

DIODES INC /DEL/
Form DEF 14A
April 13, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

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

DIODES INCORPORATED

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

DIODES INCORPORATED
Notice of Annual Meeting of Stockholders
To Be Held May 24, 2010

Notice is hereby given that the annual meeting (the Meeting) of the stockholders of Diodes Incorporated (the Company) will be held at the Doubletree Guest Suites Times Square, located at 1568 Broadway, New York, New York 10036, on Monday, May 24, 2010 at 10:30 a.m. (Eastern time) for the following purposes:

1. **Election of Directors.** To elect seven persons to the Board of Directors of the Company, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board of Directors nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Raymond Soong, John M. Stich and Michael K.C. Tsai.
2. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company s independent registered public accounting firm for the year ended December 31, 2010.
3. **Other Business.** To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Only persons who were stockholders of record at the close of business on March 31, 2010 are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

The proxy statement, which accompanies this Notice, contains additional information regarding the proposals to be considered at the Meeting, and stockholders are encouraged to read it in its entirety.

We have elected to provide access to our proxy materials by notifying you of the availability of our proxy statement and our fiscal 2009 Annual Report to Stockholders over the Internet at www.proxyvote.com. Stockholders may also obtain a printed copy of the proxy materials free of charge by following the instructions provided in the Notice of Internet Availability of Proxy Materials that will be mailed to stockholders on or about April 13, 2010 or in the enclosed proxy statement.

As set forth in the enclosed proxy statement, proxies are being solicited by and on behalf of the Board of Directors of the Company. All proposals set forth above are proposals of the Board of Directors.

Whether or not you plan to attend the Meeting, YOUR VOTE IS IMPORTANT. Please follow the instructions enclosed to ensure that your shares are voted. If you attend the Meeting, you may revoke your proxy and vote your shares in person. You may revoke your proxy at any time prior to its exercise at the Meeting.

Dated at Dallas, Texas, this 13th day of April, 2010.

By Order of the Board of Directors,
DIODES INCORPORATED

Richard D. White,
Secretary

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Diodes Incorporated
15660 Dallas Parkway, Suite 850
Dallas, Texas 75248
(972) 385-2810
Proxy Statement
Annual Meeting: May 24, 2010
GENERAL INFORMATION

This proxy statement (Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Diodes Incorporated (the Company) for use at the annual meeting (the Meeting) of the stockholders of the Company to be held on Monday, May 24, 2010, at the Doubletree Guest Suites Times Square, located at 1568 Broadway, New York, New York 10036, at 10:30 a.m. (Eastern time), and at any adjournment or postponement thereof. Only stockholders at the close of business on March 31, 2010 (the Record Date) are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

Matters to be Considered at the Meeting:

The matters to be considered and voted upon at the Meeting will be:

- 1. Election of Directors.** To elect seven persons to the Board, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board's nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Raymond Soong, John M. Stich and Michael K.C. Tsai.
- 2. Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the year ended December 31, 2010.
- 3. Other Business.** To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Voting Recommendations of the Board

Our Board recommends that you vote your shares FOR each of the nominees to the Board and FOR the ratification of the appointment of Moss Adams LLP.

Important Changes to Voting Shares Held in Street Name

Since our last annual meeting of stockholders, there have been important changes in how your shares held in street name by a brokerage firm may be voted in the election of directors. Previously, if you were the beneficial owner of shares held in street name by a brokerage firm, bank, broker-dealer, or other similar organization, and you failed to instruct the organization as to how to vote such shares, the organization could, in its discretion, vote such shares in the election of directors. As of January 1, 2010, brokerage firms who are members of the New York Stock Exchange will no longer be allowed to vote your shares held in street name in the election of directors, if you fail to instruct the organization how to vote such shares. Therefore, it is very important that you provide instructions on how to vote any shares beneficially owned by you in street name.

Internet Access to Proxy Materials

Under rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials over the Internet at www.proxyvote.com. Stockholders will not receive printed copies of the proxy materials unless they request them.

On or about April 13, 2010, a Notice of Internet Availability of Proxy Materials (the Notice) was sent to our stockholders of record and beneficial owners.

The Notice provides you with instructions regarding how to:

View our proxy materials for the Meeting on the Internet;

Request a printed copy of the proxy materials; and

Instruct us to send future proxy materials to you by mail or electronically by email on an ongoing basis.

Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

The proxy materials include:

Notice of Annual Meeting of Stockholders;

This Proxy Statement; and

The 2009 Annual Report to Stockholders, which includes our audited consolidated financial statements.

If you request printed copies of the proxy materials by mail, these materials will also include a proxy card.

How to Vote

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares, and the Notice was sent directly to you by the Company.

If you are a stockholder of record, you may attend the Meeting and vote in person. You will be provided with a ballot at the Meeting.

If you do not wish to attend the Meeting and vote in person, you may vote by proxy. There are three ways to vote by proxy. You may vote by telephone by calling (800) 690-6903 and following the instructions provided. You may vote over the Internet at www.proxyvote.com by following the instructions provided. If you request and receive a printed copy of the proxy materials by mail, you can vote by mail by signing and dating the enclosed proxy card and either mailing it in the postage-paid envelope provided to the address stated on the proxy card or transmitting it by facsimile to the Inspector of Elections at 972-385-2315.

Telephone and Internet voting facilities for stockholders will be available 24 hours a day and will close at 11:59 p.m. (Eastern time) on May 23, 2010. If a proxy is properly submitted and is not revoked, the proxy will be voted at the Meeting in accordance with the stockholder's instructions indicated on the proxy. If no instructions are indicated on the proxy, the proxy will be voted FOR the election of the Board's nominees, FOR ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2010, and in accordance with the recommendations of the Board as to any other matter that may properly be brought before the Meeting or any adjournment or postponement thereof.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the Notice was forwarded to you by that organization. The organization holding your shares is considered the stockholder of record for purposes of voting at the Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account by following the instructions provided. If you wish to attend the Meeting and vote in person, you must obtain a proxy executed in your favor from the organization that holds your shares.

Even if you plan to attend the Meeting, we recommend that you also submit your proxy or voting instruction so that your vote will be counted if you later decide not to attend the Meeting.

How to Change or Revoke Your Vote

You may change your vote at any time before the vote at the Meeting. If you are a stockholder of record, you may change your vote by voting again by proxy over the Internet or telephone on a later date (only your last Internet or telephone proxy will be counted), or by filing a written revocation, or a duly executed proxy card bearing a later date, with the Company's Secretary at the Meeting or at our offices located at 15660 Dallas Parkway, Suite 850, Dallas, Texas 75248 prior to the vote at the Meeting. You may also change your vote by attending the Meeting and voting in person. Attending the Meeting in person will not automatically revoke a previously granted proxy unless you vote again at the Meeting or file a written revocation with the Company's Secretary at or before the Meeting.

If you are a beneficial owner of shares held in street name, you may change your vote by submitting new voting instructions to the brokerage firm, bank, broker-dealer or other organization holding your shares by following the instructions they provided or, if you obtained a proxy in your favor from that organization, by attending the Meeting and voting in person.

Voting Rights

The authorized capital of the Company consists of (i) 70,000,000 shares of common stock, par value \$0.66-2/3 per share (Common Stock), of which 43,821,430 shares were issued and outstanding on the Record Date and (ii) 1,000,000 shares of Preferred Stock, \$1.00 par value (Preferred Stock), none of which were issued and outstanding on the Record Date. The Common Stock and the Preferred Stock are collectively referred to as the Stock.

A majority of the shares of Common Stock issued and outstanding and entitled to vote at the meeting, present either in person or by proxy, constitutes a quorum for the conduct of business at the Meeting. Votes withheld, abstentions and broker non-votes (as defined below) will be counted for the purpose of determining the presence of a quorum.

Each stockholder is entitled to one vote, in person or by proxy, for each share of Common Stock standing in his or her name on the books of the Company at the close of business on the Record Date on any matter submitted to the stockholders, except that in connection with the election of directors, each stockholder has the right to cumulate votes, provided that the candidates' names have been properly placed in nomination prior to commencement of voting and a stockholder has given notice prior to commencement of voting of his or her intention to cumulate votes. If a stockholder has given such notice, all stockholders may cumulate their votes for all nominated candidates. Cumulative voting entitles a stockholder to give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares of Common Stock owned by such stockholder, or to distribute such stockholder's votes on the same principle among as many candidates as the stockholder shall think fit. Discretionary authority to cumulate votes is hereby solicited by the Board, and the vote by proxy through the Internet, telephone or mail shall grant such authority.

In the election of directors, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected. Each proposal described in this Proxy Statement, other than the election of directors, requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal at the Meeting. Abstentions and broker non-votes will have no effect with respect to the election of directors. With respect to all other proposals submitted to the stockholders, abstentions will be included in the number of votes present and entitled to vote on that proposal and, accordingly, will have the effect of a vote AGAINST the proposal. However, broker non-votes with respect to any proposal submitted to the stockholders will not be counted as shares present and entitled to vote on that proposal and, accordingly, will not have any effect with respect to the approval of that proposal (other than to reduce the number of affirmative votes required to approve the proposal).

Of the shares of Common Stock outstanding on the Record Date, 8,365,781 (or approximately 19.1%) were held in the name of Lite-On Semiconductor Corporation and its subsidiaries and affiliates (LSC). See Security Ownership of Certain Beneficial Owners and Management and Corporate Governance Certain Relationships and Related Transactions, for a discussion of the relationship between LSC and the Company. On the Record Date, an additional 4,279,669 shares (or approximately 8.9%) were owned by directors and executive officers of the Company. LSC and each of the directors and executive officers have informed the Company that they will vote FOR the election of the nominees to the Board identified herein and FOR ratification of the appointment of Moss Adams LLP as the

Company's independent registered public accounting firm.

Organizations holding Common Stock in street name who are members of a stock exchange are required by the rules of the exchange to transmit the proxy materials to the beneficial owner of the Common Stock and to solicit voting instructions with respect to the matters submitted to the stockholders. If the organization has not received instructions from the beneficial owner by the date specified in the statement accompanying such proxy materials, the organization may give or authorize the giving of a proxy to vote the Common Stock in its discretion as to some matters, but not as to certain other proposals without specific instructions from the beneficial owner. When an organization is unable to vote a client's shares on proposals, the missing votes are referred to as broker non-votes. If you hold Common Stock in street name and you fail to instruct the organization that holds your shares as to how to vote such shares, that organization may, in its discretion, vote such Common Stock FOR ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010, but not with respect to the election of the nominees to the Board identified herein.

Cost of Proxy Solicitation

This proxy solicitation is made by the Board of the Company, and the Company will bear the costs of this solicitation, including the expense of preparing, assembling, printing and mailing this Proxy Statement and any other material used in this proxy solicitation. If it should appear desirable to do so to ensure adequate representation at the Meeting, officers and regular employees may communicate with stockholders of record, beneficial owners, banks, brokerage houses, custodians, nominees and others, by telephone, facsimile transmissions, telegraph, email or in person to request that the proxies be furnished. No additional compensation will be paid for these services to officers or employees of the Company. The Company will reimburse banks, brokerage houses, and other custodians, nominees and fiduciaries, for their reasonable expenses in forwarding proxy materials to their principals. The estimated cost for this proxy solicitation is approximately \$25,000.

Other Business

As of the date of this Proxy Statement, the Board knows of no business to be presented for consideration at the Meeting other than as stated in the Notice of Annual Meeting of Stockholders. However, if any other matters properly come before the Meeting, including a motion to adjourn the Meeting to another time or place to solicit additional proxies in favor of the recommendation of the Board, the designated proxyholders will vote the shares represented by the proxies on such matters in accordance with the recommendation of the Board, and authority to do so is included in the proxy. Such authorization includes authority to appoint a substitute nominee or nominees to the Board's nominees identified herein where death, illness or other circumstances arise which prevent any such director-nominee from serving in such position and to vote such proxy for such substitute nominee. Dr. Keh-Shew Lu and Richard D. White, the designated proxyholders (the Proxyholders), are members of the Company's management.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of Common Stock as of the Record Date by each person known to the Company to be the beneficial owner of five percent (5%) or more of the outstanding shares of Common Stock (other than depositories).

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership⁽¹⁾	Percent of Class⁽²⁾
Lite-On Semiconductor Corporation (LSC) 9F. No. 233-2, Pao-Chiao Road, Hsin-Tien, Taipei-hsien 23115, Taiwan, R.O.C.	8,365,781 ⁽³⁾	19.1%
FMR LLC 82 Devonshire Street, Boston, Massachusetts 02109 BlackRock, Inc.	4,097,400 ⁽⁴⁾	9.4%
40 East 52 nd Street, New York, New York 10022 Brown Capital Management, Inc.	2,573,730 ⁽⁵⁾	5.9%
1201 N. Calvert Street, Baltimore, Maryland 21202	2,497,542 ⁽⁶⁾	5.7%

(1) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated below.

(2) Percentage of Class is based on 43,821,430 shares outstanding as of the Record Date.

(3) LSC is a public company listed on the Taiwan Stock Exchange Corporation and a member of the Lite-On Group of companies. See Corporate Governance Certain

Relationships and Related Transactions for a discussion of the relationship among LSC, the Company and certain directors and executive officers of the Company.

- (4) Based solely on information provided by FMR LLC in a Schedule 13G filed with the SEC on February 16, 2010 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G, neither FMR LLC, which is a parent holding company, nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Fidelity Funds Board of Trustees. Edward C. Johnson 3d and FMR LLC, through its

control of
Fidelity
Management &
Research
Company, and
the funds each
has sole power
to dispose of the
4,097,400
shares owned by
the Fidelity
Funds.

- (5) Based solely on information provided by BlackRock Inc. in a Schedule 13G filed with the SEC on January 29, 2010 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G, BlackRock Inc. has sole voting power with respect to 2,573,730 shares, has sole dispositive power with respect to 2,573,730 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

- (6) Based solely on information

provided by Brown Capital Management, Inc. in a Schedule 13G filed with the SEC on January 27, 2010 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G, Brown Capital Management, Inc. has sole voting power with respect to 1,190,127 shares, has sole dispositive power with respect to 2,497,542 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

The following table sets forth the beneficial ownership of Common Stock of the Company as of the Record Date by (i) each director and director-nominee of the Company, (ii) each Named Executive Officer (NEO) of the Company (as defined below), and (iii) all directors, director-nominees and executive officers of the Company as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ⁽²⁾ (3)
Directors		
Raymond Soong	827,875 ⁽⁴⁾	1.9%
C.H. Chen	574,291 ⁽⁴⁾	1.3%
Michael R. Giordano	204,994 ^{(4) (5)}	*
L.P. Hsu	6,388 ⁽⁴⁾	*
Keh-Shew Lu ^{(6) (12)}	1,379,033 ^{(4) (7)}	3.1%
Shing Mao ⁽⁸⁾	264,013 ⁽⁴⁾	*
John M. Stich	98,263 ^{(4) (9)}	*
Michael K.C. Tsai ⁽⁸⁾		
Executive Officers		
Richard D. White ⁽¹²⁾	50,563 ⁽⁴⁾	*
Mark A. King ⁽¹²⁾	225,067 ⁽⁴⁾	*
Joseph Liu ⁽¹²⁾	420,706 ⁽⁴⁾	1.0%
Edmund Tang ⁽¹²⁾	49,956 ⁽⁴⁾	*
Carl C. Wertz ⁽¹²⁾	112,913 ⁽⁴⁾	*
All directors, director-nominees and executive officers of the Company as a group (17 individuals including those named above)	4,279,669 ⁽¹⁰⁾⁽¹¹⁾	8.9%

* Less than 1%.

(1) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated and subject to community property laws where applicable.

(2) Under Rule 13d-3 of the Securities Exchange Act

of 1934 (the Exchange Act), certain shares may be deemed to be beneficially owned by more than one person (if, for example, a person shares the power to vote or the power to dispose of the shares). In addition, under Rule 13d-3(d)(1) of the Exchange Act, shares which the person (or group) has the right to acquire within sixty (60) days after the Record Date are deemed to be outstanding in calculating the beneficial ownership and the percentage ownership of the person (or group) but are not deemed to be outstanding as to any other person or group. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership of

voting power
with respect to
the number of
shares of
Common Stock
actually
outstanding at
the Record
Date.

- (3) Percentage of
Class is based
on 43,821,430
shares of the
Common Stock
of the Company
outstanding as
of the Record
Date.

(Footnotes continued on following page)

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(Footnotes continued from previous page)

- (4) Includes the following shares of Common Stock that the named individual has the right to acquire within sixty (60) days after the Record Date by exercising stock options or the vesting of restricted stock units or awards:

Named Individual	Shares
Raymond Soong	783,125
C.H. Chen	336,187
Michael R. Giordano	139,845
L.P. Hsu	2,688
Keh-Shew Lu	446,625
Shing Mao	122,126
John M. Stich	82,188
Michael K.C. Tsai	
Richard D. White	40,700
Mark A. King	225,067
Joseph Liu	315,251
Edmund Tang	30,525
Carl C. Wertz	112,293
TOTAL	2,636,620

- (5) Includes 5,062 shares of Common Stock held in the name of UBS Trust for the Individual Retirement Account of Mr. Giordano. Mr. Giordano has voting and investment

authority over these shares.

- (6) Dr. Lu is a member of the Board and the President and Chief Executive Officer of the Company.
- (7) Includes 440,000 shares of Common Stock held in the name of Texastac Investments L.P. and the Lu Family Revocable Trust, and 14,500 shares of Common Stock held in the name of an UTMA (Custodial) Trust. Dr. Lu is the co-general partner of Texastac Investments L.P. and a co-trustee of the Lu Family Revocable Trust and UTMA (Custodial) Trust. He has voting and investment authority over these shares held.
- (8) Dr. Mao will retire from the Board effective as of the date of the Meeting and the election and qualification of his successor. Mr. Tsai has been nominated by the Board for election at the Meeting upon the retirement of

Dr. Mao.

(9) Includes 10,687 shares of Common Stock held in the name of Stich Family Holdings, LLC. Mr. Stich is a co-member of Stich Family Holdings, LLC and has voting and investment authority over these shares.

(10) Includes 2,696,170 shares that the directors, director-nominees and executive officers have the right to acquire within sixty (60) days after the Record Date, by exercising stock options or the vesting of restricted stock units or restricted stock awards, but excludes an additional 743,974 shares that the directors, director-nominees and executive officers will have the right to acquire upon the exercise of stock options or restricted stock units or restricted stock awards, which may vest in installments more than sixty (60) days after the Record Date.

(11) Includes beneficial ownership of Common Stock in the amount of 65,607 shares owned by executive officers other than NEOs of the Company (as defined).

(12) These six executive officers, Dr. Keh-Shew Lu, Richard D. White, Mark A. King, Joseph Liu, Edmund Tang and Carl C. Wertz, are NEOs of the Company. See Compensation Discussion and Analysis Introduction.

PROPOSAL ONE
ELECTION OF DIRECTORS

The Company's Bylaws provide that the number of directors shall be determined from time to time by the Board, but may not be less than five nor more than seventeen. Currently, the Board has fixed the number of directors at seven. The Company's Bylaws further provide for the election of each director at each annual meeting of stockholders.

The persons nominated have been nominated for election to the Board to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. All director-nominees are currently directors of the Company, other than Mr. Michael K.C. Tsai, and all have indicated their willingness to serve. Unless otherwise instructed, proxies will be voted in such a way as to elect as many of these director-nominees as possible under applicable voting rules. In the event that any of the director-nominees should be unable or unwilling to serve as a director, the proxy will be voted for the election of such substitute director-nominees, if any, as shall be designated by the Board. The Board has no reason to believe that any director-nominee will be unable or unwilling to serve. The seven nominees who receive the highest number of affirmative votes will be elected.

None of the director-nominees was selected pursuant to any arrangement or understanding, other than that with the directors of the Company acting within their capacity as such. There are no family relationships among directors of the Company as of the date hereof, and, except as set forth below, as of the date hereof, no directorships are now, or in the past five years have been, held by any director in a company that has a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940.

The following table sets forth certain biographical information concerning the director-nominees of the Company as of the Record Date:

Director-nominees	Age	Position with the Company	Director Since
Raymond Soong	68	Director and Chairman of the Board	1993
C.H. Chen	66	Director and Vice Chairman of the Board	2000
Michael R. Giordano	63	Director	1990
L.P. Hsu	70	Director	2007
Keh-Shew Lu	63	President, Chief Executive Officer, and Director	2001
John M. Stich	68	Director	2000
Michael K.C. Tsai ⁽¹⁾	56	Director-nominee	

(1) Dr. Shing Mao will retire from the Board effective as of the date of the Meeting and the election and qualification of his successor. Mr. Tsai has been nominated by the Board for election at the Meeting upon the retirement of Dr. Mao. Mr. Tsai was

identified to the Governance and Stockholder Relations Committee by the Chairman and the Vice Chairman of the Board and was nominated for election to the Board after the Governance and Stockholder Relations Committee considered and approved his qualification in accordance with the director nominating procedures and criteria, which are described below and were used to consider and approve all current nominees for election to the Board. See Corporate Governance Nominating Procedures and Criteria and Board Diversity.

Raymond Soong *Director and Chairman of the Board*

Chair, Compensation Committee

Chair, Governance and Stockholder Relations Committee

Member, Risk Oversight Committee

Mr. Soong was appointed the Chairman of the Board of the Company in 1993. Mr. Soong is also the Chairman of the Board of LSC, Lite-On Technology Corporation, Liteon-IT Corp. and a board member of Actron Technology Corporation and Co-Tech Copper Foil Corporation, each of which is a member or an affiliate of the Lite-On Group. In 1975, after serving as a senior engineer for RCA Corporation and as a chief engineer for Texas Instruments, Taiwan Limited (TI Taiwan), Mr. Soong, together with several of his co-workers, founded Taiwan Lite-On Electronic Co. Ltd. (Taiwan Lite-On), a manufacturer of electronic components and subsystems. Mr. Soong is a graduate of, and received an Honorary Doctorate from, the National Taipei University of Technology's Electronic Engineering Department and also received an Honorary Doctorate from National Chiao Tung University.

As Chairman of the Boards of LSC, Lite-On Technology Corporation and Liteon-IT Corp., Mr. Soong has significant board experience, which provides him valuable insight on Board management. With his background in the semiconductor industry as a senior engineer for RCA Corporation and as a chief engineer for TI Taiwan, Mr. Soong also brings extensive experience and knowledge of the semiconductor industry to the Board.

C.H. Chen *Director and Vice Chairman of the Board*

Chair, Risk Oversight Committee

Ex Officio Member, Governance and Stockholder Relations Committee

Mr. Chen was appointed the Company's Vice Chairman of the Board in June 2005. Mr. Chen is also the Chairman of the Board of Co-Tech Copper Foil Corporation, Vice Chairman of the Board of LSC and a board member of Lite-On Technology Corporation, Actron Technology Corporation and Dynacard Corp., each of which is a member or an affiliate of the Lite-On Group. Mr. Chen served as the Company's President and Chief Executive Officer from 2000 until 2005. From 1969 to 1990, Mr. Chen held various positions at Texas Instruments Incorporated (TI), most recently as the Vice President of TI Taiwan. In 1990, he left TI to found Dyna Image Corporation, which merged with LSC in 2000. Mr. Chen received his Bachelor of Science degree in Mechanical Engineering from National Taiwan University. Mr. Chen has extensive experience in the semiconductor industry, particularly in Asia, including as a director of several Asian semiconductor companies. This experience provides the Board with a valuable perspective on the current and future trends and challenges in the semiconductor industry in Asia. As the Company's former President and Chief Executive Officer, Mr. Chen's deep understanding of the Company enables him to provide practical advice to the Board.

Michael R. Giordano *Director*

Chair, Audit Committee (Financial Expert)

Mr. Giordano, CIMA, joined the private-banking firm of UBS Financial Services, Inc. as Senior Vice President-Investment Consulting when UBS AG acquired PaineWebber, Inc. in 2000. PaineWebber, Inc. had acquired his previous employer, Kidder Peabody and Co., Inc., with whom he was employed since 1979. Mr. Giordano advises corporations, foundations, trusts, and municipal governments in investments and finance. Mr. Giordano served as Chairman of the Board and the Chief Executive Officer of the Leo D. Fields Co. from 1980 to 1990, when GWC Holdings acquired it, and, from 2001 to 2003, served as a board member of Professional Business Bank, a publicly traded corporation. Formerly a captain and pilot in the United States Air Force, Mr. Giordano received his Bachelor's degree in Aerospace Engineering from California State Polytechnic University and his Master's degree in Business Administration (Management and Finance) from the University of Utah. Mr. Giordano also completed post-graduate work in International Investments at Babson College and is certified by the Investment Management Consultants Association. He is also certified by the John E. Anderson Graduate School of Management, University of California at Los Angeles as a Corporate Director, having demonstrated understanding of directorship and corporate governance.

Mr. Giordano is an experienced leader who has worked in the financial sector for more than 31 years and possesses the skills necessary to lead the Company's Audit Committee. As Senior Vice President-Investment Consulting with UBS Financial Services, Inc. since 2000, he has advised numerous public and private, profit and non-profit organizations in investments and finance. Mr. Giordano's experience provides the Board with a wealth of knowledge

in financial and accounting matters.

Lu-Pao Hsu *Director*

Member, Audit Committee

Member, Compensation Committee

Mr. Hsu has been Chairman of Philips Taiwan Quality Foundation since 2002, a board member of Winbond Electronics Corporation since 1999, a board member of Vanguard International Semiconductor Corporation since 2003 and a board member of ZyXEL Communications Corporation from 2006 to 2009. He also currently serves as a consultant to Lite-On Technology Corporation. Previously, he served as a board member of Lite-On Technology Corporation from 2004 to 2006 and the Supervisor of the Board at Delta Electronics from 2000 to 2003 and the Vice Chairman and board member at Hannstar Display from 1998 to 2000. He also served as the Chief Executive Officer of HannStar Display in 2001, a board member of Taiwan Semiconductor Manufacturing Company Ltd. from 1991 to 2000 and the Executive Vice President of Philips Taiwan Limited from 1989 to 1998. Since 1998, Mr. Hsu has been an Esteemed Chair Lecturer and Adjunct Professor at the College of Management at National Chiao Tung University in Taiwan, where he served as Associate Professor from 1971 to 1972. Mr. Hsu completed the International Executive Program at International Institute for Management Development (IMD) and the Advanced Management Program at Harvard Business School and holds a Bachelor's degree in Physics from National Cheng Kung University in Taiwan. Having served as a senior executive at several technology companies, including as Chief Executive Officer of HannStar Display and Executive Vice President of Philips Taiwan Limited, Mr. Hsu has the experience to offer valuable insight to the Board on operational issues. Through his past and present services as a board member on several technology companies, including Taiwan Semiconductor Manufacturing Company Ltd., Lite-On Technology Corporation and Winbond Electronics Corporation, Mr. Hsu also has an understanding of the role of the Board in properly governing the Company. Having an extensive background in teaching business management at the National Chiao-Tung University in Taiwan, Mr. Hsu provides the Board with a rich knowledge of business management concepts and techniques.

Keh-Shew Lu *Director, President and Chief Executive Officer*

Member, Risk Oversight Committee

Dr. Lu was appointed President and Chief Executive Officer of the Company in June 2005 after serving on the Board since 2001. Dr. Lu is also a board member of Lite-On Technology Corporation and RAE systems Inc., both publicly held companies, as well as LedEngin, Inc., Lorentz Solution, Inc. and Nuvoton Technology Corporation, three privately held companies. Dr. Lu is the founding Chairman of the Asia American Citizens Council, the Vice Chairman of the governing board of the Plano Chinese Alliance Church, a board member of the Texas Tech Foundation and a board member of the Advisory Board to the Southern Methodist University's Asian Studies Program. From 2001 to 2005, Dr. Lu was a partner of the WK Technology Venture Fund. From 1998 to 2001, Dr. Lu served as Senior Vice President of TI and General Manager of Worldwide Mixed-Signal and Logic Products. His responsibilities included all aspects of the analog, mixed-signal and logic products for TI worldwide business, including design, process and product development, manufacturing and marketing. From 1996 to 1998, Dr. Lu was the manager of TI's worldwide memory business. In addition, he served as the President of TI Asia from 1994 to 1997 where he supervised all of TI activities in Asia, excluding Japan. Dr. Lu holds a Bachelor's degree in Electrical Engineering from the National Cheng Kung University in Taiwan, and a Master's degree and a Doctorate in Electrical Engineering from Texas Tech University.

Having worked in the semiconductor industry for more than 36 years and, particularly, having served in various managerial and senior executive capacities at TI, Dr. Lu possesses a wealth of semiconductor management experience. Dr. Lu also is very knowledgeable in the role and function of the Board as a result of serving for many years as a board member of several public and private companies. Since becoming the President and Chief Executive Officer of the Company, Dr. Lu has directed the Company's expansion through profitable growth and acquisitions, growing revenue and stockholders' equity from \$215 million and \$226 million, respectively, in 2005 to \$434 million and \$441 million, respectively, in 2009.

John M. Stich *Director*

Member, Audit Committee

Member, Governance and Stockholder Relations Committee

Mr. Stich has served as a board member of Spansion, Inc., a flash memory company, since 2006 and as the chairman of the audit committee, a member of the nominating and corporate governance committee and a member of the compensation committee of that company. He also serves in numerous non-profit organizations, including as a board member of the Japan America Society of Dallas/Fort Worth, a member of the Asian Studies Program Advisory Council at Southern Methodist University, a member of the Consular Corps of Dallas/Fort Worth, and a member of the Dallas-Taipei and Dallas-Sendai Sister City Committees. Mr. Stich was appointed as the Honorary Consul General of Japan at Dallas in 2004. From 2000 to 2006, he was the President and Chief Executive Officer of The Asian Network, a consulting business that helped high-technology companies establish and expand their business in Asia. Prior to this position, Mr. Stich was the Chief Marketing Officer for TI in Japan from 1994 to 1999, and Vice President of Semiconductors for TI Asia from 1991 to 1994. Mr. Stich joined TI in 1964 and has served in various management positions, including 24 years leading TI's Asian business growth while living in Taipei, Hong Kong and Tokyo. Mr. Stich received his Bachelor's degree in Electrical Engineering from Marquette University.

With decades of managerial experience at TI, Mr. Stich brings to the Board demonstrated management skills at senior levels. His position as the President and Chief Executive Officer of The Asian Network and his position as the Chief Marketing Officer for TI in Japan give Mr. Stich critical insight into marketing and product management of semiconductor products in Asia. He has served on the Board and the Audit Committee of Diodes for the past ten years. In addition, with service as chairman of the audit committee, as well as a member of both the nominating and corporate governance committee and the compensation committee, at Spansion Inc., Mr. Stich possesses valuable experience in accounting principles, financial reporting rules and regulations, corporate governance and director and executive compensation.

Michael K.C. Tsai *Director-nominee*

Mr. Tsai has been a director of Powerchip Semiconductor Corp. since 1994 and its vice chairman since 2003. He also has been the chairman of the board of Maxchip Electronics Corp. since 2008, and currently serves as the chairman of the board of uPI Semiconductor Corp., Ubiq Semiconductor Corp. and Silicon Optronics Inc. From 1991 to 1994, Mr. Tsai was the chairman of the board and the Chief Executive Officer of Elitegroup Computer Systems, Inc. From 1990 to 1994, he served as a board member and an investor representative of Tailink Venture Corp. He was the President and Chief Executive Officer of Esprit Systems, Inc. from 1989 to 1990. He held numerous executive positions in sales, marketing, planning and general management with the Acer Group from 1978 to 1988. Mr. Tsai began his career as an electronic design engineer with Tatung Corp. in 1977. Mr. Tsai received his Bachelor's degree in Control Engineering and Computer Science in 1975 from National Chiao-Tung University in Taiwan.

Mr. Tsai's decades of experience serving on the boards of numerous technology and semiconductor companies, and holding various management positions in companies in the technology and semiconductor industry, provide an insightful view of the semiconductor industry to the Board. Mr. Tsai also brings a range of boardroom experience and corporate governance knowledge to further strengthen the operation of the Board.

See "Security Ownership of Certain Beneficial Owners and Management" and "Corporate Governance - Certain Relationships and Related Transactions" for a discussion of the relationships among Actron Technology Corporation, Co-Tech Copper Foil Corporation, Lite-On Technology Corporation, LSC, Liteon-IT Corp., and the Company.

The Board unanimously recommends that you vote FOR each of the seven director-nominees to the Board set forth above.

CORPORATE GOVERNANCE

Committees of the Board

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Governance and Stockholder Relations Committee and the Risk Oversight Committee (the Committees). Each committee consists of two or more directors who serve at the discretion of the Board. The Board usually makes committee and committee chair assignments annually at its meeting immediately following the Company's annual meeting of stockholders. The current composition of each committee is as follows:

Directors	Audit Committee	Compensation Committee	Governance and Stockholder Relations Committee	Risk Oversight Committee ⁽⁵⁾
Raymond Soong ⁽¹⁾		Chair	Chair	Member
C. H. Chen ⁽¹⁾			<i>Ex officio</i> Member ⁽³⁾	Chair
Michael R. Giordano ⁽¹⁾	Chair ⁽²⁾			
L.P. Hsu ⁽¹⁾	Member	Member		
Keh-Shew Lu				Member
Shing Mao ^{(1) (4)}		Member	Member	
John M. Stich ⁽¹⁾	Member		Member	

(1) Independent director (as determined by the Board under the rules of Nasdaq and in the case of members of the Audit Committee, the rules of the SEC).

(2) Qualifies as audit committee financial expert as the term is defined in Item 407(d)(5) of Regulation S-K promulgated under the Exchange Act.

(3) Mr. Chen is not entitled to vote and may attend meetings only at the invitation of

the committee.

- (4) Dr. Mao will retire from the Board effective as of the date of the Meeting and the election and qualification of his successor. Mr. Tsai has been nominated by the Board for election at the Meeting upon the retirement of Dr. Mao.

- (5) The Board formed the Risk Oversight Committee in February 2010.

Director Independence. The Board has determined that six of the seven current directors are independent directors as shown in the above table, and as the term independent director is defined under the rules of Nasdaq. In addition, the Board has determined that upon his election, Mr. Tsai will be an independent director as so defined. The Board also has determined that each member of its Audit Committee, Compensation Committee and Governance and Stockholder Relations Committee meets applicable independence requirements as prescribed by Nasdaq and the SEC.

Audit Committee. The Audit Committee makes recommendations to the Board regarding the engagement of the Company's independent registered public accounting firm, reviews the plan, scope and results of the audit, reviews the Company's policies and procedures with the Company's management concerning internal accounting and financial controls, and reviews changes in accounting policy and the scope of the non-audit services, which may be performed by the Company's independent registered public accounting firm. The Audit Committee also monitors policies to prohibit unethical, questionable or illegal activities by the Company's employees. The Audit Committee Report section of this Proxy Statement describes in more detail the Audit Committee's responsibilities, particularly with regard to the Company's financial statements and its interactions with the Company's independent registered public accounting firm.

The Board has determined that each member of the Audit Committee is independent, as that term is defined under the rules of Nasdaq and the SEC, and is able to read and understand fundamental financial statements. The Board also has determined that Mr. Giordano qualifies as an audit committee financial expert as defined under the rules of the SEC.

Compensation Committee. The Compensation Committee makes recommendations to the Board regarding compensation, benefits and incentive arrangements for the Chief Executive Officer and other officers and key employees of the Company. The Compensation Committee also administers the Company's 1969 Incentive Bonus Plan, the 1993 Incentive Stock Option Plan (1993 ISO Plan), the 1993 Non-Qualified Stock Option Plan (1993 NQO Plan), the 2001 Omnibus Equity Incentive Plan (2001 Incentive Plan) and the Company's 401(k) profit sharing plan (the 401(k) Plan). The Board has determined that each member of the Compensation Committee is independent as that term is defined under the rules of Nasdaq.

Governance and Stockholder Relations Committee. The principal purposes of the Governance and Stockholder Relations Committee (the Governance Committee) are to help ensure that the Board (i) identifies individuals qualified to become members of the Board, consistent with criteria approved by the Board, and (ii) selects the director-nominees for the next annual meeting of stockholders. The Board has determined that each member of the Governance Committee is independent as that term is defined under the rules of Nasdaq.

Risk Oversight Committee. The Risk Oversight Committee assists the Board in overseeing the Company's risk management process by (i) overseeing the Company's efforts to align its management of risks with its strategic objectives, (ii) overseeing the establishment and implementation of a risk oversight framework, and (iii) reviewing the effectiveness of the risk oversight framework in the identification, assessment, monitoring, management and disclosure of significant risks. The Risk Oversight Committee's assistance provides a reasonable assurance that processes are in place to identify, assess, monitor, manage and disclose risks that may have a material adverse effect on the achievement of the Company's strategic objectives.

Charters of the Committees. All four Committees operate pursuant to written charters, which are available on the Company's Investor Relations website, at www.diodes.com, in the Investors Corporate Governance section.

The charter of the Audit Committee was revised in 2009 and is available on the Company's website at www.diodes.com in the Investors Corporate Governance section. The charter of the Risk Oversight Committee was approved by the Board in February 2010 and is also available in the same section on the Company's website.

Meetings of the Board and Committees

The following table represents the number of meetings and actions taken by written consent of the Board and Committees in 2009:

Title	Meetings Held	Action by Written Consent
Board	4	6
Audit Committee	7	2
Compensation Committee	2	6
Governance Committee	2	1

Each person who was a director of the Company or a member of a Committee was present for at least 75% of the meetings of the Board and all such Committees held during 2009.

It is the policy of the Company to require Board members to attend the annual meetings of stockholders, if practicable. With the exception of Mr. Soong, each director attended the 2009 annual meeting of stockholders.

Board Leadership Structure

The Chairman of the Board conducts each Board meeting and sets the agenda of each Board meeting after consulting with the Chief Executive Officer and members of the Board. The Chairman of the Board also has the responsibility, in conjunction with the Chief Executive Officer, to establish effective communications with the Company's stakeholders, including stockholders, customers, company associates, communities, suppliers, creditors, governments and corporate partners. The Vice Chairman of the Board has the responsibility to assist the Chairman of the Board in fulfilling these responsibilities.

Although the Board has no policy requiring the separation of the position of the Chairman of the Board and the position of the Chief Executive Officer of the Company, each position is currently held by a different person. Since the early 1990s, the Board has chosen to separate these positions because the Board believes that each position is meant to oversee different tasks. The Chairman of the Board should devote his time to managing the affairs of the Board and, along with fellow members of the Board, to overseeing the Chief Executive Officer and the senior management of the Company. The Chief Executive Officer should devote his time to managing the daily business operations of the Company along with senior management of the Company. The Board currently believes that the separation of the position of the Chairman of the Board and the Chief Executive Officer of the Company is the best solution to govern the Company efficiently.

Nominating Procedures and Criteria and Board Diversity

Among its functions, the Governance Committee considers and approves nominees for election to the Board. In addition to the candidates proposed by the Board or identified by the Governance Committee, the Governance Committee considers candidates for director suggested by stockholders provided such recommendations are made in accordance with the procedures set forth under Proposals of Stockholders and Stockholder Nominations for 2011 Annual Meeting. Stockholder nominations that comply with these procedures and meet the criteria outlined below will receive the same consideration that the Governance Committee's nominees receive.

Essential criteria for all candidates considered by the Governance Committee include the following:

integrity and a commitment to ethical behavior;

maturity;

management experience and expertise;

independence and diversity of thought;

broad business or professional experience that complement those of other directors;

an understanding of business and financial affairs and the complexities of business organizations;

the ability to actively participate in Board and committee activities; and

the ability to work professionally and effectively with other directors and management.

In evaluating candidates for certain Board positions, the Governance Committee evaluates additional criteria, including the following:

financial or accounting expertise;

experience in the semiconductor industry or other technology industries;

scientific accomplishment;

experience in commercializing and marketing semiconductors or other electronic components;

business and other experience relevant to public companies of a size comparable to the Company;

experience in investment banking, commercial lending or other financing activities; and

experience in international business.

In selecting nominees for the Board, the Governance Committee evaluates the general and specialized criteria set forth above, identifies the relevant specialized criteria prior to commencement of the recruitment process, considers nominees' previous performance if they are up for re-election, and generally considers nominees' ability to contribute to the success of the Company.

The Governance Committee believes that the Board should include individuals with a broad range of relevant professional expertise, experience and education and reflect the diversity and cultural and geographical perspectives of the Company's employees, customers and suppliers.

The Governance Committee, as well as the full Board, has recommended the Board's nominees for election at the Meeting. Stockholders did not propose any candidates for election at the Meeting.

Communications with Directors

You may communicate with the chair of our Audit Committee, our Compensation Committee, our Governance Committee or our Risk Oversight Committee, or with our independent directors individually or as a group, by writing to any such person or group c/o Richard D. White, Secretary, Diodes Incorporated, 15660 Dallas Parkway, Suite 850, Dallas, Texas 75248.

Communications are distributed to the Board, or to any individual director, depending on the facts and circumstances set forth in the communication. In that regard, the Board has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, including the following: junk mail and mass mailings; product complaints; product inquiries; new product suggestions; résumés and other forms of job inquiries; surveys; and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will not be distributed, with the provision that any communication that is not distributed will be made available to any independent director upon request.

Communications that include information better addressed by the Company's ethics and compliance hotline, supervised by the Audit Committee at (866) 913-2994, will be delivered to the Audit Committee.

Executive Officers of the Company

None of the executive officers was selected pursuant to any arrangement or understanding, other than that with the executive officers of the Company acting within their capacity as such. Executive officers serve at the discretion of the Board. The following table sets forth certain biographical information concerning the Company's executive officers as of the Record Date:

Name	Age	Position with the Company
Keh-Shew Lu ^{(1) (2)}	63	President, Chief Executive Officer and Director
Richard D. White ⁽¹⁾	62	Chief Financial Officer, Secretary and Treasurer
Mark A. King ⁽¹⁾	51	Senior Vice President, Sales and Marketing
Joseph Liu ⁽¹⁾	67	Senior Vice President, Operations
Hans Rohrer	61	Senior Vice President, Business Development
Colin Greene	53	Europe President and Vice President, Europe Sales and Marketing
Julie Holland	48	Vice President, Worldwide Analog Products
Edmund Tang ⁽¹⁾	62	Vice President, Corporate Administration
Francis Tang	55	Vice President, Worldwide Discrete Products
Carl C. Wertz ⁽¹⁾	55	Vice President, Finance and Investor Relations

(1) These six executive officers are NEOs. See Compensation Discussion and Analysis Introduction.

(2) See Election of Directors for biographical information regarding Dr. Keh-Shew Lu.

Richard D. White *Chief Financial Officer, Secretary and Treasurer*

Mr. White was appointed Chief Financial Officer to the Company in May 2009. From 2006 to 2009, he served as Senior Vice President, Finance. Mr. White has thirty years of senior level finance experience, including 25 years at TI, where he served as Vice President of Finance and Production Planning for MOS memory, Controller for TI's Asia Pacific Division in Singapore, and various other financial positions in the United States, France and Germany. From 1999 to 2005, he served as the Chief Financial Officer for Optisoft, Inc., and from 2005 to 2006, he served as a Partner for Tatum, LLC. Mr. White, a licensed certified public accountant, holds a Bachelor's degree in Electrical Engineering from Oklahoma State University and an MBA from the University of Michigan.

Mark A. King *Senior Vice President, Sales and Marketing*

Mr. King was appointed to his current position in 2005. He previously served as the Company's Vice President, Sales and Marketing from 1998 to 2005 and Vice President, Sales from 1991 to 1998. Prior to joining the Company, Mr. King served for nine years in various sales management positions at Taiwan Lite-On. Mr. King holds a Bachelor's degree in Business Administration from the University of Arizona.

Joseph Liu *Senior Vice President, Operations*

Mr. Liu was appointed to his current position in 2000. He previously served as the Company's Vice President, Far East Operations from 1998 to 2000, Vice President, Operations from 1994 to 1998, Chief Financial Officer, Secretary and Treasurer from 1990 to 1998 and Vice President, Administration from 1990 to 1994. Prior to joining the Company, Mr. Liu held various management positions with TI Taiwan since 1970, including Planning Manager, Financial Planning Manager, Treasury Manager, Cost Accounting Manager and General Accounting Manager, including a one-year assignment in TI Dallas from 1979 to 1980. He was the Controller of TI Asia in Singapore and Hong Kong from 1981 to 1986, Financial Planning Manager of TI Latin America Division (for TI Argentina, TI Brazil and TI Mexico) in Dallas from 1986 to 1989 and Chief Coordinator of Strategic Business Systems for TI Asia Pacific Division in Dallas from 1989 to 1990. Mr. Liu holds an Executive MBA from Pepperdine University.

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Hans Rohrer *Senior Vice President, Business Development*

Mr. Rohrer was appointed to his current position in June 2008. He previously served as the Chief Executive Officer of Zetex plc from 2006 until it was acquired by the Company in June 2008. He began his career in research and development at Diehl Data Systems before working at TI from 1976 to 1980, where he held a variety of engineering and marketing positions. From 1980 to 1998, Mr. Rohrer held several senior managerial positions at National Semiconductor Corporation (NSM) and led NSM's European organization from 1990 to 1998 as vice president and general manager. From 1998 to 2006, Mr. Rohrer served as President of Taiwan Semiconductor Manufacturing Company Limited (TSMC) Europe until joining Zetex plc in 2006. Mr. Rohrer holds a Master's degree in Electronics from Aalen University and received further business and management education from Stanford University and INSEAD, Paris.

Colin Greene *Europe President and Vice President, Europe Sales and Marketing*

Mr. Greene was appointed to his current position in June 2008 upon the acquisition of Zetex plc. From 1997 to 2008, Mr. Greene held several positions with Zetex. He served on the Zetex Board as an executive director from March 2004 until joining the Company and served as Director of Marketing from March 2004 to December 2004 and thereafter as Chief Operating Officer. Prior to Zetex, he spent ten years with NSM, most recently as European Marketing Manager for all analog products. Mr. Greene holds a Bachelor's degree with honors in Electrical Engineering from Aston University.

Julie Holland *Vice President, Worldwide Analog Products*

Ms. Holland joined the Company in January 2008. Prior to joining the Company, she served as Director and General Manager of the Connectivity Solutions business unit at TI where her responsibilities included leading business and technical teams in the US, Asia, and Japan in the development, production, and marketing of multiple interface product lines. During her tenure with TI, Ms. Holland held several key management roles within the Mixed Signal Products organization from 1997 to 2001, including Director of the Worldwide Bus Solutions business unit and Director of the Computer Peripheral and Control Products organization. She earned Bachelor's degrees in Physics and Mathematics at Northwestern University and a Master's degree in Engineering Management at Southern Methodist University. She is an alumna of Leadership America and Leadership Texas, and was named a Fellow of the International Women's Forum Leadership Foundation.

Edmund Tang *Vice President, Corporate Administration*

Mr. Tang was appointed to his current position in 2006. He has 30 years of managerial and engineering experience, including 25 years at TI, where he last served as its Vice President and global memory quality manager of the world-wide MOS memory operation from 1997 to 2001, and prior to that he was TI's Vice President and General Manager of Asia memory operations. From 2002 to 2006, Mr. Tang served as the Asia President of FSI International Inc., a global supplier of wafer cleaning and processing technology, responsible for FSI's business in Taiwan, Singapore, South Korea, and China. Mr. Tang holds a Bachelor's degree in electrical engineering from the National Cheng Kung University in Taiwan and a Master's degree in Electrical Engineering from Southern Methodist University.

Francis Tang *Vice President, Worldwide Discrete Products*

Mr. Tang was appointed to his current position in May 2006. He previously served as the Company's Global Product Manager since 2005. From 2002 until joining the Company, Mr. Tang served as general manager of T2 Microelectronics in Shanghai, China where he managed complex mixed-signal SOC product development. From 1996 to 2001, Mr. Tang was the senior strategic marketing director for Acer Labs, Inc. USA, and prior to that, he was employed by NSM for 17 years, where he held various management positions in analog and mixed-signal circuit design, applications and strategic marketing. Mr. Tang holds a Master's degree in Electrical Engineering from University of Missouri - Rolla.

Carl C. Wertz *Vice President, Finance and Investor Relations*

Mr. Wertz was appointed to his current position in May 2009. From 1998 to 2009, he served as the Company's Chief Financial Officer, Secretary and Treasurer. He previously served as the Company's Controller from 1993 to 1998. Prior to joining the Company, he served in various financial management and accounting positions. Mr. Wertz, a licensed certified public accountant, has over 25 years of manufacturing and distribution experience and began his

accounting career with Deloitte & Touche LLP.

COMPENSATION OF DIRECTORS

The following table sets forth the compensation paid to each director who is not a NEO for service in 2009.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards (\$) (1)(2) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Deferred Compensation Earnings (\$) (f)	Changes in Pension Value and Nonqualified Other Compensation (\$) (g)	Total (\$) (h)
Raymond Soong	80,000	485,363					565,363
C.H Chen	80,000	331,853					411,853
Michael R. Giordano	100,000	97,073					197,073
L.P. Hsu	90,000	97,073					187,073
Shing Mao	80,000	97,073					177,073
John M. Stich	90,000	97,073					187,073

(1) These amounts reflect the value determined by the Company for accounting purposes for these awards and do not reflect whether each director has actually realized benefit from the awards. The value of the equity awards in column (c) and (d) is based on the grant date fair value calculated in accordance with the amount recognized for

financial statement reporting purposes. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Amounts reported for stock awards include RSUs and are calculated by multiplying the number of shares subject to the award by the closing price of the Company's Common Stock on the grant date. Amounts reported for stock options are determined using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result

in materially different fair value estimates. See Note 18, Share-Based Compensation, to the Company's audited financial statements for the fiscal year ended December 31, 2009, included in the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2010, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value.

- (2) Under the Company's 2009 director compensation plan, each non-employee director listed in the table above was granted an award of 6,450 RSUs on May 28, 2009, except Mr. Raymond Soong, Chairman of the Board, and Mr. C.H. Chen, Vice Chairman of the Board, who were

granted awards of 32,250 and 22,050 RSUs, respectively, on May 28, 2009. Each of these awards to the Company's non-employee directors, except Mr. Soong and Mr. Chen, had a grant date fair value of \$97,073. Awards to Mr. Soong and Mr. Chen had grant date fair values of \$485,363 and \$331,853, respectively.

The table below shows the aggregate number of shares underlying outstanding restricted stock units and outstanding stock options held by non-employee directors as of December 31, 2009:

Name	Restricted	
	Stock Units (#)	Stock Options (#)
Raymond Soong	70,500	761,063
C.H. Chen	48,450	320,625
Michael R. Giordano	15,582	133,875
L.P. Hsu	12,300	
Shing Mao	14,738	117,000
John M. Stich	15,300	103,625

Beginning June 2007, each non-employee director of the Company has received a quarterly retainer of \$20,000, the Chairman of the Audit Committee has received an additional \$5,000 quarterly retainer, and each other member of the Audit Committee has received an additional \$2,500 quarterly retainer.

In addition, the following RSUs, which vest in four equal annual installments commencing on the first anniversary of the date of grant, are granted annually to each non-employee director:

Chairman of the Board: 32,250 shares;

Vice Chairman: 22,050 shares; and

All other directors: 6,450 shares.

The Board may modify such compensation in the future.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2009, the Compensation Committee consisted of three directors, Raymond Soong (Chairman), L.P. Hsu, and Dr. Shing Mao. During 2009, no executive officer of the Company served on the compensation committee (or equivalent) of the Board of another entity whose executive officer(s) served on the Company's Compensation Committee or Board.

Report of the Audit Committee

The Report of the Audit Committee of the Board shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference and shall not otherwise be deemed filed under such Acts.

AUDIT COMMITTEE REPORT

The Board maintains an Audit Committee comprised of three of the Company's directors, Michael R. Giordano (Chairman), John M. Stich and L.P. Hsu. Each member of the Audit Committee meets the independence and experience requirements of the Nasdaq Stock Market and the independence requirements of the SEC. Mr. Giordano qualifies as an audit committee financial expert as defined under the rules of the SEC. The Audit Committee assists the Board in monitoring the accounting, auditing and financial reporting practices of the Company.

Management is responsible for the preparation of the Company's financial statements and financial reporting process, including its system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee:

Reviewed and discussed with management the audited financial statements contained in the Company's Annual Report on Form 10-K for fiscal 2009; and

Obtained from management their representation that the Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

The independent registered public accounting firm is responsible for performing an audit of the Company's financial statements in accordance with the auditing standards generally accepted in the United States and expressing an opinion on whether the Company's financial statements present fairly, in all material respects, the Company's financial position and results of operations for the periods presented and conform with accounting principles generally accepted in the United States. In fulfilling its oversight responsibilities, the Audit Committee:

Discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended ("Communication with Audit Committees"); and

Received and discussed with the independent registered public accounting firm the written disclosures and the letter from the independent registered public accounting firm required by the Public Company Accounting Oversight Board as currently in effect ("Independence Discussions with Audit Committees"), and reviewed and discussed with the independent registered public accounting firm whether the rendering of the non-audit services provided by them to the Company during fiscal 2009 was compatible with their independence.

The Audit Committee operates under a written charter, which was adopted by the Board and is assessed annually for adequacy by the Audit Committee. In 2009, the charter was revised. The revised charter of the Audit Committee is available on the Company's website at www.diodes.com in the Investors Corporate Governance section. The Audit Committee held seven meetings during fiscal 2009, and took action by written consent on two occasions.

In performing its functions, the Audit Committee acts only in an oversight capacity. It is not the responsibility of the Audit Committee to determine that the Company's financial statements are complete and accurate, are presented in accordance with accounting principles generally accepted in the United States or present fairly the results of operations of the Company for the periods presented or that the Company maintains appropriate internal controls. Nor is it the duty of the Audit Committee to determine that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards or that the Company's auditors are independent. Based upon the reviews and discussions described above, and the report of the independent registered public accounting firm, the Audit Committee has recommended to the Board, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the Securities and Exchange Commission. The Audit Committee also has recommended, and the Board also has approved, the selection of Moss Adams LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010.

Dated: April 5, 2010

THE AUDIT COMMITTEE

Michael R. Giordano, Chairman

L.P. Hsu

John M. Stich

Code of Ethics

The Company has adopted a Code of Ethics applicable to the principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions of the Company. The Code of Ethics is available on the Company's website at www.diodes.com in the Investors Corporate Governance section. The Company intends to disclose future amendments to, or waivers from, certain provisions of the Code of Ethics applicable to senior financial executives on the Company's website within four business days following the date of such amendment or waiver.

Certain Relationships and Related Transactions

Policy Regarding Related Person Transactions

The Audit Committee has adopted a written policy (the "Policy") to review any transaction (a "related person transaction") in which the Company was, or is to be, a participant and in which any director, executive officer, nominee for director or beneficial owner of more than five percent (5%) of the outstanding shares of Common Stock of the Company, or any immediate family member of any such person, has a direct or indirect material interest. The Policy requires the following:

the Audit Committee shall review any proposed agreement or arrangement relating to a related person transaction or series of related person transactions, and any proposed amendment to any such agreement or arrangement;

the Audit Committee shall establish standards for determining whether the transactions covered by such proposed agreement or arrangement are on terms no less favorable to the Company than could be obtained from an unrelated third party (fair to the Company);

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before the Company enters into any such proposed agreement or arrangement, and at least annually thereafter, the Company's internal audit department shall report to the Audit Committee whether the transactions covered by such agreement or arrangement are fair to the Company under the standards established by the Audit Committee;

the Audit Committee shall make all reasonable efforts (taking into account the cost thereof to the Company) to cancel or to renegotiate any such agreement or arrangement which is not so determined to be fair to the Company; and

the Company will disclose any related person transactions required to be disclosed by the rules promulgated by the SEC, in the manner so required.

Relationships and Transactions

The Audit Committee of our Board reviews all related party transactions for potential conflict of interest situations on an ongoing basis, in accordance with such procedures as the Audit Committee may adopt from time to time. We believe that all related party transactions are on terms no less favorable to us than could be obtained from unaffiliated third parties.

We conduct business with one related person: LSC. LSC is our largest stockholder and is a member of the Lite-On Group of companies. C.H. Chen, our former President and Chief Executive Officer and current Vice Chairman of our Board, is also Vice Chairman of LSC. Mr. Chen is the Vice Chairman of Dynacard Corporation, a board member of Lite-On Technology Corporation, the Chairman of Co-Tech Copper Foil Corporation, and a board member of Actron Technology Corporation, each of which is a member or an affiliate of the Lite-On Group. In addition, Raymond Soong, the Chairman of our Board, is the Chairman of LSC and is also the Chairman of Liteon-IT Corp. and Lite-On Technology Corporation, a significant shareholder of LSC. Mr. Soong also serves on the board of Actron Technology Corporation and Co-Tech Copper Foil Corporation, both of which are affiliates of the Lite-On Group. L.P. Hsu, a member of our Board since May 2007 serves as a consultant to Lite-On Technology Corporation.

We also conduct business with one significant company, Keylink International (B.V.I) Inc., and its subsidiaries and affiliates (Keylink). Keylink is our 5% joint venture partner in our Shanghai manufacturing facilities.

We sold products to LSC totaling 6.2%, 3.5% and 2.1% of our net sales for the years ended December 31, 2007, 2008 and 2009, respectively, making LSC one of our largest customers. Also for the years ended December 31, 2007, 2008 and 2009, 11.3%, 9.6% and 6.3%, respectively, of our net sales were from semiconductor products purchased from LSC for subsequent sale, making LSC our largest supplier. We also rent warehouse space in Hong Kong from a member of the Lite-On Group, which also provides us with warehousing services at that location. For the years ended December 31, 2007, 2008 and 2009, we paid this entity in aggregate amounts of \$0.5 million, \$0.7 million and \$0.8 million, respectively, for their services. See Risk Factors *We receive a significant portion of our net sales from a single customer. In addition, this customer is also our largest external supplier and is a related party. The loss of this customer or supplier could harm our business, results of operations and financial condition.* in Part I, Item 1A of the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2010 for additional information.

We sell products to, and purchase inventory from, companies owned by Keylink. We sold products to companies owned by Keylink, totaling 0.6%, 0.8% and 2.6% of net sales for the years ended December 31, 2007, 2008 and 2009, respectively. Also for the years ended December 31, 2007, 2008 and 2009, 1.5%, 1.3% and 1.2%, respectively, of our net sales were from semiconductor products purchased from companies owned by Keylink. In addition, our subsidiaries in China lease our Shanghai manufacturing facilities from, and subcontract a portion of their manufacturing process (metal plating and environmental services) to, Keylink. We also pay a consulting fee to Keylink. The aggregate amounts for these services for the years ended December 31, 2007, 2008 and 2009 were \$9.4 million, \$10.5 million and \$10.7 million, respectively.

Notwithstanding such relationships and transactions, the Board has determined that each of Messrs. Chen, Hsu and Soong is independent under the rules of the Nasdaq Stock Market and the SEC.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Under Section 16(a) of the Exchange Act, the Company's directors, executive officers and any persons holding ten percent or more of the Common Stock are required to report their ownership of Common Stock and any changes

in that ownership to the SEC and to furnish the Company with copies of such reports.

Specific due dates for these reports have been established by the SEC, and the Company is required to report any failure to file on a timely basis. Based solely upon review of copies of reports filed by the Company's directors and executive officers with the SEC during the most recent fiscal year ended December 31, 2009, all reports required to be filed in fiscal 2009 were filed timely.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis explains the Company's compensation objectives and philosophy, as well as how and why executive officers' compensation decisions were made in 2009 for each person who served as the Company's principal executive officer or the Company's principal financial officer during 2009 and the Company's three other most highly compensated executive officers (collectively, the NEOs). This section also explains how the compensation of our NEOs is aligned with the interests of the Company's stockholders and is intended to place in perspective the executive compensation information contained in the tables that follow this discussion.

During 2009, our NEOs were:

Dr. Keh-Shew Lu, President and Chief Executive Officer and a member of the Board;

Richard D. White, Chief Financial Officer, Treasurer and Secretary;

Mark A. King, Senior Vice President of Sales and Marketing;

Joseph Liu, Senior Vice President of Operations;

Edmund Tang, Vice President of Corporate Administration; and

Carl C. Wertz, Vice President of Finance and Investor Relations (former Chief Financial Officer).

Compensation Objectives and Philosophy

The objective of the Company's compensation program is to promote the continued profitability and growth of the Company for the benefit of its stockholders.

The Company's compensation philosophy is to attract, retain and motivate executives critical to the Company's long-term growth and profitability. This compensation consists primarily of base salaries, cash bonuses, equity awards and benefits.

The Compensation Committee (the Committee) determines the Company's compensation philosophy and forms of compensation and benefits for NEOs and all other executive officers. The Committee operates under a written charter approved by the Board. A copy of the charter is available at www.diodes.com in the Investors' Corporate Governance section. The Company currently has ten executive officers including the Chief Executive Officer. The Chief Executive Officer participates in the Committee's executive compensation process. The Committee also periodically receives reports and recommendations from outside compensation consultants.

In support of the Company's compensation philosophy, the Committee generally believes that:

The total compensation package for NEOs and all other executive officers should be competitive (*i.e.*, in at least the 50th percentile) compared with the total compensation paid by other companies of similar size to their executive officers with comparable duties in the semiconductor industry;

Base salaries should only be a portion of the total compensation package and may generally be lower than the median (*i.e.*, lower than the 50th percentile) base salaries paid by such other companies; and

Cash bonuses and equity awards should be used to motivate NEOs and all other executive officers to achieve specific strategic and performance objectives established by the Board and to align the NEOs' and all other executive officers' interests with those of the Company's stockholders.

Fiscal 2009 Company Performance Summary

In response to the worldwide economic downturn, the Company has aggressively reduced costs, refined its business structure and enhanced sales opportunities by solid execution on new product strategies, resulting in a high level of key-customer design wins. Among the many cost saving initiatives, the Company implemented a headcount reduction in the Company's wafer fabrication facilities in Kansas City, Missouri and Manchester, United Kingdom, in the Company's packaging facilities in China and other Asia offices, implemented a worldwide salary freeze, reduced cash bonuses, and, for employees in the United States, a mandatory time-off policy was implemented, and discretionary retirement plan payments were eliminated. From the low point in the business cycle in the first quarter of 2009 to the fourth quarter of the same year, the Company's revenue grew by almost 70% and gross margin increased from 18.6% to 32.1%. All these actions resulted in the Company delivering its 19th year of profitability. GAAP net income was \$7.5 million or \$0.17 per diluted share.

During 2009, the Company achieved positive cash flow from operations every quarter as a result of the Company's efforts to reduce debt, inventory levels and capital expenditures. For the year 2009, cash flow from operations amounted to \$66 million; net cash flow was \$139 million; and free cash flow was \$43 million. The Company continued to strengthen its balance sheet—increasing working capital by nearly 70% to \$354 million and repurchasing \$48 million of the Company's 2.25% Convertible Senior Notes, which reduced the principal amount outstanding to \$135 million.

How the Company's Compensation Program Operates

In fiscal 2009, the Committee continued to apply the compensation objectives and philosophy described above in determining the compensation of the NEOs and all other executive officers.

Annual Evaluation Procedures

The Committee determines the compensation for all the executive officers, including the NEOs. The Committee meets in executive session at the beginning of each fiscal year to (i) evaluate the performance of the NEOs and all other executive officers during the prior fiscal year; (ii) determine their annual bonuses, if any, for the prior fiscal year; (iii) establish overall performance goals and objectives for the current fiscal year; and (iv) establish the formula for determining the total executive bonus pool for the current fiscal year. The Committee meets again in executive session mid-year to (i) set the NEOs' and all other executive officers' base salaries for the next 12 months; and (ii) consider and approve any equity incentive compensation. For a discussion of the criteria used by the Committee to evaluate the performance of NEOs in 2009, see "Compensation Discussion and Analysis—How and Why Executive Compensation Decisions Were Made."

Management's Role in Determining Executive Compensation

The Committee usually discusses with, and takes into consideration the recommendation of, the Chief Executive Officer concerning the annual evaluation of the NEOs and other executive officers, except for matters related to the Chief Executive Officer's own evaluation and compensation. The Chief Executive Officer has a role in determining executive compensation because he evaluates employee performance, recommends performance goals and objectives, and recommends salary levels, bonuses and incentive awards of executive officers and the NEOs, other than himself.

Compensation Consultant

The Committee's charter enables the Committee to retain independent consulting firms to assist in the evaluation of the NEOs' and all other executives officers' compensation, and provides the Committee with the sole authority to approve the consulting firm's fees and other retention terms. In the first quarter of fiscal 2008, the Committee retained Radford Surveys and Consulting (Radford) to provide information concerning the compensation practices of companies within the semiconductor industry of comparable size to the Company.

Comparable Companies and Benchmarking

The Committee referred to the 2008 Executive Compensation Competitive Assessment (the Survey) prepared by Radford when the Committee reviewed and approved executive compensation for 2008 and 2009. The Committee intends to update the Survey every three years with the assistance of Radford or another comparable consulting firm. The Committee's reason for revising the Survey every three years as opposed to every year is because the Committee does not believe that the executive compensation benchmark or the comparable companies (Peer Group) are likely to have significant changes every one or two years.

Radford selected the members of the Peer Group based on comparable revenues and position in the semiconductor industry. The Peer Group was composed of publicly traded companies in the United States in the semiconductor industry with annual revenue ranging from \$200 million to \$1.5 billion. At the request of the Committee, Radford also provided the executive compensation data of five additional companies that did not fit within this annual revenue range. These five companies were Texas Instruments Incorporated, Cypress Semiconductor Corporation, Fairchild Semiconductor Incorporated, ON Semiconductor Corporation and STMicroelectronics N.V. Radford, however, did not include these five companies in the Survey.

The Survey compared the compensation paid to the following seven executive officers of the Company with those occupying similar positions in the 25 companies in the Peer Group: Chief Executive Officer; Chief Financial Officer; Senior Vice President, Operations; Senior Vice President, Sales and Marketing; Vice President, Corporate Administration; Vice President, Discrete Products; and Vice President, Analog Products. Since the date of the Survey, the Company has expanded its executive officers to include a Senior Vice President, Business Development, a Europe President and Vice President, Europe Sales and Marketing, and a Vice President, Finance and Investor Relations.

The Peer Group consisted of the following:

Applied Micro Circuits Corporation	Conexant Systems, Inc.	Cree, Inc.
DSP Group, Inc.	Integrated Device Technology, Inc.	Integrated Silicon Solution, Inc.
International Rectifier Corporation	Intersil Corporation	IXYS Corporation
Lattice Semiconductor Corporation	Linear Technology Corporation	Micrel, Incorporated
Microchip Technology Incorporated	Microsemi Corporation	OmniVision Technologies, Inc.
PMC-Sierra, Inc.	RF Micro Devices, Inc.	Semtech Corporation
Silicon Image, Inc.	Silicon Laboratories Inc.	Silicon Storage Technology, Inc.
Skyworks Solutions, Inc.	Standard Microsystems Corporation	TriQuint Semiconductor, Inc.
Zoran Corporation		

The Survey compared the base salary, target bonus, target total cash, long-term incentive value, and total direct compensation of each of the Company's seven executive officers to the amounts given for the most comparable position in the Peer Group. The Survey recognized that the Company had two senior finance positions that shared the responsibilities of the Chief Financial Officer of the Company and, therefore, discounted the compensation for both senior finance positions by 15%. Target total cash is defined as the sum of base salary plus target bonus. Long-term incentive value is defined as the sum of the value of stock option or restricted stock unit grants. Total direct compensation is defined as the sum of target total cash plus long-term incentive value.

The results of the Survey showed that:

Base salary for each of the Company's executive officers was less than the 25th percentile of the Peer Group;

Target bonus for each of the Company's executive officers was above the 75th percentile of the Peer Group;

Target total cash for each of the Company's executive officers was above the 50th percentile of the Peer Group;

Long-term incentive value for each of the Company's executive officers was equal to the 50th percentile of the Peer Group; and

Total direct compensation for each of the Company's executive officers was equal to the 50th percentile of the Peer Group.

The Survey also compared the companies in the Peer Group as to the number of employees, revenues, net income, stock price, total common shares outstanding and market capitalization. The Survey showed that among the companies in the Peer Group, the Company ranked:

In the top quarter for the amount of trailing twelve-month net income; and

In the top half for market capitalization.

The Survey concluded that the Company's executive compensation was in line with the Company's executive compensation philosophy. Therefore, the Committee will continue its current executive compensation program with adjustments in subsequent years, if necessary, to reflect changes in the compensation paid by members of the Peer Group.

Elements of Named Executive Officer Compensation

During 2009, the Company's compensation for NEOs consisted of the components listed in the below table, which provides a brief description of the principal elements of compensation, how performance is factored into each element of compensation, and the primary objectives served by each element of compensation. A description of each of these elements is discussed in more detail in "Compensation Discussion and Analysis - How and Why Executive Compensation Decisions Were Made" below.

2009 Principal Elements of Compensation for NEOs

Element	Description	Performance Considerations	Primary Objectives
Base Salary	Fixed cash payment with annual adjustment	Based on workload, areas of responsibilities, experience and individual performance	Recognize career experience and individual performance Provide basic compensation
Bonus	Discretionary cash incentive ⁽¹⁾	Amount of award based on the workload, areas of responsibilities and contributions made to the achievement of the Company's performance	Attract and retain talent Promote and reward contributions made by executive officers to the achievement of Company's performance
Equity Awards ⁽²⁾	Stock options Restricted stock awards (RSAs) Restricted stock units (RSUs)	Value of equity awards directly linked with long-term performance of the Company	Align interests of the executive officers with stockholder interests Attract and retain talent
Additional Benefits and Perquisites	Automobile allowance Deferred compensation plan Employee assistance program Health, dental, vision, life, accidental death and dismemberment, business travel accident, and long-term and short-term disability insurance Retirement plans Health club membership discount	Not applicable	Provide reasonable security to allow executive officers to perform at their best Provide competitive benefits and perquisites to executive officers Promote health and well being of executive officers

(1) The Committee establishes the executive bonus pool at the beginning of each fiscal year.

In 2009, the executive bonus pool was based on a calculation, which compares the Company's revenue growth to growth in the Company's served available market (SAM) and the Company's actual profitability to the Company's calculated profitability based on a profit-fall through factor. If the 2009 executive bonus pool were less than 80% of the 2008 executive bonus pool, no bonuses would be paid to any executive officer of the Company.

- (2) Equity awards may be made pursuant to the Company's 2001 Omnibus Equity Incentive Plan. See Executive Compensation Narrative to Summary Compensation Table and Plan-Based Awards Table 2001 Omnibus Equity Incentive Plan for further details.

The Committee favors compensating executive officers of the Company in the form of bonuses and equity awards rather than in the form of base salaries so as to more closely align the interests of the Company with the interests of stockholders. The Committee does not allocate between cash and non-cash compensation and between short-term and long-term compensation based on specific percentages. Instead, the Committee believes that the total compensation package for each executive officer of the Company should be generally in line with the prevailing market.

The following table shows all compensation elements as percentages of total compensation for each NEO for fiscal 2009:

Name	Title	Base Salary (%)	Bonus (%)	Equity Awards ⁽¹⁾ (%)	Additional Benefits and	Total (%)
					Perquisites	
Keh-Shew Lu	President and Chief Executive Officer	10.6	24.0	64.4	1.0	100
Richard D. White	Chief Financial Officer, Treasurer and Secretary	16.1	28.3	52.7	2.9	100
Mark A. King	Senior Vice President, Sales and Marketing	19.7	26.2	51.1	3.0	100
Joseph Liu	Senior Vice President, Operations	23.4	27.0	48.2	1.5	100
Edmund Tang	Vice President, Corporate Administration	22.2	31.3	44.2	2.1	100
Carl C. Wertz	Vice President, Finance and Investor Relations	34.6	20.4	40.9	4.1	100

(1) These percentages reflect portions of NEO's total compensation based on the grant date fair value of these equity awards and do not reflect whether each NEO has actually realized a financial benefit from these equity awards. The value of the equity awards is

calculated in accordance with the amount recognized for financial statement reporting purposes.

Pursuant to SEC rules, the percentages shown above as the portion of a NEO's total compensation attributable to equity awards, exclude the impact of estimated forfeitures related to service-based vesting conditions.

Amounts reported for RSUs and RSAs are calculated by multiplying the number of shares subject to the award by the closing price of the Company's Common Stock on the grant date. Amounts reported for stock options are determined using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of traded options, which have different

characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. See Note 18, Share-Based Compensation, to the Company's audited financial statements for the fiscal year ended December 31, 2009, included in the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2010, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value.

How and Why Executive Compensation Decisions Were Made

When making individual compensation decisions for NEOs, the Committee takes many factors into account, including the executive officer's experience, responsibilities, management abilities and job performance, the performance of the Company as a whole, current market conditions and competitive pay for similar positions at comparable companies. These factors are considered by the Committee in a subjective manner without any specific formula or weighting.

For fiscal 2009, the major factors that influenced the Committee's executive compensation decisions for NEOs were:

The Company's 2009 financial performance, including, but not limited to, the growth in the Company's served available market (SAM), revenue and net income for fiscal 2009 compared to fiscal 2008, and profit fall-through; and

Executive retention.

Both factors will also be major considerations in the Committee's executive compensation decisions for NEOs for fiscal 2010.

Base Salaries

In line with the Committee's compensation philosophy, executive officers receive a relatively small portion of their total compensation in the form of base salaries. The Survey showed that the executive officers' base salaries are generally less than the 25th percentile of the base salaries paid to officers with comparable duties by similar size companies in the semiconductor industry.

In determining the executive officers' base salaries, the Committee considers each executive officer's scope of responsibility, level of experience, individual performance, and past and potential contribution to the Company's business, as well as the Company's performance and the current year's change in the cost of living. The Committee did not assign any particular formula or weight to the foregoing factors. To ensure that the base salaries are adequate, the Committee also periodically reviews independent surveys of executive compensation, such as the Survey, and compares the executive officers' base salaries to amounts paid to officers with comparable duties by similar size companies in the semiconductor industry. In addition, the Committee discusses and takes into consideration the recommendation of the Chief Executive Officer regarding each executive officer's base salary, other than the Chief Executive Officer's own base salary.

In fiscal 2009, the Committee made the decision not to increase the base salaries of the NEOs and other executive officers because the Committee anticipated that the worldwide economic downturn that was still ongoing during 2009 would have an adverse effect on the overall performance of the Company in 2009 and, therefore, sought to conserve cash and align the interests of the executive officers with those of the stockholders by freezing the base salaries of the NEOs and all other executive officers.

Bonuses

The Committee believes that bonuses should be a component of the total compensation of the executive officers to specially reward executive officers at the year-end and occasionally during the first quarter of the next year for their performance to further the Company's revenue growth and the Company's actual profitability. Each of the NEOs is eligible to receive bonuses in the discretion of the Committee.

The Committee first determines the executive bonus pool at the beginning of each fiscal year and then allocates the executive bonus pool among the executive officers at the end of each fiscal year.

The aggregate amount of the executive bonus pool for 2009 was based on a calculation, which compares the Company's revenue growth to the growth of the Company's SAM and the Company's actual profitability to the Company's calculated profitability based on a profit-fall through factor. If the 2009 executive bonus pool were less than 80% of the 2008 executive bonus pool, no bonuses would be paid to any executive officer of the Company.

At the end of 2009, the Committee in its discretion allocated the executive bonus pool among the executive officers based on the workload and areas of responsibilities of each executive officer during 2009 and the Committee's assessment of the contributions made by each executive officer to the achievement of the Company's performance, all as more completely described below for each NEO. For 2009, the executive bonus pool was \$3,326,768, of which the

Committee awarded \$2,482,000 to executive officers, including \$1,982,000 to the NEOs.

The following table shows each NEO's share of the executive bonus pool for 2008 and 2009 and the percentage change in such bonuses from 2008 to 2009:

Name	2008 Bonus (\$)	2009 Bonus (\$)	Percent Change (%)
Keh-Shew Lu	763,114	780,000	2.2
Richard D. White	265,082	300,000	13.2
Mark A. King	281,147	286,000	1.7
Joseph Liu	310,000	286,000	-7.7
Edmund Tang	216,885	230,000	6.0
Carl C. Wertz	170,000	100,000	-41.1
Total	2,006,228	1,982,000	-1.2

Dr. Lu received a 2009 bonus of \$780,000, which is 2.2% greater than his previous year's bonus. The Committee in its discretion determined Dr. Lu's 2009 bonus after considering the following factors: the Company's 2009 performance and objectives; Dr. Lu's individual performance; the allocation between the cash and non-cash components of his executive compensation; internal pay equity among executive officers; and the Survey. Dr. Lu quickly recognized the severity of the worldwide economic downturn commencing in late 2008. As the downturn continued into 2009, he took decisive measures to reduce costs and maintain cash in the Company, including the following actions: minimized idle manufacturing capacity costs; significantly reduced capital authorizations; reduced the Company's inventory levels; cancelled the Company's credit line in the United States to reduce the Company's cost of funds; implemented strict cost controls and reduced manufacturing process and raw material costs; reduced selling, general and administrative expense through further worldwide workforce reduction, mandatory time-off for the Company's United States operations, bonus reduction, employee compensation and hiring freezes; and aggressively implemented the restructuring and consolidation of Zetex. At the same time, Dr. Lu utilized this economic downturn to improve the Company's financial position by repurchasing a significant portion of the Company's \$230 million 2.25% Convertible Senior Notes at heavily discounted values. Overall, Dr. Lu was able to maintain positive cash flow from operations for each quarter of 2009 and for the entire fiscal 2009. Under Dr. Lu's leadership, the Company's 2009 revenue grew nearly 0.4% to \$434.4 million, compared to \$432.8 million in year 2008. Furthermore, the Company's profit after tax remained positive for fiscal 2009 and for the 19th consecutive year. As the worldwide economic situation improved in the second half of 2009, Dr. Lu then positioned the Company for further growth. In the second half of 2009, Dr. Lu secured credit facilities of up to \$20 million with Bank of America, N.A. for the Company's operations in North America and Europe. Dr. Lu also secured a further agreement with UBS AG to increase the no net cost loan to the Company up to the full value of the Company's auction rate securities with UBS AG. Despite these accomplishments, the Committee approved only modest increases in the 2009 bonuses of Dr. Lu and mos