

NETLOGIC MICROSYSTEMS INC
Form DEF 14A
April 29, 2011

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**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

NETLOGIC MICROSYSTEMS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(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:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

NETLOGIC MICROSYSTEMS, INC.

3975 Freedom Circle

Santa Clara, CA 95054

Dear Stockholder,

You are cordially invited to attend the 2011 Annual Meeting of Stockholders (the Annual Meeting) of NetLogic Microsystems, Inc. (the Company), to be held on May 20, 2011, 8:00 a.m., Pacific time, at the offices of Bingham McCutchen LLP, 1900 University Avenue, 4th Floor, East Palo Alto, California 94303.

It is important that your shares be represented and voted at the 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. A return addressed envelope is enclosed for your convenience. This will ensure your proper representation at the Annual Meeting. 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.

The matters expected to be acted upon at the meeting are described in detail in the following Notice of the 2011 Annual Meeting of Stockholders and Proxy Statement.

On behalf of our board of directors, I would like to express our appreciation for your continued interest in the affairs of the Company. We look forward to seeing you at the Annual Meeting.

Sincerely,
Ronald S. Jankov
President and Chief Executive Officer

First mailed to stockholders on

or about April 29, 2011

YOUR VOTE IS IMPORTANT.

PLEASE REMEMBER TO PROMPTLY RETURN YOUR PROXY.

NETLOGIC MICROSYSTEMS, INC.

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

To be held on May 20, 2011

To the Stockholders of NetLogic Microsystems, Inc.:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders (the Annual Meeting) of NetLogic Microsystems, Inc., a Delaware corporation (the Company), will be held on May 20, 2011, at 8:00 a.m., Pacific time, at the offices of Bingham McCutchen LLP, 1900 University Avenue, 4th Floor, East Palo Alto, California 94303, for the following purposes:

1. To elect three members in Class I of our board of directors to hold office until the 2014 annual meeting of stockholders or until their respective successors have been elected or appointed. The nominees are Ronald Jankov, Marvin Burkett and Norman Godinho;
2. To ratify the Audit Committee s appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To hold an advisory vote on executive compensation;
4. To hold an advisory vote on the frequency of future advisory votes on executive compensation;
5. To consider a stockholder proposal; and
6. 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. Our board of directors has fixed the close of business on March 31, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournments of the Annual Meeting. A list of such stockholders will be available for inspection at the principal office of the Company.

You are cordially invited to attend the Annual Meeting. However, to ensure that you are represented at the Annual Meeting, please register your vote as promptly as possible in accordance with the instructions set forth on the enclosed proxy card. A return addressed envelope is enclosed for your convenience. If you attend the Annual Meeting, you may vote in person even though you have returned a proxy card previously. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

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BY ORDER OF THE BOARD OF DIRECTORS
Roland B. Cortes
Secretary

Santa Clara, California

April 29, 2011

NETLOGIC MICROSYSTEMS, INC.

3975 Freedom Circle

Santa Clara, California 95054

PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by the board of directors of NetLogic Microsystems, Inc., a Delaware corporation (the Company), of proxies, in the accompanying form, to be used at the 2011 Annual Meeting of Stockholders (the Annual Meeting) to be held at the offices of Bingham McCutchen LLP, 1900 University Avenue, 4th Floor, East Palo Alto, California 94303, on May 20, 2011, at 8:00 a.m., Pacific time, and any adjournments of the Annual Meeting. Unless the context otherwise requires, the Company, we, us, and similar terms refer to NetLogic Microsystems, Inc.

If you need directions to the location of the Annual Meeting in order to attend the meeting and vote in person, please contact Roland Cortes at (408) 454-3000.

This Proxy Statement and the accompanying proxy card are being mailed on or about April 29, 2011 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 form enclosed 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 proxy instructions electronically by using the Internet and logging on to www.eproxy.com/netl/ as provided on the proxy card. The board of directors has appointed Ronald Jankov and Roland Cortes as holders of the proxies submitted in response to the solicitation pursuant to this Proxy Statement. An automated system administered by our transfer agent tabulates stockholder votes submitted by proxy, and an officer of the Company will tabulate votes cast in person at the Annual Meeting.

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Abstentions and Broker Non-Votes. 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 because the nominee does not have the discretionary voting power with respect to that matter and has not received instructions from the beneficial owner. Broker non-votes are considered present but not entitled to vote. Broker non-votes 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 on each proposal. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares only on routine matters, such as the ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011 (Proposal No. 2). Non-routine matters include the election of nominees for the board (Proposal No. 1), the advisory votes concerning executive compensation matters (Proposals No. 3 and No. 4), and the stockholder proposal (Proposal No. 5).

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. They have no effect on the votes regarding Proposals No. 1 and No. 4, however. Only FOR and

WITHHOLD votes are counted for purposes of determining the votes received in connection with Proposal No. 1 relating to the election of directors. Proposal No. 4 is an advisory vote on stockholder preference, with the selection receiving the most votes considered to represent such preference. In the case of Proposals No. 2 and No. 3, broker non-votes have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. Proposals No. 2 and No. 3 each require the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting, so abstentions are equivalent to votes against these proposals and could prevent their approval. Only FOR and AGAINST votes are included in the calculation of the stockholder vote on Proposal No. 5. Therefore, broker non-votes and abstentions have no effect on the stockholder vote on this proposal.

In order to minimize the number of broker non-votes, we encourage you to provide voting instructions to the organization that holds your shares.

Required vote. A summary of the voting requirements and the recommendation of the board of directors for each of the proposals to be considered at the Annual Meeting is as follows:

Proposal No. 1: Directors are elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting, and the three directors who receive the most votes will be elected to our board of directors to serve until our 2014 annual meeting of stockholders. Votes withheld will have no legal effect. **The board of directors recommends a vote FOR all nominees.**

Proposals No. 2 and No. 3: An affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is necessary for approval of Proposals No. 2 and No. 3. **The board of directors recommends a vote FOR the ratification of the appointment of the registered independent public accounting firm under Proposal No. 2 and FOR approval of executive compensation under Proposal No. 3.**

Proposal No. 4: The selection for the frequency with which the Company asks stockholders for an advisory vote on executive compensation that receives the most votes will be considered the preference of stockholders. **The board of directors recommends a vote for THREE YEARS for the frequency of advisory votes on executive compensation under Proposal No. 4.**

Proposal No. 5: The stockholder proposal will be approved by stockholders only if the number of votes FOR the proposal exceeds 50% of the combined number of votes FOR and AGAINST the proposal. **The board of directors recommends a vote AGAINST the stockholder proposal under Proposal No. 5.**

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. If no choice has been specified, the proxy holders will vote a properly completed and timely returned or electronically submitted proxy card for our board of directors nominees under Proposal No. 1. In addition, all properly completed and timely returned or electronically submitted proxy cards will be voted by the proxy holders in their discretion for any other matters properly and timely submitted for a vote at the Annual Meeting in accordance with the recommendations of our Board of Directors set forth in this proxy statement, or in the case of Proposal No. 6, in the proxy holders' discretion.

The close of business on March 31, 2011 has been fixed as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. Only holders of our common stock at the close of business on March 31, 2011 will be entitled to notice of and to vote at the Annual Meeting. As of that date, we had 68,309,833 shares of common stock outstanding and entitled to vote. Each share of our common stock is entitled to one vote per share.

The cost of soliciting proxies, including expenses in connection with preparing and mailing this Proxy Statement and other proxy materials 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. 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, telegram, electronic facsimile transmission and other electronic means, and personal solicitation by our directors, officers or employees. No additional compensation will be paid to our 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 \$5,000 plus reasonable out-of-pocket expenses.

Copies of our 2010 Annual Report on Form 10-K are being mailed to stockholders with this Proxy Statement. Additional copies of our 2010 Annual Report on Form 10-K, excluding exhibits, may be obtained by any stockholder without charge by making a request through our website Investor Information pages at www.netlogicmicro.com or by written request addressed to: Investor Relations, NetLogic Microsystems, Inc., 3975 Freedom Circle, Santa Clara, California 95054. Electronic copies of our 2010 Annual Report on Form 10-K, this Proxy Statement and the proxy card can also be found on our website Investor Information pages at www.netlogicmicro.com.

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 the Secretary of the Company, 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 NetLogic Microsystems, Inc., 3975 Freedom Circle, Santa Clara, California 95054, Attention: Secretary.

* * *

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 20, 2011

This Proxy Statement, the Proxy Card and our 2010 Annual Report are available at

<http://www.netlogicmicro.com/proxymaterials.htm>.

CORPORATE GOVERNANCE

Director Independence

Our board of directors has determined that directors Perham, Broyles, Krock, Godinho, Domenik and Burkett are independent, as defined under Marketplace Rule 5605(a)(2) of the listing rules of the NASDAQ Stock Market (the NASDAQ listing rules). No director qualifies as independent unless our board of directors determines that the director has no direct or indirect material relationship with us. On an annual basis, each director and executive officer is obligated to complete a questionnaire that requires disclosure of any transactions with us in which the director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. We also independently review our relationship to any entity employing a director or on which the director serves as a member of the board of directors. Our board of directors has determined that all directors who served during 2010, other than Mr. Jankov, are independent in accordance with SEC rules and regulations and the NASDAQ listing rules. Our board of directors has concluded that there are no business relationships that are material or that would interfere with the exercise of independent judgment by any of these directors in their service on our board of directors or its committees. Our board of directors also considered share ownership of the directors and determined in the case of Mr. Godinho that his beneficial ownership of shares representing approximately 5% of the common stock does not result in his having a controlling block of shares or prevent him from acting independently.

Our board of directors also has determined that Mr. Perham is the lead independent director. Our board of directors has standing Audit, Compensation and Governance and Nominating Committees, each of which is comprised solely of independent directors in accordance with the NASDAQ listing rules.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics for Employees, Executive Officers and Directors that applies to all of our employees and directors. We have posted this Code of Business Conduct and Ethics on our website at www.netlogicmicro.com.

Stockholder Communications with the Board

Stockholders who desire to communicate with our board of directors, or to a specific director, may do so by delivering the communication addressed to either the board of directors or any director, c/o NetLogic Microsystems, Inc., 3975 Freedom Circle, Santa Clara, California 95054. These communications will be delivered to the board, or any individual director, as specified.

Annual Meeting Attendance

Our board of directors encourages each director to attend our annual meetings of stockholders, but attendance is not required. Directors Jankov, Perham, Broyles and Godinho attended our 2010 annual meeting of stockholders.

Board of Directors*Members of the Board of Directors*

The names of each of our current directors and certain information about them are set forth below:

Name	Age	Position
Leonard Perham ⁽¹⁾⁽²⁾	67	Director, Chairman of the Board
Steven Domenik ⁽¹⁾⁽²⁾⁽³⁾	59	Director
Douglas Broyles ⁽³⁾	69	Director
Alan Krock	50	Director
Marvin Burkett ⁽¹⁾	68	Director
Norman Godinho	70	Director
Ronald Jankov	52	Director, Chief Executive Officer and President

⁽¹⁾ Member of the Audit Committee.

⁽²⁾ Member of the Compensation Committee.

⁽³⁾ Member of the Governance and Nominating Committee.

Board Diversity and Board Member Qualifications

Our Governance and Nominating Committee is responsible for identifying prospective board candidates, recommending nominees for election to our board of directors, developing and recommending board member selection criteria, considering committee member qualifications, recommending corporate governance principles to our board of directors, and providing oversight in the evaluation of our board of directors and each committee. The responsibilities of our Governance and Nominating Committee are described in the Governance and Nominating Committee Charter approved by our board of directors, a current copy of which is available at www.netlogicmicro.com.

When there is a need to identify or evaluate a prospective nominee, our Governance and Nominating Committee undertakes a careful review process which may involve, among other things, candidate interviews, inquiries of the person or persons recommending the candidate, engagement of an outside firm to gather additional information and discussions with management and incumbent directors. In evaluating candidates, including current directors eligible for re-election, our Governance and Nominating Committee considers various factors, including the size and composition of our board of directors and our committees, the needs of our board of directors and committees, the candidate's expertise and experience, the candidate's independence and potential conflicts of interest, the candidate's character and integrity, and the candidate's existing commitments. Upon completion of its review and evaluation, our Governance and Nominating Committee makes its recommendations to our board of directors regarding the candidate(s). All nominations are approved by the entire board of directors, including all of the independent directors. After considering our Governance and Nominating Committee's recommendations, our board of directors determines and approves which candidate(s) shall be nominated for election to our board of directors, subject to stockholder approval.

Our board prefers a variety of professional backgrounds and experiences among its members, and does not follow any prescribed process or formula; rather, it uses its judgment to review the professional background and experiences of each candidate and board member such that the

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board, as a whole, will be able to successfully perform its duties to the highest standards. In particular, the board has sought to include members that have experience in establishing and growing integrated circuit companies, leading integrated circuit companies in chief executive officer, chief financial officer or other senior management positions, working with the investment community, serving on the board of directors of other companies, both public and private, and have experience in the development and oversight of high technology companies, and familiarity with the capital markets environment for such companies.

In determining that each member of the board is qualified to be a director, the board has relied on the attributes listed below and on the direct personal knowledge of each of the members prior service on the board. There are no family relationships among any of our directors or executive officers.

Leonard Perham has served as a member of or chairman of our board of directors since March 2000. Mr. Perham has a lengthy history of managing high-technology integrated circuit companies as a chief executive officer and board member. Mr. Perham has been the President and Chief Executive Officer of MoSys, Inc. (a provider of intellectual property cores and integrated circuit products) since November 2007, and from April 1991 to January 2000, Mr. Perham was the Chief Executive Officer of Integrated Device Technology, Inc.

Stephen Domenik has served as a member of our board of directors since January 2001. Since 1995, Mr. Domenik has been with Sevin Rosen Funds, a venture capital firm, where he is a General Partner and has developed considerable relevant experience in investments in and the strategic development of high-technology companies. During his tenure at Sevin Rosen Funds he has led numerous investments in private companies. Mr. Domenik is a member of the board of directors of Pixelworks, Inc.

Douglas Broyles has served as a member of our board of directors since December 1999. Mr. Broyles has been a General Partner with Huntington Ventures (a private investment firm) since September 2000. For the past 25 years as an investor and board member, Mr. Broyles has gained first-hand experience in helping oversee the strategic direction and growth strategies of several Silicon Valley technology companies and has current experience in the areas of wireless communications and leading edge semiconductor fabrication technologies. From 1999 to 2008, Mr. Broyles was a member of the board of directors of Peak International a market leader in plastic design, engineering, production and supply chain solutions.

Alan Krock has served as a member of our board of directors since August 2005. Mr. Krock has gained extensive experience in financial and audit control related matters as the Chief Financial Officer of Beceem Communications, Inc. (a provider of integrated circuit products) from January 2010 until January 2011, Vice President and Chief Financial Officer of PMC-Sierra, Inc. (a provider of integrated circuit products) from November 2002 until March 2007, Vice President of Corporate Affairs for PMC-Sierra, Inc. from March 2007 until March 2008, and Vice President and Chief Financial Officer of Integrated Device Technology, Inc. from January 1998 until November 2002.

Marvin Burkett became a member of our board of directors on December 1, 2010. Mr. Burkett brings nearly 40 years of experience with global semiconductor and personal computing companies. Mr. Burkett served as Chief Financial Officer and Chief Administration Officer of Nvidia Corporation from 2002 until his retirement in February 2009, when he became a senior advisor to Nvidia. Mr. Burkett also served as Executive Vice President and Chief Financial Officer of Packard Bell NEC from 1998 to 1999. From 1972 to 1998, Mr. Burkett also served Advanced Micro Devices, Inc. first as corporate controller and then as Senior Vice President, Chief Financial Officer and Chief Administrative Officer. Prior to that Mr. Burkett worked at the Semiconductor Division of Raytheon Company. Mr. Burkett is a member of the board of directors of Entegris, Inc., and also serves on the board of directors of a private company.

Norman Godinho is one of our founders and has served as a member of our board of directors since our inception. Mr. Godinho has gained first hand experience through a long career in managing research and development and training engineers at high technology companies through his own engineering career. Mr. Godinho co-founded Integrated Device Technology, Inc. in August 1980 and Paradigm Technology Limited in 1987, where he also served as a director and Vice President. Mr. Godinho also gained significant management experience as our Chief Executive Officer from December 1997 to April 2000.

Ronald Jankov has served as our President, Chief Executive Officer and as a member of our board of directors since April 2000. As Vice President of Sales and then Vice President and General Manager for the Multimedia Division of NeoMagic Corporation from September 1995 to September 1999, and as Vice President

of Cyrix Corporation prior to joining NeoMagic, Mr. Jankov gained first hand experience in the management of engineering, sales and product development of growing integrated circuit providers.

Board Classification

Our board of directors is divided into three classes, as follows:

Class I, which consists currently of Norman Godinho, Marvin Burkett and Ronald Jankov whose terms will expire at the Annual Meeting;

Class II, which consists currently of Douglas Broyles and Stephen Domenik whose terms will expire at our annual meeting of stockholders to be held in 2012; and

Class III, which consists currently of Leonard Perham and Alan Krock whose terms will expire at our annual meeting of stockholders to be held in 2013.

Upon expiration of the term of a class of directors, directors for that class will be nominated for election for three-year terms at the annual meeting of stockholders in the year in which such term expires. Each director's term is subject to the election and qualification of his successor, or his earlier death, resignation or removal. The authorized number of directors may be changed by resolution of our board of directors or a majority vote of the stockholders. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. Because no more than the number of directors in a single class may be elected at each annual meeting, this classification of our board of directors may have the effect of delaying or preventing changes in control or management.

Risk Oversight by the Board

It is the responsibility of the board of directors to oversee management's efforts to assess and manage the various risks that we face. The board of directors as a whole oversees strategic and operational risks through its interaction with senior management regarding our major research development plans, manufacturing initiatives, sales and marketing strategies, merger and acquisition activities, financing and investment initiatives and financial auditing and controls. This interaction occurs at formal board of directors meetings, committee meetings and through other periodic written and oral communications.

Additionally, the board of directors has allocated some of its risk oversight activities to its committees. For example, the Compensation Committee oversees the risks associated with compensation for our named executive officers and directors, including whether any of our compensation policies has the potential to encourage excessive risk-taking. The Audit Committee oversees compliance with our code of conduct and ethics, our financial reporting process and our systems of internal controls and reviews with management our major financial risk exposures and the steps taken to control such exposures. The Governance and Nominating Committee monitors the effectiveness of our corporate governance guidelines.

Board Leadership Structure

We have chosen to separate the positions of our chief executive officer and board chairman as we believe that this separation provides the opportunity for our chairman to better represent the independent directors in the board's oversight of management.

As chairman of the board of directors, Mr. Perham is the lead independent director. Mr. Perham also serves on our Audit Committee and Compensation Committee and allocates a considerable amount of additional time outside of board and committee meetings to spend with our chief executive officer and chief financial officer to facilitate the board's oversight of management and ensure that the independent members of the board are involved in setting the strategic direction of the company.

Board Meetings and Committees

Board of Directors

Mr. Perham serves as chairman of our board of directors. Our board of directors held eight meetings in 2010. None of the directors attended fewer than 75 percent of the total number of meetings held during the year or the total number of meetings held by all committees of the board of directors on which he served during the year.

Audit Committee

Directors Burkett, Perham and Domenik are the current members of our Audit Committee. Mr. Krock served as a member of our Audit Committee throughout 2010 and until March 2011. Our Audit Committee oversees, reviews and evaluates our financial statements, accounting and financial reporting processes, internal control functions and the audits of our financial statements, including the appointment, compensation, retention and oversight of our independent auditor. Our Audit Committee also is charged with reviewing reports or complaints with respect to the accounting, auditing and/or internal controls of the Company, including possible violations under our whistleblower policy. The responsibilities of our audit committee are described in the Audit Committee Charter adopted by our board of directors, a current copy of which is available at www.netlogicmicro.com. The Audit Committee held 16 meetings in 2010.

All of the members of our Audit Committee are independent under the NASDAQ listing rules. Mr. Burkett serves as the chairman of the committee. Our board of directors has determined that Mr. Burkett is the audit committee financial expert, as defined under Item 407(d)(5) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and in accordance with the requirements of Rule 5605(c)(2) of the NASDAQ listing rules, but that status does not impose on him duties, liabilities or obligations greater than those otherwise imposed on him as a member of our audit committee and our board of directors.

Compensation Committee

Directors Perham and Domenik are the current members of our Compensation Committee. Mr. Domenik serves as the chairman. The Compensation Committee held seven meetings in 2010. In addition, the Compensation Committee acted at times by unanimous written consent pursuant to Delaware law.

Our Compensation Committee does not have a charter; rather, its duties and obligations have been specified by our board of directors. The Compensation Committee reviews and makes recommendations to our board of directors concerning the compensation and benefits of our executive officers (including our chief executive officer) and directors, develops performance objectives for our officers and evaluates their performance in light of these objectives, administers our stock option and employee benefits plans, reviews general policies relating to compensation and benefits, and produces an annual report on executive compensation for inclusion in our annual proxy statement.

Governance and Nominating Committee

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Directors Broyles and Domenik are the current members of our Governance and Nominating Committee. Mr. Broyles serves as the chairman of the Committee. Both are independent directors. Our Governance and Nominating Committee held two meetings in 2010. The duties of our Governance and Nominating Committee are to identify prospective board candidates, recommend nominees for election to our board of directors, develop and recommend board member selection criteria, consider committee member qualification, recommend corporate governance principles to our board of directors, and provide oversight in the evaluation of our board of directors and each committee. The responsibilities of our Governance and Nominating Committee are described in the Governance and Nominating Committee Charter approved by our board of directors, a current copy of which is available on our website at www.netlogicmicro.com.

This year, our Governance and Nominating Committee evaluated Mr. Burkett as a candidate to join the board of directors and recommended the authorization of an additional Class I seat on the board of directors to be filled by Mr. Burkett's appointment with the approval of the board of directors, which was implemented effective December 1, 2010. The Governance and Nominating Committee has recommended that the current Class I directors, Jankov, Burkett and Godinho be re-elected at the Annual Meeting, and the board of directors has approved this recommendation. Directors Jankov and Godinho have substantial experience building and managing businesses like ours. Mr. Burkett is our newly elected Audit Committee chairman and designated financial expert and his service to the board of directors and the Company is very important. We consider the continued service of these three candidates as members of our board of directors to be in our and our stockholders best interests.

The Governance and Nominating Committee will consider candidates for nomination as director who are recommended by our stockholders and will not evaluate such candidates differently than other nominations for director. To recommend a prospective candidate for consideration by our Governance and Nominating Committee, stockholders must hold at least \$2,000 in market value or one percent of our outstanding voting securities continuously for at least one year prior to the date of the submission of the recommendation. Recommendations received after the date that is 120 days prior to the one year anniversary of the mailing of the previous year's proxy statement, will likely not be considered timely for consideration at that year's annual meeting. The submission deadline for next year's annual meeting is set forth under Stockholder Proposals for 2012 Annual Meeting elsewhere in this Proxy Statement. Stockholders may suggest qualified candidates for director by giving timely notice in writing to the Committee at the following address: NetLogic Microsystems, Inc., 3975 Freedom Circle, Santa Clara, California 95054, Attention: Secretary, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications, an explanation of the reasons why the stockholder believes this candidate is qualified for service on our board of directors and certain other information as required by our bylaws. The stockholder must also provide such other information about the candidate that would be required by the SEC rules to be included in a proxy statement. In addition, the stockholder must include the consent of the candidate and describe any arrangements or undertakings between the stockholder and the candidate regarding the nomination. The Secretary will then forward this information to our Governance and Nominating Committee.

To date, no stockholder or group of stockholders owning more than 5% of our common stock has submitted a nomination for director.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee serves on or has served on the board of directors or compensation committee of another entity that has one or more members serving on our board of directors or Compensation Committee. During the past fiscal year none of our executive officers served on the board of directors or compensation committee of another entity whose executive officer(s) served on our Compensation Committee or board of directors.

COMPENSATION OF NON-EMPLOYEE DIRECTORS
Director Compensation Table

The following Director Compensation Table sets forth summary information concerning the compensation paid to our non-employee directors in 2010 for their services as directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
Leonard Perham	74,000	222,900		296,900
Steven Domenik	62,000	222,900		284,900
Norman Godinho	30,000	222,900		252,900
Douglas Broyles	37,500	222,900	13,680 ⁽²⁾	274,080
Alan Krock	60,000	250,100	19,601 ⁽²⁾	329,701
Marvin Burkett	20,467	612,560		633,027
Total	283,967	1,754,260	33,281	2,071,508

⁽¹⁾ Reflects the aggregate grant date fair value of option awards granted in 2010 computed in accordance with the Financial Accounting Standards Board Accounting Standard Codification Topic 718, Compensation – Stock Compensation (FASB ASC Topic 718). See Note 6 of the consolidated financial statements under Item 8 Financial Statements and Supplementary Data of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 regarding the assumptions underlying the valuation of equity grants. Except for Marvin Burkett, each director was granted an award under the 2004 Equity Incentive Plan (the 2004 Plan) on July 21, 2010 of restricted stock units representing the right to receive 7,500 shares of Company common stock. These awards vest in full on May 20, 2011, the date of the Annual Meeting, subject to each director's continuous service on our board of directors through such date. Mr. Krock also received an additional fully vested award of 1,000 shares on June 7, 2010. In connection with his appointment to the board of directors on December 1, 2010, Mr. Burkett received an award under the 2004 Plan of restricted stock units representing the right to receive 19,000 shares of Company's common stock, which vest with respect to 4,000 shares on May 20, 2011 (the date of the Annual Meeting), and with respect to 5,000 shares on the date of each of the Company's next three successive annual meetings of stockholders, subject to Mr. Burkett's continuous service as a director.

⁽²⁾ Reflects the aggregate incremental cost of medical, dental and vision insurance premiums paid by us on behalf of the individual director.

We reimburse our non-employee directors for all reasonable out-of-pocket expenses incurred in the performance of their duties as directors. As a matter of policy, an employee director does not receive separate compensation for service on the board of directors in addition to his or her compensation as an employee. Consequently, during 2010, Mr. Jankov did not receive compensation for his role as a director.

Cash Compensation

For fiscal year 2010, the Compensation Committee retained Compensia, Inc. (*Compensia*), as an independent, third-party consulting firm to review non-employee director compensation. Based on the results of the review by Compensia, and the Committee's goal of retaining and motivating highly qualified non-employee directors, the Compensation Committee recommended to the board of directors that the annual equity and cash compensation granted to each non-employee director be increased for fiscal 2010. The board of directors accepted the recommendation of the Compensation Committee, and on July 21, 2010 approved cash compensation to our non-employee directors as follows:

\$30,000 to each of our non-employee directors for service on the board of directors, of which Mr. Burkett received a pro rata amount for his service from Dec 1, 2010 through May 20, 2011;

An additional \$20,000 to Mr. Krock for service as the chairman of the Audit Committee, a pro rata amount of \$20,000 to Mr. Burkett for subsequent service as chair of the Audit Committee from March 16, 2011 through May 20, 2011, \$10,000 to each of Mr. Perham and Mr. Domenik for service as members of the Audit Committee, and a pro rata amount of \$10,000 to Mr. Burkett for service as a member of the Audit Committee from December 1, 2010 through March 16, 2011, \$1,500 to each member of the Audit Committee for attending a meeting of the Audit Committee in person, and \$500 to each member of the Audit Committee for participating in a meeting of the Audit Committee by teleconference;

An additional \$10,000 to Mr. Domenik for service as the chairman of the Compensation Committee, and \$6,000 to Mr. Perham for service as a member of the Compensation Committee;

An additional \$7,500 to Mr. Broyles for service as the chairman of the Governance and Nominating Committee, and \$4,000 to Mr. Domenik for service as a member of the Governance and Nominating Committee; and

An additional \$20,000 to Mr. Perham for service as the chairman of the board of directors and lead independent director.

Equity Compensation

In connection with their service on our board of directors, non-employee directors are eligible to receive, and have received, stock options and restricted stock units under the 2004 Plan. The Compensation Committee, with the assistance of Compensia, reviewed the Company's policy for equity compensation for newly appointed non-employee directors in light of the Company's desire to attract highly qualified board members, such as Mr. Burkett, with extensive experience in the management and oversight of publicly traded fabless integrated circuit companies. In light of the Committee's review, the Committee recommended to our board of directors, and our board of directors approved, an award to Mr. Burkett of restricted stock units representing the right to acquire 19,000 shares of Company common stock vesting with respect to 4,000 shares subject to the award on the date of the Company's annual meeting of stockholders immediately following the date of grant, and vesting with respect to 5,000 shares subject to the award on the date of each of the Company's next three successive annual meetings of stockholders, subject to Mr. Burkett's continuous service as a director.

Each continuing non-employee director who has served on our board or directors for at least six months is granted an award of restricted stock units representing the right to receive 7,500 shares of common stock under the 2004 Plan at the first regularly scheduled meeting of our board of directors following each annual meeting of stockholders. These awards vest in full at the next regularly scheduled annual meeting of stockholders, subject to each member's continuous service as a director. The accounting value of restricted stock unit grants to directors is calculated using the same methodology that we use to determine the accounting charge associated with similar equity-based awards for the fiscal period immediately preceding the grant date. We measure the fair value of option awards using the Black-Scholes option pricing model which requires a number of complex and subjective assumptions including our stock price volatility, option exercise patterns (expected life of options), future forfeiture rates and related tax effects.

During 2010, each of our continuing non-employee directors Perham, Domenik, Broyles, Godinho and Krock received grants of restricted stock units representing the right to receive 7,500 shares of common stock on July 21, 2010. Additionally, Mr. Krock received a fully vested award of 1,000 shares of common stock on June 7, 2010.

Other Compensation

The members of our board of directors are eligible to participate in our health care insurance plans, including medical, dental and vision coverage, to the same extent that our non-director employees are eligible to participate in such plans. In 2010, non-employee directors Broyles and Krock continued to be enrolled in our medical, dental and vision plans, and we paid the medical insurance premiums on their behalf.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Committee

Our Compensation Committee is composed of directors Domenik and Perham, who are independent, non-employee directors. The Compensation Committee reviews and makes recommendations to our board of directors concerning the compensation and benefits of our executive officers (including our chief executive officer) and directors, reviews and approves performance objectives for our officers and evaluates their performance in light of these objectives, administers our stock and employee benefits plans, reviews and approves our general policies relating to compensation and benefits, and reviews and approves this Compensation Discussion and Analysis report for inclusion in this Proxy Statement.

Compensation Philosophy and Objectives

Our compensation philosophy and the objective of our compensation program is to align the interests of our stockholders and management by integrating executive compensation with our annual and long-term corporate strategic and financial objectives. We believe that the overall compensation for our executive officers should be fair, reasonable and competitive to attract, retain, motivate and reward well-qualified executives who contribute to our long-term success. Accordingly, our compensation program is designed to reward the performance of each executive officer and recognize the officer's contribution to our overall performance in a particular fiscal year, as well as to our long-term strategic and financial objectives.

Consistent with our compensation philosophy and objectives, we consider many factors in determining appropriate compensation for our executive officers, including:

the experience and career potential of each officer;

the competitive market for both short-term and long-term compensation;

the prior compensation earned and awarded to each officer;

our success in achieving strategic and financial goals; and

our need to obtain, retain and motivate highly qualified individuals.

To guide in the implementation of our compensation philosophy, our compensation program is designed to:

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include equity grants that typically vest over multiple years to align long-term employee interests with the interests of our stockholders;

provide a meaningful link between our goals and execution by the executive management team to support achievement of such goals; and

provide a competitive blend of short-term and long-term compensation to provide meaningful incentives for individual achievement.

Our total compensation packages may include base salary, annual cash bonuses and commissions, all paid in cash, as well as long-term compensation in the form of equity compensation including stock options, restricted stock and restricted stock units. Additionally, our compensation packages include a 401(k) plan, medical and other benefits, and severance and change-in-control and other post-termination benefits.

Competitive Market Data

Determining the competitive landscape is an essential step in implementing our compensation objectives. We and the Compensation Committee annually review competitive market information for executive officers, including short-term incentives, such as base salaries, cash bonuses and commissions, and long-term incentives,

in the form of equity compensation, including stock options, performance shares, restricted stock and restricted stock units. As a part of this annual assessment, we and the Compensation Committee engage an independent compensation consultant to assist us in collecting and analyzing relevant market data for a selected peer group of companies.

For fiscal year 2010, the Compensation Committee retained Compensia as an independent, third-party consulting firm, in connection with its review of executive compensation. Working with Compensia, our CEO our CFO, and the Compensation Committee reviewed compensation data from semiconductor and other high technology companies with revenues between \$200 million and \$500 million from the 2009 Radford Executive Survey and 2009 Radford Benchmark Surveys (collectively the Surveys), as well as compensation data from the following selected peer group of companies, some of which were also included in the Surveys: Applied Micro Circuit Corporation, Aruba Networks, Inc., Atheros Communications, Blue Coa