

GENESIS MICROCHIP INC /DE

Form DEF 14A

July 29, 2005

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**SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934**

FILED BY THE REGISTRANT

FILED BY A PARTY OTHER THAN THE REGISTRANT

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

GENESIS MICROCHIP INC.

(Name of Registrant as Specified In Its Charter)

Not Applicable

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

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**Genesis Microchip Inc.
2150 Gold Street
Alviso, California 95002
(408) 262-6599**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON SEPTEMBER 13, 2005**

To our Stockholders:

We are holding our 2005 annual meeting of stockholders on Tuesday, September 13, 2005 at 10:00 a.m. Pacific Time. It will be held at our offices located at 180 Baytech Drive, Suite 110, San Jose, California 95134. Only stockholders of record on July 15, 2005 are entitled to notice of and to vote at our annual meeting or at any adjournment or postponement of it. The purpose of the meeting is:

1. To elect two Class I directors, each to serve for a term of three years, expiring on the date of our 2008 annual meeting of stockholders or until a successor is elected;
2. To ratify the appointment of independent accountants for fiscal 2006; and
3. To transact any other business that may properly come before either the annual meeting or any adjournment or postponement of it.

Your Board of Directors unanimously recommends that you vote to approve all of the proposals before you. Those proposals are described more fully in the accompanying proxy statement, which we urge you to read.

Your vote is important. Whether or not you plan to attend the meeting in person, you are urged to ensure that your shares are represented at the annual meeting by following the instructions on the enclosed proxy card. Please refer to the proxy card for more information on how to submit your vote.

By order of the Board of Directors,

/s/ Ava M. Hahn

Ava M. Hahn
Secretary

July 28, 2005

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**Genesis Microchip Inc.
2150 Gold Street
Alviso, California 95002
(408) 262-6599**

PROXY STATEMENT

INTRODUCTION

The accompanying proxy is solicited by the Board of Directors of Genesis Microchip Inc., a Delaware corporation (we, us, Genesis or the Company), for use at our 2005 annual meeting of stockholders to be held on Tuesday, September 13, 2005 at 10:00 a.m. Pacific Time, or any adjournment thereof, for the purposes set forth in this proxy statement and the accompanying Notice of Annual Meeting. The annual meeting will be held at our offices located at 180 Baytech Drive, Suite 110, San Jose, California 95134.

These proxy solicitation materials will be mailed on or about August 12, 2005 to all stockholders entitled to vote at our annual meeting.

**QUESTIONS AND ANSWERS ABOUT
THE PROXY MATERIALS AND THE ANNUAL MEETING**

Why are you sending me this proxy statement?

We are sending you this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at our annual meeting of stockholders. That meeting is scheduled to take place on Tuesday, September 13, 2005. This proxy statement summarizes information concerning the proposals to be voted on at that meeting. This information will help you to make an informed vote at the annual meeting.

What proposals will be voted on at the meeting?

We have scheduled two proposals to be voted on at the meeting:

1. The election of two Class I directors, each to serve for a term of three years expiring on the date of our 2008 annual meeting of stockholders or until a successor is elected; and
2. The ratification of the appointment of independent accountants for fiscal 2006.

What is the voting recommendation?

Your Board of Directors recommends that you vote your shares **FOR** the election of each of the nominees to the Board and **FOR** the other proposal.

Who is entitled to vote?

Only stockholders of record of our common stock at the close of business on July 15, 2005 are entitled to notice of, and to vote at, our annual meeting. As of the close of business on the record date, there were 34,221,940 shares of our common stock outstanding and entitled to vote held by approximately 199 stockholders of record. Each stockholder is entitled to one vote for each share of common stock held as of the record date.

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What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of record

If your shares are registered directly in your name with our transfer agent, Mellon Investor Services LLC, then you are considered to be the stockholder of record with respect to those shares, and we are sending these proxy materials directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the meeting. We have enclosed a proxy card for you to use.

Beneficial owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and your broker or nominee is forwarding these proxy materials to you. Your broker or nominee is considered to be the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

How can I vote my shares in person at the meeting?

Shares held directly in your name as the stockholder of record may be voted in person at the annual meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification.

Even if you currently plan to attend the annual meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the meeting. You may vote shares held in street name in person only if you obtain a signed proxy from the record holder giving you the right to vote the shares.

How can I vote my shares without attending the meeting?

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct your vote without attending the meeting.

Stockholder of record

You may vote by granting a proxy. Please refer to the summary voting instructions included on your proxy card. You may vote by mail by signing your proxy card and mailing it in the enclosed postage prepaid and addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign the card but do not provide instructions, your shares will be voted as described below in How are votes counted?

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Beneficial owner

For shares held in street name, refer to the voting instruction card included by your broker or nominee.

Can I change my vote after I submit my proxy?

Yes. You can change your vote at any time before we vote your proxy at the annual meeting.

Stockholder of record

If you are a stockholder of record you can change your vote by:

Sending a written notice to our Secretary at our principal executive offices in Alviso, California stating that you would like to revoke your proxy,

Completing a new proxy card and sending it to our Secretary. The new proxy card will automatically replace any earlier-dated proxy card that you returned, or

Attending the annual meeting and voting in person.

If you choose to revoke your proxy by attending the annual meeting, you must vote at the meeting in accordance with the rules for voting at the annual meeting. Attending the annual meeting will not, by itself, constitute revocation of your proxy.

Beneficial owner

If you instructed a broker or nominee to vote your shares, follow your broker or nominee's directions for changing those instructions.

How are votes counted?

In the election of directors, you may vote FOR all of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. For the other proposals, you may vote FOR, AGAINST or ABSTAIN. Shares may also be counted as broker non-votes. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary voting power to vote such shares.

The inspector of election appointed for the meeting, who will separately tabulate affirmative votes, negative votes, abstentions and broker non-votes, will tabulate all votes. Shares that are voted FOR, AGAINST or WITHHELD on a proposal will be treated as being present at the meeting for purposes of establishing a quorum. Shares that are voted FOR or AGAINST will also be treated as votes cast on the proposal. Shares that abstain from voting on a proposal, and shares held by a broker nominee in street name where the broker indicates on a proxy that it does not have discretionary authority to vote on the proposal, will be treated as shares that are present at the meeting for purposes of establishing a quorum, but will not be treated as votes cast on the proposal. Although not considered as votes cast, abstentions and broker non-votes may prevent a proposal from receiving the affirmative vote of a majority of the required quorum and, in that case, would have the same effect as votes against the proposal.

If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board (FOR all of our nominees to the Board, FOR all other items described in this proxy statement and in the discretion of the proxy holders on any other matters that properly come before the meeting).

What vote is required to approve each of the proposals?

With respect to the proposal to elect two Class I directors, the two nominees receiving the greatest number of votes will be elected, even if the votes they receive are less than a majority of shares present and entitled to vote. Abstentions are not counted towards the tabulation of votes cast for the election of directors.

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All other proposals require the affirmative FOR vote of a majority of those votes cast; that majority must also constitute at least a majority of the required quorum.

What does it mean if I receive more than one proxy or voting instruction card?

It means your shares are registered differently or are in more than one account. Please provide voting instructions for each proxy and voting instruction card you receive.

Where can I find the voting results of the meeting?

We will announce preliminary voting results at the annual meeting and publish final results in our quarterly report on Form 10-Q for the second quarter of fiscal year 2006, which ends September 30, 2005.

What happens if additional proposals are presented at the meeting?

Other than the proposals described in this proxy statement, we do not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate(s) as may be nominated by the Board of Directors.

Must a minimum number of stockholders vote or be present at the annual meeting?

A quorum of stockholders is necessary to hold a valid meeting. Our bylaws provide that a majority of all of the shares of our stock entitled to vote, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the annual meeting. Shares that are voted FOR, AGAINST, WITHHELD or ABSTAIN on any proposal, as well as broker non-votes, will be treated as being present and entitled to vote for purposes of establishing a quorum.

Is cumulative voting permitted for the election of directors?

Stockholders may not cumulate votes in the election of directors.

Who will bear the cost of soliciting votes for the meeting?

We will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. If you choose to access the proxy materials and/or vote over the Internet, however, you are responsible for Internet access charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We may also hire our transfer agent, Mellon Investor Services LLC, or another proxy solicitor to assist us in the distribution of proxy materials and the solicitation of votes. We will pay any proxy solicitor a reasonable and customary fee plus expenses for those services. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our beneficial stockholders.

PROPOSAL 1 ELECTION OF DIRECTORS

We have a classified Board of Directors, with overlapping terms of office. The term for the Class I directors expires at this 2005 annual meeting. The term for the Class II directors expires at the 2006 annual meeting and the term for the Class III directors expires at the 2007 annual meeting. Each director serves for a three-year term or until his successor is duly elected and qualified.

The Board's nominees for election by the stockholders as Class I directors are Tim Christoffersen and Robert H. Kidd. Our Nominating Committee has recommended and the Board has approved these nominations. Mr. Christoffersen is currently a member of our Audit Committee and Corporate Governance

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Committee. Mr. Kidd is a currently a member of our Audit Committee and our Nominating Committee. If elected, the two nominees will serve as directors until our 2008 annual meeting or until a successor is duly elected and qualified. If either of the nominees declines to serve, proxies may be voted for a substitute nominee as we may designate.

If a quorum is present and voting, the two nominees for Class I directors receiving the highest number of votes FOR will be elected as the Class I directors. The persons named in the enclosed proxy intend to vote the shares represented by those proxies for the election of these two nominees.

Directors

Currently, there are eight (8) members of the Board of Directors. However, Eric Erdman has decided to resign effective September 13, 2005, the date of our 2005 annual meeting of stockholders. Effective September 13, 2005, the number of authorized directors will be reduced to seven (7). The following sets forth certain information concerning our current directors as well as our Class I nominees to be elected at the 2005 annual meeting.

Name	Age	Position	Director Since
Class I Nominees:			
Tim Christoffersen(1)(3)	63	Director Nominee	2002
Robert H. Kidd(1)(4)	61	Director Nominee	2002
Class II Directors Whose Terms Expire at the 2006 Annual Meeting:			
Eric Erdman(5)	47	Director	2003
Chandrashekar M. Reddy(3)	45	Director	2002
Elias Antoun	48	Director	2004
Class III Directors Whose Terms Expire at the 2007 Annual Meeting:			
Jon Castor(1)(4)	53	Director	2004
Chieh Chang(2)(3)	53	Director	2004
Jeffrey Diamond(2)(4)	53	Chairman of the Board	2001

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Nominating Committee.
- (5) Mr. Erdman has decided to resign effective September 13, 2005.

Nominees for Election to Class I Directorship Expiring at the 2008 Annual Meeting

Tim Christoffersen was appointed as a Director in August 2002. Mr. Christoffersen has served as Chief Financial Officer of Monolithic Power Systems, Inc. (MPS), a semiconductor company, since June 2004, and served on MPS's board of directors from March 2004 to July 2004. Since January 1999, Mr. Christoffersen has been a financial consultant to technology companies. Prior to that, Mr. Christoffersen served as Chief Financial Officer of NeoParadigm Labs, Inc. from 1998 to 1999 and as Chief Financial Officer of Chips & Technologies, Inc. from 1994 until its sale to Intel Corporation in 1998. Mr. Christoffersen was Executive Vice President, Director and Chief Operating Officer of Resonex, Inc. from 1991 to 1992. From 1986 to 1991, Mr. Christoffersen held several managerial positions with Ford Motor Company. Mr. Christoffersen is a Phi Beta Kappa graduate of Stanford

University where he earned a B.A. in Economics. He also holds a Master's degree in Divinity from Union Theological Seminary in New York City.

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Robert H. Kidd was appointed as a Director in August 2002. Mr. Kidd serves as President of Location Research Company of Canada Limited, a consulting company. Mr. Kidd served as Chief Financial Officer of Technology Convergence Inc. from 2000 to 2002, of Lions Gate Entertainment Corp. from 1997 to 1998, and of InContext Systems Inc. from 1995 to 1996. He served as Senior Vice President, Chief Financial Officer and Director of George Weston Limited from 1981 to 1995, as a partner of Thome Riddell, Chartered Accountants, a predecessor firm of KPMG LLP, from 1973 to 1981 and as a Lecturer in Finance, Faculty of Management Studies, University of Toronto, from 1971 to 1981. Mr. Kidd has served on several professional committees, including the Toronto Stock Exchange Investors & Issuers Advisory Committee from 1993 to 1998, the Canadian Institute of Chartered Accountants Emerging Issues Committee from 1992 to 1997 and the Canadian Securities Administrators Committee on Conflicts of Interest in Underwriting from 1994 to 1996. He currently serves as a director of several private entities. Mr. Kidd has a B. Commerce from the University of Toronto and an M.B.A. from York University. Mr. Kidd is a Fellow of the Institute of Chartered Accountants of Ontario.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
A VOTE FOR EACH DIRECTOR NOMINEE**

Class II Directors Whose Terms Expire at the 2006 Annual Meeting

Elias Antoun has served as President and Chief Executive Officer of the Company and a member of our Board of Directors since November 2004. Prior to his appointment, Mr. Antoun served as the President and Chief Executive Officer of Pixim, Inc., an imaging solution provider for the video surveillance market, between March 2004 and November 2004. From February 2000 to August 2003, Mr. Antoun served as the President and Chief Executive Officer of MediaQ, Inc., a mobile handheld graphics IC company acquired by NVIDIA Corporation in August 2003. From January 1991 to February 2000, Mr. Antoun held a variety of positions with LSI Logic Corporation, most recently serving as Executive Vice President of the Consumer Products Division from 1998 until his departure in January 2000. Mr. Antoun has served as a Director of HPL Technologies, Inc. since August 2000 and as Chairman of the Board of Directors of HPL Technologies, Inc. since July 2002.

Eric Erdman became a Director in May 2003 and previously served as a Director from October 1995 to September 1996. Since April 2005, Mr. Erdman has served as Executive Vice President of Operations and Chief Financial Officer of Silicon Optix, Inc., a supplier of digital processing integrated circuits. From July 2003 to November 29, 2004, Mr. Erdman served as our Interim Chief Executive Officer. Mr. Erdman also served as our Chief Financial Officer from March 2002 to February 2004, and previously held the position from December 1997 to February 2002. Mr. Erdman also served as our Secretary from June 2002 to October 2003, and from October 1995 to February 2002. From March 2002 to June 2002, Mr. Erdman served as our Assistant Secretary. Mr. Erdman joined Genesis in July 1995 as Director, Finance and Administration and served as Vice President, Finance and Administration from July 1996 to May 1999. Mr. Erdman holds a Bachelor of Mathematics degree from the University of Waterloo, and he is a member of the American Institute of Certified Public Accountants and of the Canadian Institute of Chartered Accountants. As noted above, Mr. Erdman has decided to resign effective September 13, 2005.

Chandrashekar M. Reddy joined Genesis as a director upon its acquisition of Sage, Inc. in February 2002. He served as Vice Chairman and as Executive Vice President, Engineering of Genesis from February 2002 to November 2002. He served as Chairman of the Board and Chief Executive Officer of Sage from its inception in 1994 until its acquisition by Genesis in February 2002. Mr. Reddy has been the Chief Executive Officer of Athena Semiconductors, Inc., a wireless communications business, since December 2002 and a member of its Board of Directors since January 2002. From 1986 to 1995, Mr. Reddy held several design and program management positions at Intel Corporation. Mr. Reddy received an M.S. in Electrical Engineering from the University of Wisconsin, Madison and a B.S. in Electrical Engineering from the Indian Institute of Technology.

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Jon Castor has been a director of Genesis since November 2004. From January 2004 to June 2004, Mr. Castor was an Executive Advisor to the Chief Executive Officer of Zoran Corporation, and from August 2003 to December 2003, he was Senior Vice President and General Manager of Zoran's DTV Division. From October 2002 to August 2003, Mr. Castor was the Senior Vice President and General Manager of the Teralogic Group at Oak Technology Inc., a developer of integrated circuits (ICs) and software for digital televisions and printers which was acquired by Zoran. Prior to that, Mr. Castor co-founded Serologic, Inc., a developer of digital television ICs, software and systems in June 1996 where he served in several capacities including as its President, Chief Financial Officer and director from June 1996 to November 2000, and as its Chief Executive Officer and director from November 2000 to October 2002, when it was acquired by Oak Technology. Mr. Castor received his B.A. with distinction from Northwestern University and his M.B.A. from Stanford Graduate School of Business.

Chieh Chang has been a director of Genesis since November 2004. Mr. Chang has been a member of the board of directors of Oplink Communications, Inc. since September 1995. Since February 2003, Mr. Chang has served as Vice Chairman of Programmable Microelectronics Company, Inc., a fabless semiconductor design company, and from February 2000 to February 2003, as its Chief Executive Officer. From April 1992 to August 1996, Mr. Chang was the Director of Technology at Cirrus Logic, Inc., a semiconductor company. Mr. Chang received his B.S. in Electrical Engineering from the National Taiwan University and his M.S. in Electrical Engineering from UCLA.

Jeffrey Diamond was appointed Chairman of the Board in July 2003, and has served as a director since April 2001. After our acquisition of Paradise Electronics, Inc. in May 1999, Mr. Diamond also served as an executive officer and as a consultant to Genesis through December 2000. Prior to that, he served as a director of Paradise from its inception in 1996 and as its Chief Executive Officer from September 1998 until May 1999. Mr. Diamond held senior management positions at Cirrus Logic, Inc. from April 1992 to March 1995. Mr. Diamond received his B.S. in Business Administration from the University of Illinois.

The Board of Directors, its Committees and Meetings

Board of Directors. The Board of Directors held 28 meetings during the fiscal year ended March 31, 2005. Each director attended or participated telephonically in 75% or more of the aggregate of (i) the total number of the meetings of the Board of Directors (held during the period for which such director was a director) and (ii) the total number of meetings of all committees on which such director served (held during the period for which such director served as a committee member) during the fiscal year ended March 31, 2005.

The Board of Directors has determined that each of its current directors, including all nominee directors, except Elias Antoun, Eric Erdman and Chandrashekar Reddy, has no material relationship with Genesis and is independent within the meaning of the NASDAQ Stock Market, Inc. director independence standards, as currently in effect.

Our Board of Directors has standing Compensation, Audit, Corporate Governance and Nominating Committees.

Compensation Committee. The Compensation Committee reviews and evaluates the compensation and benefits of our officers, reviews general policy matters relating to compensation and benefits of our employees and makes recommendations concerning these matters to the Board of Directors. The Compensation Committee also administers our stock option plans and stock purchase plan. The Compensation Committee held seven meetings during the fiscal year ended March 31, 2005.

Currently, our Compensation Committee consists of Mr. Diamond and Mr. Chang each of whom qualifies as independent in accordance with the published listing requirements of Nasdaq. Mr. Diamond serves as chairman of this committee.

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Audit Committee. Among other things, the Audit Committee reviews the scope and timing of audit services and any other services that our independent accountants are asked to perform, the auditors' report on our consolidated financial statements following completion of their audit and our policies and procedures with respect to internal accounting and financial controls.

Currently, our Audit Committee consists of Mr. Christoffersen, Mr. Castor and Mr. Kidd. Mr. Kidd serves as chairman of this committee. The Audit Committee held eleven meetings during the fiscal year ended March 31, 2005. In addition to qualifying as independent in accordance with the published listing requirements of Nasdaq, each member of the Audit Committee qualifies as independent under special standards established by the SEC for members of audit committees. The Audit Committee also includes at least one independent member who is determined by the Board to meet the qualifications of an audit committee financial expert in accordance with SEC rules, including that the person meets the relevant definition of an independent director. Each of the current Audit Committee members has been determined to be an independent director and an audit committee financial expert. Stockholders should understand that this designation is a disclosure requirement of the SEC related to the Audit Committee members' experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon an Audit Committee member any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and the Board, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board.

The report of the Audit Committee is included herein on page 27.

Corporate Governance Committee. The Corporate Governance Committee oversees the Company's disclosure controls and procedures, except for the financial reporting controls and procedures overseen by the Audit Committee, and recommends to the Board the adoption of any measures it deems advisable for the improvement of disclosure controls and procedures. As of July 1, 2005, our Corporate Governance Committee consisted of Messrs. Christoffersen, Chang and Reddy. Mr. Christoffersen serves as chairman of this committee. The Corporate Governance Committee met two times during the fiscal year ended March 31, 2005, in conjunction with regularly scheduled Board meetings.

Nominating Committee. The Nominating Committee is responsible for seeking, screening and recommending for nomination candidates for election to the Board of Directors. In so doing, the Nominating Committee may evaluate, among other things:

the current size, composition and needs of the Board and its committees;

such factors as judgment, independence, character and integrity, area of expertise, diversity of experience, length of service, and potential conflicts of interest of candidates; and

such other factors as the Committee may consider appropriate.

These factors, and any other qualifications considered useful by the Nominating Committee, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of the Nominating Committee and of the Board may change from time to time to take into account changes in business and other trends, and the portfolio of skills and experience of current and prospective Board members. Therefore, the Nominating Committee has not established any specific minimum criteria or qualifications that a nominee must possess. The current Nominating Committee charter is available at our Web site located at www.gnss.com.

The Nominating Committee will evaluate candidates identified on its own initiative as well as candidates referred to it by other members of the Board, by our management, by stockholders who submit names to the Nominating Committee, or by other external sources. With regard to the newest nominees for election as Class I directors, the Nominating Committee recommended and the Board approved the nominations of Messrs. Christoffersen and Kidd for election as Class I directors at the 2005 annual meeting. Since our last annual meeting in 2004, we have not employed a search firm or paid fees to other third parties in connection with seeking or evaluating Board nominees.

candidates.

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With regard to referrals from our stockholders, the Nominating Committee's policy is to consider recommendations for candidates to the Board of Directors from stockholders holding not less than 1% of our outstanding common stock continuously for at least twelve months prior to the date of the submission of the recommendation. Candidates suggested by stockholders are evaluated using the same criteria as for other candidates. A stockholder that desires to recommend a candidate for election to the Board shall direct the recommendation in written correspondence by letter to Genesis Microchip Inc., attention of the Company's Secretary, at our offices at 2150 Gold Street, Alviso, California 95002. Such notice must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve, information regarding any relationships between the candidate and Genesis within the last three years, evidence of the required ownership of common stock by the recommending stockholder, and to the extent known by the stockholder, any relationships between the candidate and competitors, customers, suppliers and any other parties that might give rise to the appearance of a potential conflict of interest. Any stockholder who wishes to make a direct nomination for election to the Board at an annual or special meeting for the election of directors must comply with procedures set forth in our bylaws.

As of July 1, 2005, our Nominating Committee consisted of Mr. Diamond, Mr. Castor and Mr. Kidd, each of whom is independent in accordance with the published listing requirements of Nasdaq. Mr. Diamond serves as chairman of this committee. The Nominating Committee held three meetings during the fiscal year ended March 31, 2005.

Annual Meeting Attendance. The Company does not have a formal policy regarding the attendance of its directors at annual or special meetings of stockholders, but the Company encourages directors to attend such meetings. Of the three directors elected at the November 3, 2004 annual meeting and the four continuing directors not elected at that meeting, all seven directors attended that meeting.

Compensation of Directors

Directors who are not our employees receive \$5,000 per quarter as a retainer, \$1,000 for each meeting of the Board of Directors or committee thereof attended in person and \$500 for each meeting attended by teleconference. Non-employee chairmen of committees receive an additional retainer of \$1,250 per quarter for serving as a committee chairman, other than the chairman of the audit committee who receives an additional quarterly retainer of \$2,500. Directors who are our employees receive no separate compensation for services rendered as a director. All directors are reimbursed for reasonable expenses to attend meetings.

Non-employee directors automatically receive stock options under the terms of our 1997 Non-Employee Stock Option Plan. Upon first joining the board, non-employee directors receive an option to purchase 15,000 shares of our common stock. Those options are granted with an exercise price equal to the closing price of our stock on the last trading day before joining the board. Non-employee directors also automatically receive an option to purchase 10,000 shares of our common stock under our 2000 Nonstatutory Stock Option Plan upon first joining the Board. Since the option pool in our 1997 Non-Employee Stock Option Plan is nearly depleted, we intend to grant some of the stock options described above from our 2000 Nonstatutory Stock Option Plan or our 2001 Nonstatutory Stock Option Plan.

Grants are also made annually on the first day of the month following our annual meeting of stockholders. Each non-employee director receives an option to purchase 10,000 shares of our common stock plus 2,500 shares of our common stock for each committee on which the director serves. The options are granted with an exercise price equal to the closing price of our stock on the day preceding the date of the grant and vest over twelve months. The automatic annual option grants were made on December 1, 2004 at an exercise price of \$16.94 per share. No other stock option grants were made to non-employee directors in fiscal 2005.

Non-employee directors may also be granted stock options under the terms of our 2000 Nonstatutory Stock Option Plan or our 2001 Nonstatutory Stock Option Plan.

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The following table summarizes the retainers and attendance fees and the number of stock option grants that were made to our non-employee directors, in their capacity as non-employee directors, during fiscal 2005:

Name	Initial Option Grants	Automatic Annual Grants	Discretionary Option Grants	Retainers and Attendance Fees (\$)
Jon Castor	25,000			19,333
Chieh Chang	25,000			13,833
Tim Christoffersen		15,000		45,500
Jeffrey Diamond		15,000		43,667
Eric Erdman				11,667
Robert H. Kidd		15,000		59,917
Chandrashekar M. Reddy		12,500		35,500

PROPOSAL 2 APPOINTMENT OF INDEPENDENT ACCOUNTANTS

You are being asked to ratify the appointment of KPMG LLP in Canada as independent accountants for the fiscal year ending March 31, 2006.

We have selected KPMG as our independent accountants for the 2006 fiscal year. KPMG or its predecessor firms have served as our independent accountants since our inception in Canada in 1987. Representatives of KPMG are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from you.

The approximate fees billed to us by KPMG for services rendered with respect to fiscal years 2005 and 2004 were as follows:

	2005	2004
Audit Fees	\$ 833,023	\$ 471,468
Audit-Related Fees	218,843	49,200
Tax Fees	522,529	377,371
Total Fees	1,574,395	898,039

Audit Fees. This category consists of fees paid for professional services provided in connection with the integrated audit of our financial statements and internal controls over financial reporting, and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings, including filings related to potential mergers and acquisitions.

Audit-Related Fees. This category consists of fees paid primarily for advisory services, research on accounting matters and due diligence related to mergers and acquisitions, and are not reported above under Audit Fees.

Tax Fees. This category consists of fees paid primarily for professional services rendered by KPMG in connection with tax advice related to specialized projects such as the implementation of the American Jobs Creation Act, acquisition activities and tax compliance, including technical tax advice related to the preparation of tax returns.

The Audit Committee has determined that the provision of non-audit services performed during fiscal 2005, including work related to acquisition activities and for tax planning and compliance purposes, is compatible with maintaining the independence of KPMG.

The Audit Committee has established a policy governing our use of KPMG for non-audit services. Under the policy, management may use KPMG for non-audit services that are permitted under SEC rules and regulations,

provided that management obtains the Audit Committee's approval before such services are rendered. In fiscal 2005, all fees identified above under the captions "Audit-Related Fees" and

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Tax Fees that were billed by KPMG were approved by the Audit Committee pursuant to the Company's pre-approval policies and procedures established by the Audit Committee.

The resolution must be passed by a majority of the votes cast at our annual meeting (which majority must also constitute at least a majority of the required quorum) to be approved. The persons named in the enclosed proxy intend to vote the shares represented by those proxies in favor of this resolution.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE
APPOINTMENT OF KPMG LLP IN CANADA AS OUR INDEPENDENT ACCOUNTANTS FOR THE
FISCAL YEAR ENDING MARCH 31, 2006.
TRANSACTION OF OTHER BUSINESS**

We know of no other proposals to be presented at the meeting. If any other proposal is presented, the shares represented by the proxies we receive will be voted according to the best judgment of the persons named in the proxies. It is the intention of the persons named in the form of proxy to vote the shares that those proxies represent as the Board of Directors recommends.

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The following table provides information as of March 31, 2005 about our common stock that may be issued upon the exercise of options, warrants and rights under our 1997 Employee Stock Purchase Plan described above as well as our eight stock option plans: the 1987 Stock Option Plan, the 1997 Employee Stock Option Plan, the 1997 Non-Employee Stock Option Plan, the 2000 Non-Statutory Stock Option Plan, the 2001 Non-Statutory Stock Option Plan, the 1997 Paradise Stock Option Plan, the Sage Stock Option Plan, and the 2003 Stock Plan.

The 1997 Paradise Stock Option Plan and the Sage Stock Option Plan, under which we do not grant any new options, were assumed upon our acquisitions of other companies. Our stockholders have not formally approved our 2000 Non-Statutory Stock Option Plan, although they approved an amendment to that plan at the September 14, 2000 annual meeting. Our stockholders have not approved our 2001 Non-Statutory Stock Option Plan or our 2003 Stock Plan. Our stockholders have approved all other plans.

Plan Name and Type	Number of Securities to Be issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by stockholders			
1997 Employee Stock Purchase Plan*	N/A	N/A	330,870
1987 Stock Option Plan	1,047	9.00	
1997 Employee Stock Option Plan	3,907,824	14.40	551,265
1997 Non-Employee Stock Option Plan	272,563	15.63	9,675
Equity compensation plans not formally approved by stockholders			
2000 Non-Statutory Stock Option Plan	2,561,649	14.05	497,218
2001 Non-Statutory Stock Option Plan	527,869	18.36	17,274
2003 Stock Plan	925,000	17.09	75,000
Equity compensation plans assumed on acquisitions			
1997 Paradise Stock Option Plan	5,887	1.70	
Sage Stock Option Plan	603,384	19.73	
Total*	8,805,223	15.22	1,481,302

* The number of securities to be issued upon exercise of outstanding rights under the 1997 Employee Stock Purchase Plan and the weighted average exercise price of those securities is not determinable. The 1997 Employee Stock

Purchase Plan provides that shares of our common stock may be purchased at a per share price equal to 85% of the fair market value of the common stock on the beginning of the offering period or a purchase date applicable to such offering period, whichever is lower. The closing price per share of our common stock on the Nasdaq National Market on December 31, 2004 (the last trading day of the most recent offering period) was \$16.22.

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Summaries of the stock option plans not formally approved by our stockholders are as follows:

2000 Non-Statutory Stock Option Plan

Purpose

The purposes of the plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants and to promote the success of our business.

Administration

The plan provides for administration by our Board of Directors or a committee appointed by the Board and is currently administered by the Compensation Committee of the Board of Directors. All questions of interpretation or application of the plan are determined by the Board of Directors or its appointed committee, and its decisions are final and binding upon all participants. Directors receive no additional compensation for their services in connection with the administration of the plan.

Eligibility to Participate in the Plan

Nonstatutory stock options may be granted to our employees, consultants and directors.

Number of Shares Covered by the Plan

The aggregate number of shares of common stock authorized for issuance under the plan is 1,500,000 shares plus an annual increase to be added on the first day of each fiscal year equal to the lesser of (i) 2,000,000 shares, (ii) 3.5% of the Company's outstanding shares of common stock on such date, or (iii) a lesser amount determined by the Board.

Awards Permitted under the Plan

The plan authorizes the granting of nonstatutory stock options only.

Terms of Options

The plan's administrator determines the exercise price of options granted under the plan and the term of those options. The options that are currently outstanding under the plan vest and become exercisable over periods of from one to four years beginning on the grant date. Payment of the exercise price may be made by cash, check, promissory note, other shares of our common stock, cashless exercise, any other form of consideration permitted by applicable law or any combination of the foregoing methods of payment. Options may be made exercisable only under the conditions the Board of Directors or its appointed committee may establish. If an optionee's employment terminates for any reason, the option remains exercisable for a period fixed by the plan administrator up to the remainder of the option's term; if a period is not fixed by the plan administrator, the exercise period is three (3) months, or twelve (12) months in the case of death or disability.

Capital Changes

In the event of any changes in our capitalization, s