Awards (\$)(3)</b>
Leonard Perham	6/6/13		100,000	4.46	236,700
James Sullivan	6/6/13		36,250	4.46	85,804
	6/6/13	10,000			44,600

(1) Represents restricted stock units granted pursuant to the 2010 Plan.

(2) Each option was granted at an exercise price equal to the fair market value of our common stock on the grant date which was equal to the closing price of a share of our common stock on the Nasdaq GM on the date of grant.

(3) Amount shown reflects the aggregate grant date fair value for financial statement reporting purposes, as determined pursuant to FASB ASC Topic 718, which utilizes certain assumptions as outlined in the notes to the audited consolidated financial statements included in our 2013 Annual Report on Form 10-K filed with the SEC on March 14, 2014.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information regarding the outstanding equity awards held by our named executive officers as of December 31, 2013.

Name	Option Awards Equity Incentive Plan Awards:			Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price(\$)	Option Expiration Date(1)	Number of Units That Have Not Vested (#)(9)	Market Value of Units That Have Not Vested (#)(10)
Leonard Perham	800,000(2) 200,000(3) 17,000(4)	83,000	450,000(14)	5.61 3.54 4.46	11/8/14 11/1/17 6/6/23		
James Sullivan	190,000(5) 88,813(6) 30,208(7) 6,250(8)	12,687 19,792 30,000		3.73 4.70 3.54 4.46	1/18/18 6/28/16 11/1/17 6/6/23	10,000	55,200
Thomas Riordan	34,999(11) 258,333(12) 200,000(13)	5,001 141,667 200,000		4.70 6.06 2.99	6/28/16 5/10/17 12/21/17		

- (1) The standard option term is generally six to ten years, but all of the options expire automatically unless exercised within 90 days after the cessation of service as an employee, director or consultant of ours.
- (2) This option was granted pursuant to the terms of an employment offer letter agreement between us and Mr. Perham dated as of November 8, 2007. The shares subject to this option vested over 24 months.
- (3) The stock option was granted on November 1, 2011, and the shares subject to this option vested monthly over 24 months.
- (4) The stock option was granted on June 6, 2013, and the shares subject to this option vest monthly such that 17,000, 45,000, 25,000, 9,752 and 3,248 shares vest during each fiscal year ending December 31, 2013, 2014, 2015, 2016, and 2017, respectively, subject to continued employment (or service as a director or consultant).
- (5) The stock option was granted on January 18, 2008 pursuant to the terms of an employment offer letter agreement between us and Mr. Sullivan dated as of December 21, 2007. The shares subject to this option vested over 48 months.
- (6) The stock option was granted on June 28, 2010, and the shares subject to this option vest monthly over 48 months subject to continued employment (or service as a director or consultant).
- (7) The stock option was granted on November 1, 2011, and the shares subject to this option vest monthly over 48 months subject to continued employment (or service as a director or consultant).
- (8)

## Edgar Filing: MoSys, Inc. - Form DEF 14A

The stock option was granted on June 6, 2013, and the shares subject to this option vest monthly such that 6,250, 10,000, 10,000, 7,500 and 2,500 shares are vest during each fiscal year ending December 31, 2013, 2014, 2015, 2016, and 2017, respectively, subject to continued employment (or service as a director or consultant).

- (9) The shares subject to each restricted stock unit grant vest annually over a three-year period commencing on April 1, 2014.
- (10) The amount is calculated using the Company's closing price of \$5.52 per share of common stock on December 31, 2013.

Edgar Filing: MoSys, Inc. - Form DEF 14A

- (11) The stock option was granted on June 28, 2010, as compensation for consulting services. The shares subject to this option vest monthly over 48 months subject to continued service as an employee, director or consultant. Subsequently, in May 2011, Mr. Riordan became an employee and the terms of the option were unchanged.
- (12) The stock option was granted on May 10, 2011 pursuant to the terms of an employment offer letter agreement between us and Mr. Riordan dated as of May 9, 2011. The shares subject to this option vest over 48 months, with 25% vesting at the end of the first year of employment and the remaining shares monthly thereafter subject to continued employment (or service as a director or consultant).
- (13) The stock option was granted on December 21, 2011, and the shares subject to this option vest over 48 months, with 25% vesting on the anniversary of the grant date and the remaining shares monthly thereafter subject to continued employment (or service as a director or consultant).
- (14) Consists of an option for 350,000 shares and an option for 100,000 shares granted on November 8, 2007 pursuant to the terms of an employment offer letter agreement between us and Mr. Perham dated as of November 8, 2007. The option to purchase 350,000 shares vests as to 80% of these shares if the average closing price of our common stock for a 90-day measurement period is at least \$10.00 per share, and vests as to the remaining 20% of these shares pro rata for each \$0.01 increase in the average price up to \$12.00 per share during a 90-day measurement period. The option to purchase 100,000 shares vests as to 50% of the shares if the average closing price of our common stock for a 90-day measurement period is at least \$13.00 per share, and as to the remaining 50% of these shares pro rata for each \$0.01 increase up to \$15.00 per share during a 90-day measurement period. The vesting of such options is subject to Mr. Perham's continued employment (or service as a director or consultant).

**OPTION EXERCISES AND STOCK VESTED**

The following table sets forth the number of shares acquired pursuant to the exercise of options by our named executive officer during 2013 and the aggregate dollar amount realized upon exercise of the options.

Name	Option Awards	
	Number of Shares Acquired on Exercise(#)(2)	Value Realized on Exercise\$(1)
James Sullivan	7,139	4,192

- (1) The aggregate dollar value realized upon the exercise of an option represents the difference between the value of the underlying shares on the date of exercise as measured by the closing price of a share of common stock on the Nasdaq GM on that date and the exercise price of the option, multiplied by the total number of shares acquired.
- (2) These shares were acquired through participation in the Company's 2010 Employee Stock Purchase Plan (the "2010 ESPP").

**EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS AND AGREEMENTS**

We have entered into agreements with each of Messrs. Perham, Sullivan and Riordan that provide for benefits in the event of a "Change-in-Control," which is generally defined as:

an acquisition of 45% or more of our common stock or voting securities by any "person" as defined under the Exchange Act; or

consummation of a complete liquidation or dissolution of the Company or a merger, consolidation, reorganization or sale of all or substantially all of our assets (collectively, a "Business Combination") other than a Business Combination in which (A) our stockholders receive 50% or more of the stock of the corporation resulting from the Business Combination and (B) at least a majority of the board of directors of such resulting corporation were our incumbent directors immediately prior to the consummation of the Business Combination, and (C) after which no individual, entity or group (excluding any corporation or other entity resulting from the Business Combination or any employee benefit plan of such corporation or of ours) who did not own 45% or more of the stock of the resulting corporation or other entity immediately before the Business Combination owns 45% or more of the stock of such resulting corporation or other entity.

Except as set forth below, in the event such benefits were triggered by a termination of the named executive officer's employment without cause (as described in the related agreements) within 24 months of a Change-in-Control, as of December 31, 2013 each of our named executive officers would be entitled to:

any base salary earned but not yet paid through the date of termination;

any annual or discretionary bonus earned but not yet paid to him for any calendar year prior to the year in which his termination occurs;

any compensation under any deferred compensation plan of ours or deferred compensation agreement with us then in effect;

any other compensation or benefits, including without limitation any benefits under long-term incentive compensation plans, any benefits under equity grants and awards and employee





## Edgar Filing: MoSys, Inc. - Form DEF 14A

benefits under plans that have vested through the date of termination or to which he may then be entitled in accordance with the applicable terms of each grant, award or plan;

reimbursement of any business expenses incurred by him through the date of termination but not yet paid; and

acceleration of vesting of stock options as follows:

Mr. Perham would be entitled to the immediate and unconditional vesting of the unvested portion of the option to purchase 100,000 shares granted to him on June 6, 2013;

Mr. Sullivan and Mr. Riordan would be entitled to the immediate and unconditional vesting of one year of the remaining then unvested shares subject to stock awards previously granted to him; and

If a Change-in-Control occurred on December 31, 2013, and the employment of each of our named executive officers was terminated without cause immediately following the Change-in-Control, under the agreements we entered into with the named executive officers, the following payments would have been required:

Name	Unused Vacation(\$)	Stock Option Vesting\$(1)	Stock Awards Vesting\$(2)	Total(\$)
Leonard Perham	1,846	87,980		89,826
James Sullivan	6,876	45,753	18,400	71,029
Thomas Riordan	10,898	253,000		263,898

- (1) The value is calculated as the intrinsic value per share, multiplied by the number of shares that would become fully vested upon the Change-in-Control. The intrinsic value per share would be calculated as the excess of the closing price of the common stock on the Nasdaq GM of \$5.52 on December 31, 2013 over the exercise price of the option. If the value is less than zero, it is deemed to be zero for the purposes of these calculations.
- (2) The value is calculated as the intrinsic value per share, multiplied by the number of shares that would become fully vested upon the Change-in-Control. The intrinsic value per share is considered as the closing price of the common stock on the Nasdaq GM of \$5.52 on December 31, 2013.

If a Change-in-Control occurred on December 31, 2013, and the employment of each of our named executive officers was terminated without cause immediately following the Change-in-Control, under the agreements entered into by us and the current executive officers, the following numbers of option shares would have vested immediately as a result of acceleration on December 31, 2013:

Name	Number of Accelerated Option and Award Shares
Leonard Perham	83,000
James Sullivan	38,520
Thomas Riordan	200,000

### Employment Agreements

In addition to the agreements containing the Change-in-Control provisions summarized above, we have entered into our standard form of employment, confidential information, invention assignment and arbitration agreement with each of the named executive officers.

We also have entered into agreements to indemnify our current and former directors and certain executive officers, in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, provide for indemnification of our directors and certain executive officers for many expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of the Company, any subsidiary of the Company or any other company or enterprise to which the person provided services at our request.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information as of December 31, 2013 regarding equity compensation plans approved by our security holders and equity compensation plans that have not been approved by our security holders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities reflected in Column (a))(1) (c)
Equity compensation plans approved by security holders	6,727,035	\$ 3.86	1,482,746
Equity compensation plans not approved by security holders(2)	3,178,447	\$ 4.42	

(1) Consists of 422,206 shares of common stock available for future issuance under the 2010 Plan and 1,060,540 shares of common stock available for future issuance under the 2010 ESPP. The 2010 Plan provides for an annual increase of 500,000 shares on January 1 of each year.

(2) This reflects stock options granted in accordance with Marketplace Rule 5635(c)(4) of the NASDAQ listing rules to new employees as inducements material to their entering into employment with us. Such options have terms ranging from six to ten years. Except for the options granted to Mr. Perham in November 2007 and for the options granted to employees hired as a result of our acquisition of Prism Circuits, Inc. in June 2009, all such options generally vest at the rate of 25% of the shares subject to the option after the first anniversary of the grant date, and as to 1/48th of the total number of shares each month thereafter, subject to continued employment (or service as a director or consultant). The exercise price of all of the outstanding options was equal to the closing price of a share of common stock on the Nasdaq GM on the grant date.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of March 31, 2014 concerning the ownership of our common stock by:

each stockholder known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock (currently our only class of voting securities);

each of our directors;

each of the named executive officers; and

all directors and executive officers as a group.

Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act, and includes all shares over which the beneficial owner exercises voting or investment power. Shares that are issuable upon the exercise of options, warrants and other rights to acquire common stock that are presently exercisable or exercisable within 60 days of March 31, 2014 are reflected in a separate column in the table below. These shares are taken into account in the calculation of the total number of shares beneficially owned by a particular holder and the total number of shares outstanding for the purpose of calculating percentage ownership of the particular holder. We have relied on information supplied by our officers, directors and certain stockholders and on information contained in filings with the SEC. Except as otherwise indicated, and subject to community property laws where applicable, we believe, based on information provided by these persons, that the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The percentage of beneficial ownership is based on 49,477,691 shares of common stock outstanding as of March 31, 2014.

## Edgar Filing: MoSys, Inc. - Form DEF 14A

Unless otherwise stated, the business address of each of our directors and named executive officers listed in the table is 3301 Olcott Street, Santa Clara, California 95054.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
	Number of Shares Beneficially Owned (Excluding Outstanding Options)(1)	Number of Shares Issuable on Exercise of Outstanding Options(2)	
Ingalls & Snyder LLC 61 Broadway New York, NY 10006(3)	6,033,789		12.3
Blackrock, Inc. 40 East 52 <sup>nd</sup> Street New York NY 10022(4)	2,872,910		5.8
<b>Directors and Officers:</b>			
Leonard Perham	1,391,140	1,035,750	4.8
Tommy Eng		240,000	*
Chi-Ping Hsu		180,000	*
Stephen L. Domenik		50,000	*
Victor K. Lee		70,000	*
James Sullivan	18,757	335,222	*
Thomas Riordan	4,000	580,834	1.2
<u>All current directors and executive officers as a group (7 persons)</u>	<u>1,413,897</u>	<u>2,496,565</u>	<u>7.3</u>

\* Represents holdings of less than one percent.

(1) Excludes shares subject to outstanding options, warrants or other rights to acquire common stock that are exercisable within 60 days of March 31, 2014.

(2) Represents the number of shares subject to outstanding options, warrants or other rights to acquire common stock that are exercisable within 60 days of March 31, 2014.

(3) In a Schedule 13G/A filed with the SEC on February 7, 2014, Ingalls & Snyder LLC ("Ingalls") reported that it had shared dispositive power over all 6,033,789 shares, but no voting authority with respect to any such shares. According to the Schedule 13G/A, these shares include securities owned by clients of Ingalls, a registered broker dealer and a registered investment advisor, in accounts managed under investment advisory contracts.

(4) In a Schedule 13G filed by Blackrock, Inc. with the SEC on January 30, 2014, Blackrock, Inc. had sole voting power over 2,826,408 shares and sole dispositive power over 2,872,910 shares.

### TRANSACTIONS WITH RELATED PERSONS

## Edgar Filing: MoSys, Inc. - Form DEF 14A

Our Audit Committee Charter requires that the members of our Audit Committee, all of whom are independent directors, review and approve all business transactions between us and a director, officer, affiliate or other related party, as determined by the Audit Committee, including all related party transactions as defined in Item 404 of Regulation S-K promulgated by the SEC.

**AUDIT COMMITTEE REPORT**

The Audit Committee reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters. The Audit Committee also monitors the performance of our independent registered public accounting firm, and reviews the audit report on the consolidated financial statements following completion of the audit and our accounting practices with respect to internal accounting and financial controls. Management has primary responsibility for our financial statements and the overall reporting process, including our system of internal control over financial reporting. Our independent registered public accounting firm audits the financial statements prepared by management, expresses an opinion as to whether those financial statements fairly present our financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States and discusses with the Audit Committee any issues they believe should be raised with us. The Audit Committee's responsibilities under the Audit Committee charter adopted by the board of directors effective August 15, 2000 and amended as of February 1, 2006 and February 8, 2008, include the selection or dismissal of our independent registered public accounting firm, review of the scope of the annual audits, and approval of fees to be paid to our independent registered public accounting firm.

The Audit Committee charter, as amended to date, can be found through the investors section of our website, [www.mosys.com](http://www.mosys.com).

From January 1 to December 31, 2013, Messrs. Lee and Eng served on the Audit Committee. Mr. Domenik joined the Audit Committee on June 4, 2013, when Mr. Kupec left our board of directors, and served on the Audit Committee from that date through December 31, 2013. The Audit Committee members are considered independent as determined in accordance with Rule 5605(a)(2) of the NASDAQ listing rules and Rule 10A-3 of the Exchange Act.

The Audit Committee reviewed and discussed our audited financial statements for fiscal year 2013 with management and Burr Pilger Mayer, Inc., or BPM, our independent registered public accounting firm. The Audit Committee has discussed with BPM matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, "Communications with Audit Committees," as currently in effect. BPM has provided to the Audit Committee the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee regarding independence, and the Audit Committee has discussed BPM's independence with members of that firm. We paid BPM \$42,000 for audit-related services, which were in addition to the fees for the reviews of our quarterly financial statements and audit of our annual financial statements. The Audit Committee has determined that the rendering of audit and audit-related services by BPM is compatible with maintaining the auditors' independence.

Based on the discussions with management and BPM concerning the audit, the independence discussions and the financial statement review, and such other matters deemed relevant and appropriate by the Audit Committee, the Audit Committee recommended to the board of directors that our financial statements for the year ended December 31, 2013 be included in its Annual Report on Form 10-K filed with the SEC.

The Audit Committee of the Board of Directors:

Victor K. Lee (Chairman)  
Stephen L. Domenik  
Tommy Eng

**PROPOSAL NO. 1:  
ELECTION OF DIRECTORS**

---

At the Annual Meeting, five directors are to be elected to serve until the next annual meeting of stockholders and until a successor for such director is elected and qualified, or until the death, resignation or removal of such director.

**NOMINEES**

Set forth below is information regarding the five nominees for election to our board of directors:

<b>Name</b>	<b>Position(s) with the Company</b>	<b>Year First Elected Director</b>
Leonard Perham	Chief Executive Officer, President and Director	2007
Tommy Eng	Director	2004
Chi-Ping Hsu	Director	2004
Stephen L. Domenik	Director	2012
Victor K. Lee	Director	2012

Each person nominated has agreed to serve if elected, and our board of directors has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the current board of directors to fill the vacancy.

**The Board of Directors Recommends a Vote "FOR" the Election of All of the Above Nominees.**



**PROPOSAL NO. 2:  
RATIFICATION OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM FOR 2014**

We are asking stockholders to ratify and approve the appointment of Burr Pilger Mayer, Inc., or BPM, as our independent registered public accounting firm for the year ending December 31, 2014. BPM has been our independent registered public accounting firm since 2007.

The Audit Committee meets with our independent registered public accounting firm at least four times a year. At such times, the Audit Committee reviews both audit and non-audit services performed by the independent registered public accounting firm, as well as the fees charged for such services. The Audit Committee is responsible for pre-approving all auditing services and non-auditing services (other than non-audit services falling within the *de minimus* exception set forth in Section 10A(i)(1)(B) of the Exchange Act and non-audit services that independent auditors are prohibited from providing to us) in accordance with the following guidelines: (1) pre-approval policies and procedures must be detailed as to the particular services provided; (2) the Audit Committee must be informed about each service; and (3) the Audit Committee may delegate pre-approval authority to one or more of its members, who shall report to the full committee, but shall not delegate its pre-approval authority to management. The Audit Committee has delegated its authority to the Chairman of the Audit Committee to pre-approve requests for audit and non-audit services. Among other things, the Audit Committee or the chairman of the Audit Committee examines the effect that performance of non-audit services may have upon the independence of the auditors. The following table shows the fees billed (in thousands of dollars) to us by BPM for the audit and other services provided for fiscal 2013 and 2012.

	2013	2012
Audit Fees(1)	\$ 305	\$ 387
Audit-Related Fees(2)	42	51
<b>Total(3)</b>	<b>\$ 347</b>	<b>\$ 438</b>

- 
- (1) Audit fees consisted of fees for professional services rendered for the audit of our annual consolidated financial statements, including the audit of our internal control over financial reporting in compliance with regulatory requirements under the Sarbanes-Oxley Act, review of our quarterly financial statements and services normally provided in connection with statutory and regulatory filings.
- (2) Audit-related fees consisted of fees related to the issuance of SEC registration statements, sale of common stock and accounting advisory services.
- (3) BPM did not provide any non-audit or other services other than those reported under "Audit Fees" and "Audit Related Fees."

For fiscal 2013 and 2012, 100% of the audit and audit-related services provided to us by BPM were pre-approved by the Audit Committee in accordance with the guidelines described above.

In the event the stockholders fail to ratify and approve the Audit Committee's appointment of BPM, the Audit Committee will reconsider its selection. Even if the appointment is ratified and approved, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in our and the stockholders' best interests.

Edgar Filing: MoSys, Inc. - Form DEF 14A

Representatives of BPM are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**The Board of Directors recommends a vote "FOR" the proposal to ratify the Audit Committee's appointment of Burr Pilger Mayer, Inc. to serve as our independent registered public accounting firm for the year ending December 31, 2014.**

**PROPOSAL NO. 3:  
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

---

We are providing stockholders with an advisory vote on executive compensation as required by Section 14A of the Exchange Act and SEC Rule 14a-21.

This vote is advisory, and, therefore, not binding on the Company, the Compensation Committee, or our board of directors. However, our board of directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the compensation of our named executive officers, as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. Our stockholders supported a three year frequency for this advisory vote at our 2011 Annual Meeting. As such, the board of directors has determined that the Company will hold a non-binding advisory vote on the compensation of our named executive officers once every three years.

As described in detail under the heading "Executive Compensation Compensation Discussion and Analysis," our executive compensation program is designed to attract, motivate, and retain the named executive officers, who are critical to our success. Please read the Compensation Discussion and Analysis and the accompanying compensation tables beginning on page 9 of this Proxy Statement for additional information about our executive compensation program, including information about the compensation of the named executive officers in 2013. The Compensation Committee reviews our executive compensation program annually to ensure that it achieves the desired goal of aligning our executive compensation structure with the interests of our stockholders and current market practices.

We are asking our stockholders to indicate their support for the compensation of the named executive officers as described in this Proxy Statement. This proposal, commonly known as a "Say-on-Pay" proposal, gives our stockholders the opportunity to express their views on the compensation of the named executive officers. Please note that this vote is not intended to address any specific item of compensation, but rather the overall compensation of the named executive officers and the philosophy, policies and practices described in this Proxy Statement.

We will ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Proxy Statement for the 2014 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and disclosure."

**The Board of Directors Unanimously Recommends a Vote "FOR" approval of the above resolution.**

**PROPOSAL NO. 4:**

**APPROVE THE AMENDMENT AND RESTATEMENT OF THE 2010 EQUITY INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES CURRENTLY RESERVED FOR ISSUANCE THEREUNDER BY ADDING TO THE SHARE RESERVE AN ADDITIONAL 1,500,000 SHARES AND TO APPROVE THE MATERIAL TERMS OF THE 2010 EQUITY INCENTIVE PLAN FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 162(m)**

---

At the Annual Meeting, we will request that our stockholders approve an amendment to and restatement of the 2010 Plan to increase the number of shares reserved for issuance by 1,500,000 shares of common stock. In May 2010, our board of directors adopted, and, in June 2010, our stockholders subsequently approved, our 2010 Plan, which included an initial reserve of 4,000,000 shares, plus an automatic annual increase of 500,000 shares on January 1 of each year in which the 2010 Plan is in effect. To date, an additional 2,000,000 shares of common stock have been added to the plan through these annual increases. As of March 31, 2014, under the 2010 Plan, we had 5,239,970 shares of common stock subject to existing stock-based compensation awards and 374,081 shares currently available for issuance with respect to awards (plus any shares that might in the future be returned to the 2010 Plan as a result of cancellation, expiration or forfeit of outstanding awards), until the next automatic annual increase on January 1, 2015.

Our management and the board of directors do not believe that the current number of shares available for future issuance under the 2010 Plan, even after taking into account future automatic annual increases, is sufficient to meet our corporate and strategic goals. The 2010 Plan is intended to retain and reward highly qualified employees and other service providers, including contract employees, consultants and directors, and encourage their ownership of our common stock. Of our total workforce of 111 full-time employees, we have granted stock-based compensation to 99% of them. We believe it is essential that we continue our broad-based use of equity compensation to help retain our skilled employees and recruit talented new employees to achieve our objectives, which include developing new products, growing our business and increasing stockholder value.

Since the beginning of 2010, we have invested an increasing amount of our research and development resources towards development of our integrated circuits, and, as of the end of 2012, had ceased our efforts to actively market our intellectual property ("IP") and establish new license agreements for our IP. We are now a fabless semiconductor company focused on the development and sale of ICs for the high-speed networking, communications, storage and computing markets. However, this business transition has taken longer than we expected, and we have yet to achieve profitability as a fabless semiconductor company. We expect our cash expenditures to continue to exceed receipts in 2014, as our revenues will not be sufficient to offset our operating expenses, which include significant expenditures for developing and merchandizing our expanding families of IC products as we focus on growing our revenues to increase stockholder value. Due to our lack of profitability and related cash burn, we have and will continue to rely heavily on equity awards rather than cash compensation to attract, motivate, reward and retain our employees.

As a fabless semiconductor company headquartered in Silicon Valley with engineering and support offices in Hyderabad, India, China and Japan, we must compete with many other high-technology companies for the same pool of skilled personnel. Many of these other companies are much larger than us and have substantially greater resources. The most effective compensation recruiting tool that we possess is our ability to grant equity-based awards that may appreciate substantially in value.

Over the last four years, our average annual employee salary increases have approximated just 2% of our annual worldwide payroll, as we have minimized salary increases to help mitigate our cash burn. We do not have a general bonus plan in place for our employees and use equity grants to reward individual performance. Also, we do not pay cash fees to our directors, relying instead on stock options to

compensate them for service on our board of directors and related committees. Substantially all of our regular, full-time employees currently have stock options, RSUs, or a combination of both, with approximately 70% of all outstanding awards held by non-executive employees. In addition, beginning in 2006, we routinely granted employees stock options with a six-year term. Consequently, since the adoption of the 2010 Plan, a number of long-tenured employees had previously granted out-of-the money stock options expire without exercise. Because those options had been granted under our expired 2000 Stock Option Plan (the "2000 Plan"), they were replaced with grants under the 2010 Plan, which contributed to the utilization of shares reserved under the 2010 Plan beyond our normal recurring requirements.

In addition to grants under the 2010 Plan, we have granted stock options in accordance with Rule 5635(c)(4) of the NASDAQ listing rules to new hires in order to help us compete for highly skilled employees. These "Inducement Options" have been granted outside of the 2010 Plan. Since late 2007, we have replaced our entire executive management team, and used Inducement Options for 2,015,000 shares to provide the stock-based compensation necessary to attract and recruit our executive team members. An additional 574,914 shares outstanding represent Inducement Options granted to employees we hired as a result of our acquisition of Prism Circuits, Inc. in 2009. An additional 634,000 shares were awarded in the form of Inducement Options granted to non-executive employees hired since 2012 to build up our technical teams. Thus, as of March 31, 2014, we had 3,223,914 shares of common stock subject to Inducement Options. Although Inducement Options have been critically important to our hiring efforts, they are limited under the Nasdaq listing rules to new employees and are not available to meet our need to retain and motivate our existing workforce. For that purpose, we must rely on the 2010 Plan.

We actively manage our use of shares available for equity awards each year to maintain an acceptable "burn rate," as determined under the U.S. Proxy Voting Summary Guidelines issued annually by one of the major proxy advisory firms, Institutional Shareholder Services Inc. ("ISS"). Our average annual burn rate over each of the three-year periods ended December 31, 2013 and 2012, taking into account all of our equity-based compensation awards (stock options, Inducement Options and RSUs), was approximately 5.58% and 5.91%, respectively. By comparison the ISS-provided guidelines for the semiconductor industry for the same periods allowed a maximum burn rate of 6.72% and 6.58%, respectively. Accordingly, we were in compliance with the ISS burn rate guidelines for our industry for 2013 and 2012.

Our total outstanding equity-based compensation program as of March 31, 2014, consisted of 10,044,594 shares of common stock subject to existing stock-based compensation awards and 374,081 shares currently available to be granted for additional awards under the 2010 Plan. The shares subject to existing awards included 5,239,970 shares for awards under the 2010 Plan, 3,223,914 shares subject to Inducement Options, and 1,580,710 shares subject to awards under the 2000 Plan. These represented approximately 21.1% of our shares of common stock outstanding and 17.4% of our fully diluted shares outstanding, which we have calculated as the sum of (1) total common shares outstanding, (2) shares of common stock subject to existing stock-based compensation awards and (3) 3,374,081 shares available for additional awards under the 2010 Plan through its expiration in May 2020 by virtue of shares currently available and the annual automatic increases of 500,000 shares. The additional 1,500,000 shares under the 2010 Plan that we are requesting thus represent only 3% of common stock outstanding and 2.5% of the fully diluted number of shares of common stock. At this time, none of these additional shares have been allocated to specific grants to any of our named executive officers or directors.

We believe that our compensation philosophy of broadly granting equity to our employees aligns their interests with those of our stockholders in our long-term success and has contributed substantially to minimizing our employee turnover rate. We believe managing our employee turnover rate is important to our future success because it has allowed us to build an experienced and trained workforce, while minimizing recruiting and training costs.

We recognize the need to balance stockholder concerns over the potentially dilutive effects of the increased number of authorized shares under the 2010 Plan with our ability to attract, motivate, reward and retain our employees who are critical to driving our business plan and increasing stockholder value. We believe the dilutive effect of our equity awards has been reasonable and consistent with these essential requirements. We are managing our equity awards closely, and intend to continue doing so. We note that several non-recurring events led to higher award rates in the past, and our equity-based compensation "burn rate," as measured under the annual ISS U.S. Proxy Voting Summary Guidelines, has, in fact, decreased in each of the past three years. We expect this trend to continue as we execute our current business plan. We think the requested increase in the share reserve will provide us with adequate shares in the 2010 Plan for at least three years, after which time we expect to be a significantly different company operationally than we are today, as shipments of our Bandwidth Engine IC products gain further momentum.

Stockholder approval of our request for additional shares under Proposal Four is necessary to authorize a sufficient number of shares under the 2010 Plan to allow us to continue to attract, motivate, reward and retain the services of our personnel. If this increase is not approved, the 2010 Plan will remain in effect with its current terms and conditions but without the additional shares we consider necessary for our continued competitiveness. Our board of directors and management, therefore, recommend that stockholders approve the amendment to and restatement of our 2010 Plan.

In addition to approving the plan changes described in this Proposal Four, approval of this Proposal Four will also constitute reapproval of the material terms of the 2010 Plan, including the list of corporate performance goals through which certain awards made under the 2010 Plan may be earned in order to qualify those awards as performance-based compensation for purposes of Section 162(m) of the Code. By approving the material terms of the 2010 Plan, our stockholders will be re-approving, among other things, eligibility requirements for participation in the 2010 Plan, performance measures upon which specific performance goals applicable to full value awards may be based, limits on the numbers of shares or compensation that could be made to participants, and the other material terms of the 2010 Plan and awards to be granted under the 2010 Plan.

#### **Summary of the 2010 Equity Incentive Plan**

The 2010 Plan was adopted by our board of directors in May 2010 and was approved by our stockholders in June 2010. The principal features of the 2010 Plan are summarized below, but the summary is qualified in its entirety by reference to the 2010 Plan itself.

**Administration.** The 2010 Plan is administered by the Compensation Committee. Subject to the provisions of the 2010 Plan, the Compensation Committee has discretion to determine the employee, consultant or director to receive an award, the form of award and any acceleration or extension of an award. Further, the Compensation Committee has complete authority to interpret the 2010 Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective award agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the 2010 Plan.

**Eligibility.** Awards may be granted to any employee of or consultant to us or our affiliates or to non-employee members of the board of directors or of any board of directors (or similar governing authority) of any affiliate of ours. As of March 31, 2014, we had 111 employees and four non-employee directors who would be eligible to participate in the 2010 Plan.

**Term of 2010 Plan.** Unless the 2010 Plan is terminated earlier by the board of directors, awards may be made under the 2010 Plan until the tenth anniversary of its adoption by the board of directors, or May 24, 2020.

**Shares Subject to the 2010 Plan.** The shares issued or to be issued under the 2010 Plan are authorized but unissued shares of our common stock. The maximum number of shares of common stock which may be issued or made subject to awards under the 2010 Plan is 4,000,000, plus an annual increase of 500,000 shares on January 1 during each year in which the 2010 Plan is in effect. The maximum number of shares that may be subject to awards granted to any one person in any one calendar year is 1,000,000 shares. If this proposal is approved by our stockholders, an aggregate of 4,874,081 shares of our common stock will be reserved under the 2010 Plan.

**Types of Awards.** Awards under the 2010 Plan may include incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, RSUs and performance units, qualified performance-based awards and stock grants. Each award will be evidenced by an instrument in such form as the Compensation Committee may prescribe, setting forth applicable terms such as the exercise price and term of any option or applicable forfeiture conditions or performance requirements for any restricted stock or RSUs. Except as noted below, all relevant terms of any award will be set by the Compensation Committee in its discretion.

Nonstatutory stock options and incentive stock options (together, "*Stock Options*") are rights to purchase our common stock. A Stock Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Compensation Committee may determine. A Stock Option may be exercised by the recipient giving written notice to us, specifying the number of shares with respect to which the Stock Option is then being exercised, and accompanied by payment of an amount equal to the exercise price of the shares to be purchased. The purchase price may be paid by cash, check, by delivery to us (or attestation of ownership) of shares of common stock, net exercise, or through and under the terms and conditions of any formal cashless exercise program authorized by us.

Incentive stock options may be granted only to eligible employees of us or any parent or subsidiary corporation of ours and must have an exercise price of not less than 100% of the fair market value of our common stock on the date of grant (110% for incentive stock options granted to any 10% stockholder of ours). In addition, the term of an Incentive Stock Option may not exceed 10 years (five years, if granted to any 10% stockholder). Nonstatutory stock options must have an exercise price of not less than 100% of the fair market value of the our common stock on the date of grant and the term of any nonstatutory stock option may not exceed 10 years. In the case of an incentive stock option, the amount of the aggregate fair market value of common stock (determined at the time of grant) with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year (under all such plans of his or her employer corporation and its parent and subsidiary corporations) may not exceed \$100,000.

Stock appreciation rights, or *SARs*, are rights to receive (without any payment required) cash, property or other forms of payment, or any combination thereof, as determined by the Compensation Committee, based on the increase in the value of the number of shares of common stock specified in the *SAR*. The base price (above which any appreciation is measured) will in no event be less than 50% of the fair market value of the common stock on the date of grant of the *SAR* or, if the *SAR* is granted in tandem with a Stock Option (that is, so that the recipient has the opportunity to exercise either the Stock Option or the *SAR*, but not both), the exercise price under the associated Stock Option.

Awards of restricted stock are grants or sales of common stock which are subject to a risk of forfeiture, such as a requirement of the continued performance of services for a stated term or the achievement of individual or Company performance goals. Awards of restricted stock will include the right to any dividends on the shares pending vesting (or forfeiture), although any such dividends would be subject to the same risks of forfeiture as the corresponding shares, unless the Compensation Committee otherwise determines.

## Edgar Filing: MoSys, Inc. - Form DEF 14A

Awards of RSUs and performance units are grants of rights to receive either shares of common stock (in the case of RSUs) or the appreciation over a base value (as specified by the Compensation Committee) of a number of shares of common stock (in the case of performance stock units) subject to satisfaction of service or performance requirements established by the Compensation Committee in connection with the award. Such awards may, in the discretion of the Compensation Committee, include the right to the equivalent to any dividends on the shares covered by the award, but any such dividends would be paid only if and when the award vests.

Qualified performance-based awards are awards which include performance criteria intended to satisfy Section 162(m) of the Code. Section 162(m) of the Code limits our federal income tax deduction for compensation to certain specified senior executives to \$1 million dollars, but excludes from that limit "performance- based compensation." Qualified performance-based awards may be in the form restricted stock, RSUs or performance units, but in each case will be subject to satisfaction of one of the following criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or affiliate, either individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Compensation Committee in the award:

cash flow	earnings per share (including, without limitation, earnings before interest, taxes, depreciation and/or amortization)
stock price growth	return on equity
stockholder returns	return on capital (including without limitation return on total capital or return on invested capital)
return on investment	return on assets or net assets
market capitalization	economic value added
sales or net sales	revenue
income, pre-tax income or net income	operating income or pre-tax profit
operating profit or net operating profit	gross margin, operating margin or profit margin
return on operating revenue or operating assets	cash flow from operations
operating ratio	operating revenue
backlog	general and administrative expenses



debt leverage (debt to capital)

customer service

market share improvement

No payment or other amount will be available to a recipient of a qualified performance-based award except upon the Compensation Committee's determination that particular goal or goals established by the Compensation Committee for the criteria (from among those specified above) selected by the Compensation Committee have been satisfied.

A stock grant is a grant of shares of common stock not subject to restrictions or other forfeiture conditions. Stock grants may be awarded only in recognition of significant contributions to the success of MoSys or our affiliates, in lieu of compensation otherwise already due, or in other limited circumstances which the Committee deems appropriate.

**Director Awards.** The 2010 Plan permits the board of directors to establish by resolution the number of shares, up to a maximum of 40,000 shares each year for each non-employee director, to be covered by annual option grants or other awards to our non-employee directors for each year of service on our board. The shares would vest in full at the end of the 12-month period following a director's election to the board at the annual meeting, corresponding to a full year of service. In the event of a merger, sale of substantially all of our assets or similar transaction, vesting would accelerate as to 100% of the unvested shares subject to the award. The 2010 Plan further provides that each non-employee director shall be granted an award to purchase up to 120,000 shares upon his or her initial appointment or election to our board. The shares covered by these awards vest over a four-year period at the rate of one-fourth of the total number of shares each year, subject to the non-employee director's continuous service on the board. In the event of a merger, sale of substantially all of our assets or similar transaction, vesting would accelerate as to 100% of the unvested shares subject to the award. All awards to directors will have a term of not longer than 6 years. The 2010 Plan also permits a disinterested majority of the board of directors, in its discretion, to authorize additional shares to be awarded or granted under stock options to committee chairs and other non-employee directors for extraordinary service on the board.

**Effect of Termination of Employment or Association.** Unless the Compensation Committee determines otherwise in connection with any particular award under the 2010 Plan, Stock Options and SARs will generally terminate six months following the recipient's termination of employment or other association with us due to death or disability and 90 days following the recipient's termination of employment or other association with us for any other reason. The effect of termination on other awards will depend on the terms of those awards.

**Transferability.** In general, no award under the 2010 Plan may be transferred by the recipient, and during the life of the recipient, all rights under an award may be exercised only by the recipient or his or her legal representative. However, the Compensation Committee may approve the transfer, without consideration, of an award of a nonstatutory option or restricted stock to a family member.

**Adjustments Upon Changes in Capitalization.** In the event of any change in the outstanding shares of common stock through any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other distribution with respect to such shares of common stock, our board of directors will make an appropriate adjustment to the following: (i) the maximum numbers and kinds of shares subject to the 2010 Plan and the 2010 Plan limits, (ii) the numbers and kinds of shares or other securities subject to the then outstanding awards, (iii) the exercise or hurdle price for each share or other unit of any other securities subject to then outstanding Stock Options or SARs (without change in the aggregate purchase or hurdle price as to which Stock Options or SARs remain exercisable), and (iv) the repurchase price of each share of restricted stock then subject to a risk of forfeiture in the form of a Company repurchase right.

**Fundamental Transaction, Liquidation or Dissolution.** In the event that we (1) merge or consolidate with or into another entity as a result of which our common stock is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (2) sell or exchange all of our common stock for cash, securities or other property, (3) sell, transfer or otherwise dispose of all or substantially all of our assets to one or more other persons in a single transaction or series of related transactions or (4) undertake a liquidation or dissolution (each, a "Corporate Transaction"), our Compensation Committee may take any one or more of the following actions with respect to all or any portion of our outstanding awards (other than qualified performance-based awards):

provide for their assumption, or the issuance of substantially equivalent awards in substitution therefore, by the acquiring or succeeding entity;

provide for the termination of any or all outstanding awards (and the forfeit or repurchase, as applicable, of any shares subject to such awards) to the extent unvested (and unexercised, in the

## Edgar Filing: MoSys, Inc. - Form DEF 14A

case of Stock Options and SARs) immediately prior to the consummation of the Corporate Transaction;

provide for partial or complete acceleration of vesting of the unvested portions of any outstanding awards, such that Stock Options and SARs become exercisable, and risks of forfeiture applicable to RSUs and restricted stock lapse, in whole or in part prior to or upon consummation of the Corporate Transaction;

in the case of Stock Options and SARs, provide for cash payments, net of applicable tax withholdings, to be made to holders equal to the excess, if any, of (A) the acquisition price times the number of shares subject to a Stock Option or SAR (to the extent the exercise price does not exceed the acquisition price) over (B) the aggregate exercise price for all such shares subject to the Stock Option or SAR, in exchange for the termination of such Stock Option or SAR; and/or

in the case of Stock Options and SARs, provide that, in connection with a liquidation or dissolution of the Company, Stock Options and SARs shall convert into the right to receive liquidation proceeds net of the exercise price thereof and any applicable tax withholdings.

In addition, our Compensation Committee may take any one or more of the following actions with respect to all or any portion of our outstanding qualified performance-based awards in the event of a Corporate Transaction:

provide for the termination of any or all qualified performance-based awards immediately prior to the consummation of the Corporate Transaction without payment; and/or

provide that all outstanding awards of restricted stock and RSUs conditioned on the achievement of performance goals or other business objectives and the target payout opportunities attainable under any or all performance units will be deemed to have been satisfied as to all, none or a pro rata number of shares covered by the award based on the assumed achievement of all relevant performance goals or other business objectives and the length of time that has elapsed within the performance period before the consummation of the Corporate Transaction, but only to the extent that such treatment would not interfere with the qualification of the award under Section 162(m) of the Code.

**Amendments to the 2010 Plan.** The board of directors may amend or modify the 2010 Plan at any time subject to the rights of holders of outstanding awards on the date of amendment or modification; provided, however, that the board of directors may not, without the approval of stockholders, reprice outstanding awards.

**Summary of Tax Consequences.** The following is a brief and general discussion of the United States federal income tax consequences to recipients of awards granted under the 2010 Plan. This summary is not comprehensive and is based upon laws and regulations in effect on March 31, 2014. Such laws and regulations are subject to change. This summary is intended for the information of stockholders considering how to vote and not as tax guidance to participants in the 2010 Plan. Participants in the 2010 Plan should consult their own tax advisors as to the tax consequences of participation.

**Nonstatutory Stock Options.** Generally, there are no federal income tax consequences to the participants upon grant of nonstatutory stock options. Upon the exercise of such an option, the participant will recognize ordinary income in an amount equal to the amount by which the fair market value of the common stock acquired upon the exercise of such option exceeds the exercise price, if any. A sale of common stock so acquired will give rise to a capital gain or loss equal to the difference between the fair market value of the common stock on the exercise and sale dates.

**Incentive Stock Options.** Except as noted at the end of this paragraph, there are no federal income tax consequences to the participant upon grant or exercise of an incentive stock option. If the participant holds shares of common stock purchased pursuant to the exercise of an incentive

stock option for at least two years after the date the option was granted and at least one year after the exercise of the option, the subsequent sale of common stock will give rise to a long-term capital gain or loss to the participant and no deduction will be available to us. If the participant sells the shares of common stock within two years after the date an incentive stock option is granted or within one year after the exercise of an option, the participant will recognize ordinary income in an amount equal to the difference between the fair market value at the exercise date and the option exercise price, and any additional gain or loss will be a capital gain or loss. Some participants may have to pay alternative minimum tax in connection with exercise of an incentive stock option, however.

**Restricted Stock.** A participant will generally recognize ordinary income on receipt of an award of restricted stock when his or her rights in that award become substantially vested, in an amount equal to the amount by which the then fair market value of the common stock acquired exceeds the price he or she has paid for it, if any. Recipients of restricted stock may, however, within 30 days of receiving an award of restricted stock, choose to have any applicable risk of forfeiture disregarded for tax purposes by making an "83(b) election." If the participant makes an 83(b) election, he or she will have to report compensation income equal to the difference between the value of the shares and the price paid for the shares, if any, at the time of the transfer of the restricted stock.

**Stock Appreciation Rights.** A participant will generally recognize ordinary income on receipt of cash or other property pursuant to the exercise of an award of SARs.

**Restricted Stock Units, Performance Units and Stock Grants.** A participant will generally recognize ordinary income on receipt of any shares of common stock, cash or other property in satisfaction of any of these awards under the 2010 Plan.

**Potential Deferred Compensation.** For purposes of the foregoing summary of federal income tax consequences, we assumed that no award under the 2010 Plan will be considered "deferred compensation" as that term is defined for purposes of federal tax legislation governing nonqualified deferred compensation arrangements, Section 409A of the Code, or, if any award were considered to any extent to constitute deferred compensation, its terms would comply with the requirements of that legislation (in general, by limiting any flexibility in the time of payment). For example, the award of an SAR at less than 100% of the market value of our common stock, would constitute deferred compensation. If an award includes deferred compensation, and its terms do not comply with the requirements of the legislation, then such award will be taxable when it is earned and vested (even if not then payable) and the recipient will be subject to a 20% additional tax.

**Section 162(m) Limitations on the Company's Tax Deduction.** In general, whenever a recipient is required to recognize ordinary income in connection with an award, we will be entitled to a corresponding tax deduction. However, we will not be entitled to deductions in connection with awards under the 2010 Plan to certain senior executive officers to the extent that the amount of deductible income in a year to any such officer, together with his or her other compensation from the Company exceeds the \$1 million dollar limitation of Section 162(m) of the Code. Compensation which qualifies as "performance-based" is not subject to this limitation, however. The 2010 Plan has been designed to permit the Compensation Committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby resulting in continued federal income tax deductions in connection with such awards. However, there is no requirement for the Compensation Committee to grant awards in a manner that will qualify as performance-based compensation, and there is no guarantee that amounts will qualify as performance-based compensation and be exempt from the \$1 million

## Edgar Filing: MoSys, Inc. - Form DEF 14A

deduction limitation under Section 162(m). Restricted stock units subject to time-based vesting will not qualify as performance-based under Section 162(m).

**New Plan Benefits.** If the proposed amendment to the 2010 Plan is approved by our stockholders, in the future, our Compensation Committee will have available additional shares of our common stock for awards under the 2010 Plan to eligible participants, including to our officers and directors. The benefits or amounts that will be received under the 2010 Plan by or allocated to each of (1) the named executive officers, (2) each of the nominees for election as a director, (3) all directors who are not executive officers of the company as a group, (4) all present executive officers as a group, and (5) all employees, including all other current officers, as a group are not determinable.

**Vote Required.** The proposal to approve the amendment and restatement of the 2010 Plan and to approve the material terms of the 2010 Plan for purposes of Section 162(m) of the Code will require approval by a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal.

**The Board of Directors Recommends a Vote "FOR" approval of the amendment and restatement of the 2010 Equity Incentive Plan to increase the number of shares currently reserved for issuance by an additional 1,500,000 shares and to approve the material terms of the 2010 Plan for purposes of Section 162(m) of the Internal Revenue Code.**

**STOCKHOLDER PROPOSALS FOR 2015 ANNUAL MEETING**

*Deadline for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials Pursuant to Rule 14a-8.* To be considered for inclusion in our proxy statement relating to the 2015 Annual Meeting of Stockholders pursuant to Rule 14a-8 of Regulation 14A under the Exchange Act, stockholder proposals must be received no later than January 6, 2015. Such proposals should be delivered to MoSys, Inc., Attn: Secretary, 3301 Olcott Street, Santa Clara, California 95054.

*Requirements for Stockholder Nominations and Stockholder Proposals Outside of Rule 14a-8 to be Brought Before the Annual Meeting.* Our bylaws provide that for any stockholder nominations to the board of directors or any stockholder proposals (other than stockholder proposals made in accordance with Rule 14a-8) to be considered at an annual meeting of stockholders, the stockholder must have given timely notice thereof in writing to our Secretary not less than 90 nor more than 120 calendar days in advance of the anniversary of the previous year's annual meeting of stockholders. To be timely for the 2015 Annual Meeting of Stockholders, a stockholder's notice containing the information specified in our bylaws must therefore be delivered or mailed to and received by our secretary at our principal executive offices between February 3 and March 5, 2015. However, in the event that the annual meeting is called for a date that is not within 30 calendar days of the anniversary of the date on which the immediately preceding annual meeting of stockholders was called, to be timely, notice by the stockholder must be so received not later than the close of business on the tenth calendar day following the date on which public announcement of the date of the annual meeting is first made. In no event will the public announcement of an adjournment of an annual meeting of stockholders commence a new time period for the giving of a stockholder's notice as provided above. A stockholder's notice to our secretary must set forth the information required by our bylaws with respect to each matter the stockholder proposes to bring before the annual meeting. A copy of the full text of our bylaws, including the provisions dealing with stockholder proposals and stockholder nominations, is available to stockholders upon written request to MoSys, Inc., Attn: Secretary, 3301 Olcott Street, Santa Clara, California 95054.

In addition, the proxy solicited by the board of directors for the 2015 Annual Meeting of Stockholders will confer discretionary authority to vote on (1) any proposal presented by a stockholder at that meeting for which we have not been provided with notice on or prior to March 5, 2015 and (2) any proposal made in accordance with the bylaw provisions, if the 2015 proxy statement briefly describes the matter and how management's proxy holders intend to vote on it, if the stockholder does not comply with the requirements of Rule 14a-4(c)(2) under the Exchange Act.

**OTHER MATTERS**

Our board of directors knows of no other matters to be presented for stockholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournments or postponements thereof, our board of directors intends that the persons named in the proxies will vote upon such matters in accordance with the best judgment of the proxy holders, as indicated on the enclosed proxy.

Whether or not you intend to be present at the meeting, you are urged to fill out, sign, date and return the enclosed proxy at your earliest convenience.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ LEONARD PERHAM

\_\_\_\_\_  
Leonard Perham  
*Chief Executive Officer and President*

Santa Clara, California  
April 29, 2014













QuickLinks

[MOSYS, INC. NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS](#)

[GENERAL INFORMATION](#)

[SOLICITATION AND VOTING PROCEDURES](#)

[REVOCABILITY OF PROXIES](#)

[IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 3, 2014](#)

[BOARD OF DIRECTORS](#)

[CORPORATE GOVERNANCE](#)

[DIRECTOR COMPENSATION](#)

[EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS](#)

[COMPENSATION COMMITTEE REPORT](#)

[SUMMARY COMPENSATION TABLE](#)

[GRANTS OF PLAN-BASED AWARDS](#)

[OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END](#)

[OPTION EXERCISES AND STOCK VESTED](#)

[EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS AND AGREEMENTS](#)

[SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS](#)

[SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT](#)

[TRANSACTIONS WITH RELATED PERSONS](#)

[AUDIT COMMITTEE REPORT](#)

[PROPOSAL NO. 1: ELECTION OF DIRECTORS](#)

[NOMINEES](#)

[PROPOSAL NO. 2: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2014](#)

[PROPOSAL NO. 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION](#)

[PROPOSAL NO. 4: APPROVE THE AMENDMENT AND RESTATEMENT OF THE 2010 EQUITY INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES CURRENTLY RESERVED FOR ISSUANCE THEREUNDER BY ADDING TO THE SHARE RESERVE AN ADDITIONAL 1,500,000 SHARES AND TO APPROVE THE MATERIAL TERMS OF THE 2010 EQUITY INCENTIVE PLAN FOR](#)

[PURPOSES OF INTERNAL REVENUE CODE SECTION 162\(m\)](#)

[STOCKHOLDER PROPOSALS FOR 2015 ANNUAL MEETING](#)

[OTHER MATTERS](#)