

OPTI INC
Form 10-K
June 29, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended March 31, 2011

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

For the Transition Period from _____ to _____

Commission File Number 0-21422

OPTi Inc.

(Exact name of registrant as specified in its charter)

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CALIFORNIA
(State or other jurisdiction of

77-0220697
(I.R.S. Employer

incorporated or organization)

Identification No.)

3430 W. Bayshore Road, Palo Alto, California
(Address of principal executive office)

94303
(Zip Code)

Registrant's telephone number, including area code **(650) 213-8550**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, no par value**

Indicate by check mark whether the registrant is a well-known seasoned issuer as defined by Rule 405 of the Securities Act Yes ☐ No ☒

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

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

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

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

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller Reporting Company ☒

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on September 30, 2010, as reported on the Over the Counter Bulletin Board, was approximately \$17,373,152 and closing price of \$2.60. Shares of Common Stock held by each executive officer, director, and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the registrant's common stock as of May 31, 2011 was 11,645,903.

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OPTi Inc.

Form 10-K

For the Fiscal Year Ended March 31, 2011

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PART I

Item 1. Business

Information set forth in this report includes forward looking statements made within the meaning of Section 27A of the Security Act of 1933, as amended and Section 21E of the Securities and Exchange Act of 1934, as amended that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward looking statements as a result of a number of factors, including the Company's ongoing efforts to enforce its intellectual property rights, its current litigation efforts and the uncertainty inherent in such litigation, the willingness of the parties the Company believes are infringing its patents to settle our claims against them, the amount of litigation costs the Company must incur in pursuing its patent infringement claims, the degree to which technology subject to our intellectual property rights is used by other companies in the personal computer and semiconductor industries and our ability to obtain license revenues from them, changes in intellectual property law in such industries and in general and other matters. Readers are encouraged to refer to "Risk Factors" found below.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available on the Securities and Exchange Commission website <http://www.sec.gov>.

The Company will furnish a copy of this Form 10-K upon written request and without charge. All requests for the Form 10-K should be sent by mail to: OPTi Inc, 3430 W. Bayshore Road, Suite 103, Palo Alto, CA 94303 attn: Investor Relations.

Introduction

OPTi Inc. a California corporation ("OPTi" or the "Company"), was founded in 1989, as an independent supplier of semiconductor products to the personal computer ("PC") and embedded marketplaces.

From inception through 1998, OPTi's principal business was its core logic products for desktop PCs and the Company employed as many as 235 employees over the years. However, in time, OPTi faced increasingly tight competition from companies with substantially greater financial, technical, distribution and marketing resources. During February 1999, the Company completely ceased further development of core logic products, although OPTi continued to ship such products to customers up to September 2002.

In September 2002, the Company sold its product fabrication, distribution and sales operations to Opti Technologies, Inc., an unrelated third party, and the Company ceased manufacturing, marketing and sales operations. However, the Company believes that certain of its patented technology is in unlicensed use and the Company has been engaged in perfecting its intellectual property position, investigating unlicensed use of its technology and developing and validating a strategy to pursue product licenses from unlicensed users.

During the fiscal year 2011, the Company recorded net revenue of \$50,625,000 relating to licensing agreements on its Predictive Snooping and Compact ISA technology. The vast majority of the fiscal year 2011 revenue relates to licensing activity with Advanced Micro Devices ("AMD") and Apple, Inc. ("Apple"). During the fiscal year 2010, the Company also recorded net revenue of \$650,000 relating to a license with VIA Technologies ("VIA").

OPTi holds a majority of its liquid assets in cash and cash equivalents for the purpose of financing its efforts to pursue licenses and claims relating to its intellectual property.

Industry Background

During the last decade, the PC industry has grown rapidly as increased functionality combined with lower pricing has made PCs valuable and affordable tools for business and personal use.

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The trend to higher performance, lower cost personal computers has been accompanied by a variety of changes in the market for PCs and the technologies used to address these emerging market requirements. The consumer and home office sectors have become the fastest growing sectors of the PC market, driven, in part, by the emergence of low-cost multimedia computers and peripherals.

Growth has continued in the PC market as computer and consumer electronics industries have converged, combining increased multimedia and communications capabilities. Today's systems increasingly offer more powerful microprocessors, highly integrated chipsets, integrated video, stereo sound, high-speed fax and modem communications and DVD.

OPTi believes that the existing technology used in current generations of core logic chipsets may be infringing some of the patented technology that the Company had developed.

Strategy

Pursue Infringement Claims for Proprietary Chipset Technologies

The Company's current strategy is to pursue licensing opportunities to resolve potential infringement of its proprietary intellectual property in the core logic area. During the first quarter of fiscal year 2000, the Company entered into a one-time licensing arrangement for \$13,311,000 on the core logic technology that the Company developed during its existence. During the first quarter of fiscal year 2004, the Company entered into another one-time license arrangement for \$425,000 on its patented technology. The Company believes that there may be additional companies that may be infringing its patents. The Company is actively working to explore all possible arrangements to settle such infringements.

On October 19, 2004, the Company announced that it filed a complaint against NVIDIA, in the Eastern District of Texas, for infringement of five U.S. patents relating to its Predictive Snooping chipset technology.

On August 3, 2006, the Company entered into a license and settlement agreement with NVIDIA. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against NVIDIA and licensed certain patents to NVIDIA. NVIDIA made a non-refundable, non-creditable fully earned payment of \$11 million to the Company. There is no future performance obligation. In accordance with the Company's revenue recognition policy \$11 million was recorded as revenue during the quarter ended September 30, 2006 as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

The license agreement also provides that the Company receive quarterly royalty payments of \$750,000 from NVIDIA, so long as NVIDIA continues to use the Company's Predictive Snoop technology, commencing in February 2007 up to a maximum of 12 such payments in exchange for a license for future use of the Pre-Snoop patents.

On October 17, 2007 the Company initiated arbitration against NVIDIA because the Company believed that NVIDIA breached the terms of the license agreement. The Company sought payment for the past due quarters that OPTi believed NVIDIA continued to use the Pre-Snoop technology. The arbitrator in September 2008 ruled in OPTi's favor and awarded the Company a total of five quarterly royalty payments of \$750,000 each for a total of \$3,750,000. This amount was recognized as revenue in the fiscal year 2009 in accordance with the Company's revenue recognition policy.

On December 10, 2009, the Company initiated another arbitration against NVIDIA because the Company believes that NVIDIA continues to use the Pre-Snoop technology in breach of the terms of the license agreement. The Company was seeking payment of the additional quarterly royalty payments it is entitled to under the terms of the license agreement.

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On September 29, 2010, the Company announced that it had entered into a patent licensing and arbitration agreement with NVIDIA. Under the terms of the agreement, the Company received one lump sum of \$2,000,000 for granting NVIDIA a fully paid-up license to the Company's Pre-Snoop patents under the terms of the license agreement. This amount was recognized as revenue in fiscal year 2011 in accordance with the company's revenue recognition policy.

On November 15, 2006, the Company announced that it had filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against Advanced Micro Devices, Inc. (AMD) for infringement of three U.S. patents relating to its Predictive Snooping technology.

On April 30, 2010, the Company entered into a litigation settlement and license agreement with AMD. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against AMD and licensed certain patents to AMD. In accordance with the Company's revenue recognition policy \$32 million was recorded as revenue during the quarter ending June 30, 2010 as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

On January 16, 2007, the Company announced that it had filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against Apple Inc. (Apple) for infringement of three U.S. patents. The three patents at issue in the lawsuit are U.S. Patent No. 5,710,906, U.S. Patent No. 5,813,036 and U.S. Patent No. 6,405,291, which are all entitled Predictive Snooping of Cache Memory for Master-Initiated Accesses. The Company alleged that Apple infringed the patents by making, selling, and offering for sale desktop and portable computers and servers incorporating Predictive Snooping technology.

On April 23, 2009 a jury from the United States District Court for the Eastern District of Texas ruled in OPTi's favor in the patent infringement trial between OPTi and Apple Inc. The jury ruled on the following four issues:

In the matter of willful infringement, the jury ruled that Apple willfully infringed OPTi's patents;

In the matter of Apple's defense that OPTi's patents were invalid due to obviousness, the jury ruled that OPTi's patents were valid;

In the matter of Apple's defense that the patents were invalid due to anticipation, the jury ruled that the OPTi's patents were valid;

In the matter of damages, the jury awarded OPTi \$19 million for Apple's infringement of OPTi's patents. The court had ruled previously that Apple had infringed the OPTi patents at issue on April 3, 2009.

On December 3, 2009, the court issued the final judgment in the patent infringement action between OPTi and Apple. The court ordered that OPTi recover from Apple a reasonable royalty of \$19.0 million in actual damages. The court also awarded an additional \$2.7 million in pre-judgment interest for a total award of \$21.7 million. The court also found that there was no willful infringement in the case and denied any request for reimbursement of attorney fees.

On December 9, 2010, the Company announced that it had entered into a Settlement and License Agreement with Apple. Under the terms of the agreement, OPTi received one lump sum payment, in December 2010, for granting Apple a fully paid up, royalty free license to OPTi patents. This amount was recognized as revenue in fiscal year 2011 in accordance with the company's revenue recognition policy.

On July 3, 2007, the Company announced that it had filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against eight companies for infringement of two U.S. patents. The two patents at issue in the lawsuit were U.S. Patent No. 5,944,807 and U.S. Patent No. 6,098,141; both entitled Compact ISA-Bus Interface. The Company alleged that Advanced Micro Devices, Atmel Corporation,

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Broadcom Corporation, Renesas Technology America, Inc., Silicon Storage Technology, Inc., SMSC, STMicroelectronics and VIA Technologies, Inc. infringed the patents by making, selling, and offering one or more of the following products: core logic chipsets, Super I/O devices, Trusted Platform Modules, certain flash memory devices, certain I/O controllers and other semiconductor products incorporating Compact ISA-Bus Interface technology. The Company settled with Broadcom Corporation, Renesas Technology America, Inc., Silicon Storage Technology, Inc. and STMicroelectronics during the fiscal year ended March 31, 2009. During fiscal year 2010, the Company settled with Atmel Corporation, SMSC and VIA. The settlement amount received from Atmel Corporation of \$125,000 is included in other income for the quarter ended June 30, 2009. The settlement amount received from SMSC of \$1,900,000 is included in other income for the quarter ended September 30, 2009. The settlement amount received from VIA of \$650,000 was included in revenue for the quarter ended December 31, 2009.

On April 30, 2010, the Company entered into a settlement and license agreement with AMD. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against AMD and licensed certain patents to AMD. AMD has made a non-refundable, non-creditable fully earned payment totaling \$3 million to the Company. There is no future performance obligation. In accordance with the Company's revenue recognition policy, \$3 million was recorded as revenue during the quarter ending June 30, 2010, as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

Intellectual Property

The Company had sought to protect its proprietary technology by the filing of patents. The Company currently has thirty four issued U.S. patents based on certain aspects of the Company's designs.

The Company entered into license agreements in the past regarding certain alleged infringement claims asserted by third parties. There can be no assurance that additional infringement, invalidity, right to use or ownership claims by third parties or claims for indemnification resulting from infringement claims will be asserted in the future. If any other claims or actions are asserted against the Company, the Company may seek to obtain a license under a third party's intellectual property rights. There can be no assurance, however, that a license will be available under reasonable terms or at all. The failure to obtain a license under a patent or intellectual property right from a third party for technology used by the Company could cause the Company to incur substantial liabilities and adversely affect the Company's pursuit of its own patent infringement claims. In addition, should the Company decide to litigate the claims, such litigation could be extremely expensive, time consuming and could materially and adversely affect the Company's business, financial condition and results of operations, regardless of the outcome of the litigation.

Employees

The Company has one full-time and two part-time general and administration employees. The Company's ability to retain key employees is a critical factor to the Company's success.

Item 1A. Risk Factors

Trading of OPTi Common Stock on the OTC Bulletin Board

Our common stock is currently traded on the OTC Bulletin Board. Some investors may be less likely to invest in stocks that are not traded on recognized national markets and listing services such as NASDAQ. Therefore, investors in our common stock may experience reduced liquidity when attempting to trade shares of our common stock.

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Dependence on Intellectual Property Position

The success of the Company's current strategy of resolving potential infringement of its patented core logic technology can be affected by new developments in intellectual property law generally and with respect to semiconductor patents in particular and upon the Company's success in defending its patent position. It is difficult to predict developments and changes in intellectual property law. However, such changes could have an adverse impact on the Company's ability to pursue infringement claims on its previously developed technology.

The Company's Pre-Snoop patented technology was originally filed with the United States Patent and Trademark Office (USPTO) in July 1995 and all three patents in this technology will expire in July 2015. The Company's Compact ISA technology was originally filed in February 1996 with the USPTO and the three patents relating to this technology will expire in February 2016.

The Company continues to explore potential new infringers of its patented technology in both the Pre-Snoop and Compact ISA technology but can make no assurances that it will be successful in finding additional infringers.

Uncertain Revenue Stream

Although the Company has commenced legal action and continues to pursue license revenues relating to the unauthorized use of its intellectual property, there can be no assurances whether or when revenues will result from the pursuit of such claims.

In addition, the Company's focus on pursuing claims related to its intellectual property position can result in one time payments that may increase revenues during a single fiscal period but may not be repeated in future periods. For example, in the fiscal quarter ended September 30, 2006, the Company reached a settlement of certain claims and counterclaims with NVIDIA that included, among other things, a one-time cash payment to the Company. Under the terms of the settlement, the Company was to receive future payments from NVIDIA if they continued to use the patented technology. Consequently, settlements of these claims will cause our operating results to fluctuate from period to period and revenues that we may receive from such a settlement should not be viewed as indicative of future trends in our operating results.

Outcome of VIA and SIS Legal Actions

On July 30, 2010, the Company filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against VIA and System Integrated Systems Corp. (SIS) for infringement of two U.S. patents. The two patents at issue in the lawsuit are U.S. Patent No. 5,710,906 and U.S. Patent No. 6,405,291, which are all entitled "Predictive Snooping of Cache Memory for Master-Initiated Accesses". The Company alleged that VIA and SIS infringed the patents by making, selling, and offering for sale desktop and portable computers and servers incorporating Predictive Snooping technology.

The outcome in the VIA and SIS legal actions will have significant effects on the Company's ability to realize ongoing license revenue.

Third Party Intellectual Property Infringement Claims

The PC industry is characterized by vigorous protection and pursuit of intellectual property rights or positions, which may result in significant protracted expensive litigation. There can be no assurance that additional infringement, invalidity, right to use or ownership claims by third parties or claims for indemnification resulting from infringement claims will be asserted in the future. If any other claims or actions are asserted against the Company, the Company may seek to obtain a license under a third party's intellectual property rights. There can be no assurance, however, that a license will be available under reasonable terms or at all. The failure to obtain a license under a patent or intellectual property right from a third party for technology used by the

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Company could cause the Company to incur substantial liabilities and adversely affect the Company's pursuit of its own patent infringement claims. In addition, should the Company decide to litigate the claims, such litigation could be extremely expensive and time consuming and could materially and adversely affect the Company's business, financial condition and results of operations, regardless of the outcome of the litigation.

Fluctuations in Operating Results

The Company has experienced significant fluctuations in its operating results in the past and expects that it will experience such fluctuations in the future. In the past, these fluctuations have been caused by a variety of factors including the ability to license its technology, cost of infringement analysis and litigation expenses. In the future, the Company's operating results will largely be dependent on its ability to generate revenue from its pursuit of license and patent infringement claims.

Limited Trading Volume

Daily trading volume in our shares has varied from zero to over one hundred thousand shares during the last two years. Therefore, investors in our stock may find liquidity in our shares to be limited and difficult to predict.

Possible Volatility of Stock Price

There can be no assurances as to the Company's operating results in any given period. The Company expects that the trading price of its common stock will continue to be subject to significant volatility.

Uncertainty of Future Distributions to Shareholders

From time to time, the Company has made distributions to its shareholders of funds that it believed unlikely to be required for the pursuit of its legal strategy. On August 12 and December 15, 2010, the Company paid cash dividends of \$0.75 and \$0.65 per share, respectively, on each share of the Company's common stock. Its most recent previous cash distribution had occurred in 2007. The amount and frequency of future distributions to shareholders depends upon a number of factors including the Company's ability to achieve future revenues from its patent infringement claims, the amount of the Company's legal, operating and compensation costs, tax treatment of such dividends and changes to the Company's intellectual property position or strategy. Accordingly, there can be no assurance regarding the amount or frequency of future distributions or whether they may occur at all.

Item 2. Properties

The Company is headquartered in Palo Alto, California, where it leases administrative facilities in one location consisting of an aggregate of approximately, 2,800 square feet. The lease on this building expires in December 2011. The Company believes that it will have the ability to either renew the lease in its existing facility or find alternative space once the lease expires.

Item 3. Legal Proceedings

On October 19, 2004, the Company announced that it filed a complaint against NVIDIA, in the Eastern District of Texas, for infringement of five U.S. patents relating to its Predictive Snooping chipset technology.

On August 3, 2006, the Company entered into a license and settlement agreement with NVIDIA. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against NVIDIA and licensed certain patents to NVIDIA. NVIDIA made a non-refundable, non-creditable fully earned payment of \$11 million to the Company. There is no future performance obligation. In accordance with the Company's revenue recognition policy \$11 million was recorded as revenue during the quarter ended September 30, 2006 as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

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The license agreement also provides that the Company receive quarterly royalty payments of \$750,000 from NVIDIA, so long as NVIDIA continues to use the Company's Predictive Snoop technology, commencing in February 2007 up to a maximum of 12 such payments in exchange for a license for future use of the Pre-Snoop patents.

On October 17, 2007 the Company initiated arbitration against NVIDIA because the Company believed that NVIDIA breached the terms of the license agreement. The Company sought payment for the past due quarters that OPTi believed NVIDIA continued to use the Pre-Snoop technology. The arbitrator in September 2008 ruled in OPTi's favor and awarded the Company a total of five quarterly royalty payments of \$750,000 each for a total of \$3,750,000. This amount was recognized as revenue in the fiscal year 2009 in accordance with the Company's revenue recognition policy.

On December 10, 2009, the Company initiated another arbitration against NVIDIA because the Company believes that NVIDIA continues to use the Pre-Snoop technology in breach of the terms of the license agreement. The Company was seeking payment of the additional quarterly royalty payments it is entitled to under the terms of the license agreement.

On September 29, 2010, the Company announced that it had entered into a patent licensing and arbitration agreement with NVIDIA. Under the terms of the agreement, the Company received one lump sum of \$2,000,000 for granting NVIDIA a fully paid-up license to the Company's Pre-Snoop patents under the terms of the license agreement. This amount was recognized as revenue in fiscal year 2011 in accordance with the company's revenue recognition policy.

On November 15, 2006, the Company announced that it had filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against Advanced Micro Devices, Inc. (AMD) for infringement of three U.S. patents relating to its Predictive Snooping technology.

On April 30, 2010, the Company entered into a litigation settlement and license agreement with AMD. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against AMD and licensed certain patents to AMD. In accordance with the Company's revenue recognition policy \$32 million was recorded as revenue during the quarter ending June 30, 2010 as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

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On April 23, 2009 a jury from the United States District Court for the Eastern District of Texas ruled in OPTi's favor in the patent infringement trial between OPTi and Apple Inc. The jury ruled on the following four issues:

In the matter of willful infringement, the jury ruled that Apple willfully infringed OPTi's patents;

In the matter of Apple's defense that OPTi's patents were invalid due to obviousness, the jury ruled that OPTi's patents were valid;

In the matter of Apple's defense that the patents were invalid due to anticipation, the jury ruled that the OPTi's patents were valid;

In the matter of damages, the jury awarded OPTi \$19 million for Apple's infringement of OPTi's patents.

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On December 3, 2009, the court issued the final judgment in the patent infringement action between OPTi and Apple. The court ordered that OPTi recover from Apple a reasonable royalty of \$19.0 million in actual damages. The court also awarded an additional \$2.7 million in pre-judgment interest for a total award of \$21.7 million. The court also found that there was no willful infringement in the case and denied any request for reimbursement of attorney fees.

On December 9, 2010, the Company announced that it had entered into a Settlement and License Agreement with Apple. Under the terms of the agreement, OPTi received one lump sum payment, in December 2010, for granting Apple a fully paid up, royalty free license to OPTi patents. This amount was recognized as revenue in fiscal year 2011 in accordance with the company's revenue recognition policy.

On July 3, 2007, the Company announced that it had filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against eight companies for infringement of two U.S. patents. The two patents at issue in the lawsuit were U.S. Patent No. 5,944,807 and U.S. Patent No. 6,098,141; both entitled "Compact ISA-Bus Interface". The Company alleged that Advanced Micro Devices, Atmel Corporation, Broadcom Corporation, Renesas Technology America, Inc., Silicon Storage Technology, Inc., SMSC, STMicroelectronics and VIA Technologies, Inc. infringed the patents by making, selling, and offering one or more of the following products: core logic chipsets, Super I/O devices, Trusted Platform Modules, certain flash memory devices, certain I/O controllers and other semiconductor products incorporating Compact ISA-Bus Interface technology. The Company settled with Broadcom Corporation, Renesas Technology America, Inc., Silicon Storage Technology, Inc. and STMicroelectronics during the fiscal year ended March 31, 2009. During fiscal year 2010, the Company settled with Atmel Corporation, SMSC and VIA. The settlement amount received from Atmel Corporation of \$125,000 is included in other income for the quarter ended June 30, 2009. The settlement amount received from SMSC of \$1,900,000 is included in other income for the quarter ended September 30, 2009. The settlement amount received from VIA of \$650,000 is included in revenue for the quarter ended December 31, 2009.

On April 30, 2010, the Company entered into a settlement and license agreement with AMD. Under the license agreement the Company agreed to dismiss its patent infringement lawsuit against AMD and licensed certain patents to AMD. AMD has made a non-refundable, non-creditable fully earned payment totaling \$3 million to the Company. There is no future performance obligation. In accordance with the Company's revenue recognition policy, \$3 million was recorded as revenue during the quarter ending June 30, 2010, as persuasive evidence that an agreement existed, delivery had occurred and there were no future performance obligations, fees were fixed or determinable and collectability was reasonably assured.

On June 9, 2011, S. Muoio & Co. LLC ("SMC") filed a Complaint to Determine Validity of Election of Corporate Directors and for Ancillary Injunctive Relief (the "Complaint") in the Superior Court of the State of California for the County of Santa Clara.

The Complaint challenges the validity of the election of corporate directors conducted by OPTi at its annual meeting of shareholders held on May 23, 2011 ("Annual Meeting") in Palo Alto, CA. SMC specifically seeks a determination that its proposed candidate, Robert H. Edelman, was elected by reason of having the most votes of any candidate at the annual meeting, and related relief. The Company believes that Mr. Edelman was not properly nominated and is contesting the allegations in the Complaint.

On June 10, 2011, the Court set an expedited hearing as required by California Corporations Code Section 709. The hearing is scheduled for July 18, 2011 in the Santa Clara County Superior Court.

Item 4. Reserved

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The following required information is filed as a part of this Report:

During fiscal year 2011 the Company paid cash dividends of \$0.75 and \$0.65 per share, respectively, on each share of the Company's common stock, equal to approximately \$16.3 million. The Company did not issue any cash dividends on its common stock in fiscal year 2010.

The Company's common stock traded on the NASDAQ National Market until May 25, 2004. Its common stock is traded on the OTC Bulletin Board under the ticker symbol OPTI. The following table sets forth the range of high and low closing prices for the Common Stock:

	June 30	Quarterly Period Ended		March 31
		September 30	December 31	
<u>Common stock price per share:</u>				
<u>Fiscal 2011</u>				
High	\$ 4.20	\$ 3.92	\$ 3.17	\$ 2.35
Low	\$ 3.34	\$ 2.55	\$ 2.17	\$ 2.02
<u>Fiscal 2010</u>				
High	\$ 3.30	\$ 3.90	\$ 3.85	\$ 4.16
Low	\$ 1.74	\$ 3.10	\$ 2.78	\$ 3.10

As of June 14, 2011, there were approximately 94 holders of record of the Company's common stock.

The Company did not repurchase any of its equity securities during fiscal 2011 and does not currently intend to do so in the future.

Item 6. Selected Financial Data

Smaller reporting companies are not required to provide.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information set forth in this report includes forward looking information made within the meaning of Section 27A of the Security Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which involves risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward looking statements as a result of a number of factors, including the Company's ongoing efforts to enforce its intellectual property rights including its current litigation efforts, the willingness of the parties it believes are infringing its patents to settle its claims against them, the amount of litigation costs the Company must incur in pursuing its patent infringement claims, the degree to which technology subject to the Company's intellectual property rights is used by other companies in the personal computer and semiconductor industries and our ability to obtain license revenues from them, changes in intellectual property law in such industries and in general and other matters. Readers are encouraged to refer to "Risk Factors" .

OPTi was founded in 1989 as an independent supplier of semiconductor products to the personal computer market. During fiscal 2003, the Company sold its product fabrication, distribution and sales operations to Opti Technologies, Inc., an unrelated third party. As a result of this transaction all future revenues for the Company are expected to be generated through royalties or from the licensing of the Company's intellectual property.

The Company's current strategy is to pursue licensing opportunities to resolve potential infringement of its proprietary intellectual property in the core logic area. During fiscal year 2011, the Company entered into a several settlement and licensing arrangements totaling approximately \$52,625,000 on the core logic technology that the Company had developed. The Company believes that there may be additional companies that may be infringing its patents.

See Item 3. Legal Proceedings above.

Critical Accounting Policies

General. Our discussions and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of the significant accounting policies used in preparation of our consolidated financial statements (see Note 1 of Notes to Consolidated Financial Statements) the following are critical accounting policies, which may involve a higher degree of judgment and complexity.

Revenue Recognition. Revenue from license arrangements is recognized when persuasive evidence of an arrangement exists, delivery has occurred and there are no future performance obligations, fees are fixed or determinable and collectability is reasonably assured. Royalties are recorded as revenue when earned and collectability is reasonably assured.

Litigation and Contingencies. From time to time, we receive various inquiries or claims in connection with patent and other intellectual property rights. We estimate the probable outcome of these claims and accrue estimates of the amounts that we expect to pay upon resolution of such matters, if needed. Should we not be able to secure the terms we expect, these estimates may change and may result in increased accruals, resulting in decreased profits.

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Income Taxes. Uncertain income tax positions recognized must meet a more-likely-than-not recognition threshold. Any potential accrued interest and penalties related to unrecognized tax benefits within operations are recorded as income tax expense. To date, there have been no interest or penalties charged to us related to the underpayment of income taxes. At March 31, 2011, we have a liability for unrecognized tax benefits of \$4.1 million, all of which, if recognized, would affect our effective tax rate.

The Company files income tax returns in the U.S. federal jurisdiction and the state of California. The Company is subject to U.S. federal and California income tax examinations by tax authorities for years 1996 - 2010 and 1994 - 2010, respectively.

Results of Operation

2011 Compared to 2010 The Company recorded \$50,625,000 of net sales during the fiscal year ended March 31, 2011 (fiscal year 2011) as compared to \$650,000 of net sales (which is license fees and related revenues) during the fiscal year ended March 31, 2010 (fiscal year 2010). This increase in net sales was attributable to higher licensing revenue as the Company entered into licensing agreement with AMD, Apple and additional companies during the fiscal year ended March 31, 2011 versus only the licensing agreement with VIA in fiscal year 2010. The Company's future revenues depend on the success of our strategy of pursuing license claims on our intellectual property position.

Gross margin for fiscal year 2011 and fiscal year 2010 was 100%. This gross margin is attributable to the Company's revenue in fiscal year 2011 and fiscal year 2010 relating entirely to license and settlement revenue, which had no associated costs.

Selling, general and administrative (SG&A) expenses for fiscal year 2011 were \$5.1 million as compared to \$7.4 million for fiscal year 2010. This represented an approximate 31% decrease in SG&A expenses year over year. This decrease was primarily related to decreased costs associated with the litigations and arbitration cases against AMD, Apple, Compact ISA defendants and NVIDIA, during 2011.

Net interest and other income for fiscal year 2011 was \$12,000 as compared to \$2.3 million in fiscal year 2010. The decrease in net interest and other income in fiscal year 2011, as compared to fiscal year 2010, was primarily due to standstill agreements, which were recorded as other income, reached during fiscal year 2010.

The Company recognizes income taxes under the liability method. Deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

Income tax expense for fiscal year 2011 was approximately \$19.9 million, an effect tax rate of 43.8%, as compared to a benefit of \$11.4 million during fiscal year 2010. During the fiscal year ended March 31, 2011, the Company booked the statutory federal and state tax rates. During fiscal year 2010, the Company based on known sources of future taxable income related to legal settlements consummated during fiscal year 2011 determined that it was more likely than not that \$11.4 million of deferred tax assets would be realized.

Liquidity and Capital Resources

In fiscal year 2011, the Company generated approximately \$38.5 million in operating activities primarily related to the operating profit of the Company, offset in part, by an increase in accounts payable. In fiscal year 2010, the Company used approximately \$3.4 million in operating activities primarily related to the operating loss of the Company, offset in part, by a decrease in accounts payable.

The Company had insignificant investment activities in fiscal year 2011 and 2010, making only \$4,000 and \$10,000 in purchases of property and equipment, respectively.

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The Company used approximately \$16.3 million in financing activities in fiscal year 2011, related to cash dividends. The Company had no financing activity during the fiscal year ended March 31, 2010.

As of March 31, 2011, the Company's principal sources of liquidity included cash and cash equivalents of approximately \$25.8 million and working capital of approximately \$25.5 million. The Company believes that the existing sources of liquidity will satisfy the Company's projected working capital and other cash requirements through at least the next twelve months.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Smaller reporting companies are not required to provide.

Item 8. Financial Statements and Supplementary Data

The Company's financial statements and the report of the independent registered public accounting firm appear on pages F-1 through F-14 of this Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

(a) We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-14 and 13a-15 as of the end of the Company's fiscal year ended March 31, 2011. Based upon that evaluation, our Chief Executive Officer along with our Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

(b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

We review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis and to improve our controls and procedures over time and to correct any deficiencies that we may discover in the future. Our goal is to ensure that our senior management has timely access to all material financial and non-financial information concerning our business. While we believe the present design of our disclosure controls and procedures is effective to achieve our goal, future events affecting our business may cause us to significantly modify our disclosure controls and procedures.

There were no changes in our internal controls over financial reporting during our last quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting refers to the process designed by, or under the supervision of our CEO and CFO and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining an adequate internal control over financial reporting for the Company. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework set forth in Internal Control Integrated Framework, our management concluded that our internal control over financial reporting was effective as of March 31, 2011. This annual report does not include disclosure of an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's annual report.

Bernard Marren
Chief Executive Officer

Mike Mazzoni
Chief Financial Officer

Item 9B. Other Information

None.

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Directors and Executive Officers of the Registrant**

The directors and executive officers of the Company, as of June 15, 2011, were as follows:

Name	Age	Position with the Company
Bernard T. Marren	75	President, Chief Executive Officer and Chairman of the Board
Michael F. Mazzoni	48	Chief Financial Officer and Secretary
Stephen F. Diamond (1)(2)(4)	55	Director
Kapil K. Nanda (1)(3)(4)	65	Director
William H. Welling (1)(2)(3)(4)	77	Director

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating Committee.

(4) Independent Director

All board members serve until the next annual meeting of shareholders when they are either re-elected or their successors are elected.

Bernard T. Marren has served as President and Chief Executive Officer of the Company since May 1998. Mr. Marren was elected as a director in May 1996. He also founded and was the first President of SIA (the Semiconductor Industry Association). Mr. Marren is currently a director at several privately held companies. Mr. Marren also served as a director at Infocus Corporation, until its sale in 2009, and Microtune, Inc. until its sale in 2010. We believe that Mr. Marren is qualified to sit on our Board because he is the President and Chief Executive Officer of the Company and has served in that role for the past twelve years.

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

Stephen F. Diamond was elected as a director of the Company in September 2003. He is currently an Associate Professor of Law at the Santa Clara University School of Law where he teaches securities regulation, corporation and international business transactions law. From 1995 to 1999 he was an associate at Wilson Sonsini Goodrich & Rosati where he represented high technology companies including OPTi and investment banks in corporate transactions, including debt and equity offerings, venture capital investments, and intellectual property rights. Mr. Diamond holds a B.A. from the University of California at Berkeley, a Ph.D. and M. Phil. from the University of London, and a J.D. from Yale Law School. We believe that Mr. Diamond's experience in securities regulations and business transactions provides strategic guidance to the Company and the Board.

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Kapil K. Nanda was elected as a director in May 1996. Mr. Nanda is currently President of InfoGain Corporation, a software and development consulting company, which he founded in 1990. Mr. Nanda holds a B.S. in Engineering from the University of Punjab, India, an M.S. in Engineering from the University of Kansas,

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and an M.B.A. from the University of Southern California. Mr. Nanda's years of management experience with technology companies provide the Company and the Board demonstrated senior level management ability and critical industry and technology insights.

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

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

Audit Committee Financial Expert. The Company's Board has not determined whether one of the members of its audit committee qualifies as an audit committee financial expert as set forth in Item 401(h) of Regulation S-K of the rules promulgated by the Securities and Exchange Commission. Each of the members of the Company's audit committee met the standards for audit committee membership set forth in the NASDAQ Marketplace Rules when they were selected for the committee by the Board. In light of the nature of the Company's business, the Company believes that its audit committee as presently constituted possesses the skills and experience necessary to oversee the work of the Company's independent registered Public accounting firm and carry out the duties set forth in the Company's audit committee charter.

Code of Ethics. The Company has adopted a code of ethics that applies to its chief executive officer and its chief financial officer in accordance with Item 406 of Regulation S-K of the SEC rules. A copy of the code of ethics was included in the exhibit list to the Company's Form 10-K filed for the year ended March 31, 2004 and is incorporated herein by reference.

Section 16(a) Beneficial Ownership Reporting Compliance of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file certain reports regarding ownership of, and transactions in, the Company's securities with the Securities and Exchange Commission (the "SEC") and with NASDAQ. Such officers, directors and 10% shareholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms that they file.

Based solely on its review of copies of Forms 3 and 4 and amendments thereto furnished to the Company pursuant to Rule 16a-3(e) and Forms 5 and amendments thereto furnished to the Company with respect to the last fiscal year, the Company believes that, during the last fiscal year, all Section 16(a) filing requirements applicable to the Company's officers, directors and 10% shareholders were complied with other than a late initial Form 3 filing by Mr. Diamond.

Item 11. Executive Compensation Compensation Discussion and Analysis

Introduction

The primary objectives of our executive compensation plan are to:

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

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

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

To achieve these objectives, our Compensation Committee establishes and reviews compensation packages for our executive officers on an annual basis, consisting of a combination of salary and cash bonus. During fiscal year 2007 the Compensation Committee determined that it would be appropriate to enter into employment agreements ("Employment Agreements") with Mr. Marren and Mr. Mazzoni, primarily in order to

document the

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provisions of the Shareholders Return Bonus (as defined in the Employment Agreements) program, adjust certain of the payment thresholds and address program award payments under particular circumstances. The shareholders of the Company at the November 27, 2007 annual meeting approved the Employment Agreements for Mr. Marren and Mr. Mazzoni.

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

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

Elements of Executive Compensation

Executive compensation consists of the following elements, as described more fully in the Employment Agreements, copies of which are filed as Appendix E to our Definitive Proxy Statement on Schedule 14A filed on October 29, 2007:

Base Salary. Base salaries for our executives are established based on the scope of their responsibilities, and taking into account the Company's budget guidelines, labor market conditions, and competitive market compensation paid by other companies for similar positions. Base salaries are reviewed and adjusted annually, to realign salaries with the market after taking into account individual responsibilities, performance and experience.

Discretionary Bonus. Bonus targets are based on a percentage of the executive's base salary. The bonus plan allows the payment of up to 20% of the executive salary as a target bonus amount. The bonus is ordinarily paid in a single installment following the completion of a given fiscal year. The individual performance objectives tend to be keyed to the company's goals in regards to licensing its intellectual property. The Compensation Committee did not recommend any discretionary bonuses for Mr. Marren and Mr. Mazzoni during fiscal year 2011.

Change of Control Bonus. Mr. Marren's and Mr. Mazzoni's employment agreements provide for a change of control bonus (which is defined in their respective agreements) to be paid to them in the event of a change of control transaction while each executive is employed by the Company, provided that the executive signs an irrevocable general release of all claims against the Company. Upon such a change of control, the Shareholder Return Bonus program would immediately cease, and Mr. Marren and Mr. Mazzoni would instead be entitled to receive a change of control bonus.

Shareholder Return Bonus. Currently, the Company has a Shareholder Return Bonus program under which Mr. Marren and Mr. Mazzoni receive a percentage of either 1) all monies returned to the shareholders of the Company when such a return is made or 2) all monies received from its intellectual property strategy, if the Company determines not to distribute any third party payments from that strategy within six months of receiving that payment. The compensation ranges from 1% to 5% of the amount received from third party payments from the intellectual property strategy. During fiscal 2011, the Company awarded Mr. Marren and Mr. Mazzoni \$1,032,401 and \$688,268, respectively, under the Shareholder Return Bonus plan, from third party payments which were either distributed to shareholders, in the form of dividends, or were not distributed to shareholders.

On June 13, 2011, the Company paid Mr. Marren and Mr. Mazzoni a Shareholder Return Bonus in the amount of \$682,710. \$646,710 of this bonus was paid four days before, and \$36,000 was paid ninety five days before, the end of the six-month time period during which the Company is contractually obligated to make such payments. The Company has in the past paid such Bonuses at the end of the six-month time period. However, the independent directors of the Company were advised by the Company's auditors prior to the end of the last fiscal year that a payment of this particular Bonus prior to the end of the six-month time period would result in a

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material savings for the Company and thus the independent directors voted unanimously to make the payments prior to the end of the six-month time period.

Stock Options. The Company does not currently grant stock options to its Executive Officers, as it believes that the bonus programs better align the goals of management and the shareholders of the Company.

Other Compensation. All of our executives are eligible to participate in our employee benefit plans, including medical, dental and 401(k) plans. These plans are available to all full-time employees and do not discriminate in favor of executive officers.

Final Analysis. Our current strategic objectives for executive compensation are to compensate our executives fairly and competitively in return for their devoted efforts, and to avoid having the compensation program interfere with what the Company considers (a) an ongoing trend of meaningful progress toward achievement of the OPTi's business objectives and (b) its incentivized, dedicated, collaborative management environment that is already in place.

Summary Compensation Table

The following table sets forth information concerning compensation earned for services rendered to us by the Chief Executive Officer and the Chief Financial Officer for fiscal years 2011 and 2010. Collectively, these are the Named Executive Officers :

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal						Non-Equity Compensation Incentive Plan Comp. ⁽³⁾	Change in Pension Value and NQ Deferred Comp.	All Other Compensation	Total
Position	Year	Salary	Bonus ⁽¹⁾	Stock Awards	Option Awards ⁽²⁾				
Bernard T. Marren	2011	\$ 158,963				\$ 1,032,401		\$ 10,899 ⁽⁴⁾	\$ 1,202,263
Chief Executive Officer CEO	2010	\$ 157,000				\$ 89,250		\$ 11,000 ⁽⁴⁾	\$ 257,250
Michael F. Mazzoni	2011	\$ 111,375				\$ 688,268		\$ 8,250 ⁽⁴⁾	\$ 807,893
Chief Financial Officer CFO	2010	\$ 110,000				\$ 59,500		\$ 2,873 ⁽⁴⁾	\$ 172,373

(1) Column (d) is used to record non-equity discretionary (non-performance based) bonuses made to our officers.

(2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2011 fiscal year for the fair value of stock options granted to each of the named executives, in 2011, as well as prior fiscal years, in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

(3) The amounts in column (g) reflect the cash awards under the Shareholder Return Bonus, which is discussed in further detail in the Compensation Discussion and Analysis under the heading Shareholder Return Bonus .

(4) All Other Compensation consisted of the 50% Company match on 401(K) contributions.

Grants of Plan-Based Awards

There were no grants of stock or option awards to our Named Executive Officers during fiscal 2011. Mr. Marren and Mr. Mazzoni are participants in the Company's Shareholder Return Bonus program which is a multi-year non-equity incentive plan. The Company established the plan and made Mr. Marren and Mr. Mazzoni participants in 2005 and the plan covered their performance during fiscal 2011 during which they

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earned payments under the plan which are reflected in the Summary Compensation Table above. However, no new awards were granted under the plan during fiscal 2011.

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The Company had no outstanding equity awards with our Named Executive Officers as of March 31, 2011.

Option Exercises and Stock Vested

No options were exercised or shares of common stock acquired upon vesting by our Named Executive Officers during the fiscal year ended March 31, 2011.

Pension Benefits

We did not have any plans providing for payments or other benefits at, following, or in connection with retirement to our Named Executive Officers (or any other employees) during fiscal 2011.

Nonqualified Deferred Compensation

We did not permit compensation deferral by our Named Executive Officers (or any other employees) during fiscal 2011.

Potential Payments Upon Termination or Change in Control

Severance and change-in-control arrangements for Mr. Marren and Mr. Mazzoni are included in the employment agreements approved by the shareholders at the November 27, 2007 annual meeting.

Director Compensation

The following table summarizes director compensation during fiscal year 2011:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Director Name ⁽¹⁾	Fees Earned or Paid in Cash ⁽²⁾	Stock Awards (\$)	Option Awards ⁽³⁾⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Stephen Diamond	\$ 43,500						\$ 43,500
Kapil Nanda	\$ 39,000						\$ 39,000
William Welling	\$ 43,500						\$ 43,500

(1) Mr. Marren is not included in this table as he is an employee of the Company and receives no extra compensation for his services as a Director. The compensation received by Mr. Marren, as an employee of the Company, is shown in the Summary Compensation Table and the Outstanding Equity Awards at Fiscal Year-End Table above.

(2) As of March 31, 2011, each non-employee Director received a \$15,000 yearly retainer and a fee of \$1,500 per board or committee meeting attended.

(3) Column (d) represents the dollar amount recognized for financial statement reporting purposes with respect to the 2011 fiscal year for the fair value of stock options previously granted to the directors in prior fiscal years, in accordance with FASB ASC Topic 72. Pursuant to the SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service based vesting.

conditions.

- (4) As of March 31, 2011, Mr. Nanda held options to purchase 4,000 shares of our common stock. Stephen Diamond and William Welling had no options outstanding. There were no options granted during fiscal year 2011.

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Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Diamond and Welling, each of whom is an independent director and neither of whom is a current or former employee of the Company. During 2011, none of our executive officers served as a director or member of the Compensation Committee or any Board committee performing equivalent functions for another entity that has one or more executive officers serving on our Board of Directors.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee provided the following statement:

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on these reviews and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and in the annual meeting proxy statement on Schedule 14A.

Respectfully submitted,

Compensation Committee of the Board of Directors

Stephen Diamond, Chair
William Welling

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

The following table sets forth information regarding ownership of our Common Stock as of March 31, 2011 (or earlier date for information based on filings with the Securities and Exchange Commission) by (a) each person known to us to own more than 5% of the outstanding shares of the Common Stock, (b) each director and nominee for director, (c) our Chief Executive Officer and Chief Financial Officer (who are our only executive officers) and (d) all directors and executive officers as a group. The information in this table is based solely on statements in filings with the Securities and Exchange Commission (the "SEC") or other reliable information. A total of 11,645,903 shares of our common stock were issued and outstanding as of June 1, 2011.

Name and Address of Beneficial Owner ⁽¹⁾	Number of Shares of Common Stock Owned ⁽²⁾	Number of Shares of Common Stock Subject to Options Exercisable Within 60 Days ⁽³⁾		Total Number of Shares of Common Stock Beneficially Owned ⁽⁴⁾	Percent Ownership
S. Muoio & Co. LLC ⁽⁵⁾	3,240,724			3,240,724	27.8%
509 Madison Ave, Ste 406					
New York, NY 10022					
Lusman Capital Management LLC ⁽⁶⁾	854,833			854,833	7.3%
53 Forest Avenue, Suite 202					
Old Greenwich, CT 06870					
Raffles Associates LP ⁽⁷⁾	796,515			796,515	6.8%
450 Seventh Ave, Ste. 509					
New York, NY 10123					
Weiss Asset Management LP ⁽⁸⁾	682,927			682,927	5.9%
222 Berkeley Street, 16 th Floor					
Boston, MA 02116					
Dimension Fund Advisors Inc. ⁽⁹⁾	581,210			581,210	5.0%
1299 Ocean Avenue, 11 th Floor					
Santa Monica, CA 940401					
Bernard T. Marren	15,788			15,788	*
Michael F. Mazzoni					*
Stephen Diamond					*
Kapil Nanda	4,000	4,000		8,000	*
William Welling	21,333			21,333	*
	41,121	4,000		45,121	*

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All executive officers and directors as a group (5 persons)

- * Represents beneficial ownership of less than one percent (1%) of the outstanding shares as of March 31, 2011.
- (1) Unless otherwise indicated, the address of each of the named individuals is c/o OPTi Inc, 3430 W. Bayshore Road, Ste 103, Palo Alto, CA 94303.
- (2) Represents shares of outstanding common stock owned by the named parties as of March 31, 2011.
- (3) Shares of common stock subject to stock options currently exercisable or exercisable within 60 days of March 31, 2011 are deemed to be outstanding for computing the percentage ownership of the person holding such options and the percentage ownership of any group of which the holder is a member, but are not deemed outstanding for computing the percentage of any other person.

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- (4) The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities for which that person has a right to acquire beneficial ownership within 60 days.

- (5) Information on holdings of S. Muoio & Co LLC (SMC) is taken from a Form 13D/A filed on February 24, 2011. The shares listed are held in the accounts of several investment partnerships and investment funds (collectively, the Investment Vehicles) for which SMC serves as either general partner or investment manager. Salvatore Muoio is the managing member of SMC. SMC and Mr. Muoio may be deemed to beneficially own the securities held by the Investment Vehicles by virtue of SMC s position as general partner or investment manager of the Investment Vehicles and Mr. Muoio s status as the managing member of SMC.

- (6) Information on holdings of Lusman Capital Management, LLC is taken from a Form 13G/A filed on February 9, 2011. Joel Lusman is the managing partner of Lusman Capital Management, LLC.

- (7) Information on holdings of Raffles Associates L.P. is taken from a Schedule 13G/A filed on February 14, 2008. Raffles Capital Advisors LLC is the General Partner of Raffles Associates, L.P. and Paul H. O Leary is the Managing Member of Raffles Capital Advisors LLC.

- (8) Information on holdings of Weiss Asset Management LP is taken from a form 13G filed on February 11, 2011. Shares reported are beneficially owned by a private investment partnership. BIP GP is the sole general partner of the Partnership, Weiss Asset Management is the sole investment manager to the Partnership, WAM GP is the sole general partner of Weiss Asset Management, and Andrew Weiss is the managing member of WAM GP and BIP GP.

- (9) Information on holdings of Dimensional Fund Advisors is taken from a Schedule 13G/A filed on February 9, 2009. The shares listed are owned by advisory clients of Dimensional Fund Advisors. Dimensional Fund Advisors disclaims beneficial ownership of the shares listed. Katherine Newell is Vice President and Secretary of Dimension Fund.

Table of Contents**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table summarizes information, as of March 31, 2011, relating to our equity compensation plans pursuant to which grants of options, restricted stock or other rights to acquire shares may be granted from time to time.

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) (c))
Equity compensation plans approved by security holders	4,000	\$ 2.74	
Equity compensation plans not approved by security holders			
Total	4,000	\$ 2.74	

**Item 13. Certain Relationships and Related Transactions and Director Independence
Compensation Committee Interlocks and Insider Participation**

During the last fiscal year the members of the Compensation Committee were Messrs. Diamond and Welling. There was no reportable compensation committee, director interlocks, or insider participation during that period.

Related Party Transactions

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

Procedures for Approval of Related Person Transactions

The Board of Directors is responsible for reviewing and approving all material transactions with any related party. Related Party means any of the following:

A director (which term when used includes any director nominee),

an executive officer,

a person known by the Company to be the beneficial owner of more than 5% of the Company's common stock,

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or a person known by the Company to be an immediate family member of any of the foregoing.

Immediate family member means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer, nominee for director or beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee for director or beneficial owner.

We expect our directors, officers and employees to act and make decisions that are in the Company's best interests and encourage them to avoid situations which present a conflict between our interests and their own

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personal interests. Our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to the Company in an objective and fair manner. Exceptions are only permitted in the reasonable discretion of the Board of Directors. In addition, we are strictly prohibited from extending personal loans to, or guaranteeing the personal obligations of, any director or officer.

Since the beginning of the Company's last fiscal year, there have been no transactions in which the Company was or is to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year end for the last two completed fiscal years, and in which any related person had or will have a direct or indirect material interest, and no such transactions are currently proposed.

Director Independence

The Board of Directors has determined that Messrs. Diamond, Nanda and Welling are independent under the rules of the NASDAQ Stock Market, and Mr. Marren is not. Under applicable SEC and NASDAQ rules, the existence of certain related party transactions above certain thresholds between a director and the Company are required to be disclosed and preclude a finding by the Board that the director is independent. Although the Board also has the power to consider whether transactions of those types but below the thresholds render a director not independent, and to consider whether any other types of transactions, relationships or arrangements (i.e., not specified in the SEC and NASDAQ rules) render a director not independent, the Board did not consider any such items in making its independence determination as to these four directors.

The Audit Committee, Nominating Committee and Compensation Committee are each comprised solely of independent directors, as that term is defined by Rule 4200 of the NASDAQ Marketplace Rules. Each of the members of the Company's audit committee met the standards for audit committee membership set forth in the NASDAQ Marketplace Rules when they were selected for the committee by the Board.

Item 14. Principal Accountant Fees and Services

The following table shows the fees paid or accrued by OPTi Inc. for the audit and other services provided by our auditors Armanino McKenna LLP for fiscal year 2011 and 2010.

	2011	2010
Audit Fees (1)	\$ 115,653	\$ 84,000
Audit Related Fees		
Tax Fees (2)	17,580	12,000
All Other Fees	19,600	17,000
Total	\$ 152,833	\$ 113,000

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements, and advice on accounting matters that arose during the audit.

(2) Tax fees consisted primarily of income tax compliance and related services.

During fiscal 2011 and 2010, all services provided by Armanino McKenna LLP were pre-approved by the Audit Committee.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services

It is the responsibility of the Audit Committee to approve, in accordance with Sections 10A(h) and (i) of the Exchange Act and the Rules and Regulations of the SEC, all professional services, to be provided to the

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Company by its independent registered public accounting firm, provided that the Audit Committee shall not approve any non-audit services proscribed by Section 10A(g) of the Exchange Act in the absence of an applicable exemption.

It is the policy of the Company that the Audit Committee pre-approves all audit and permissible non-audit services provided by the Company's independent registered public accounting firm, consistent with the criteria set forth in the Audit Committee Charter and applicable laws and regulations. The Committee has delegated to the Chair of the Committee the authority to pre-approve such services, provided that the Chair shall report any decision on his part to pre-approve such services to the full Audit Committee at its next regular meeting. These services may include audit services, audit-related services, tax services, and other services. The independent registered public accounting firm and Company management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm pursuant to any such pre-approval.

Table of Contents**PART IV****Item 15. Exhibits and Financial Statement Schedules****(a)(1) Financial Statements**

The following financial statements are filed as part of this Report:

<u>Report of Armanino McKenna LLP, Independent Registered Public Accounting Firm</u>	Page F-1
<u>Consolidated Balance Sheets, March 31, 2011 and 2010</u>	F-2
<u>Consolidated Statements of Operations for the years ended March 31, 2011 and 2010</u>	F-3
<u>Consolidated Statements of Shareholders' Equity for the years ended March 31, 2011 and 2010</u>	F-4
<u>Consolidated Statements of Cash Flows for the years ended March 31, 2011 and 2010</u>	F-5
<u>Notes to Consolidated Financial Statements</u>	F-6

(a)(2) Financial Statement Schedules

Schedule Number	Description	Page Number
None		

All other schedules not applicable.

(a)(3) Exhibits Listing

Exhibit Number	Description
3.1	Registrant's Articles of Incorporation, as amended. (1)
3.2	Registrant's Bylaws. (1)
10.1	1993 Stock Option Plan, as amended. (1)
10.2	1993 Director Stock Option Plan. (1)
10.3	Form of Indemnification Agreement between Registrant and its officers and directors. (1)
10.4	1996 Employee Stock Purchase Plan. (2)
10.5	1995 Employee Stock Option Plan, as amended. (3)
10.6	Patent License Agreement between Intel Corporation and OPTi Inc. (4)
10.7	OPTi Inc. Technology License Agreement between OPTi Inc. and Opti Technologies Inc., dated as of September 30, 2002. (5)
10.8	Lease Agreement with John Arrillaga, Trustee, or his Successor Trustee UTA, dated 7/20/77 (JOHN ARRILLAGA SURVIVOR S TRUST) as amended, dated as of November 21, 2006 (6)
10.9	Employment Agreement with Bernard T. Marren, dated as of November 27, 2007 (7)
10.10	Employment Agreement with Michael M. Mazzoni, dated as of November 27, 2007 (7)
10.11	Dismissal and License Option Agreement with Broadcom, dated December 23, 2008 (8)

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- 10.12 Standstill and Option Agreement with Renesas Technology Corp. and Renesas Technology America, Inc., dated as of January 23, 2009 (9)

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Exhibit Number	Description
10.13	Settlement and License Agreement with VIA Technologies, Inc., dated as of October 1, 2009 (10)
10.14	Amendment No. 1 to Lease Agreement with John Arrillaga, Trustee, or his Successor Trustee UTA, dated 7/20/77 (JOHN ARRILLAGA SURVIVOR S TRUST), as amended, dated as of December 11, 2009 (11)
10.15	Litigation Settlement and License Agreement with Advanced Micro Devices, Inc., dated as of April 30, 2010 (12)
10.16	Settlement and License Agreement with Advanced Micro Devices, Inc., dated as of April 30, 2010 (13)
10.17	Pre-Snoop Patent License and Arbitration Settlement Agreement with NVIDIA Corporation, dated as of September 28, 2010 (13)
10.18	Settlement and License Agreement with Apple Inc., dated as of December 6, 2010 (14)
10.19	Patent License Agreement with Exar Corporation, dated March 14, 2011
14.1	Code of Ethics (15)
23.1	Consent of Armanino McKenna LLP, Independent Auditors.
24.1	Power of Attorney (see page 29, signature page).
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer
32.2	Section 906 Certification of Chief Financial Officer

- (1) Incorporated by reference to Registrants Statement on Form S-1 (File No. 33-59978) as declared effective by the Securities and Exchange Commission on May 11, 1993.
- (2) Incorporated by reference to Registration Statement on Form S-8 (File No. 333-15181) as filed with the Securities and Exchange Commission on October 31, 1996.
- (3) Incorporated by reference to Registration Statement on Form S-8 (File No. 333-17299) as filed with the Securities and Exchange Commission on December 5, 1996.
- (4) Incorporated by reference to the Annual Report on Form 10-K for the Fiscal Year Ended December 31, 1999, of OPTi Inc., (File No. 000-21422).
- (5) Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 18, 2002. (File No. 000-21422).
- (6) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2006, of OPTi Inc., (File No. 000-21422).
- (7) Incorporated by reference to the Definitive Proxy Statement Filed Pursuant to Section 14(a) of the Securities Exchange Act of 1934 on October 29, 2007, (File No. 000-21422).

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- (8) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2008, of OPTi Inc., (File No. 000-21422).
- (9) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2009, of OPTi Inc., (File No. 000-21422).

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- (10) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2009, of OPTi Inc., as amended, (File No. 000-21422).
- (11) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2009, of OPTi Inc., as amended, (File No. 000-21422).
- (12) Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2010, (File No. 000-21422).
- (13) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2010, of OPTi Inc., (File No. 000-21422).
- (14) Incorporated by reference to the Current Report on Form 8-K filed with the securities and Exchange Commission on December 9, 2010, (File No. 000-21422).
- (15) Incorporated by reference to the Annual Report on Form 10-K for the Fiscal Year Ended March 31, 2005, of OPTi Inc., (File No. 000-21422).
- (b) *Reports on Form 8-K.*
- None
- (c) *Exhibits.* See Item 15 (a)(3) above.
- (d) *Financial Statements Schedules.* See Item 15 (a)(2) above.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Palo Alto, State of California on the day of June 29, 2011.

OPTi Inc.

By: /s/ BERNARD MARREN
 Bernard Marren
*Chief Executive Officer and
 Chairman of the Board*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Bernard Marren and Michael Mazzoni and each of them, jointly and severally, his true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorneys-in-fact and agents, or their substitute or substitutes, or any of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ BERNARD MARREN Bernard Marren	President and Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 29, 2011
/s/ MICHAEL MAZZONI Michael Mazzoni	Chief Financial Officer (Principal Financial and Accounting Officer)	June 29, 2011
/s/ STEPHEN DIAMOND Stephen Diamond	Director	June 29, 2011
/s/ KAPIL K NANDA Kapil K. Nanda	Director	June 29, 2011
/s/ WILLIAM WELLING William Welling	Director	June 29, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

OPTi, Inc.

Palo Alto, CA

We have audited the accompanying consolidated balance sheet of OPTi, Inc. (the Company) as of March 31, 2011 and 2010, and the related consolidated statements of income, shareholders' equity, and cash flows for the two years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OPTi, Inc. as of March 31, 2011 and 2010, and the results of their consolidated operations and cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

San Ramon, California

/s/ ARMANINO McKENNA, LLP

June 29, 2011

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Table of Contents**OPTi Inc.****CONSOLIDATED BALANCE SHEETS****(In thousands, except share amounts)**

	March 31,	
	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 25,779	\$ 3,578
Accounts receivable		450
Prepaid expenses and other current assets	105	24
Deferred tax asset	556	11,385
Total current assets	26,440	15,437
Equipment and furniture		
Office equipment	62	58
Furniture and fixtures	17	17
	79	75
Accumulated depreciation	(70)	(66)
	9	9
Other assets		
Deposits		18
Non-current deferred tax asset	783	56
Total other assets	783	74
Total assets	\$ 27,232	\$ 15,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 32	\$ 2,173
Accrued expenses	211	448
Accrued employee compensation	684	12
Total current liabilities	927	2,633
Other liabilities		
Non current taxes payable	4,098	
Total liabilities	5,025	2,633
Shareholders' equity		
Preferred stock, no par value:		
Authorized shares 5,000,000		
No shares issued or outstanding		
Common stock, no par value:		
Authorized shares 50,000,000		
Issued and outstanding shares 11,645,903 at March 31, 2011 and 11,641,903 at March 31, 2010	13,544	13,539
Retained earnings (Accumulated deficit)	8,663	(652)

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Total shareholders' equity	22,207	12,887
Total liabilities and shareholders' equity	\$ 27,232	\$ 15,520

The accompanying notes are an integral part of these consolidated financial statements.

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Table of Contents**OPTi Inc.****CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except per share data)**

	Year Ended March 31, 2011	Year Ended March 31, 2010
Sales		
License sales	\$ 50,625	\$ 650
Net sales	50,625	650
Costs and expenses		
General and administrative	5,094	7,440
Total costs and expenses	5,094	7,440
Operating income (loss)	45,531	(6,790)
Interest income and other	12	2,319
Income (loss) before provision for income taxes	45,543	(4,471)
Income tax provision (benefit)	19,923	(11,439)
Net income	\$ 25,620	\$ 6,968
Basic net income per share	\$ 2.20	\$ 0.60
Shares used in computing basic per share amounts	11,645	11,642
Diluted net income per share	\$ 2.20	\$ 0.60
Shares used in computing diluted per share amounts	11,646	11,645

The accompanying notes are an integral part of these consolidated financial statements.

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OPTi Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(In thousands, except share amounts)

	Common Stock		Retained Earnings/ (Accumulated Deficit)	Total Shareholders Equity
	Shares	Amount		
Balance at March 31, 2009	11,641,903	\$ 13,539	\$ (7,620)	\$ 5,919
Net income			6,968	6,968
Balance at March 31, 2010	11,641,903	13,539	(652)	12,887
Issuance of common stock under stock option plans	4,000	5		5
Cash dividends			(16,305)	(16,305)
Net income			25,620	25,620
Balance at March 31, 2011	11,645,903	\$ 13,544	\$ 8,663	\$ 22,207

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**OPTi Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Year Ended March 31, 2011	Year Ended March 31, 2010
Operating activities		
Net income	\$ 25,620	\$ 6,968
Adjustments to reconcile net income to net cash provided by (used) in operating activities:		
Depreciation and amortization	4	6
Increase (decrease) in deferred income taxes and non current taxes payable	14,200	(11,441)
Changes in operating assets and liabilities:		
Accounts receivable	450	300
Prepaid expenses and other current assets	(63)	4
Accounts payable	(2,141)	1,066
Accrued expenses	(237)	(121)
Accrued employee expenses	672	(226)
Net cash provided by (used in) operating activities	38,505	(3,444)
Investing activities		
Purchases of property and equipment	(4)	(10)
Net cash used in investing activities	(4)	(10)
Financing activities		
Cash dividends	(16,305)	
Proceeds from issuance of common stock	5	
Net cash used in financing activities	(16,300)	
Net increase (decrease) in cash and cash equivalents	22,201	(3,454)
Cash and cash equivalents at beginning of year	3,578	7,032
Cash and cash equivalents at end of year	\$ 25,779	\$ 3,578
Supplemental cash flow information		
Cash paid for income taxes	\$ 5,792	\$ 2

The accompanying notes are an integral part of these consolidated financial statements.

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OPTi Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

The Company OPTi Inc., a California corporation, is engaged in licensing its intellectual property for use principally by personal computer manufacturers and semiconductor device manufacturers.

Principles of Consolidation The consolidated financial statements include the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of Estimates The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value. At March 31, 2011 and 2010 substantially all cash and cash equivalents consisted of money market accounts.

Income Taxes Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be recognized. Uncertain income tax positions recognized must meet a more-likely-than-not recognition threshold. Any potential accrued interest and penalties related to unrecognized tax benefits within operations are recorded as income tax expense.

Property and Equipment Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, ranging from two to five years.

Revenue Recognition Revenue from license arrangements is recognized when persuasive evidence of an arrangement exists, delivery has occurred and there are no future performance obligations, fees are fixed or determinable and collectability is reasonably assured. Royalties are recorded as revenue when earned and collectability is reasonably assured.

Net Income Per Share Basic net income per share is computed on the basis of the weighted-average number of shares outstanding for the reporting period. The Company has computed weighted-average shares outstanding for all of the periods presented. Diluted income per share is computed on the basis of the weighted-average number of shares plus dilutive potential common shares outstanding using the treasury method.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures About Fair Value Measurements* (ASU 2010-06), which amends the Fair Value Measurements and Disclosures Topic of the ASC (ASC Topic 820). ASU No. 2010-06 provides additional disclosure requirements on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons for and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). This standard is effective for

Table of Contents**OPTi Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

interim and annual reporting periods beginning after December 15, 2009 with the exception of disclosures regarding the purchase, sale, issuance, and settlement of Level 3 fair value measures which are effective for fiscal years beginning after December 15, 2010. The adoption of this standard is not expected to have a material effect on the Company's consolidated financial statements.

Note 2 Shareholders' Equity**Preferred Stock**

The Board of Directors has authority to issue up to 5,000,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges, qualifications, limitations and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without any further vote or action by the shareholders.

Stock Option Plans

No options were granted to employees during fiscal years 2011 and 2010.

1993 Stock Option Plan

The Company's 1993 Stock Option Plan (the "1993 Plan"), which was adopted in February 1993, provides for the granting of 8,066,478 incentive stock options to employees or for the granting of nonstatutory stock options to employees and consultants of the Company. The Board of Directors determines the term of each option, the option price and the condition under which the option becomes exercisable. The options generally vest over four years from the date of grant and expire ten years from the date of grant.

There were no shares outstanding as of March 31, 2011, 2010, and 2009 under the 1993 Stock Option Plan.

1993 Director Stock Option Plan

In February 1993, the Company adopted the 1993 Director Stock Option Plan (the "Director Plan") and reserved 50,000 shares of common stock for issuance thereunder. Under this plan, non-employee directors are granted options to purchase common stock at 100% of fair market value on dates specified in the plan. The options generally vest over four years from the date of grant and expire ten years from the date of grant. In May 1996, the Company's shareholders authorized an additional 50,000 shares for grant under the plan.

The activity under the 1993 Director Plan is as follows:

	Outstanding	
	Shares	Weighted Ave. Exercise Price Per Share
Outstanding at March 31, 2009	8,000	\$ 2.01
Outstanding at March 31, 2010	8,000	\$ 2.01
Exercised in 2011	(4,000)	\$ 1.27
Outstanding at March 31, 2011	4,000	\$ 2.74

Table of Contents**OPTi Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of March 31, 2011 and 2010, there were 4,000 and 8,000 options outstanding and exercisable, respectively. The weighted average exercise price for the exercisable shares as of March 31, 2011 was \$2.74.

Stock Options Outstanding and Stock Options Exercisable:

The following table summarizes information about options outstanding at March 31, 2011:

Range of Exercise Price Per Share	Options Outstanding		Weighted Average Per Share Exercise Price	Options Exercisable	
	Number of Shares	Weighted Average Contractual Life (in years)		Number of Shares	Average Weighted Exercise Price Per Share
\$2.74	4,000	0.76	\$ 2.74	4,000	\$ 2.74

Activity under our Stock Option Plans is summarized as follows:

	Number of Shares	Weighted Average Per Share Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at April 1, 2010	8,000	\$ 2.01		
Outstanding at March 31, 2011	4,000	\$ 2.74	.76	
Exercisable at March 31, 2011	4,000	\$ 2.74	.76	

There were no options granted during the fiscal years ended March 31, 2011 and 2010.

Common Stock Reserved

At March 31, 2011, the Company has reserved shares of common stock for future issuance as follows:

1993 Director Stock Option Plan	4,000
Totals	4,000

As of March 31, 2011, the Company has no option available for future issuance.

3. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed by dividing net income by the weighted average number of common shares if all convertible securities were converted into common stock.

Table of Contents**OPTi Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share amounts):

	Year Ended March 31,	
	2011	2010
Net income	\$ 25,620	\$ 6,968
Weighted average number of common shares outstanding	11,645	11,642
Basic and diluted net income per share	\$ 2.20	\$ 0.60
Weighted average number of common shares outstanding	11,645	11,642
Effect of dilutive securities:		
Employee stock options	1	3
Denominator for diluted net income per share	11,646	11,645
Diluted net income per share	\$ 2.20	\$ 0.60

Note 4 Cash and Equivalents

The following is a summary as of March 31, 2011 and 2010 (in thousands):

	March 31, 2011	March 31, 2010
Cash	\$ 100	\$ 100
Money Market	25,679	3,478
Total	\$ 25,779	\$ 3,578

The accounting standard for fair value establishes a framework for measuring fair value and requires disclosures about fair value measurements by establishing a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level I observable inputs such as quoted prices in active markets;
- Level II inputs other than the quoted prices in active markets that are observable either directly or indirectly; and
- Level III unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, the Company measures its investments and marketable securities at fair value.

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As of March 31, 2011 and March 31, 2010, the Company had cash and investments in money market funds of \$25.7 million and \$3.6 million, respectively, in cash equivalents classified as Level I in the fair value hierarchy and no Level II or Level III investments.

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Table of Contents**OPTi Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 5 Commitments**

The Company leases its facility under a noncancellable operating lease that expires in December 2011.

Rental expense for operating leases amounted to \$116,000 and \$107,000, respectively, for the years ended March 31, 2011 and 2010.

Future minimum lease commitments by fiscal year for all facility leases are as follows:

March 31, 2012	\$ 87,890
Total lease commitment	\$ 87,890

Note 6 Concentrations*Major Customer*

During fiscal year 2011 the Company recorded \$50,625,000 as revenue. The vast majority of the revenue in fiscal year 2011 was due to licensing agreements with AMD for \$35,000,000 and Apple for \$12,250,000. The Company received all of its revenue in fiscal year 2010 from a licensing agreement with VIA.

Note 7 Income Taxes

The components of the provision for income taxes are as follows (in thousands):

	2011	2010
Federal:		
Current	\$ 5,886	\$
Deferred	8,263	(9,602)
	14,149	(9,602)
State:		
Current	3,936	2
Deferred	1,838	(1,838)
	5,774	(1,836)
Total	\$ 19,923	\$ (11,439)

Reconciliation of the provision for income taxes at the statutory rate to the Company's provision for income tax is as follows (in thousands):

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	2011	2010
Expected provision for (benefit from) income taxes at federal statutory rate	\$ 15,485	\$ (1,520)
State income tax benefit, net of federal effect	2,657	(260)
Valuation allowance	1,780	(11,853)
Tax credit expiration		2,366
Other	1	(172)
Provision for (Benefit from) Income Taxes	\$ 19,923	\$ (11,439)

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Significant components of the Company's net deferred tax assets are as follows (in thousands):

	2011	2010
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,884	\$ 10,702
Tax credit carryforwards		824
Depreciation and amortization	2	14
Reserves and accruals	1,340	4
Total deferred tax assets	\$ 3,226	\$ 11,545
Valuation allowance	(1,867)	(104)
Net deferred tax assets	\$ 1,339	\$ 11,441

During fiscal year 2011, the Company recorded an income tax benefit of approximately \$19.9 million related to both current and deferred tax expense.

In evaluating its ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative losses and its forecast of future taxable income. In determining future taxable income, the Company is responsible for assumptions utilized including the amount of state, federal and international pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage the underlying businesses. Based on known sources of future taxable income related to legal settlements consummated during fiscal year 2011, the Company determined that as of December 31, 2010 it was more-likely-than-not that \$11.4 million of deferred tax asset will be realized.

The Company's valuation allowance increased by \$1.8 million and decreased by \$11.9 million in the twelve months ended March 31, 2011 and 2010, respectively.

As of March 31, 2011, the Company has only state net operating losses of approximately \$32.3 million. State net operating loss carryforwards will expire at various dates beginning in 2015 through 2031.

Net operating loss carryforwards reflected above may be limited due to ownership changes as provided in the Internal Revenue Code and similar state provisions.

As of March 31, 2011 the Company did not accrue any interest related to uncertain tax positions. To date, there have been no interest or penalties charged to us related to the underpayment of income taxes. If any future accrual is required, the Company will account for interest related to uncertain tax positions as part of its provision for federal and state income taxes. The Company does not expect its unrecognized tax benefits to materially change over the next twelve months.

Table of Contents**OPTi Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A reconciliation of the beginning and ending balance of the consolidated liability for unrecognized income tax benefits during the year ended March 31, 2011 is as follows (in thousands):

	2011	2010
Balance at April 1	\$ 3,911	\$ 1,025
Additions for tax positions of prior years	186	2,934
Reductions for tax positions of prior years		(47)
Balance at March 31	\$ 4,097	\$ 3,912

The amount of unrecognized tax benefit which would impact the effective tax rate, if realized, is \$4,097 thousand. The realization of unrecognized tax benefits would increase corresponding valuation allowance, thereby offsetting the related rate impact.

The Company files income tax returns in the U.S. federal jurisdiction and the state of California. The Company is subject to U.S. federal and California income tax examinations by tax authorities for years 1996 – 2010 and 1994 – 2010, respectively.

Note 8 Employee Benefit Plan

Savings Plan The Company has a savings plan, which qualifies under Section 401(k) of the Internal Revenue Code. Under the plan, participating U.S. employees may defer up to 15% of their pre-tax salary, but not more than the statutory limits. The Company currently matches fifty percent of employee contributions made to the savings plan. During 2011 and 2010, the amount of the Company contribution to the 401k plan was approximately \$21,000 and \$14,000, respectively. Administrative costs of the plan are immaterial.

Note 9 Contingencies

On August 2, 2010, the Company announced that it had filed a patent infringement lawsuit on Friday, July 30, 2010, in the United States District Court for the Eastern District of Texas against VIA Technologies, Inc. (*VIA*) and Silicon Integrated Systems Corp. (*SIS*) for infringement of two U.S. patents. The two patents at issue in the lawsuit are U.S. Patent No. 5,710,906 and U.S. Patent No. 6,405,291, all entitled *Predictive Snooping of Cache Memory for Master-Initiated Accesses* . The complaint alleges that VIA and SIS infringe the patents by making, selling, and offering for sale CPUs and core logic products based on and incorporating Predictive Snooping technology and inducing and contributing to the infringement of the patents by others. OPTi has requested a jury trial in this matter. The Company, in its case against VIA and SIS, is seeking damages or other monetary relief, including pre-judgment interest and awarding OPTi's attorney fees.

The ultimate outcomes of the VIA and SIS legal actions will have significant effects on the Company's ability to realize ongoing license revenue.

Note 10 Subsequent Events

On June 9, 2011, S. Muoio & Co. LLC (*SMC*), a shareholder, filed a Complaint to Determine Validity of Election of Corporate Directors and for Ancillary Injunctive Relief (the *Complaint*) in the Superior Court of the State of California for the County of Santa Clara.

The Complaint challenges the validity of the election of corporate directors conducted by OPTi at its annual meeting of shareholders held on May 23, 2011 (*Annual Meeting*) in Palo Alto, CA. SMC specifically seeks a

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determination that its proposed candidate, Robert H. Edelman, was elected by reason of having the most votes of any candidate at the annual meeting, and related relief. The Company believes that Mr. Edelman was not properly nominated and will contest the allegations in the Complaint.

On June 10, 2011, the Court set an expedited hearing as required by California Corporations Code Section 709. The hearing is scheduled for July 18, 2011 in the Santa Clara County Superior Court.

Note 11 Quarterly Results of Operations (unaudited)

Summarized quarterly financial information is as follows (in thousands, except per share data):

Year Ended March 31, 2011

	June 30	September 30	December 31	March 31
Net revenues	\$ 35,125	\$ 3,250	\$ 12,250	\$
Gross profit	\$ 35,125	\$ 3,250	\$ 12,250	\$
Operating profit (loss)	\$ 33,265	\$ 2,052	\$ 10,868	\$ (639)
Net income (loss)	\$ 19,790	\$ 1,346	\$ 4,823	\$ (340)
Basic and diluted net income (loss) per share	\$ 1.70	\$ 0.12	\$ 0.65	\$ (0.03)

Year Ended March 31, 2010

	June 30	September 30	December 31	March 31
Net revenues	\$	\$	\$ 650	\$
Gross profit	\$	\$	\$ 650	\$
Operating profit (loss)	\$ (2,275)	\$ (1,164)	\$ (802)	\$ (2,548)
Net income (loss)	\$ (2,142)	\$ 738	\$ (519)	\$ 8,892
Basic and diluted net income (loss) per share	\$ (0.18)	\$ 0.06	\$ (0.04)	\$ 0.76