DIODES INC /DEL/
Form DEF 14A
April 05, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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 under § 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)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(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 17, 2019

Notice is hereby given that the annual meeting (the "Meeting") of the stockholders of Diodes Incorporated (the "Company") will be held at the Company's corporate headquarters, located at 4949 Hedgcoxe Road, Plano, Texas 75024, on Friday, May 17, 2019, at 10:00 a.m. (Central 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, Keh-Shew Lu, Peter M. Menard, Raymond K. Y. Soong, Christina Wen-Chi Sung and Michael K.C. Tsai.
2. Approval of Executive Compensation. To approve, on an advisory basis, the Company's executive compensation.
3. 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 fiscal year ending December 31, 2019.
4. 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 18, 2019 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 2018 Annual Report to Stockholders over the Internet at www.proxydocs.com/diod. 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 first mailed to stockholders on or about April 5, 2019 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 Plano, Texas, this fifth day of April, 2019.

By Order of the Board of Directors,

DIODES INCORPORATED

Richard D. White,
Secretary

IF YOU PLAN TO ATTEND THE MEETING

Attendance will be limited to stockholders. Stockholders may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts ("street name") will need to bring with them a legal proxy issued in their name from the bank or brokerage in whose name the shares are held in order to vote in person. Cameras, recording devices and other electronic devices will not be permitted at the Meeting.

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DIODES INCORPORATED

4949 Hedgcoxe Road, Suite 200

Plano, Texas 75024

(972) 987-3900

PROXY STATEMENT

ANNUAL MEETING: MAY 17, 2019

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 Friday, May 17, 2019, at 10:00 a.m. (Central Time) at the Company's corporate headquarters, located at 4949 Hedgcoxe Road, Plano, Texas 75024, and at any adjournment or postponement thereof. Only stockholders of record at the close of business on March 18, 2019 (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, Keh-Shew Lu, Peter M. Menard, Raymond K.Y. Soong, Christina Wen-Chi Sung and Michael K.C. Tsai.
2. Approval of Executive Compensation. To approve, on an advisory basis, the Company's executive compensation.
3. 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 fiscal year ending December 31, 2019.
4. 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, "FOR" the approval of executive compensation and "FOR" the ratification of the appointment of Moss Adams LLP.

Voting Shares Held in "Street Name"

Brokerage firms who are members of the New York Stock Exchange cannot vote your shares held in street name in the election of directors or on executive compensation, 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.proxydocs.com/diod. Stockholders will not receive printed copies of the proxy materials unless they have requested us to provide proxy materials in printed form. On or about April 5, 2019, a Notice of Internet Availability of Proxy Materials (the "Notice") was first sent to our stockholders of record and beneficial owners. All stockholders receiving the Notice can request a printed copy of the proxy materials.

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, and it is your responsibility to notify us of any change to your email address given to us.

The proxy materials include:

- Notice of Annual Meeting of Stockholders;
- This Proxy Statement; and
- The 2018 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 submit a proxy by telephone by calling (855) 686-4804 and following the instructions provided. You may submit a proxy over the Internet at www.proxypush.com/diod by following the instructions provided. If you request and receive a printed copy of the proxy materials by mail, you can submit a proxy 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) 731-3510.

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 16, 2019. 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 with respect to any matter, the proxy will be voted on such matter as follows: "FOR" the election of the Board's nominees, "FOR" the approval of executive compensation, "FOR" ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019, 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 they 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 instructions 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 submitting a 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 4949 Hedgcoxe Road, Suite 200, Plano, Texas 75024 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 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.

Meeting Admission

You are entitled to attend the Meeting only if you were a Company stockholder as of the Record Date, or hold a valid proxy for the Meeting, or are a guest invited by the Company. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your ownership as of the Record Date will be verified prior to admittance into the Meeting. If you are not a stockholder of record but hold shares in street name by a brokerage firm, bank, broker-dealer, or other similar organization, you must provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to the Record Date or similar evidence of ownership. Guests of the Company may be required to show proof of invitations prior to admittance into the Meeting. If you do not provide photo identification or do not comply with the other procedures outlined above, you may not be admitted to the Meeting.

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 50,596,756 shares were issued and outstanding on the Record Date, and (ii) 1,000,000 shares of Preferred Stock, par value $1.00 per share ("Preferred Stock"), none of which were issued and outstanding on the Record Date.

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. 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 and in such manner as the stockholder shall desire.

If you are a stockholder of record and wish to exercise cumulative voting rights, you must submit a proxy by mail or attend the Meeting and vote in person. Your proxy card or ballot must specify how you want to allocate your votes among the nominees. Telephone and Internet voting facilities do not accommodate cumulative voting. If you hold your shares in street name, contact your brokerage firm, bank, broker-dealer, or other similar organization for directions on how to exercise cumulative voting rights using their voting instruction card, or to request a legal proxy so that you can vote your shares directly. Discretionary authority to cumulate votes is hereby solicited by the Board. If you return a signed proxy card or submit voting instructions in writing without providing instructions about cumulative voting, or if you submit a proxy by telephone or via the Internet, you will confer on the designated Proxyholders named below discretionary authority to exercise cumulative voting. If they elect to do so, they will be authorized, in their discretion, to cast your votes for some or all of the nominees in the manner recommended by the Board or otherwise in the discretion of the Proxyholders. However, they will not cast any of your votes for a nominee as to whom you have instructed them on your proxy card, voting instruction card or otherwise to withhold a vote. If you do not wish to grant the Proxyholders authority to cumulate your votes in the election of directors, you must explicitly state that objection on your proxy card or voting instruction card, as applicable.

For Proposal 1, our Bylaws provide that, 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; provided, however, that the Board has adopted a policy requiring that in an uncontested election (such as the election held at this Meeting), each nominee will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast “FOR” a director’s election exceeds the number of votes “WITHHELD.” Abstentions and broker non votes are not considered a vote cast and, therefore, will have no effect with respect to the election of directors other than to reduce the number of affirmative votes required to elect a director. “Broker non votes” are shares of stock held in record name by brokers or nominees for which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power under applicable rules or the instrument under which it serves in such capacity. See “Proposal One – Election of Directors” and “Corporate Governance – Director Resignation Policy.”

Proposals 2 and 3 require 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 will be included in the number of votes present and entitled to vote on these proposals and, accordingly, will have the effect of a vote “AGAINST” the proposal. Broker non-votes with respect to these proposals will not be counted as shares present and entitled to vote on these proposals and, accordingly, will not have any effect with respect to the approval of these proposals (other than to reduce the number of affirmative votes required to approve the proposal). The vote with respect to executive compensation is not binding on the Company, the Board or the Compensation Committee of the Board (the “Compensation Committee”). However, the Board and the Compensation Committee will review the result of this vote and take it into consideration when making future decisions regarding executive compensation. Although the appointment of Moss Adams LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019 is not required to be submitted to a vote of stockholders, the Audit Committee believes that it is appropriate as a matter of policy to request that the stockholders ratify the appointment of the Company’s independent registered public accounting firm. If the stockholders do not ratify the appointment, which requires the affirmative vote 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, the Board will consider the selection of another independent registered public accounting firm.

Of the shares of Common Stock outstanding on the Record Date, 7,765,778 shares (or approximately 15.3%) were held in the name of Lite-On Semiconductor Corporation. See “Security Ownership of Certain Beneficial Owners and Management” and “Corporate Governance – Certain Relationships and Related Person Transactions,” for additional information about Lite-On Semiconductor Corporation and its subsidiaries and affiliates (“LSC”). On the Record Date, an additional 2,735,640 shares (or approximately 5.3%) 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 Board’s nominees named herein, “FOR” the approval of executive compensation and “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, 2019.

Organizations holding Common Stock in "street name" that are members of a stock exchange are required by the rules of the applicable stock 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 "routine" matters, but not as to "non-routine" matters. When an organization is unable to vote a client's shares on a proposal, 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, 2019, which is considered a routine matter, but not with respect to the election of the nominees to the Board or the advisory vote on executive compensation, which are considered non-routine matters.

Procedures for Stockholder Nominations and Proposals

Under the Company's Bylaws, any stockholder generally may submit proposals or nominate one or more persons for election as directors by following the procedures described in this Proxy Statement under "Proposals of Stockholders and Stockholder Nominations for 2020 Annual Meeting." No notice of a stockholder proposal or nomination was timely received in connection with the Meeting.

Cost of Proxy Solicitation

This proxy solicitation is made by the Board, 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, 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. We have not engaged a proxy solicitor at this time, but the Board may determine it is necessary to employ an outside firm to assist in the solicitation process. If so, we will pay the proxy solicitor its reasonable and customary fees, estimated not to exceed $15,000 plus reasonable out-of-pocket expenses.

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 in order to solicit additional proxies in favor of the recommendations of the Board, the designated proxyholders, Dr. Keh-Shew Lu and Richard D. White, the Company's Chief Executive Officer, and Secretary, respectively, (the "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 nominee from serving in such position and to vote such proxy for such substitute nominee.

5 Diodes Incorporated

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.	7,765,778	(3)	15.3%
BlackRock, Inc. (“BlackRock”) 55 East 52nd Street New York, New York 10022	6,415,205	(4)	12.7%
The Vanguard Group (“Vanguard”) 100 Vanguard Blvd. Malvern, Pennsylvania 19355	4,566,926	(5)	9.0%
Dimensional Fund Advisors LP ("Dimensional") 15660 Dallas Pkwy Ste 850 Dallas, Texas 75248	4,190,553	(6)	8.3%

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

(2) Based on 50,596,756 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 Person 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 BlackRock in Schedule 13G/A filed with the SEC on January 28, 2019, reporting beneficial ownership of the Company’s Common Stock. According to the Schedule 13G/A, BlackRock has sole voting power with respect to 6,220,717 shares, has sole dispositive power with respect to 6,415,205 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

(5) Based solely on information provided by Vanguard in Schedule 13G/A filed with the SEC on February 11, 2019, reporting beneficial ownership of the Company’s Common Stock. According to the Schedule 13G/A, Vanguard has sole voting power with respect to 50,082 shares, has shared voting power with respect to 7,419 shares, has sole dispositive power with respect to 4,513,491 shares and has shared dispositive power with respect to 53,435 shares.

(6) Based solely on information provided by Dimensional in Schedule 13G/A filed with the SEC on February 8, 2019, reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, Dimensional has sole voting power with respect to 4,036,809 shares, has sole dispositive power with respect to 4,190,553 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 of the Company, (ii) each Named Executive Officer ("NEO") of the Company (as defined below), and (iii) all directors and executive officers of the Company as a group.

Name of Beneficial Owner	Common Stock Underlying Options or Restricted Stock Units (1)	Common Stock	Amount and Nature of Beneficial Ownership (2)		Percent of Class (3) (4)
Directors					
Raymond K.Y. Soong	—	343,250	343,250	(1)	*
C.H. Chen	—	362,929	362,929	(1)	*
Michael R. Giordano	—	79,625	79,625	(1)	*
Keh-Shew Lu (5)	360,000	1,164,650	1,524,650	(1)(6)(8)	3.0%
Peter M. Menard	—	—	—		*
Christina Wen-Chi Sung	—	1,075	1,075	(1)	*
Michael K.C. Tsai	—	26,875	26,875	(1)	*
Named Executive Officers					
Richard D. White	166,000	48,374	214,374	(1)(8)	*
Julie Holland	31,000	32,712	63,712	(1)(8)	*
Francis Tang	37,000	43,608	80,608	(1)(8)	*
Emily Yang	—	15,497	15,497	(1)(8)	*
All directors and executive officers of the Company as a group (14 individuals including those named above)	596,000	2,139,640	2,735,640	(7)	5.3%

* Indicates less than 1%.

(1) Consists of 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 ("RSUs") or performance stock units ("PSUs"). For further discussion on the Company's use of equity awards, see "Compensation Discussion and Analysis – Principal Components of Compensation - Long-Term Incentive (LTI) Plan."

(2) 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.

(3) Under Rule 13d-3 of the Securities Exchange Act of 1934 (the "Act"), certain shares may be deemed to be beneficially owned by more than one person (for example, if 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.

(4) Percent of Class is based on 50,596,756 shares of the Common Stock of the Company outstanding as of the Record Date.

(5) Dr. Lu is a member of the Board, the President and the Chief Executive Officer of the Company, and a NEO.

(6) Includes 4,700 shares of Common Stock held in the name of the Lu Family Revocable Trust, 46,150 shares of Common Stock held in the name of an UTMA (Custodial) Trust, and 700,000 shares held in the name of the Lu Grandchildren's Trust. Dr. Lu is a co-trustee of the Lu Family Revocable Trust, the UTMA (Custodial) Trust and the Lu Grandchildren's Trust. Dr. Lu has voting and investment authority over these shares.

(7) Includes 596,000 shares that all directors and executive officers of the Company have the right to acquire within sixty (60) days after the Record Date, by exercising stock options or the vesting of RSUs, but excludes an additional 821,897 shares that all directors and executive officers of the Company will have the right to acquire upon the exercise of stock options or the vesting of RSUs and PSUs, which may vest in installments more than sixty (60) days after the Record Date.

(8) Does not include 62,905, 19,861, 18,214 and 11,316 shares of Common Stock subject to PSUs granted on February 21, 2017 to Messrs. Lu, White, Tang and Ms. Holland, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2017 through 2019 of $204.6 million and (ii) the executive continues to provide services to the Company. Also does not include 63,000, 20,000, 18,000, 13,000 and 10,000 shares of Common Stock subject to PSUs granted on February 14, 2018 to Messrs. Lu, White, Tang, Ms. Holland and Ms. Yang, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2018 through 2020 of $360.8 million, and (ii) the executive continues to provide services to the Company. Also does not include 59,000, 17,000, 17,000 and 13,000 shares of Common Stock subject to PSUs granted February 21, 2019 to Messrs. Lu and Tang, Ms. Holland and Ms. Yang, respectively, that vest only if (i) the Company achieves a targeted non-GAAP operating income for 2019 through 2021 and (ii) the executive continues to provide services to the Company. Also does not include 47,250, 15,000, 13,500, 9,750 and 7,500 shares of Common Stock subject to RSUs granted on February 14, 2018 to Messrs. Lu, White, Tang, Ms. Holland and Ms. Yang, respectively, that vest in three remaining equal annual installments on February 14, 2020, 2021 and 2022, if the executive continues to provide services to the Company. Also does not include 59,000, 17,000, 17,000 and 13,000 shares of Common Stock subject to RSUs granted on February 21, 2019 to Messrs. Lu, Tang and Ms. Holland and Ms. Yang, respectively, that vest in four equal annual installments on February 26, 2020, 2021, 2022 and 2023, if the executive continues to provide services to the Company. For further discussion on the operating income performance goal and service condition related to these grants, see "Compensation Discussion and Analysis – Principal Components of Compensation - Long-Term Incentive (LTI) Plan."

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 nominees are currently directors of the Company, and all nominees have indicated their willingness to serve. Unless otherwise instructed, proxies will be voted in such a way as to elect as many of these nominees as possible under applicable voting rules. In the event that any of the nominees should be unable or unwilling to serve as a director, proxies will be voted for the election of such substitute nominees, if any, as shall be designated by the Board. The Board has no reason to believe that any nominee will be unable or unwilling to serve.

The Company's Corporate Governance Guidelines provides that a member of the Board will not be eligible to stand for re-election to the Board after attaining the age of 75 provided that the Board may waive the requirement for up to three years for any director. Prior to the date of this Proxy Statement, Mr. Raymond K.Y. Soong and Mr. C.H. Chen attained the age of 75, and the Board waived this requirement to allow them to be eligible to stand for re-election to the Board at the Meeting.

The seven nominees who receive the highest number of affirmative votes will be elected. The Board has adopted a policy requiring that in an uncontested election (such as the election held at the Meeting), each nominee will submit an irrevocable resignation promptly following the election if he or she fails to receive a majority of votes cast. An uncontested election means that there are as many candidates standing for election as there are vacancies on the Board. A majority of votes cast means that the number of shares cast "FOR" a director's election exceeds the number of votes "WITHHELD." See "Corporate Governance – Director Resignation Policy."

None of the nominees were 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 the 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 and discussion sets forth certain biographical information concerning the nominees of the Company as of the Record Date:

Nominees	Age	Position with the Company	Director Since
Raymond K.Y. Soong	77	Director and Chairman of the Board	1993
C.H. Chen	75	Director and Vice Chairman of the Board	2000
Michael R. Giordano	72	Director	1990
Keh-Shew Lu	72	President, Chief Executive Officer, and Director	2001
Peter M. Menard	65	Director	2018
Christina Wen-Chi Sung	65	Director	2017
Michael K.C. Tsai	65	Director	2010

Raymond K.Y. 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 Co-Tech Development Corporation, LSC, LITE-ON Technology Corporation ("LTC"), and Silitech Technology Corporation ("Silitech"). In 1975, after serving as a senior engineer for RCA Corporation and as a chief engineer for Texas Instruments, Taiwan, Ltd. ("TI Taiwan"), Mr. Soong, together with several of his co-workers, founded Taiwan LITE-ON Electronic Co., Ltd., 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 Co-Tech Development Corporation, LSC, LTC, and Silitech, 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

Mr. Chen was appointed the Company's Vice Chairman of the Board in 2005. Mr. Chen is also the Vice Chairman of the Board of LSC, and a board member of LTC, each of which is a member or an affiliate of the Lite-On Group. Mr. Chen is also a board member of Kwong Lung Enterprise Co., Ltd. and Actron Technology Corporation. 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's 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 understanding of the Company enables him to provide advice to the Board on matters concerning the operations of the Company.

Michael R. Giordano Director

Chair, Audit Committee (Audit Committee Financial Expert)

Mr. Giordano, CIMA, currently serves as Associate Director, Senior Wealth Strategy Associate at the private-banking firm of UBS Financial Services, Inc., having previously served as Senior Vice President-Investment Consulting from when UBS AG acquired PaineWebber, Inc. in 2000 until 2017. PaineWebber, Inc. had acquired his previous employer, Kidder Peabody and Co., Inc., by whom he was employed since 1979. Mr. Giordano advises corporations, foundations, trusts, and municipal governments in investments and finance. Mr. Giordano has served as a board member of OnRamp BioInformatics, a private San Diego genomic analysis company, since July 2017, and also 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 38 years and possesses the skills necessary to lead the Company's Audit Committee. Having been with UBS Financial Services, Inc. (and its predecessors) since 1979, he has advised numerous public, private, profit, and non-profit organizations in investments and finance. Mr. Giordano's experience provides the Board with knowledge in financial and accounting matters.

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 LTC and Nuvoton, two publicly held companies. Dr. Lu is the founding Chairman of the Asian American Citizen's Council. 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 and General Manager of Worldwide Mixed-Signal and Logic Products of TI. His responsibilities included all aspects of the analog, mixed-signal and logic products for TI's 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 40 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 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.

Peter M. Menard Director

Member, Audit Committee

Member, Governance and Stockholder Relations Committee

Mr. Menard practiced securities law from 1979 until March 2018. From 1998 until his retirement in March 2018, Mr. Menard was a partner with the international law firm of Sheppard, Mullin, Richter & Hampton, LLP where his principal areas of practice were corporate governance, securities law compliance, and corporate transactions. He has been a member of the Executive Committee of the Business Law Section of the California Lawyers Association ("BLS"), a Chair of the Corporations Committee of the BLS, Chair of the Business & Corporations Section of the Los Angeles County Bar Association, and an adjunct professor at University of Southern California Gould School of Law where he taught a course in securities regulation. Mr. Menard is a member of the Board of Directors and a member of the Governance Committee and the Audit Committee and Governance Committee of Huntington Medical Research Institutes. He received a Bachelor's degree in Mathematics from Santa Clara University in 1974 and a Master's degree in Mathematics in 1976 and J.D. in 1979 from the University of Michigan.

Mr. Menard has 40 years of experience representing publicly traded companies. He brings extensive experience in corporate governance, securities law compliance, corporate social responsibility, shareholder engagement, financial reporting, and executive compensation. He has served of the Board of Directors of multiple nonprofit entities.

Christina Wen-Chi Sung Director

Member, Audit Committee

Member, Compensation Committee

Ms. Sung served as the Chairman of the Taipei Financial Center Corporation, the management company for Taipei 101, from 2012 to 2015. She previously served as a Director for Arcadyan Technology Corporation from 2012 to 2014 and

Independent Director for Lite-On IT Corporation from 2009 to 2013. She was also the head of the HSBC Asset Management Group (Taiwan) from 2004 to 2006 and the co-CEO of JP Morgan Chase (Taiwan) in 2003. Ms. Sung has earned numerous accolades, including being named the 2003 Most Influential Business Woman of the Year by Taiwan Commonwealth Magazine, the 2002 Montblanc Business Woman of the Year, the 1998 Best CEO of the Securities Industry in Taiwan by the Securities and Futures Development Foundation Golden Goblet Awards, and 1998 Outstanding Business Woman in Taiwan by the Chinese Business Woman's Association.

Ms. Sung brings extensive directorship and business experience to the Board, and she continues to serve on multiple nonprofit boards, including as a director of Feng Chia University. After retiring from Taipei 101, she founded Social Welfare and Social Enterprise Revolving Trust ("SERT") at the end of 2015, which is aimed at providing financial support and management to non-profit organizations and social enterprises in Taiwan. SERT has been awarded by the government for two consecutive years for its special contribution to the related sector. Ms. Sung received her Bachelor's degree in English language and literature from Soochow University in 1976 and her Master's degree in Executive Management of Business Administration from National Cheng-chi University in 2003.

Michael K.C. Tsai Director

Member, Compensation Committee

Member, Governance and Stockholder Relations Committee

Mr. Tsai has been the Vice Chairman of the Board of Powerchip Semiconductor Manufacturing Corp., previously Maxchip Electronics Corp., since September 2018 and the Chairman of the Board of AP Memory Technology Corp. since 2017. He was the Chairman of the Board of Maxchip Electronics Corp. from 2008 to September 2018. He has been a director of Powerchip Semiconductor Corp. since 1994 and served as its Vice Chairman from 2003 to 2012. Mr. Tsai was the Chairman of the Board of Zentel Electronics Corp. from 2010 to 2016, the Chairman of the Board of uPI Semiconductor Corp. from 2007 to 2011, and the Chairman of the Board and the Chief Executive Officer of Elitegroup Computer Systems, Inc. from 1991 to 1994. 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 from National Chiao-Tung University in Taiwan in 1975.

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 Person Transactions" for a discussion of the relationships among Co-Tech Development Corporation, LTC, LSC, Silitech, and the Company.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE SEVEN NOMINEES TO THE BOARD SET FORTH ABOVE.

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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 three 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
Raymond K.Y. Soong (1)		Chair	Chair	Member
C. H. Chen (1)				Chair
Michael R. Giordano (1)	Chair (2)			
Keh-Shew Lu				Member
Peter M. Menard (1)	Member		Member	
Christina Wen-Chi Sung (1)	Member	Member		
Michael K.C. Tsai (1)		Member	Member	

(1) Independent director (as determined by the Board under the rules of The NASDAQ Stock Market LLC ("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.

Director Independence

The Board has determined that six of the seven current directors (all directors other than Dr. Lu, our President and Chief Executive Officer) are "independent directors" as shown in the above table, and as the term "independent director" is defined under the rules of Nasdaq. The Board also has determined that each member of its Audit Committee, Compensation Committee and Governance and Stockholder Relations Committee meets the applicable independence requirements prescribed by Nasdaq and the SEC.

In making its independence determinations with regard to Messrs. Soong and Chen, the Board considered the relationships described under "Certain Relationships and Related Person Transactions – Relationships and Transactions." In making its independence determination with regard to Mr. Menard, the Board considered that Mr. Menard was previously a partner at the law firm of Sheppard, Mullin, Richter & Hampton LLP ("Sheppard Mullin"). Sheppard Mullin provides legal services to the Company. The fees paid by the Company to Sheppard Mullin in each of the last three years accounted for 0.1% or less of the revenues of the firm, significantly less than 1% of the revenues of each of the firm and the Company. Mr. Menard retired from Sheppard Mullin in March 2018 and no longer receives any compensation from the firm, other than fixed retirement payments for prior service with the firm.

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 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 2013 Equity Incentive Plan (the "2013 Plan"), the 2001 Omnibus Equity Incentive Plan (the "2001 Incentive Plan"), the Company's 401(k) profit sharing plan (the "401(k) Plan") and the Company's nonqualified deferred compensation 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 nominees for election at 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 oversight provides 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, current copies of which are available on the Company's website, at www.diodes.com, in the "Investors – Corporate Governance" section.

MEETINGS OF THE BOARD AND COMMITTEES

The following table represents the number of meetings and actions taken by written consent of the Board and the Committees in 2018:

	Meetings Held	Action by Written Consent
Board	4	7
Audit Committee	7	2
Compensation Committee	2	2
Governance and Stockholder Relations Committee	2	—

Risk Oversight Committee	4	—

All of the directors attended at least 75% of the total number of meetings of the Board and Committees on which each served held during 2018.

It is the policy of the Company to require Board members to attend the annual meetings of stockholders, if practicable. Each director, except Mr. Soong, attended the 2018 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, employees, 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 2020 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;
- personal maturity and leadership skills in industry, education, the professions, or government;
- independence of thought and willingness to deal directly with difficult issues;
- fulfillment of the broadest definition of diversity, seeking diversity of thought; and
- broad business or professional experience, with an understanding of business and financial affairs, and the complexities of business organizations.

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

- technical expertise in engineering, chemistry, solid state physics or electronics;
- senior management experience and expertise, especially from leadership roles in semiconductor, information technology or electronics corporations;
- financial or accounting expertise, generally and as necessary to fulfill the financial requirements of the SEC and Nasdaq regulations;
- leadership experience in other industries to help the Company better understand the care-abouts in key, targeted industries; and
- experience in investment banking, commercial lending or other financing activities.

In selecting nominees for the Board, the Governance Committee evaluates the general and relevant specialized criteria set forth above prior to commencement of the recruitment process, determines whether a nominee fulfills the

independence requirements of the SEC and Nasdaq, evaluates recommendations received from other existing members of the Board, reviews the education of the nominee, evaluates the quality of experience and achievement of the nominee, reviews the nominee's current or past membership on other companies' boards, determines that the nominee has the ability and the willingness to spend the necessary time required to function effectively as a director (except in extraordinary circumstances, no director shall serve on the board of more than four other public companies), and determines that the nominee has a genuine interest in representing the stockholders and the interests of the Company overall.

If the Governance Committee is evaluating a nominee for re-election, the Governance Committee will review the nominee's performance, including the following: availability for and attendance at meetings; contribution to Board processes such as information gathering and decision making; accessibility for communication with other directors and management; participation in Committee activities; depth of knowledge of the Company and its industry; the Company's performance during the nominee's previous term, in light of the role played by the Board and the nominee in guiding management; and any specialized expertise or experience that has contributed or may contribute to the functioning of the Board or 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 have not proposed any candidates for election at the Meeting.

DIRECTOR RESIGNATION POLICY

Under the Company's director resignation policy, promptly following the receipt of the final report from the Inspector of Elections relating to an election of directors of the Company (other than elections in which the number of nominees exceeds the number of directors to be elected), any nominee who receives a greater number of votes "WITHHELD" from his or her election than votes "FOR" his or her election, will tender his or her resignation for consideration by the Board. Subject to certain conditions, the Governance Committee will meet to consider the tendered resignation and make a recommendation to the Board concerning the action, if any, to be taken with respect to the director's resignation.

The Board will consider and act upon the Governance Committee's recommendation within 90 days of certification of the vote at the Meeting. In considering the director's resignation, the Governance Committee and the Board will consider all factors they deem relevant, including, without limitation, the underlying reason for the vote result, if known, the director's contributions to the Company during his or her tenure, and the director's qualifications. The Board may accept the resignation, refuse the resignation, or refuse the resignation subject to such conditions designed to cure the underlying cause as the Board may impose. Within four business days of the decision regarding the tendered resignation, the Company will file with the SEC a report on Form 8-K disclosing the decision with respect to the resignation, describing the deliberative process and, if applicable, the specific reasons for rejecting the tendered resignation.

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, 4949 Hedgcoxe Road, Suite 200, Plano, Texas 75024.

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 be excluded, including, but not limited to, 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, provided that any communication that is not distributed will be made available to any independent director upon request.

Communications that include information that would be better addressed by the Company's ethics and compliance hotline, which reports to the Audit Committee at (855) 316-2192, will be delivered to the Audit Committee.

COMPENSATION OF DIRECTORS

The following table sets forth the compensation of each director, who is not a NEO, for service in 2018:

Name	Fees Earned or Paid in Cash ($)	RSUs ($) (1) (2)	Stock Options ($) (1)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Raymond K.Y. Soong	80,000	719,605	—	—	—	—	799,605
C.H. Chen	80,000	492,009	—	—	—	—	572,009
Michael R. Giordano	100,000	143,921	—	—	—	—	243,921
Peter M. Menard (3)	45,000	143,921	—	—	—	—	188,921
John Stich (4)	45,000	—	—	—	—	—	45,000
Christina Wen-Chi Sung	90,000	143,921	—	—	—	—	233,921
Michael K.C. Tsai	80,000	143,921	—	—	—	—	223,921

(1) These amounts reflect the value determined by the Company for financial accounting purposes for these awards and do not reflect whether each director has actually realized a financial 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 RSUs 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. See Note 13, Share-Based Compensation, to the Company's audited financial statements for the fiscal year ended December 31, 2018, included in the Company's Annual Report on Form 10-K filed with the SEC on February 21, 2019, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value. All equity awards vest in four equal annual installments.

(2) Under the Company's 2018 director compensation arrangements, each non-employee director listed in the table above was granted an award under the 2013 Equity Incentive Plan of 4,300 RSUs on May 21, 2018, except

Mr. Raymond K.Y. Soong and Mr. C.H. Chen, who were granted awards of 21,500 and 14,700 RSUs, respectively, on May 21, 2018. The per-share closing price of our Common Stock on May 21, 2018 was $33.47.

(3) Mr. Menard was initially elected to the Board at the 2018 annual meeting of stockholders.

(4) Mr. Stich did not stand for re-election to the Board at the 2018 annual meeting of stockholders, and his tenure as a member of the Board expired on the date of the 2018 Annual Shareholder Meeting.

The following table shows the aggregate number of shares underlying outstanding RSUs and outstanding stock options held by non-employee directors as of December 31, 2018:

Name	RSUs (#)	Stock Options (#)
Raymond K.Y. Soong	53,750	—
C.H. Chen	36,750	—
Michael R. Giordano	10,750	—
Peter M. Menard	4,300	—
Christina Wen-Chi Sung	7,525	—
Michael K.C. Tsai	10,750	—

Since 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 amounts of RSUs, which vest in four equal annual installments commencing on the first anniversary of the date of grant, have historically been granted to each non-employee director on an annual basis, and were granted in 2018: Chairman of the Board: 21,500 shares; Vice Chairman: 14,700 shares; and all other directors: 4,300 shares. During 2019, the Board decreased the RSU grant amount and the following amounts of RSUs were granted, which vest in four equal annual installments commencing on the first anniversary of the date of grant: Chairman of the Board: 19,000 shares; Vice Chairman: 13,000 shares; and all other directors: 4,000 shares. The Board may in its discretion modify such director compensation arrangements in the future. For additional information see, "Certain Relationships and Related Person Transactions – Relationships and Transactions."

Compensation Committee Interlocks and Insider Participation

During 2018, the Compensation Committee consisted of three directors: Raymond K.Y. Soong (Chairman), Christina Wen-Chi Sung and Michael K.C. Tsai. During 2018, no executive officer of the Company served on the compensation committee (or equivalent) of the board of directors of another entity whose executive officer(s) served on the Company's Compensation Committee or Board.

CORPORATE POLICIES

Anti-Hedging Policy

The Company's insider trading policy prohibits all executive officers and directors of the Company from engaging in any hedging or monetization transactions involving the Company's securities, including zero cost collars, forward sale contracts, and trading in options, puts, calls, or other derivative instruments related to the Company's Common Stock. No executive officers or directors of the Company currently are parties to a hedge with respect to any shares of Common Stock of the Company.

Anti-Pledging Policy

The Company's insider trading policy prohibits executive officers and directors from pledging the Company's securities. Acquiring Company shares on margin also is prohibited. To the best of the Company's knowledge, no executive officer or director of the Company currently are party to a pledge of any shares of the Common Stock of the Company.

Stock Ownership Policy

Stock Ownership Policy for Directors. The Company's stock ownership policy provides that all non-employee directors are required to acquire (and thereafter throughout the term of appointment maintain ownership of) a minimum number of shares of Common Stock with a value equal to three times the annual retainer received by them as directors within five years of the later of (1) the adoption of this stock ownership policy, or (2) their respective appointment or initial election. All of the directors are currently or are expected to be in compliance with our stock ownership policy in accordance with the time frame requirements.

Stock Ownership Policy for Executive Officers. The Company's stock ownership policy provides that all individuals holding the positions with the Company listed below are required to acquire (and thereafter throughout the term of employment maintain ownership of) a minimum number of shares of Common Stock with a value equal to the multiple of such executive officer's annual base salary (excluding bonus) within five years of the later of (1) the adoption of this stock ownership policy, or (2) their respective appointment (other than a newly-appointed Chief

Executive Officer, who has seven years to comply), as follows:

Position	Multiple of Salary
Chief Executive Officer of the Company	Six times annual base salary (excluding bonus)
Senior Vice President or Vice President	Two times annual base salary (excluding bonus)

All of the executive officers are currently or are expected to be in compliance with our stock ownership policy in accordance to the time frame requirements.

For purposes of this stock ownership policy, stock ownership includes any shares owned by an executive officer or director or his or her immediate family members or held by him or her as part of a tax or estate plan in which the executive officer or director retains beneficial ownership. The value of shares held is calculated once per year, on the last business day of the fiscal year. For purposes of determining compliance with this stock ownership policy, “value” means an assumed per share value based on the closing price of Common Stock on the last business day of the fiscal year. An executive officer or director subject to this stock ownership policy is not required to acquire shares of Common Stock in accordance with this policy if acquisition at such time would result in a violation of the Company’s insider trading policy, in which event the executive officer or director is required to comply with this stock ownership policy as soon as reasonably feasible thereafter. A hardship exception is available at the discretion of the Compensation Committee, but no exceptions have been solicited or granted to date.

If any executive officer or director is determined to own less than the minimum number of shares of Common Stock, such executive officer or director shall have the two open periods after the two subsequent “Blackout Periods” to obtain the minimum number of shares of Common Stock. Blackout Period is (i) a period starting on the first day of the third month (March 1, June 1, September 1, December 1) in each calendar quarter and ending two business days after earnings for that calendar quarter have been publicly released (trading can begin on the third business day after announcement); and (ii) any other period of significant corporate activity designated from time to time by the Company.

Stock Retention Policy

In addition to the stock ownership policy described above, under which each executive officer or director must maintain a certain multiple of his or her annual base salary or annual retainer throughout the term of employment or appointment, each executive officer or director who acquires shares of our Common Stock through the exercise of a stock option is required to retain 33% of the “net” shares acquired (i.e., net of the tax impact of the stock option exercise) until the earlier to occur of the first anniversary of the date of exercise or the date the individual ceases to be an executive officer or director. This stock retention policy applies to all stock option grants awarded to executive officers or directors.

Clawback Policy

In the event the Company is required to restate any interim or annual financial statement filed with the SEC to correct an accounting error due to the material noncompliance of the Company, as a result of misconduct (as defined), with any financial reporting requirement under the federal securities laws, the Board, or any committee of independent directors (as defined in Nasdaq Rule 5605(a)(2)) appointed by the Board (“Independent Committee”), shall review each performance-based award (as defined) paid or granted to or exercised by each covered person (as defined) during the covered period (as defined).

If the Board or the Independent Committee shall determine, in its sole discretion, that (1) a covered person has committed misconduct and (2) the payment, grant, amount, value or vesting during the covered period of any performance-based award would have been different had it been determined, in whole or in part, based on the achievement of the financial results as subsequently restated, then the Board or such Independent Committee may take such actions as it deems appropriate, to recoup any portion of any such performance-based award that would not have been awarded to the covered person had the financial results been properly reported. The Company shall not take any action more than three years after the end of the covered period.

A copy of each such corporate policy is available on the Company’s website, www.diodes.com, in the “Investors – Corporate Governance” section.

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 and discussion 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)	72	President, Chief Executive Officer and Director
Richard D. White (2)	71	Secretary, Special Assistant to the Chief Executive Officer and former Chief Financial Officer
Brett R. Whitmire (2)	53	Chief Financial Officer
Julie Holland	57	Vice President, Corporate Operations
Francis Tang	64	Vice President, Worldwide Discrete Products
Emily Yang	50	Vice President, Worldwide Sales and Marketing
Evan Yu	58	Vice President, Worldwide Analog Products

(1) See "Proposal One - Election of Directors" for biographical information regarding Dr. Keh-Shew Lu.

(2) Mr. White retired as the Company's Chief Financial Officer effective March 1, 2019, and was replaced by Mr. Whitmire. Mr. White remains with the Company as Secretary and Special Assistant to the Chief Executive Officer. Effective March 1, 2019, Mr. White no longer serves as an executive officer.

Brett R. Whitmire Chief Financial Officer

Mr. Whitmire was appointed the Company's Chief Financial Officer in 2019. From 2014 to 2019, he served as the Company's Corporate Controller and Principal Accounting Officer. Mr. Whitmire has 30 years of industry experience, including 20 years at Texas Instruments, where he served in a variety of finance and operations leadership positions, including seven years as Vice President, while serving as the finance and operations executive for the High-Volume Analog and Logic Division and the head of corporate supply chain. In addition, Mr. Whitmire worked at Freescale Semiconductor as CFO for the Analog and Sensors Division, as well as previously led the global supply chain organization for Diodes. He earned both his Bachelor's degree in Mechanical Engineering and an MBA from The University of Texas at Austin.

Julie Holland Vice President, Corporate Operations

Ms. Holland joined the Company in 2008 and in January 2018 moved from her position as Vice President, Worldwide Analog Products to Vice President, Corporate Operations. She previously spent over 20 years at TI where she held several key management roles, last serving as director and general manager of the Connectivity Solutions business unit prior to her departure in 2007. Her responsibilities included leading business and technical teams in the United States, Asia and Japan in the development, production and marketing of multiple analog and interface product lines. Prior to joining the Connectivity Solutions business unit, Ms. Holland served at TI as Director, Worldwide Bus Solutions from 2000 to 2001 and as Director, Computer Peripheral and Control Products from 1997 to 1999. She earned her Bachelor's degree in Physics and Mathematics at Northwestern University and her 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.

Francis Tang Vice President, Worldwide Discrete Products

Mr. Tang was appointed to his current position in 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.

Emily Yang Vice President, Worldwide Sales and Marketing

Ms. Yang was appointed Vice President, Worldwide Sales and Marketing in December 2017. She has been with the Company since the acquisition of Pericom Semiconductor Corporation in November 2015, where she was Vice President of Global Sales. Prior to that, she held a number of sales management positions with Pericom since 1998, including: Contract Manufacturing Sales Director, Western Regional Sales Director, and Strategic Account Sales Director covering Asia, North America, and Europe. Ms. Yang holds a Bachelor's degree in Economics from the University of Toronto.

Evan Yu Vice President, Worldwide Analog Products

Mr. Yu joined the Company in 2008. Prior to being named Vice President, Worldwide Analog Products, Mr. Yu served as Diodes' Asia President. Prior to joining Diodes, he was the CEO of Commit Inc., a China TDSCDMA standard 3/4G chip set start-up company from 2003 to 2008. Prior to Commit Inc., Mr. Yu worked at TI for 15 years, where he held several key management roles, including as Asia Vice President of ASP (Application Specific Product and Digital Signal Product) before his departure in 2001. Mr. Yu's billion-dollar business responsibilities included leading several business development, marketing and technical units of wireless communication, ASIC, DSP, broadband, and digital still camera business units under his Asia ASP leadership. He studied electrical engineering at Kaoshung Institute of Technology (KIT) and earned his Bachelor's degree in Electrical Engineering at Tam Kang University in Taiwan.

REPORT OF THE AUDIT COMMITTEE

The Report of the Audit Committee of the Board does not constitute soliciting material and 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), Peter M. Menard and Christina Wen-Chi Sung. Each member of the Audit Committee meets the independence and experience requirements of Nasdaq 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 evaluating the effectiveness of 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 2018; 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 of the Public Company Accounting Oversight Board 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 and the effectiveness of the Company’s internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee:

- discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301 (“Communications with Audit Committees”);
- 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 ("Communications with Audit Committees Concerning Independence"), and reviewed; and

- reviewed and discussed with management, the internal auditor, and the independent registered public accounting firm management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's opinion about the effectiveness of the Company's internal control over financial reporting.

The Audit Committee operates under a written charter, which was adopted by the Board and is assessed annually for adequacy by the Audit Committee. The Audit Committee held seven (7) meetings during fiscal 2018, and took action by written consent on two (2) 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 the generally accepted auditing standards of the Public Company Accounting Oversight Board (United States) 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, 2018 for filing with the SEC. 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, 2019.

Dated: March 26, 2019 THE AUDIT COMMITTEE
Michael R. Giordano, Chairman
Peter M. Menard
Christina Wen-Chi Sung

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, and all members of the finance department 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 on the Company's website within four business days following the date of such amendment or waiver.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Policy Regarding Related Person Transactions

The Audit Committee has adopted a written policy (the "Policy") to review any transaction in which the Company was, or is to be, a participant and in which any director, executive officer, 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 (a "related person transaction". 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");

- 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.

From time to time, the Audit Committee also will review any transaction it deems significant to the Company, including, but not limited to, transactions with Keylink International (B.V.I.) Inc. and its subsidiaries and affiliates ("Keylink"), and Chengdu Ya Guang Electronic Co., Ltd. and its subsidiaries and affiliates ("Ya Guang"). Keylink is the Company's 5% joint venture partner in the Company's Shanghai, China manufacturing facilities, and Ya Guang is the Company's 5% and 2% joint venture partner in the Company's Chengdu, China manufacturing facilities.

Relationships and Transactions

The Audit Committee reviews all related person 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 person transactions are on terms no less favorable to us than could be obtained from unaffiliated third parties.

We conduct business with a related party company, LSC. LSC is our largest stockholder, owning approximately 15.3% of the Company's outstanding Common Stock as of the Record Date and is a member of the Lite-On Group of companies. Raymond K.Y. Soong, our Chairman of the Board, is the Chairman of LSC, Co-Tech Development Corporation, LTC and Silitech. In addition, C.H. Chen, our former President and Chief Executive Officer and our current Vice Chairman of the Board, is also Vice Chairman of LSC and is a board member of Co-Tech Development Corporation and LTC, a significant shareholder of LSC, each of which is a member or an affiliate of the Lite-On Group. Dr. Keh-Shew Lu, our President and Chief Executive Officer and a member of our Board, is a board member of LTC and Nuvoton. Several of our directors and executive officers may own LSC common stock and/or hold options to purchase LSC common stock. The Company considers its relationship with LSC to be mutually beneficial, and the Company plans to continue its strategic alliance with LSC.

In 2018, 2017 and 2016, LSC, our largest stockholder, accounted for less than 3% of our silicon wafer supply and our finished goods supply.

We sell products to, and purchase inventory from, companies owned by Keylink. We sold products to companies owned by Keylink, totaling approximately 1% of net sales for each of the years ended December 31, 2018, 2017 and 2016. In addition, our subsidiaries in China lease their manufacturing facilities in Shanghai from, and subcontract a portion of our manufacturing process (metal plating and environmental services) to, Keylink. We also pay a consulting fee to Keylink. The aggregate amounts paid to Keylink for the years ended December 31, 2018, 2017 and 2016 were approximately $16.6 million, $17.1 million and $16.1 million, respectively.

We purchased silicon wafers from Nuvoton that we use in the production of finished goods, totaling $11.2 million and $11.4 million, respectively, for the years ended December 31, 2018 and 2017. See "Risk Factors – One of our external suppliers is also a related party. The loss of this supplier could harm our business, operating results and financial condition." in Part I, Item 1A, and Note 14 - "Related Party Transactions," to the Company's Annual Report on Form 10-K filed with the SEC on February 21, 2019 for additional information.

Notwithstanding such relationships and transactions, the Board determined that each of Messrs. Soong and Chen is independent under the rules of Nasdaq and the SEC at the relevant times.

Mr. Kevin Chou, the son-in-law of Dr. Keh-Shew Lu, the Company's President, Chief Executive Officer and a member of the Board, is employed by the Company as Corporate Controller. He has been an employee since 2009. For 2018, Mr. Chou's total cash compensation was approximately $191,585, and his total equity compensation was 1,500 RSUs, which vest in four equal annual installments.

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, 2018, the following Section 16(a) filings were not made timely; one Form 4 for Mr. C.H. Chen representing one transaction; one Form 3 and three Form 4s for Ms. Emily Yang representing four transactions; two Form 4s for Mr. Evan Yu representing three transactions; two Form 4s for Mr. Francis Tang representing four transactions; one Form 4 for Ms. Julie Holland, representing two transactions; two Form 4s for Dr. Keh-Shew Lu representing three transactions; and one Form 4 for Mr. Richard White, representing two transactions.

PROPOSAL TWO

APPROVAL OF EXECUTIVE COMPENSATION

At the Meeting, the stockholders are being asked to approve the compensation of the NEOs as disclosed below pursuant to the compensation disclosure rules of the SEC, including the information in “Compensation Discussion and Analysis” and in the Summary Compensation Table and other related tables and narrative disclosure below in “Executive Compensation.”

At the Company’s 2017 annual meeting of the stockholders, the Company’s stockholders voted in favor of providing stockholders an advisory vote on the approval of the compensation of the Company’s NEOs on an annual basis.

As discussed below, our executive compensation programs are designed to attract, retain and motivate executives who are critical to our long-term growth and profitability. Under these programs, our executives are incentivized to achieve Company performance goals and individual objectives established by the Compensation Committee, without encouraging undue or unreasonable risk-taking.

The Compensation Committee reviews our executive compensation programs annually to ensure they align executive compensation with the interests of our stockholders and current market practices. See “Compensation Discussion and Analysis” and “Executive Compensation” for information about our executive compensation programs, including information about the fiscal 2018 compensation of the NEOs.

This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on the compensation of our NEOs. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the executive compensation philosophy and decisions described in “Compensation Discussion and Analysis” and “Executive Compensation.”

Approval of the compensation paid to the NEOs, as disclosed below pursuant to the compensation disclosure rules of the SEC, requires the affirmative vote of the holders of a majority of the outstanding shares of the Common Stock present, in person or by proxy, and entitled to vote on the proposal at the Meeting.

This vote is advisory and is not binding on the Company, the Board or the Compensation Committee. However, the Board and the Compensation Committee value the opinions of our stockholders and will review the result of the vote and take it into consideration when making future decisions regarding executive compensation.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NEOS AS DISCLOSED IN “COMPENSATION DISCUSSION AND ANALYSIS” AND “EXECUTIVE COMPENSATION.”

COMPENSATION DISCUSSION AND ANALYSIS

INTRODUCTION

This Compensation Discussion and Analysis ("CD&A") explains the design and operation of the Company's compensation program for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers (collectively, our "NEOs").

Our NEOs for fiscal 2018 were:

Name	Position with the Company
Dr. Keh-Shew Lu	President and Chief Executive Officer ("CEO") and a member of the Board
Richard D. White (1)	Secretary, Special Assistant to the Chief Executive Officer and former Chief Financial Officer
Julie Holland	Vice President, Corporate Operations
Francis Tang	Vice President, Worldwide Discrete Products
Emily Yang	Vice President, Worldwide Sales and Marketing

(1) Mr. White retired as the Company's Chief Financial Officer effective March 1, 2019, and was replaced by Mr. Whitmire. Mr. White remains with the Company as Secretary and Special Assistant to the Chief Executive Officer. Effective March 1, 2019, Mr. White no longer serves as an executive officer.

EXECUTIVE SUMMARY

"Say-on-Pay" Vote Summary

At our 2018 annual meeting of stockholders, our stockholders approved, by a vote of approximately 98% of the shares present in person or by proxy and entitled to vote on the proposal (not counting abstentions and broker non-votes), the compensation paid to our NEOs as presented in the proxy statement for the 2018 annual meeting of stockholders. In light of this favorable "say on pay" vote and our ongoing shareholder engagement, the Compensation Committee did not materially adjust the Company's compensation program for 2019.

We regularly engage with our shareholders to understand their perspectives on our Company, including our strategies, performance, governance, and executive compensation. This ongoing dialogue has helped inform the Board's decision-making and ensure our interests remain well-aligned with those of our shareholders.

The Company has a record of adopting provisions or modifying practices to reflect shareholder input. Examples include the Company's majority vote policy which was strengthened and documented at the request of our shareholders, as well as the 2017 redesign of our executive compensation program described below.

Redesign of Our 2017 Executive Compensation Program

Our stockholders' approval of the "say-on-pay" vote in 2018 and 2017 was at approximately 98%, following a 39% favorable vote in 2016. We attribute the increase in favorable support to changes we made to our compensation practices after discussions with our stockholders, proxy advisory firms and Pearl Meyer & Partners, LLC ("Pearl Meyer"), a leading compensation consulting firm. Based upon such discussions, we took the following actions, in 2017, to implement a best-in-class executive compensation program for the Company:

•Replaced the 700,000 performance restricted share awards ("PRSAs") granted to Dr. Lu in 2015 (the "2015 Awards") with 62,905 performance stock units (the "Modified Awards") subject to more stringent vesting and performance criteria than the 2015 Awards they replaced.

- Implemented new annual bonus and long-term incentive ("LTI") plans that use the same approach to granting awards for the CEO, all other NEOs and other executive officers.
- Restructured our annual bonus plan to determine actual payouts using a formula based on financial metrics (80% for 2017 and 2018) and specific strategic targets (20% for 2017 and 2018).
- Designed LTI plan awards to vest based upon actual results over a three-year, cumulative performance period relative to pre-established threshold, target and maximum performance levels.
- Aligned the LTI plan equity mix with market practice by ensuring at least half (50%) of long-term incentives are performance-based.

2018 Business Summary

We accomplished many important financial, strategic and operational objectives in fiscal 2018, including:

- Net sales for fiscal 2018 was a record $1.2 billion, an increase of 15.2% from the $1.05 billion in fiscal 2017.
- Gross profit for fiscal 2018 was a record $435.3 million, an increase of 22.0% from the $356.8 million in fiscal 2017.
- Gross profit margin for fiscal 2018 increased to 35.9% from 33.8% for fiscal 2017.
- Income from operations for fiscal 2018 increased to $154.5 million, or 12.7% of net sales, from $79.4 million, or 7.5% of net sales, for fiscal 2017.
- Net income for fiscal 2018 was a record $104.0 million, or $2.04 per diluted share compared to a loss for fiscal 2017 of $1.8 million, or $0.04 per diluted share. The loss in 2017 was negatively impacted by the Tax Cuts and Jobs Act. Non-GAAP earnings per share, our bonus financial measure, was $2.38 for fiscal 2018, compared to $1.37 in 2017. (See the table below for a reconciliation between GAAP earnings per share and non-GAAP earnings per share.)
- Achieved $185.6 million of cash flow from operations, and $98.1 million of free cash flow, including $87.5 million of capital expenditures. Net cash flow was a positive $36.6 million, which includes the pay down of $56.8 million of long-term debt.
- As of December 31, 2018, the Company had approximately $248.6 million in cash, cash equivalents and short-term investments, long-term debt (including the current portion) totaled approximately $213.8 million, and working capital was approximately $480.8 million.

The following table provides additional information concerning our performance in fiscal 2018 compared to fiscal 2017.

Description (in thousands, except per share amounts)	2018	2017
Net sales	$1,214.0	$1,054.2
Gross profit	435.3	356.8
Income from operations	154.5	79.4
Diluted net income (loss) per share	2.04	(0.04)
Stock price at fiscal year end	32.26	28.67
Adjusted earnings per share common stockholders - (non-GAAP)	2.38	1.37

CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME
(unaudited)
(in thousands, except per share data)

	For the 12 Months Ended December 31,	
	2018	2017
GAAP net (loss) income - common stockholders	$104,021	$(1,805)
GAAP (loss) earnings per share - common stockholders		
Diluted	$2.04	$(0.04)
Adjustments to reconcile net (loss) income - common stockholders to adjusted net income - common stockholders, net of tax:		
Amortization of acquisition-related intangible assets	15,032	15,201
Officer retirement	2,014	—
Restructuring costs	194	6,589
Impact of Tax Cuts and Jobs Act	—	45,908
Shut-down related costs	—	1,769
Impairment of long-lived assets	—	1,214
Retention costs	—	229
Loss on sale of assets	—	16
Adjusted net income - common stockholders (Non-GAAP) (1)	$121,261	$69,121
Diluted shares used in computing earnings per share	50,935	50,340
Adjusted earnings per share - common stockholders (Non-GAAP)		
Diluted (1)	$2.38	$1.37

(1) See Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on February 13, 2019 for a description of the adjustments used to calculated Adjusted net income – common stockholders (non-GAAP) and Adjusted earnings per share – common stockholders (non-GAAP) Diluted, in the table above.

OVERVIEW OF COMPENSATION PROGRAM

Compensation Philosophy

Our executive compensation program is designed to attract, retain and motivate experienced executives to achieve sustainable profitable growth and generate positive cash flow. Our compensation philosophy is driven by the following guiding principles:

Best-Practice Compensation Governance Features

Our executive compensation program is based upon best-practices.

What We Do	What We Don't Do
Place heavy emphasis on performance-based variable compensation. Generally the Company sets performance objectives for annual bonuses and long-term equity incentives higher over-over-year to establish challenging goals and thereby align the interests of our executives with the interests of our shareholders.	Allow option backdating, cash out of underwater options or option repricing
Emphasize long-term equity awards in executive pay mix	Gross up excise taxes upon a change in control
Apply stock ownership guidelines to align executives' interests with stockholders' interests	Permit hedging or pledging of Company stock, or short sales and transactions in derivatives
Neutralize the impact of dilution from employee equity grants with a share repurchase program	Provide perquisites to NEOs that are not available to other senior management generally
Include a clawback provision in our incentive plans	Offer enhanced retirement formulas or death benefits
Conduct an annual risk assessment	Provide automatic acceleration of equity awards upon retirement
Engage an independent compensation consultant periodically to ensure alignment with market executive compensation	Provide automatic "single trigger" acceleration of equity or other benefits in the event of a change in control
Have a "double-trigger" equity vesting upon a change in control	Pay dividend equivalents on unearned restricted shares or stock units
Conduct an annual stockholder say-on-pay vote	

Components of Compensation

The principal elements of our executive compensation program for 2017, 2018 and 2019 are summarized in the table below:

Element	Form	What It Does	How It Links to Performance
Base Salary	Cash (Fixed)	Provides a competitive rate relative to similar positions in the market, and enables the Company to attract and retain critical executive talent	• Based on job scope, level of responsibilities, experience, tenure and market levels
Annual (Bonus) Incentive Plan	Cash (Variable)	Focuses executives on achieving annual financial and strategic goals that drive long-term stockholder value	• Payouts: 0% to 200% of target, based on results against pre-established goals • Financial Metrics: 70% of bonus for 2017; 80% of bonus for 2018 and 2019 Earnings per share ("EPS") and Net sales •

			Individual Goals: 30% of bonus for 2017; 20% of bonus for 2018 and 2019 Tied to specific strategic objectives
Long-Term Incentive (LTI) Plan	Equity (Variable)	Provides incentives for executives to execute on longer-term financial and strategic growth goals that drive long-term stockholder value and support the Company’s retention strategy	• 50% of the LTI award is performance-based and 50% vests ratably over a four-year period • Performance-based awards can pay out between 0% and 200% of target, based on actual performance compared to pre-established, three-year financial performance targets, subject to a four-year time-based vesting requirement

Factors Considered in Making Compensation Decisions

Our compensation strategy is flexible and enables us to appropriately differentiate and reward executives by taking into account:

- Company financial and operational performance;

- The executive's individual performance, experience and qualifications;

- The scope of the executive's role;

- The level of total compensation for our other executives; and

- Competitive market data, which helps us evaluate how our executive pay levels compare to others in our industry and within the market in which we compete for talent.

For additional information regarding elements of compensation, please refer to the graphs below in the section entitled “Principal Components of Compensation."

PAY FOR PERFORMANCE

The chart below illustrates the relative degree of alignment between the total shareholder return ("TSR," defined as stock price appreciation plus dividends) and the CEO's average annualized performance-adjusted compensation ("PAC," defined as salary, actual bonus and the performance-adjusted value of long-term incentives) for the Company and its Peer Group for the most recent three years available. For further information concerning the Peer Group, see “Compensation Review Process – Selection of Peer Group.”

The table below illustrates the change in Dr. Lu's total direct compensation for 2016, 2017 and 2018:

CEO's Total Direct Compensation

	2016	2017	2018	2018 vs. 2016
Base Salary	$633,792	$657,418	$689,320	9%
Bonus	$635,000	$1,483,954	$1,686,265	166%
RSU's				
Number of shares	110,000	62,905	63,000	-43%
Value/share	$19.24	$26.26	$29.27	52%
Value	$2,116,400	$1,651,885	$1,844,010	-13%
PSU's				
Number of shares	—	62,905 (1)	63,000	N/A
Value/share	—	$26.26	$29.27	N/A
Value	—	$1,651,885	$1,844,010	N/A
Stock Options				
Number of shares	—	—	—	—
Value/share	—	—	—	—
Value	—	—	—	—
Total Long-Term Incentive	$2,116,400	$3,303,770	$3,688,020	74%
Total Compensation	$3,385,192	$5,445,142	$6,063,605	79%
Change from previous year	-13%	61%	11%	N/A

(1) In February 2017, the 700,000 performance restricted share awards ("PRSAs") which Dr. Lu was entitled to receive between 2015 and 2018 pursuant to his employment agreement (the "2015 Awards") were modified and replaced with 62,905 performance stock units (the "Modified Awards"). The Modified Awards cover fewer shares and have more stringent vesting and performance criteria than the 2015 Awards they replaced. The Modified Awards replace the 2015 Awards and, therefore are intended to be Dr. Lu's annual equity incentive award grant for 2015. See "Executive Compensation - Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table – CEO Employment Agreement - 2017 Amendment."

Our CEO's total direct compensation for 2016, 2017 and 2018, as modified for replacement of the 2015 Awards by the Modified Awards, changed by (13%), 61% and 11%, respectively, compared to the prior year. Total shareholder return for 2016, 2017 and 2018 was 11.7%, 11.7% and 12.5%, respectively.

Pearl Meyer compared our 2016 executive compensation to the executive compensation of our Peer Group and determined that our 2016 executive compensation was positioned in the 15th percentile overall in terms of total direct compensation. The relative pay rank for our CEO, other NEOs and other executives by type of compensation is detailed in the following chart:

	Pay Rank			
Component of Pay (2016)	CEO	Other NEOs	Other Executives	Overall
Base salary	32nd	35th	48th	38th
Cash compensation (base salary + actual bonus paid)	32nd	22nd	46th	30th
Long-term incentives ("LTI")	12th(1)	11th	22nd	14th
Total direct compensation (cash compensation + LTI)	<10th	<10th	29th	15th

Because the relative pay rank of each of our NEO's 2016 total direct compensation, both overall and by component of pay, was less than the median of our Peer Group, the Compensation Committee did not obtain an executive compensation survey of our 2018 executive compensation. See "Compensation Review Process – The Role of the Independent Consultant."

PRINCIPAL COMPONENTS OF COMPENSATION

2018 Pay Mix

The Compensation Committee set 2018 base salary and target bonus and LTI award levels to align NEOs' total direct compensation with the 50th percentile of the market, based on a survey of our 2016 executive compensation prepared by Pearl Meyer. The charts below illustrate the relative composition of 2018 total direct compensation for our CEO and our other NEOs.

Base Salaries

We provide each of our NEOs with a competitive fixed annual base salary. The base salaries for our NEOs are reviewed annually by the Compensation Committee by taking into account 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 Compensation Committee does not assign any particular formula or weight to the foregoing factors.

Consistent with our compensation philosophy, base salaries represent a fixed portion of total compensation and may generally be at or lower than the median base salaries paid to officers with comparable duties by other companies of similar size in the semiconductor industry.

The following table shows each NEO's annualized base salary for 2016 to 2018 and the percentage change in each NEOs' annualized base salary from the prior year. The average increase in the NEOs' base salaries from 2016 to 2018 was approximately 8%, which was consistent with Company-wide salary increases and reflects the Company's record net sales, gross profit and profit margin.

Annualized Base Salary

	2016 Base Salary		2017 Base Salary		2018 Base Salary	
Name	($)	% change	($)	(%) Change	($)	(%) Change
Keh-Shew Lu	641,500	3%	660,750	3%	693,750	5%
Richard D. White	389,500	3%	401,200	3%	421,200	5%
Julie Holland (1)	N/A	N/A	297,150	N/A	312,150	5%
Francis Tang	344,000	3%	354,300	3%	372,000	5%
Emily Yang (2)	N/A	N/A	N/A	N/A	280,000	N/A

(1) Ms. Holland became an NEO in 2017.

(2) Ms. Yang became an NEO in 2018.

In early 2019, the Compensation Committee increased the base salaries of the NEOs as follows: Keh-Shew Lu, Richard D. White, Francis Tang, Julie Holland, and Emily Yang to $728,250, $421,200, $390,500, $390,500, and $294,000 respectively, an average increase of approximately 5%, in light of the record net sales, gross profit and net income realized by the Company in fiscal 2018.

Annual (Bonus) Incentive Plan

Annual incentives reward both the achievement of short-term financial goals, as well as the execution of activities to advance our strategic priorities, which support near-term financial performance and long-term strategic objectives. Our annual bonus plan for 2017 and 2018 was simple, formulaic and responsive to investor feedback:

This table illustrates the structure of the plan for 2017 and 2018. In 2018 the financial metric weighting was improved from 70% non-GAAP earnings per share and 30% net sales to 80% non-GAAP earnings per share and 20% net sales. The Compensation Committee made this change to emphasize profitability.

Annual Incentives – Plan Structure (2018)		
Weighting	Performance Objectives	Metrics
80%	Financial Metrics	Non-GAAP Earnings Per Share (EPS) and Net Sales
20%	Strategic Priorities	Examples of strategic initiatives include, but are not limited to: • Improve product quality • Increase market share • Develop new products • Increase % of sales from automotive industry

Both the financial metrics and the strategic priorities are set at the beginning of the year and on an absolute basis. The schedule below sets forth the annual incentives to be paid as a percentage of target. Performance below or above target will result in an award ranging from 0% to a maximum of 200% of target.

The Compensation Committee chose to use EPS and net sales as the primary measures for 2017 and 2018 to keep our NEOs focused on profitability and profitable growth. The Compensation Committee determined these measures to be appropriate since they are measures used by our peers in evaluating performance and are commonly used by stakeholders in the evaluation of company performance. Achieving goals in both of these areas is critical to driving short-term results that have long-term impact on value creation. The strategic initiatives will be evaluated based upon demonstrated performance against the specific pre-determined targets.

Annual Incentives – Financial Performance & Payout Ranges	
Performance Level	Range of Payout*
Below 80% of Target	0% payout
From 80% to 100% of Target	50% to 100% payout
From 100% to 120% of Target	100% to 200% payout
Above 120% of Target	200% payout (capped)

*Performance between 80% and 100% of target and 100% and

120% of target is interpolated between the end points identified above.

The following table sets forth the performance targets established by the Compensation Committee and the results achieved by the Company for fiscal 2017 and fiscal 2018:

	2017			2018			
Objective	Weighting	Target	Actual	Weighting	Target	Actual	Performance vs. Target
Financial objectives(80% of award)							
Net sales (thousands)	30%	$1,000.0	$1,054.2	20%	$1,090.0	$1,214.0	Exceeded
Non-GAAP diluted earnings per share	70%	$0.94	$1.37	80%	$1.53	$2.38	Exceeded
Strategic objectives(20% of award)							
Improve product quality							Achieved (1)
Increase market share							Achieved (2)
Develop new products							Achieved (3)
Increase % of net sales from automotive industry							Achieved (4)

(1) The Company has received fewer quality complaints from customers;

(2) The Company has increased market share;

(3) The Company continues to develop successful new products; and,

(4) Automotive net sales increased to 9% in 2018 from 8% in 2017.

The following payout percentages, as a percent of target opportunity, were calculated based upon the weight of each performance objective and the results set forth above:

Performance Objective	% Attained to Target	% Payout to Target	Weight
Financial objectives			
Net sales	111	157	16%
Non-GAAP diluted earnings per share	156	200	64%
Strategic objectives	197	197	20%

Based upon the Company's 2018 performance, our NEOs received the following bonuses:

Name	Target Bonus as Percentage of Salary	Actual Payout as % of Target	Actual Payout as % of Salary	2018 Bonus
Dr. Keh-Shew Lu	125%	193%	241%	$1,659,582
Richard D. White	70%	193%	135%	564,250
Julie Holland (1)	70%	206%	145%	448,164
Francis Tang	70%	193%	135%	498,341
Emily Yang	70%	193%	135%	375,095

(1) Ms. Holland's bonus was above the 200% max due to her new responsibilities, as Vice President, Corporate Operations.

For fiscal 2017, 2018 and 2019, each financial objective (i.e., net sales and non-GAAP diluted earnings per share) was substantially increased over the corresponding objective for the prior year to ensure that the performance targets establish challenging goals and thereby align the interests of our executives with the interests of our shareholders.

The following table shows each NEO's maximum executive bonuses for 2016, 2017 and 2018 and the percentage change from the prior year:

	2016		2017		2018	
Name	$[(1)]	Change (%)	$[(1)]	Change (%)	$[(1)]	Change (%)
Dr. Keh-Shew Lu	635,000	38%	1,471,247	132%	1,659,582	13%
Richard D. White	213,500	38%	500,262	134%	564,250	13%
Julie Holland	N/A	N/A	370,521	N/A	448,164	21%
Francis Tang	180,000	38%	441,782	145%	498,341	13%
Emily Yang	N/A	N/A	N/A	N/A	375,095	N/A

(1) Bonus amounts in 2016 consisted of a performance-based bonus and a discretionary bonus. In 2017, the Compensation Committee redesigned our executive bonus plan to determine actual payouts using a formula based on financial metrics (80% for 2017 and 2018) and specific strategic targets (20% for 2017 and 2018).

This executive bonus plan is operated pursuant to the 2013 Plan which permits the grant of cash awards. See "Executive Compensation – Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table – 2013 Equity Incentive Plan." The executive bonus formula used performance criteria approved by our stockholders.

In early 2019, the Compensation Committee reviewed the design of our annual incentive plan for 2019. No changes were made to the target awards as a percentage of base salary, the financial objectives, the strategic objectives, or the relative weight of the financial objectives as compared to the strategic objectives. The weighting of the non-GAAP diluted earnings per share financial metric remained at 80% to emphasize profitability and the weighting of net sales remained at 20%. The Compensation Committee feels these measures reflect the Company's goal of achieving a 40% gross margin. Due to the sensitivity of earnings per share and net sales forecasts and the correlation of earnings per share to our stock price, the 2019 targets are not being disclosed at this time. However, the targets will be disclosed at the end of the performance period along with the achievement levels against such targets.

In 2017 and 2018 each employee of the Company, including NEOs, received one-week of pay and two-weeks of pay, respectively to celebrate the successful financial performance of the Company. For the NEOs, these amounts are shown in column (d) of the Summary Compensation Table.

Long-Term Incentive (LTI) Plan

Under the Company's 2013 Plan, the Company may grant any type of equity award whose value is derived from the value of the Common Stock of the Company, including, but not limited to, shares of Common Stock, stock options, stock appreciation rights ("SARs"), restricted stock units ("RSUs"), performance stock units ("PSUs") and restricted stock. Equity awards encourage our NEOs to execute on longer-term financial goals that drive stockholder value creation and support our retention strategy.

In February 2018, the Committee granted long-term incentive ("LTI") awards to certain executive officers. Each LTI award consisted of (1) restricted stock units ("RSUs") which vest over four years and (2) performance stock units ("PSUs") which contain a time-based vesting requirement of four years and a performance-based vesting condition under which the PSUs will vest upon the Company achieving a cumulative 3-year non-GAAP operating income target for 2018-2020 of $360.8 million.

In February 2019, the Compensation Committee reviewed the design of our LTI plan for 2019. No changes were made to the structure of the plan compared to 2018, except for an increase to the 3-year non-GAAP operating income target for 2019-2021.

For fiscal 2017, 2018 and 2019, the cumulative 3-year non-GAAP operating income target was substantially increased over the corresponding objective for the prior year to ensure that the performance targets establish challenging goals and thereby align the interests of our executives with the interests of our shareholders.

The following chart illustrates the structure of the plan for 2017, 2018 and 2019. The structure of the LTI awards is the same for the CEO and all other NEOs.

LTI Plan Structure		
Weighting	Equity Vehicles	Metrics
50%	Performance-Based Stock Units: Vest according to actual performance compared to pre-established, three year absolute financial performance targets, subject to an additional four-year time-based vesting requirement.	For the 2018 2020 award cycle, the Compensation Committee chose a non-GAAP operating income target of $360.8 million, and increased this target for 2019-2021.
50%	Time-Based Restricted Stock Units: Vest ratably over a four year period (i.e., 25% on each anniversary of the award)	N/A

The actual amount of performance-based awards that are earned and vest will be driven by the achievement of the performance metrics at the end of the three-year performance period relative to our three-year absolute performance goals:

LTI Awards Financial Performance & Payout Ranges	
Performance Level	Range of Payout*
Below 80% of Target	0% payout
From 80% to 100% of Target	50% to 100% payout
From 100% to 120% of Target	100% to 200% payout
Above 120% of Target	200% payout (capped)

*Performance between 80% and 100% of target and between 100% and

120% of target is interpolated between the end points identified above.

The following table sets forth the number of shares subject to RSUs and PSUs granted to each NEO in 2017, 2018 and 2019, the grant date fair value of such awards, and the percentage change in such shares and such value from the prior year:

		2017			2018			2019		
Name	Shares/Value	RSUs	PSUs	Change % (1)	RSUs	PSUs	Change % (1)	RSUs	PSUs	Change % (1)
Dr. Keh-Shew Lu	#	62,905	62,905	(2) 14.4	63,000	63,000	—	59,000	59,000	—
	$	1,651,885	1,651,885	56.1	1,844,010	1,844,010	12%	2,421,360	2,421,360	31%
Richard D. White	#	19,861	19,861	52.8	20,000	20,000	—	—	—	N/A
	$	521,550	521,550	108.5	585,400	585,400	12%	—	—	N/A
Julie Holland	#	N/A	N/A	N/A	13,000	13,000	N/A	17,000	17,000	31%
	$	N/A	N/A	N/A	380,510	380,510	N/A	697,680	697,680	83%
Francis Tang	#	18,214	18,214	203.6	18,000	18,000	—	17,000	17,000	—
	$	478,300	478,300	314.3	526,860	526,860	10%	697,680	697,680	32%

Emily Yang	#	N/A	N/A	N/A	10,000	10,000	N/A	13,000	13,000	30%
	$	N/A	N/A	N/A	292,700	292,700	N/A	533,520	533,520	82%

(1) Represents the combined number of shares subject to RSUs and PSUs for the given year and the combined grant date values of such RSUs and PSUs, compared to the combined number of shares subject to awards and the combined grant date values of such awards for the prior year.

(2) In February 2017, the 700,000 performance restricted share awards ("PRSAs") which Dr. Lu was entitled to receive between 2015 and 2018 pursuant to his employment agreement (the "2015 Awards") were modified and replaced with 62,905 performance stock units (the "”Modified Awards"). The Modified Awards cover fewer shares and have more stringent vesting and performance criteria than the 2015 Awards they replaced. The Modified Awards replace the 2015 Awards and, therefore are intended to be Dr. Lu's annual equity incentive award grant for 2015. See "Executive Compensation - Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table – CEO Employment Agreement - 2017 Amendment."

The Compensation Committee believes that both performance-based and time-based awards are appropriate equity vehicles for a portion of long-term incentive compensation for the Company's executive officers because both such awards align executive officers' interests with the interests of stockholders by focusing executive officers on long-term Company performance. The value of these awards increases if the Company's stock price increases, and the value of these awards decreases if the stock price declines. Time-based awards also serve to retain executive officers because they provide executive officers some economic value (if time-based vesting requirements are met) regardless of stock price changes. Performance-based awards encourage NEOs to achieve the specific pre-determined performance objectives selected by the Compensation Committee.

The Compensation Committee's policy is to grant equity awards annually in recognition of each executive officer's current and potential contributions to the Company. To encourage retention, all awards are subject to a four-year time-based vesting requirement in addition to any performance-based vesting requirement.

In determining equity awards in 2017, 2018 and 2019, the Compensation Committee first reviewed the NEOs' equity awards in light of the executive compensation philosophy that the total compensation (i.e., the aggregate of all cash and equity awards) of the NEOs and all other executive officers should be competitive at the median (50th percentile) with the total compensation paid to executive officers with comparable duties paid by similarly sized companies in the semiconductor industry. The Compensation Committee noted that in 2018, the Company achieved its 28th consecutive year of profitability, set a record in net sales and that the Company continued to grow net sales from the $1.0 billion in net sales achieved in 2017 to $1.2 billion in 2018.

The Compensation Committee then reviewed each NEO's personal performance and contribution to the Company, his or her total compensation in relation to the total compensation paid to executive officers with comparable duties paid by similarly sized companies in the semiconductor industry, the allocation between cash and non-cash components of his compensation, and the size, term and value of the awards made in prior years. The Compensation Committee believes that each NEO made meaningful contributions in each area of his or her responsibilities to the growth and profitability of the Company. The Compensation Committee believes that it has appropriately valued the cash awards and equity awards granted in 2017, 2018 and 2019 consistent with the Company's compensation objectives and philosophy.

COMPENSATION REVIEW PROCESS

When making individual compensation decisions for NEOs, the Compensation Committee takes many factors into account, including the performance of the Company as a whole, the current market conditions, the executive officer's experience, responsibilities, management abilities and job performance, and pay levels for similar positions at comparable companies. The Compensation Committee does not assign any particular formula or weight to the foregoing factors.

The Role of the Compensation Committee The Compensation Committee determines the compensation for the executive officers, including the NEOs. The Compensation Committee meets in an executive session at the beginning of each fiscal year to:

- Evaluate the performance of the NEOs and all other executive officers during the prior fiscal year;
- Determine their final annual bonuses, if any, for the prior fiscal year;
- Determine the threshold, target and maximum bonus opportunity for the current fiscal year for each executive officer as a percentage of base salary, the performance objectives and the formula for computing the bonus; and
- Determine the mix of stock options, restricted shares and restricted stock units to be granted in the current year, the portion of such equity compensation that will be time-vested or performance-based, and the performance objectives.

At the end of each fiscal year, the Compensation Committee:

- Certifies satisfaction of the performance objectives; and
- Determines the annual bonuses, if any, for all executive officers for such fiscal year.

The Compensation Committee may meet from time to time during the year to assess the adequacy of the Company's compensation for all executive officers.

The Role of Management The Compensation Committee discusses with, and takes into consideration, the recommendations of the CEO concerning the annual evaluation of the executive officers, except for matters related to his own evaluation and compensation. The CEO 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 the executive officers, other than himself.

The Role of the Independent Consultant To gain a perspective on external pay levels, emerging practices and regulatory changes, our Compensation Committee engages from time to time outside executive compensation consultants that are independent under the SEC and NASDAQ Stock Market rules to provide benchmark and survey information and advise the Compensation Committee as it conducts its review of our executive compensation programs. The Compensation Committee retained Pearl Meyer in mid-2016. Pearl Meyer advised the Compensation Committee on market best practices and the development of a program that would be directly responsive to stockholder feedback. Pearl Meyer reported directly to the Compensation Committee. The individuals at Pearl Meyer who provide compensation consulting services to the Compensation Committee provide no other services to the Company or its subsidiaries.

The Compensation Committee intends to undertake an executive compensation survey periodically with the assistance of Pearl Meyer or another independent consulting firm to ensure alignment with market executive compensation. The Compensation Committee’s reason for updating the survey at least every three years as opposed to every year is that the Compensation Committee does not believe that the executive compensation benchmark or the comparable companies are likely to have significant changes every one or two years.

In accordance with its charter, the Compensation Committee analyzed whether the work of Pearl Meyer as a compensation consultant has raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to the Company by Pearl Meyer; (ii) the amount of fees from the Company paid to Pearl Meyer as a percentage of the firm’s total revenue; (iii) Pearl Meyer’s policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Pearl Meyer or the individual compensation advisors employed by the firm with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and (vi) any stock of the Company owned by Pearl Meyer or the individual compensation advisors employed by the firm. The Compensation Committee has determined based on its analysis of the above factors, that the work of Pearl Meyer and the individual compensation advisors employed by Pearl Meyer as compensation consultants to the Company has not created a conflict of interest.

Selection of Peer Group The Compensation Committee reviews data concerning the pay practices among semiconductor companies of similar size to the Company. In mid-2016, as part of the redesign of the executive compensation program for 2017, based on the advice of Pearl Meyer, the Compensation Committee updated its compensation peer group. Because of industry consolidation, it was recommended that the Company revise its peer group to drop those companies affected by recently completed and pending acquisitions and to add additional companies. Criteria used for inclusion included semiconductor or communications equipment companies, with which the Company competes for executive talent, annual reported revenues ranging from approximately $700 million to $4.0 billion, market capitalization and inclusion in proxy advising firm peer groups.

The resulting peer group (the “Peer Group”) consists of:

Peer Group	
Atmel	~~Intersil~~(2)
~~Cavium, Inc.~~ (3)	Maxim Integrated Products
Cirrus Logic	~~Microsemi~~ (4)
Cree	ON Semiconductor
Cypress Semiconductor	Plantronics, Inc.
~~Fairchild Semiconductor International~~ (1)	Semtech
Finisar	Silicon Laboratories
Infinera	Synaptics, Inc.
Integrated Device Technology	

(1) Subsequently acquired by ON Semiconductor.
(2) Subsequently acquired by Renesa.
(3) Subsequently acquired by Marvell Technology.
(4) Subsequently acquired by Microchip Technology.

ADDITIONAL BENEFITS AND PERQUISITES

Executive officers are entitled to reimbursement for all reasonable and documented business expenses and paid time off in accordance with the Company's policies (which are also applicable to all employees). Certain executive officers are also provided additional executive benefits and perquisites. For fiscal 2018, the Company provided the following benefits and perquisites to the NEOs:

Benefit	Description
Automobile Allowance	• $1,300 per month for the President and Chief Executive Officer • $1,000 per month for certain NEOs
Health Insurance	• Corporate group insurance
Dental Insurance	• Corporate group insurance
Vision Insurance	• Corporate group insurance
Employee Assistance Program	• Corporate employee assistance program
Retirement Plans	• 401(k) Plan matching contributions of $1 for every $2 contributed by the participant up to 6% (3% maximum matching) of the participant's eligible payroll (subject to regulations of the Internal Revenue Service) • Discretionary 401(k) contribution, the amount of which is to be determined each year. For 2018, no discretionary contributions were made.
Deferred Compensation Plan	• Defer receipt of a portion of salary, cash bonus, equity or other specified compensation. • Discretionary contribution made by the Company. For 2018, no discretionary contributions were made.
Life Insurance	• Corporate group life insurance in the amount of $700,000
Accidental Death and Dismemberment	• Insured in the amount of $700,000
Business Travel Accident Insurance	• $1,000,000 for accidental death and dismemberment • $500,000 for permanent total disability • $500 per week for up to 52 weeks of accident total disability
Short-Term Disability Insurance	• After elimination period of seven days, 66-2/3% of weekly earnings are paid to a maximum of $3,750 per week.
Long-Term Disability Insurance	• After elimination period of 180 days, 66-2/3% of basic monthly earnings to a maximum of $15,000 per month (and the duration of such benefit is based on such NEO's age on the date of his or her disability).

The additional benefits and perquisites provided to NEOs for fiscal 2018 accounted for a nominal amount of the NEOs' total compensation. The Compensation Committee believes that these benefits and perquisites are consistent with the Compensation Committee's philosophy to provide a competitive compensation package.

BEST PRACTICES

For a description of the Company's anti-hedging, anti-pledging, stock ownership, stock retention and clawback policies, see, "Corporate Governance – Corporate Policies."

COMPENSATION RISK ASSESSMENT

The Compensation Committee has conducted an annual compensation risk assessment and concluded that the Company’s compensation policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee took into account the significant proportion of the annual compensation that is based on equity incentives that have long maturities and vesting periods, and the Company’s clawback, stock retention and stock ownership policies that align the NEO’s and other executive officers’ compensation with the interests of the Company’s stockholders.

POST-TERMINATION AND CHANGE- IN-CONTROL PAYMENTS

The Compensation Committee believes that a change-in-control transaction would create uncertainty regarding the continued employment of the Company's executive officers. This is because many change-in-control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage the Company's executive officers to remain employed with the Company during an important time when their continued employment in connection with, or following, a transaction is often uncertain, and to help keep the Company's executive officers focused on Company business rather than on their personal financial security, the Compensation Committee believes that providing certain of the Company's executive officers with severance benefits upon certain terminations of employment following an actual or potential change-in-control transaction is in the best interests of the Company and its stockholders.

Dr. Lu entered into his current employment agreement with the Company as of July 21, 2015 to replace his expired 2009 employment agreement. In the event that Dr. Lu's employment by the Company is terminated (a) by the Company for "cause" (as defined), or (b) by him other than for "good reason" (as defined), or (c) due to his death, neither the Company nor he shall have any remaining duties or obligations under the employment agreement, except that:

a) the Company shall promptly pay or provide to Dr. Lu, or his estate, the annual base salary, prorated through the date of termination,
b) the Company shall pay to Dr. Lu, or his estate, any amount payable under an executive bonus plan for the fiscal year in which such termination occurs, prorated to the date of the termination,
c) all stock-based compensation previously granted to Dr. Lu shall continue to be governed by the applicable award agreement, and
d) Dr. Lu shall continue to be bound by the restrictions on the use of trade secrets, "competitive activities" (as defined) and solicitation of employees and independent contractors.

In the event that Dr. Lu's employment by the Company is terminated by (a) the Company other than for "cause" including a termination by the Company due to Dr. Lu's "Disability" (as defined), or (b) Dr. Lu for "good reason," neither the Company nor Dr. Lu shall have any remaining duties or obligations under the agreement, except that:

1) clauses (a) through (d) in the preceding paragraph shall each be applicable,
2) the Company shall continue to pay or provide to Dr. Lu, or his estate, the annual base salary during the period commencing on the 60th day after the effective date of such termination and ending on the first anniversary of such effective date, and
3) the Company shall provide to Dr. Lu continued participation in any group health plan or medical reimbursement plan on the terms existing on the date of termination for the period commencing on the effective date of such termination and ending on the earlier of 18 months thereafter or the date that the Company is otherwise unable to continue to cover him under its group health plans without penalty under applicable law.

The term of Dr. Lu's employment agreement commenced on July 21, 2015 and shall end on May 31, 2022, unless sooner terminated as provided in the agreement or due to death. Employment is "at will" and may be terminated by either the Company or Dr. Lu at any time. See Exhibits 99.1 to the Current Reports on Form 8-K filed with the SEC on July 27, 2015 and February 27, 2017 for a complete copy of the employment agreement and the Amendment thereto between the Company and Dr. Lu.

TAX AND ACCOUNTING CONSIDERATIONS

Deductibility of Compensation Under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), prior to the Tax Cuts and Jobs Act of 2017 (the "Tax Act") a public company generally will not be entitled to a deduction for non-performance-based compensation paid to an executive officer to the extent such compensation exceeds $1.0 million. Special rules apply for "performance-based" compensation, including the approval of the performance goals by the stockholders of the Company. The stockholders of the Company have approved each of the Company's incentive plans for the purpose of qualifying those plans under Code Section 162(m). To qualify for deductibility under Code Section 162(m), the performance goals must be established no later than 90 days from the beginning of the performance period.

While the Compensation Committee has in the past generally intended that all compensation be deductible, there will be instances where potentially non-deductible compensation is provided to reward our NEOs consistent with our compensation philosophy for each compensation element. Moreover, the Tax Act substantially revised Code Section 162(m). As a result of the Tax Act revisions, effective as of 2018, (1) the commission and performance-based exceptions have been removed (effectively eliminating the tax deduction for annual compensation which is in excess of $1 million), and (2) the group of executives covered by Code Section 162(m) includes the chief executive officer, the chief financial officer, the three other most highly compensated executive officers, and anyone who was previously a covered executive officer with the Company. While the Tax Act provides some limited transitional relief for certain performance-based compensation awards that may be grandfathered from the elimination of the performance-based compensation exception, this relief is limited and may not be applicable. Therefore, despite the Compensation Committee's past efforts to structure executive team incentive awards in a manner intended to be exempt from Code Section 162(m) and therefore not subject to its deduction limits, no assurance can be given that compensation which is in excess of the annual $1 million compensation limit will in fact be deductible. Further, the Compensation Committee reserves the right to modify compensation that was initially intended to be exempt from Code Section 162(m) if it determines that such modifications are consistent with the Company's business needs.

Nonqualified Deferred Compensation For a discussion of the Company's nonqualified deferred compensation arrangements, see "Executive Compensation – Nonqualified Deferred Compensation."

Accounting for Share-Based Compensation The Company uses the Black-Scholes-Merton option-pricing model to determine the fair value of stock options on the date of grant. The amount recognized for financial statement reporting purposes for restricted stock and performance stock grants is calculated by multiplying the number of shares subject to the grant by the closing price of the Company's Common Stock on the grant date.

Limited Change-in-Control Benefits We provide limited change-in-control severance benefits to Company's executive officers and do not provide any related tax gross-ups. See "Compensation Discussion and Analysis – Additional Benefits and Perquisites."

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Report of the Compensation Committee of the Board does not constitute soliciting material and 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.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis with the Company's management, and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Dated: March 26, 2019 Respectfully submitted,

The Compensation Committee

Raymond K.Y. Soong, Chairman
Christina Wen-Chi Sung
Michael K.C. Tsai

EXECUTIVE COMPENSATION

The table below summarizes the compensation for each of the last three fiscal years of (1) each person who served as the Company's principal executive officer or the Company's principal financial officer during 2018, (2) the Company's three other most highly compensated executive officers who were serving as executive officers at the end of 2018 (excluding the amount in column (h), and (3) up to two additional individuals for whom disclosure would have been required under clause (2) but for the fact that the individual was not serving as an executive officer at the end of fiscal 2018 (collectively, "NEOs").

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary ($) [1] (c)	Bonus ($) [2] (d)	Stock Awards ($) [3] (e)	Option Awards ($) [3] (f)	Non-Equity Incentive Plan Compensation ($) [2] (g)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) [6] (i)	Total ($) (j)
Keh-Shew Lu [4]	2018	689,320	26,683	3,688,020	—	1,659,582	108	81,377	6,144,982
President and	2017	657,418	12,707	3,303,771	—	1,471,247	44	80,215	5,525,358
Chief Executive Officer	2016	633,792	—	2,116,400	—	635,000	10	77,067	3,462,259
Richard D. White [5]	2018	418,515	16,200	1,170,800	—	564,250	(112)	35,837	2,205,602
Chief Financial Officer and	2017	399,175	7,715	1,043,100	—	500,262	244	34,376	1,984,628
Secretary	2016	384,708	—	500,240	—	213,500	121	35,053	1,133,501
Julie Holland [7]	2018	310,136	12,006	761,020	—	448,164	(441)	23,837	1,555,163
Vice President, Corporate Operations	2017	295,653	5,714	594,316	—	370,521	840	22,376	1,288,580
Francis Tang	2018	369,624	14,308	1,053,720	—	498,341	(36,916)	23,837	1,959,830
Vice President,	2017	352,517	6,813	956,599	—	441,782	83,597	22,376	1,780,087
World Wide Discrete Products	2016	339,833	—	230,880	—	180,000	36,233	23,053	773,766
Emily Yang [8] Vice President, World Wide Sales and Marketing	2018	276,476	10,769	585,400	—	375,095	-	18,215	1,265,955

(1) Historically each executive officer's salary was established by the Compensation Committee in May of each year. Beginning in 2017, each executive officer's salary is established in February of each year. Amounts shown represent the amounts earned in each fiscal year. Effective February 19, 2019, the base salaries for Dr. Lu and Messrs. White and Tang were $728,250, $421,200 and $390,500, respectively, and Ms. Holland and Ms. Yang were $390,500 and 294,000, respectively. Mr. White did not receive an increase due to his retirement as Chief Financial Officer effective March 1, 2019.

(2) In December] 2018, the Compensation Committee granted a one-time cash bonus to all employees, including executive officers, equal to two weeks base salary in light of the record net sales, gross profit and net income realized by the Company in fiscal 2018.These amounts were earned under an reward program in which all employees of the Company received two weeks additional pay in 2018 and one week additional pay in 2017.

(3) These amounts reflect the value determined by the Company for accounting purposes for these awards and do not reflect whether each NEO has actually realized a financial benefit from the awards. The value of the equity awards in columns (e) and (f) 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 in the Stock Awards column (e) above (in the form of RSUs and PSUs) 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. See Note 13, Share-Based Compensation, to the Company's audited financial statements for the fiscal year ended December 31, 2018, included in the Company's Annual Report on Form 10-K filed with the SEC on February 21, 2019, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value. All equity awards vest in four equal annual installments after the date of grant. In addition to time requirements, in order for performance-based equity awards to vest, certain performance criteria must be met.

(4) Does not include 600,000 shares of Common Stock in the form of PRSAs granted as long-term, performance incentives to Dr. Lu in six equal annual installments of 100,000 shares, on each of April 14, 2010, 2011, 2012, 2013, 2014 and 2015. Each installment would vest only if the Company files with the SEC an Annual Report on Form 10-K for a fiscal year, which Annual Report contains audited financial statements stating that the Company's net sales for that fiscal year exceeded $1 billion. During the fiscal year ended December 31, 2017, the Company exceeded $1 billion in net sales and the 600,000 PRSAs were release to Dr. Lu in February 2018 when the Company filed its Annual Report on Form 10-K. Also does not include 700,000 shares of Common Stock in the form of PRSAs (the "2015 Awards") separately granted on July 21, 2015 as long-term, performance incentives to Dr. Lu that were replaced with 62,905 shares of Common Stock in the form of performance stock units granted on February 21, 2017 to replace the 2015 Awards (the "Modified Awards"), which Modified Awards will vest only if (i) the Company achieves a non-GAAP operating income for 2017 through 2019 of $204.6 million and (ii) Dr. Lu continues to provide services to the Company. For further discussion on the net sales target, non-GAAP operating income target and service condition related to these grants, see "Executive Compensation – Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table."

(5) Mr. White retired as the Company's Chief Financial Officer effective March 1, 2019.

(6) Certain of the Company's executive officers receive personal benefits in addition to salary, cash bonuses and share-based compensation, consisting of automobile allowance, medical insurance, dental insurance, vision insurance, employee assistance program, taxable per diem, contributions under the Company's retirement plans, deferred compensation plan, life insurance payable at the direction of the employee, accidental death and dismemberment insurance ("AD&D"), business travel accident insurance, and short-term and long-term disability insurance. The amount shown in column (i) for "All Other Compensation" includes benefits summarized in the following table for each NEO.

(7) Ms. Holland became an NEO during 2017.
(8) Ms. Yang became an NEO during 2018.

The table below sets forth the detail of "All Other Compensation" for each NEO.

Name	Year	Auto Allowance ($)	Health Insurance ($)[1]	Retirement Plans ($)	Life and Disability Insurance ($)[2]	Per Diem ($)[3]	Total ($)[4]
Keh-Shew Lu	2018	15,600	12,797	8,250	2,790	41,940	81,377
	2017	15,600	11,245	8,100	3,031	42,239	80,215
	2016	15,600	12,072	7,950	3,031	38,414	77,067
Richard D. White	2018	12,000	12,797	8,250	2,790	—	35,837
	2017	12,000	11,245	8,100	3,031	—	34,376
	2016	12,000	12,072	7,950	3,031	—	35,053
Julie Holland	2018	—	12,797	8,250	2,790	—	23,837
	2017	—	11,245	8,100	3,031	—	22,376
Francis Tang	2018	—	12,797	8,250	2,790	—	23,837
	2017	—	11,245	8,100	3,031	—	22,376
	2016	—	12,072	7,950	3,031	—	23,053

Emily Yang	2018	7,200	15	8,250	2,750	—	18,215

(1) Consists of medical, dental, and vision insurance, as well as employee assistance program.

(2) Consists of life, AD&D, business travel accident, and short-term and long-term disability insurance.

(3) Taxable per diem amounts consist of amounts paid to Dr. Lu for reimbursements while staying at his personal residence while traveling on Company business.

(4) The total does not include change in deferred compensation plan benefit value, if any, which is immaterial.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information with respect to grants of awards to the NEOs under the Company's non-equity incentive plan and the 2013 Plan during 2018.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Threshold ($)	Target ($) (1)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	($) (2)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Keh-Shew Lu (3)	2/14/2018	433,594	867,188	1,734,376	31,500	63,000	126,000	63,000	—	—	3,688,020
Richard D. White	2/14/2018	147,420	294,840	589,680	10,000	20,000	40,000	20,000	—	—	1,170,800
Julie Holland	2/14/2018	109,253	218,505	437,010	6,500	13,000	26,000	13,000	—	—	761,020
Francis Tang	2/14/2018	130,200	260,400	520,800	9,000	18,000	36,000	18,000	—	—	1,053,720
Emily Yang	2/14/2018	98,000	196,000	392,000	5,000	10,000	20,000	10,000	—	—	585,400

(1) The amount shown is the actual cash bonus paid for 2018. This amount consists of any performance-based bonus and any discretionary bonus. Under the executive bonus formula that established the target bonus for each executive officer (i) 80% of the bonus was tied to the financial metrics of the Company and (ii) 20% of the bonus was tied to individual goals for each NEO. See "Compensation Discussion and Analysis – Principal Components of Compensation – Annual (Bonus) Incentive Plan."

(2) These amounts reflect the value determined by the Company for accounting purposes for these awards and do not reflect whether each NEO has actually realized a financial benefit from the awards. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Grant date fair value reported for stock awards in the form of RSUs and PSUs is 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. See Note 13, Share-Based Compensation, to the Company's audited financial statements for the fiscal year ended December 31, 2018, included in the Company's Annual Report on Form 10-K filed with the SEC on February 21, 2019, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value. All equity awards vest in four equal annual installments. In addition to time requirements, in order for performance-based equity awards to vest, certain performance criteria must be met.

(3) Does not include 600,000 shares of Common Stock in the form of PRSAs granted as long-term, performance incentives to Dr. Lu in six equal annual installments of 100,000 shares, on each of April 14, 2010, 2011, 2012, 2013, 2014 and 2015. Each installment would vest only if the Company files with the SEC an Annual Report on Form 10-K for a fiscal year, which Annual Report contains audited financial statements stating that the Company's net sales for that fiscal year exceeded $1 billion. During the fiscal year ended December 31, 2017, the Company exceeded $1 billion in net sales and the 600,000 PRSAs were release to Dr. Lu in February 2018 when the Company filed its Annual Report on Form 10-K. Also does not include 700,000 shares of Common Stock in the form of PRSAs (the "2015 Awards") separately granted on July 21, 2015 as long-term, performance incentives to Dr. Lu that were replaced with 62,905 shares of Common Stock in the form of performance stock units granted on February 21, 2017 to replace the 2015 Awards (the "Modified Awards"), which Modified Awards will vest only if (i) the Company achieves a non-GAAP operating income for 2017 through 2019 of $204.6 million and (ii) Dr. Lu continues to provide services to the Company. For further discussion on the net sales target, non-GAAP operating income target and service condition related to these grants, see "Executive Compensation – Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table."

CEO Pay Ratio

In accordance with Item 402(u), we are using the same "median employee" identified in 2017 in our 2018 pay ratio calculation, as we believe that there has been no change in our employee population or employee compensation arrangements that we believe would result in a significant change to our pay ratio disclosure for 2018. Accordingly, the pay ratio calculation has been made using the 2018 compensation for the median employee identified in 2017.

We identified our 2017 median employee by examining the 2017 compensation data for all individuals, excluding our CEO, who were employed by us as of December 31, 2017. We included all employees, whether employed on a full-time, part-time or seasonal basis. We did not make any cost-of-living adjustments in identifying the median employee. We also did not make any assumptions, adjustments, or estimates with respect to total cash compensation, and we did not annualize the compensation for any full-time employees that were not employed by us for all of 2017. We calculated the median employee's annual total compensation using the same methodology we use for our NEOs as set forth in the Summary Compensation Table in this Proxy Statement.

At end of 2018 the Company had approximately 7,700 employees worldwide, including approximately 4,500 direct labor personnel, located mainly in Asia. The annual total compensation for our median employee for 2018 was $11,513 and $6,144,982 for our CEO. The resulting ratio of our CEO's annual total compensation to the annual total compensation of our median employee for 2018 was 534 to 1. In the U.S., the Company had approximately 225 people with no direct labor personnel. The annual total compensation for our median U.S. employee for 2018 was $169,588 and the resulting ratio of our CEO's annual total compensation to the annual total compensation of our median U.S. employee for 2018 was 36 to 1.

NARRATIVE TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS TABLE

CEO Employment Agreement

2017 Amendment. On February 22, 2017, the Company and Dr. Lu entered into Amendment No. 1 (the "Amendment") to the Employment Agreement between the Company and Dr. Lu dated as of July 21, 2015, as described below. The Amendment provided for the replacement of the 2015 Awards covering 700,000 shares of the Company's Common Stock granted to Dr. Lu on July 21, 2015 with the Modified Awards covering 62,905 shares, all pursuant to the Company's 2013 Plan. The Modified Awards have more stringent vesting and performance criteria than the 2015 Awards they replaced. The Modified Awards replaced the 2015 Awards and, therefore, are intended to be Dr. Lu's annual equity incentive award granted for 2015. See Exhibit 99.1 to the Current Report on Form 8-K filed on February 27, 2017.

The Modified Awards are eligible to vest upon the achievement of the three-year financial performance measure of cumulative non-GAAP operating income for 2017 through 2019 of $204.6 million (the "Target Performance"). Within ninety days after the end of the performance period, the Compensation Committee shall determine the degree to which Target Performance has been achieved (such date of determination is the "Determination Date") and that will also be the date of vesting for the target number of PSUs (the "Target Award").

The Target Award will vest if the Target Performance is achieved. 50% of the Target Award will vest upon achievement of 80% of the Target Performance, and 200% of the Target Award will vest upon achievement of 120% of the Target Performance. Upon achievement of between 80% and 100%, and between 100% and 120%, of Target Performance, the percentage of the Target Award that vests will be decreased or increased on a pro rata basis, with no vesting or payout upon achievement of below 80% of Target Performance and with vesting and payout limited to 200% of the Target Award if the Target Performance exceeds 120%.

If either a Qualifying Termination or a Change of Control, as defined, occurs before the end of the three-year performance period, then the Target Performance and Target Award shall each be pro-rated based on the number of days within the performance period that have elapsed as of the end of the calendar month before the Qualifying Termination or Change of Control.

Upon termination at any time before the earlier of a Qualifying Termination or Change of Control or the Determination Date, all then unvested PSUs shall be forfeited.

2015 Employment Agreement. The following is a summary of Dr. Lu's employment agreement entered into on July 21, 2015, that was amended as described above on February 22, 2017. Prior to the Amendment, the employment agreement provided that Dr. Lu would be entitled to (i) receive an annual base salary of $623,000 (changed to $660,750 by the Amendment) (subject to increase in the discretion of the Company's Board of Directors), (ii) receive grants of the 2015 Awards, covering 700,000 shares of the Company's Common Stock (replaced with the Modified Awards covering 62,905 shares), (iii) participate in any executive bonus plan of the Company and maintain continued eligibility for additional equity compensation grants, (iv) receive reimbursement for all reasonable and documented business expenses, (v) receive paid vacation in accordance with the Company's vacation policy for employees, (vi) participate in all plans and programs sponsored by the Company for employees in general, (vii) receive a life insurance policy with a