Knowles Corp
Form DEF 14A
March 13, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

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))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

KNOWLES CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

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Date Filed:

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Knowles Corporation

1151 Maplewood Drive

Itasca, Illinois 60143

www.knowles.com

Notice of Annual Meeting of Stockholders

March 13, 2015

Dear Fellow Stockholders:

You are cordially invited to attend our Annual Meeting of Stockholders at the offices of Sidley Austin LLP, One South Dearborn, Chicago, Illinois 60603 on Tuesday, May 5, 2015 at 1:00 p.m. local time, to be held for the following purposes:

1. To elect three Class II directors;

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015;

3. To approve, on an advisory basis, named executive officer compensation;

4. To approve the performance measures under the Knowles Corporation Executive Officer Annual Incentive Plan;

5. To approve the performance measures under the Knowles Corporation 2014 Equity and Cash Incentive Plan; and

6. To transact other business that may properly come before the meeting or any postponement or adjournment thereof.

All holders of record at the close of business on March 9, 2015 are entitled to vote at the meeting or any postponement or adjournment thereof. **Your vote is very important. Whether or not you plan to attend the meeting, we urge you to review the proxy materials and vote your shares as soon as possible.** You may submit your proxy (1) by mail using a traditional proxy card, (2) by telephone at 1-800-690-6903 or (3) through the internet at www.proxyvote.com.

By authority of the Board of Directors,

THOMAS G. JACKSON

Secretary

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to be Held on May 5, 2015.

The Notice of Annual Meeting of Stockholders and Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are available at investor.knowles.com.

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GENERAL INFORMATION ABOUT THE ANNUAL MEETING

We are providing this Proxy Statement to our Stockholders in connection with the solicitation of proxies by the Board of Directors for use at our Annual Meeting of Stockholders (the Meeting). We are mailing the Notice of Meeting and this Proxy Statement beginning on or about March 13, 2015.

Date, Place and Time of Meeting

The 2015 Annual Meeting of Stockholders will be held at the offices of Sidley Austin LLP, One South Dearborn, Chicago, Illinois 60603 on Tuesday, May 5, 2015 at 1:00 p.m. local time.

Record Date

The record date for determining stockholders eligible to vote at the Meeting is March 9, 2015. As of the close of business on that date, we had outstanding 85,075,557 shares of common stock. Each share of common stock is entitled to one vote on each matter.

Quorum

For purposes of the Meeting, there will be a quorum if the holders of a majority of the outstanding shares of our common stock are present in person or by proxy. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present.

Electronic Delivery of Proxy Materials

As permitted under the rules of the Securities and Exchange Commission (the SEC), we are mailing to many of our stockholders a Notice about the internet availability of our Proxy Statement and our Annual Report to stockholders (of which our 2014 Annual Report on Form 10-K is a part) instead of a paper copy of those proxy materials. We believe that this process expedites receipt of our proxy materials by stockholders, while lowering the costs and reducing the environmental impact of the Meeting. All stockholders receiving the Notice will have the ability to access the proxy materials over the internet and to request a paper copy by mail by following the instructions in the Notice. In addition, the proxy card contains instructions for electing to receive proxy materials over the internet or by mail in future years.

Stockholders of Record; Beneficial Owners

Most holders of our common stock hold their shares beneficially through a broker, bank or other nominee rather than of record directly in their own name. As summarized below, there are some differences in the way to vote shares held of record and those owned beneficially.

If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record of those shares, and proxy materials are being sent directly to you. As a stockholder of record, you have the right to grant your voting proxy directly to the persons named by our Board of Directors as proxy holders or, if you choose, you may vote in person at the Meeting. If you received or requested printed copies of the proxy materials, we have enclosed a proxy card for you to use. You may also vote on the internet or by telephone using the directions included on the proxy card.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker on how to vote your shares and you are also

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invited to attend the Meeting. However, since you are not the stockholder of record, you may not vote those shares in person at the Meeting unless you have a proxy, executed in your favor, from the holder of record of your shares. Your broker or nominee has enclosed a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. We strongly encourage you to instruct your broker or nominee how you wish to vote.

Items of Business

There are five proposals scheduled to be voted on at the Meeting:

1. the election of three Class II directors;
2. the ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for 2015;
3. the approval, on an advisory basis, of named executive officer (NEO) compensation;
4. the approval of the performance measures under the Knowles Corporation Executive Officer Annual Incentive Plan (the Annual Incentive Plan); and
5. the approval of the performance measures under the Knowles Corporation 2014 Equity and Cash Incentive Plan (the 2014 Incentive Plan).

Vote Required

A plurality of the votes cast at the Meeting is required to elect directors. Accordingly, the three nominees receiving the highest number of affirmative votes will be elected as Class II directors. The ratification of the appointment of PwC as our independent registered public accounting firm and the approval of the performance measures under the Annual Incentive Plan and the 2014 Incentive Plan each require the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Meeting. The proposal to approve NEO compensation is an advisory, non-binding, resolution and the affirmative vote of a majority of shares present in person or by proxy and entitled to vote at the Meeting will be deemed to be approval by the stockholders. Our organizational documents do not provide for cumulative voting.

If you are a stockholder of record and sign and return your proxy card or vote electronically or by telephone without making any specific selection, then your shares will be voted as follows:

1. FOR the election of each of the three nominees designated below to serve as Class II directors;
2. FOR the ratification of the appointment of PwC as our independent registered public accounting firm for 2015;
3. FOR the proposal relating to approval of named executive officer compensation;
4. FOR the approval of the performance measures under the Annual Incentive Plan; and

5. FOR the approval of the performance measures under the 2014 Incentive Plan.

If you are a beneficial owner of shares and do not provide your broker or nominee with voting instructions, the broker or nominee will have discretionary authority to vote on a routine matter. If your broker or nominee does not receive instructions from you on how to vote your shares on a non-routine matter, the broker or nominee will inform us that it does not have the authority to vote on that matter with respect to your shares. This is generally referred to as a broker non-vote. Only Proposal 2 will be considered a routine matter for the Meeting. Broker non-votes will not affect the outcome of the vote on Proposal 1 but will have the same effect as a vote against Proposals 2, 3, 4 and 5.

If you specify that you wish to abstain from voting on an item, then your shares will not be voted on that particular item. Abstentions will not affect the outcome of the vote on Proposal 1. However, they will have the same effect as a vote against Proposals 2, 3, 4 and 5.

Voting Procedures

If you are a stockholder of record, you may vote in person at the Meeting, over the internet, by telephone or by mail by following the instructions provided in our proxy materials. If you hold your shares beneficially in street name through a broker or other nominee, you must follow the instructions provided by your broker or nominee to vote your shares.

Revoking Your Proxy

If you are a stockholder of record, whether you give your proxy over the internet, by telephone or by mail, you may revoke it at any time before it is exercised. You may enter a new vote by voting in person at the Meeting, by using the internet or the telephone or by mailing a new proxy card bearing a later date so long as it is received prior to the Meeting. If you hold your shares beneficially in street name through a broker or other nominee, you must follow the instructions provided by your broker or nominee as to whether and how you may revoke your proxy.

Stockholders Sharing the Same Address

Rules of the SEC permit us to deliver only one copy of the Proxy Statement to multiple stockholders of record who share the same address and have the same last name, unless we have received contrary instructions from one or more of the stockholders. This delivery method, called householding, reduces our printing and mailing costs. Stockholders who participate in householding will continue to receive or have internet access to separate proxy cards.

If you are a stockholder of record and wish to receive a separate copy of the Proxy Statement, now or in the future, at the same address or if you are currently receiving multiple copies of the Proxy Statement at the same address and wish to receive only a single copy, please write to or call the Secretary of Knowles Corporation at 1151 Maplewood Drive, Itasca, Illinois 60143, telephone: 630-238-5353.

Beneficial owners sharing an address who are currently receiving multiple copies of the proxy materials and wish to receive only a single copy in the future, or who currently receive a single copy and wish to receive separate copies in the future, should contact their bank, broker or other holder of record to request that only a single copy or separate copies, as the case may be, be delivered to all stockholders at the shared address in the future.

Proxy Solicitation Costs

We will pay the cost of printing and mailing proxies, but we will not pay a fee to any of our officers or employees or to officers or employees of any of our subsidiaries as compensation for soliciting proxies.

Inspector of Election

Broadridge Financial Solutions will serve as the inspector of election at the Meeting.

Voting Results

We will announce preliminary voting results at the Meeting and report final voting results within three business days of the Meeting on a Form 8-K. You can access that Form 8-K and our other reports we file with the SEC at our website investor.knowles.com or at the SEC s website www.sec.gov. The information provided on these websites is for information purposes only and is not incorporated by reference into this Proxy Statement.

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A list of stockholders entitled to vote at the Meeting will be available for examination by any stockholder for any purpose relevant to the Meeting during ordinary business hours at our offices at 1151 Maplewood, Itasca, Illinois 60143, for ten days prior to the annual meeting, and also at the Meeting.

Cameras, recording equipment, electronic devices, or packages will not be permitted in the Meeting. You will need to present photo identification to gain entrance. For directions to the Meeting, please call 630-238-5353.

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ITEMS TO BE VOTED UPON

Proposal 1   Election of Class II Directors

Information about Our Board and the Nominees

Our Board of Directors consists of eight members and is divided into three classes, each having three-year terms that expire in successive years. The term of the Class II directors expires at the 2015 Annual Meeting of Stockholders. The Board proposes that the three nominees named below, Messrs. Cremin, Hirsch and Jankov, each of whom is currently serving as a Class II director, be re-elected to Class II for a new term of three years expiring at the 2018 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified or their earlier removal, resignation or retirement.

On February 28, 2014, Dover Corporation (Dover or our former parent company) distributed all of the issued and outstanding shares of Knowles to Dover stockholders. As a result, Knowles became an independent, publicly traded company. In this Proxy Statement we refer to this transaction as the spin-off. Each of our current directors, except for Mr. Hirsch, joined the Board in connection with the spin-off. None of the Class II nominees have been elected by our public stockholders.

Proxies cannot be voted for more than the number of nominees proposed for re-election. If any nominee for election becomes unavailable to serve as a director before the Meeting, an event which we do not anticipate, the proxy holders selected by our Board of Directors may vote for a substitute nominee or nominees as may be designated by our Board of Directors for election at the Meeting. The three nominees receiving the highest number of votes cast will be elected as Class II directors.

The Board, in part through its delegation to the Governance and Nominating Committee, seeks to recommend qualified individuals to become members of the Board. The Board selects individuals as director nominees who, in the opinion of the Board, demonstrate the highest personal and professional integrity, who have demonstrated exceptional ability and judgment, who can serve as a sounding board for our CEO on planning and policy, and who will be most effective, in connection with the other nominees to the Board, in collectively serving the long-term interests of all our stockholders. The Board prefers nominees to be independent of the Company but believes it is desirable to have on the Board at least one representative of current management. In considering diversity in selecting director nominees, the Governance and Nominating Committee gives weight to the extent to which candidates would increase the effectiveness of the Board by broadening the mix of experience, knowledge, backgrounds, skills, ages and tenures represented among its members. Given the global reach and the variety of technology businesses operated by Knowles, the Board considers multi-industry and multi-geographic experience a significantly favorable characteristic.

Changes to Our Board During 2014

In an effort to continue to augment the breadth and diversity of experience on the Board, the Board determined it would be beneficial to the Company and our stockholders to add another director. To identify a high quality director candidate, the Governance and Nominating Committee initiated a search process by engaging Egon Zehnder, a global executive search firm. The Governance and Nominating Committee, in designing the specification for the new director search, took into account many factors including, but not limited to, requirements for independence; general understanding of the various disciplines relevant to the success of our Company as a globally-operated, publicly-traded technology company; understanding of the Company s businesses and its industry and markets; professional expertise and educational background; the candidate s ethics, integrity, values, inquisitive and objective perspectives, practical wisdom, judgment and availability; and other factors that promote diversity of thought, views and experience. Candidates were evaluated by the Governance and

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Nominating Committee and were interviewed through a series of meetings with directors and background reviews of each candidate were conducted by Egon Zehnder. The Governance and Nominating Committee evaluated each individual in the context of our Board as a whole, with the objective of recommending a director candidate who would be the most likely of the candidates to best contribute to the success of the Company and represent stockholder interests.

As a result of this process, the Governance and Nominating Committee selected Didier Hirsch from a slate of director candidates identified by Egon Zehnder as the candidate who best satisfied the director search criteria, and recommended him to our Board for appointment. On December 18, 2014, our Board voted to increase the size of our Board from seven persons to eight persons (and to increase the size of Class II from two to three directors), and appointed Mr. Hirsch as a Class II director effective as of December 18, 2014.

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NOMINEES FOR DIRECTOR CLASS II DIRECTORS TERM IF ELECTED EXPIRING 2018

Robert W. Cremin

Independent Director Nominee

Age: 74

Director since: February 2014

Committees Served: Audit; Governance and Nominating

Business Experience: Chairman (since 2009) of the Board of Directors of Dover; President (from 1997 to 2009) and Chief Executive Officer (from 1999 to 2009) of Esterline Technologies Corporation, a manufacturer of aerospace and defense products.

Other Board Experience: Director of Dover (since 2005), Premera Blue Cross (since May 2010), the Pacific Northwest Ballet and Archilles International. Former Chairman (from 2001 to 2011) and Director (from 2001 to 2013) of Esterline Technologies Corporation.

Skills and Qualifications: Mr. Cremin s experience makes him a valuable contributor to the Board and advisor to Knowles President & Chief Executive Officer on matters involving business strategy, capital allocation and acquisition and divestiture opportunities. His experience as Chairman, President and CEO of Esterline and as Chairman of Dover allowed him to develop many skills that contribute to the effective functioning of Knowles Board. Under Mr. Cremin s leadership, Esterline pursued a strategy that enabled it to grow its sales more than tenfold, in part by focusing on the markets it knew best, significantly expanding its investments in research and development, and cultivating a culture focused on lean manufacturing and velocity. In addition, his technical expertise and background in engineering contributes to the Board s understanding and consideration of opportunities involving Knowles and the markets it serves. Mr. Cremin holds an MBA from Harvard University.

Didier Hirsch

Independent Director Nominee

Age: 64

Director since: December 2014

Committees Served: Audit; Governance and Nominating

Business Experience: Senior Vice President and Chief Financial Officer (since 2010) of Agilent Technologies, Inc., a global leader in life science, diagnostics and applied chemical markets, providing instruments, software, services and consumables for the entire laboratory workflow. Previously served as Agilent s Chief Accounting Officer (from 2007 to 2010), interim Chief Financial Officer (2010), Vice President, Corporate Controllership and Tax (from 2006 to 2010), Vice President and Controller (from 2003 to 2006) and Vice President and Treasurer (from 1999 to 2003). Prior to joining Agilent, Mr. Hirsch served in various financial capacities and roles (from 1989 to 1999) at Hewlett-Packard Company.

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Other Board Experience: Director of Logitech International S.A. (since 2012) and Internal Rectifier Corporation (from 2012 to 2015).

Skills and Qualifications: Mr. Hirsch s qualifications to serve on our Board include his experience as Chief Financial Officer of a public company, his financial and risk management expertise, his experience on the boards of directors of two other public companies (including his service as chair of an audit committee), his international experience, his regulatory knowledge and his work with technology and semiconductor companies throughout his career.

Ronald Jankov

Independent Director Nominee

Age: 56

Director since: February 2014

Committees Served: Compensation; Governance and Nominating

Business Experience: Previously served as the Senior Vice President and General Manager of the Processors and Wireless Infrastructure Division (from 2012 to 2014) of Broadcom Corp., a provider of semiconductor solutions for wired and wireless communications. Mr. Jankov joined Broadcom in 2012 following its acquisition of NetLogic Microsystems Inc., a fabless semiconductor company that went public in 2004, where Mr. Jankov served as President and Chief Executive Officer (from 2000 to 2012). Previously, Mr. Jankov served as Vice President of Sales and then Vice President and General Manager for the Multimedia Division (from 1995 to 1999) of NeoMagic Corporation, as Vice President (from 1994 to 1995) of Cyrix Corporation and as founder (from 1990 to 1994) of Accell Corp.

Other Board Experience: Director of eASIC Corporation and sole trustee of the Jankov Trust and the Grace Czimarik Charitable Trust and former director of NetLogic Microsystems Inc. (from 2000 to 2012).

Skills and Qualifications: As a successful technology entrepreneur, Mr. Jankov brings valuable insights and a unique perspective into the product, the technology and the market, and also contributes to the strategic vision for Knowles as a result of his expertise in growth via acquisitions and development of innovations. He brings extensive hands-on deal-making experience through his leadership of several ventures through an IPO or a sale to a strategic buyer. Furthermore, as a public technology company chief executive officer, he has developed substantial knowledge, understanding and skill in building and managing a technology company such as Knowles. Mr. Jankov has a Bachelor of Science degree from Arizona State University.

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CLASS III DIRECTORS TERM EXPIRING 2016

Jean-Pierre M. Ergas

Independent Chairman

Age: 75

Director since: February 2014

Committees Served: Audit; Governance and Nominating

Business Experience: Mr. Ergas is a private investor. Since 2010, he has been the Managing Partner of Ergas Ventures, LLC. He is also the former Chief Executive Officer (from 2000 to 2007) of BWAY Corporation, a steel and plastic container manufacturer, and American National Can Company, Cedegur Pechiney, Cebal S.A. and Alcan Europe, and former senior executive at Pechiney S.A. and Alcan Aluminum Limited.

Other Board Experience: Director (since 1995) and former Chairman of the Board of Directors (from 2000 to 2010) of BWAY Corporation; Director of Dover (since 1994) and Plastic Omnium (since 1990).

Skills and Qualifications: Mr. Ergas brings to the Board substantial international management experience as a former Chief Executive Officer and Chairman of five companies in the United States and Europe. Drawing on his background, knowledge and experience managing all aspects of international businesses, including privatizations, acquisitions, cross-border transactions, post-merger integrations, productivity and performance initiatives, Mr. Ergas provides important advice to Knowles President & Chief Executive Officer and contributes to the Board s oversight of matters involving Knowles operation in international markets, business development and corporate strategies, as well as acquisition and divestiture activities. Mr. Ergas holds an MBA from Harvard University.

Donald Macleod

Independent Director

Age: 66

Director since: February 2014

Committees Served: Compensation; Governance and Nominating (Chair)

Business Experience: Former Chief Executive Officer (from 2009 to 2011) of National Semiconductor Corporation, an analog semiconductor company, until National Semiconductor was acquired by Texas Instruments Incorporated. Mr. Macleod joined National Semiconductor in 1978 and served in a variety of executive positions prior to becoming Chief Executive Officer, including Chief Operating Officer (from 2001 to 2009), and Chief Financial Officer (from 1991 to 2001). He also serves on the Board of Entrepreneurial Scotland (since 2014), an organization set up to promote business growth initiatives and development opportunities for entrepreneurs in Scotland.

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Other Board Experience: Chairman of the Board (since 2012) of Intersil Corporation and Director (since 2007) of Avago Technologies Limited. Former Chairman of the Board (from 2010 to 2011) of National Semiconductor.

Skills and Qualifications: Mr. Macleod s qualifications to serve as a director include his strategic perspective in product portfolio, supply chain and guiding financial performance developed through his more than 30 years of experience in senior management and executive positions in the semiconductor industry (both in Europe and the United States). As a member of the board of directors of several publicly-traded semiconductor companies, he has also gained substantial knowledge and understanding of how to successfully operate a technology company like Knowles. Furthermore, he brings significant accounting and finance qualifications and experience to the Board. Mr. Macleod holds a Bachelor of Science degree in economics and an Honorary Doctor of the University degree from the University of Stirling in Scotland. He is also a member of the Institute of Chartered Accountants of Scotland.

CLASS I DIRECTORS TERM EXPIRING 2017

Jeffrey S. Niew

Age: 48

Director since: February 2014

Business Experience: President & Chief Executive Officer of Knowles (since 2013). Former Vice President of Dover and President and Chief Executive Officer of Dover Communication Technologies (from 2011 to February 2014). Mr. Niew joined Knowles Electronics LLC in 2000, and became Chief Operating Officer in 2007, President in 2008 and President and Chief Executive Officer in 2010. Prior to joining Knowles Electronics, Mr. Niew was employed by Littelfuse, Inc. (from 1995 to 2000) where he held various positions in product management, sales and engineering in the Electronic Products group, and by Hewlett-Packard Company (from 1988 to 1994) where he served in various engineering and product management roles in the Optoelectronics Group.

Other Board Experience: Director of Advanced Diamond Technologies, Inc.; member of the Advisory Board of the University of Illinois College of Engineering.

Skills and Qualifications: Mr. Niew is Knowles current Chief Executive Officer and the Board believes it is desirable to have on the Board at least one active management representative to facilitate its access to timely and relevant information and its oversight of

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management s long-term strategy, planning and performance. Mr. Niew brings to the Board considerable management experience and a deep understanding of Knowles history and operating model which he gained during more than 18 years in management positions at Knowles, including 8 years in senior management positions. His experience in all aspects of management and his passion for leadership development enable him to give valuable input to the Board in matters involving business strategy, capital allocation, transactions and succession planning.

Keith L. Barnes

Independent Director

Age: 63

Director since: February 2014

Committees Served: Audit (Chair); Governance and Nominating

Business Experience: Mr. Barnes is a private investor. Since 2011, he has been Chairman and CEO of Barnes Capital Management, a family office investment company. He is the former President and Chief Executive Officer (from 2006 to 2010) of Verigy Ltd., a provider of advanced semiconductor test solutions that was spun-off from Agilent in 2006. Prior to that he was Chairman and Chief Executive Officer (from 2003 to 2006) of Electroglas, Inc., an integrated circuit probe manufacturer. Mr. Barnes also served as Chief Executive Officer (from 1995 to 2001) of Integrated Measurement Systems, Inc. (IMS), a manufacturer of engineering test stations and test software. Prior to becoming CEO of IMS, Mr. Barnes was a Division President at Valid Logic Systems and later Cadence Design Systems.

Other Board Experience: Director of Spansion, Inc. (since 2011); Mentor Graphics Corporation (since 2012); JDS Uniphase Corporation (since 2011); The Classic Wines Auction; and San Jose State University Tower Foundation. Former director of Intermec Inc., Verigy Ltd. (from 2006 to 2010), Cascade Microtech, Inc., Electroglas Inc., and DATAIO Corporation. Former Chairman of the Board of Directors (from 1998 to 2001) of Integrated Measurement Systems, Inc. Former Vice Chairman of the Board of Directors (from 2002 to 2003) of Oregon Growth Account.

Skills and Qualifications: Mr. Barnes brings to the Board his extensive management experience as chairman and chief executive officer of several technology companies. His corporate and business strategy and marketing knowledge and service as a board member for several public technology companies bring important perspective and industry expertise to our Board. In addition, Mr. Barnes experience in international sales and manufacturing in China, Malaysia, Singapore, and Europe, as well as the United States,

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enables him to provide valuable input to the Board in its oversight of Knowles international operations. Mr. Barnes graduated from San Jose State University with a Bachelor of Science degree in Environmental Science.

Richard K. Lochridge

Independent Director

Age: 71

Director since: February 2014

Committees Served: Compensation (Chair); Governance and Nominating

Business Experience: Retired President (from 1986 to 2010) of Lochridge & Company, Inc., a management consulting firm.

Other Board Experience: Over a period of 29 years, Mr. Lochridge has served on the boards of seven public companies, including the three on which he currently serves (excluding Knowles): Dover (since 1999); The Lowe s Company, Inc. (since 1998) and PETsMART (since 1998). Former Director of the John Harland Company.

Skills and Qualifications: Mr. Lochridge s experience in management consulting makes him a valuable contributor to the Board and advisor to Knowles President & Chief Executive Officer as an expert on strategic planning, management styles, succession planning and similar matters. He worked many years with a major consulting company where a majority of his experience was with non-U.S. companies or covering international or global markets, and where he was for a time in charge of all international offices. His consulting work has enabled him to work closely with the boards and senior management of many public companies on complex and important transactions and projects in global arenas, giving him experience and insight that are beneficial to Knowles.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE THREE NOMINEES FOR CLASS II DIRECTOR.

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Board of Directors and Committees

All of our directors, other than Mr. Niew, satisfy the criteria for being independent members of our Board. This criteria includes that established by the SEC and the New York Stock Exchange (NYSE), as well as our standards for classification as an independent director which are available on our website at investor.knowles.com.

Our Board has three standing committees: the Audit Committee, the Compensation Committee and the Governance and Nominating Committee. Our Board of Directors has determined that each member of the Audit Committee qualifies as an audit committee financial expert as defined by the SEC rules and is financially literate as defined in the NYSE Listing Standards. In considering the composition of the Audit Committee, the Board noted that Mr. Barnes serves simultaneously on three other public company audit committees, but it determined that this would not impair the ability of Mr. Barnes to effectively serve on the Audit Committee.

The spin-off from our former parent company occurred in February 2014. Until that time, Knowles was a private company without an independent board. Since the spin-off, our Board of Directors met six times in 2014 and each director attended at least 90% of the Board and committee meetings held while such director was a member of the Board or the relevant committee.

The table below sets forth a summary of our committee structure and membership information.

Directors	Audit Committee	Compensation Committee	Governance and Nominating Committee
Jean-Pierre M. Ergas*	ü		ü
Jeffrey S. Niew			
Keith L. Barnes	Chair		ü
Robert W. Cremin	ü		ü
Didier Hirsch	ü		ü
Ronald Jankov		ü	ü
Richard K. Lochridge		Chair	ü
Donald Macleod		ü	Chair

* Chairman of the Board of Directors

Audit Committee

The primary functions of the Audit Committee consist of:

- selecting and engaging our independent registered public accounting firm (independent auditors);
- overseeing the work of our independent auditors and our internal audit function;
- approving in advance all services to be provided by, and all fees to be paid to, our independent auditors, who report directly to the committee;
- reviewing with management and the independent auditors the audit plan and results of the auditing engagement; and

reviewing with management and our independent auditors the quality and adequacy of our internal control over financial reporting.

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The Audit Committee s responsibilities, authority and resources are described in greater detail in its written charter, which is available on our website at investor.knowles.com. Since the spin-off, the Audit Committee met eight times in 2014.

Compensation Committee

The Compensation Committee, together with our independent directors, approves compensation for our Chief Executive Officer. The Compensation Committee also:

- approves compensation for non-CEO executive officers (together with the CEO, senior executive officers);
- grants awards and approves payouts under our equity plans and our Annual Incentive Plan;
- approves changes to our compensation plans;
- reviews and recommends compensation for the Board of Directors;
- oversees the succession planning and management development programs; and
- supervises the administration of the compensation plans.

The Compensation Committee s responsibilities, authority and resources are described in greater detail in its written charter, which is available on our website at investor.knowles.com. Since the spin-off, the Compensation Committee met five times in 2014.

Governance and Nominating Committee

The Governance and Nominating Committee develops and recommends corporate governance principles to our Board. The Governance and Nominating Committee also:

- identifies and recommends to our Board candidates for election as directors and any changes it believes desirable in the size and composition of our Board; and
- makes recommendations to our Board concerning the structure and membership of the Board committees.

The Governance and Nominating Committee s responsibilities, authority and resources are described in greater detail in its written charter, which is available on our website at investor.knowles.com. Since the spin-off, the Governance and Nominating Committee met four times in 2014.

Corporate Governance

We are committed to conducting our business in accordance with the highest level of ethical and corporate governance standards. Our Board periodically reviews Knowles corporate governance practices and takes other actions to address changes in regulatory requirements, developments in governance best practices and matters raised by stockholders. The following describes some of the actions taken to help ensure that our conduct earns the respect and trust of stockholders, customers, business partners, employees and the communities in which we live and work.

Governance Guidelines and Codes

Our Board of Directors has adopted written corporate governance guidelines that set forth the responsibilities of our Board and the qualifications and independence of its members and the members of its standing committees. In addition, our Board and its committees have adopted, among other codes and policies, a Code of Business Conduct and Ethics and a Code of Ethics for our Chief Executive Officer and Senior Financial Officers, as well as policies prohibiting our employees from buying or selling instruments to hedge against decreases in the market value of Knowles equity securities, and charters for each of its standing committees. All of these documents (referred to collectively as governance materials) are available on our website at investor.knowles.com.

Director Independence

Our Board has determined that at least two-thirds of its members and all of the members of its Audit, Compensation, and Governance and Nominating Committees must be independent from management and must meet all of the applicable criteria for independence established by the NYSE, the SEC and Knowles. Our Board makes an annual determination of the independence of each nominee for director prior to his or her nomination for (re)election. No director may be deemed independent unless the Board determines that he or she has no material relationship with Knowles, directly or as an officer, stockholder or partner of an organization that has a material relationship with Knowles.

Our Board has determined that each member of the Board, except for Mr. Niew, has no material relationship with Knowles and meets the independence requirements of the NYSE and the SEC. In addition, all members of our Board, except for Mr. Niew, meet the Knowles Standards for Director Independence, which are available on our website at investor.knowles.com.

Board Leadership Structure

Our Board has adopted a structure whereby the Chairman of the Board is an independent director. Our Board believes that having a chairman who is independent of management provides strong leadership for the Board and helps ensure critical and independent thinking with respect to our Company s strategy and performance. Our Chief Executive Officer is also a member of the Board of Directors as the management representative. We believe this is important to make information and insight directly available to the directors in their deliberations. This structure gives us an appropriate, well-functioning balance between non-management and management directors that combines experience, accountability and effective risk oversight.

Risk Oversight

Senior management is responsible for day-to-day management of risks facing Knowles, including the creation of appropriate risk management policies and procedures. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing the Company s approach to risk management. The Board regularly assesses significant risks to the Company in the course of reviews of corporate strategy and the Company s annual operating plan. As part of its responsibilities, the Board and its standing committees also regularly review material strategic, operational, financial, legal, compensation and compliance risks with senior executive officers. The Audit Committee also performs an oversight role with respect to financial and compliance risks, and reports on its findings at each regularly scheduled Board meeting. The Compensation Committee considers risk in connection with its design of compensation programs, and has engaged an independent compensation consultant to assist in mitigating compensation-related risk. The Governance and Nominating Committee oversees and monitors risks relating to the Company s governance structure and processes.

Compensation and Risk

We believe that our compensation programs are designed with appropriate risk mitigators, including:

- stock ownership guidelines for executive officers that align the interests of the executive officers with those of our stockholders;

mix of base salary, cash incentive opportunities, and long-term equity compensation, that provide a balance of short-term and long-term incentives with fixed and variable components;

capped payout levels for cash incentives;

inclusion of non-financial metrics, such as qualitative performance factors, in determining actual compensation payouts; and

use of stock options and equity awards that typically vest over a multi-year period, with stock options being exercisable for a seven-year period to encourage executives to take actions that promote the long-term sustainability of our business.

Change in Director Occupation

When a director s principal position of employment changes, that director is required to submit a letter volunteering to resign to the Governance and Nominating Committee and the Committee then recommends to the Board whether to accept or reject the resignation.

Succession Protocols

The Governance and Nominating Committee reviews emergency CEO succession protocols, developed by management, to ensure effective communications with the Board and other stakeholders and maintain confidence in the Company and its leadership if the CEO is unable to perform the powers and duties of the office either temporarily or permanently due to resignation or death, illness or other disability. The Committee also proposes revisions to the emergency CEO succession protocols from time to time as it deems appropriate.

Director Attendance at Stockholders Meetings

Our directors are expected to attend the Meeting. All directors, except Mr. Hirsch who was appointed in December 2014, attended the 2014 Annual Meeting of Stockholders.

Executive Officer Stock Ownership

Our Board has adopted a policy that executive officers are expected to hold a number of shares with a value at least equal to a multiple of their annual salary. This policy is discussed in the Other Compensation Programs and Policies section of the Compensation Discussion and Analysis.

Directors Meetings; Self-evaluations

Our Board conducts executive sessions in conjunction with its regularly scheduled meetings at least quarterly without management representatives present. Mr. Ergas, as Chairman of the Board of Directors, presides at these sessions. If Mr. Ergas is determined to no longer be an independent director or is not present at any of these sessions, the Chair of the Governance and Nominating Committee, who is currently Mr. Macleod, will preside. Our Board and its committees conduct annual self-evaluations of their performance.

Audit Committee Procedures; Disclosure Controls and Procedures Committee

The Audit Committee holds regular quarterly meetings at which it meets separately with each of our independent registered public accounting firm, PwC, our Chief Audit Executive and management to assess certain matters including the status of the independent audit process and management s assessment of the effectiveness of the Company s internal controls over financial reporting. In addition, the Audit Committee, as a whole, reviews and meets to discuss the contents of each

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Form 10-Q and Form 10-K (including the financial statements) prior to its filing with the SEC. Management has a Disclosure Controls and Procedures Committee, which includes among its members our Chief Financial Officer, Controller, Vice President of Investor Relations, Vice President of Tax, Chief Audit Executive and General Counsel. This management committee meets at least quarterly to review our earnings release and quarterly or annual report, as the case may be, for the prior quarter and our disclosure controls and procedures.

Complaints Hotline ; Communication with Directors

In accordance with the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), the Audit Committee has established procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (accounting matters), and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting matters. Such complaints or concerns may be submitted anonymously to Knowles, in care of our General Counsel or the Director of Compliance, or through an external service provider, by mail, telephone or via the internet as described in our Code of Business Conduct and Ethics, which is available on our website. Stockholders and other interested persons may also communicate with our Board and the non-management directors using any of these methods or channels.

Procedures for Approval of Related Person Transactions

We generally do not engage in transactions in which our executive officers or directors, any of their immediate family members or any of our 5% stockholders have a material interest. Should a proposed transaction or series of similar transactions involve any such persons and in an amount that exceeds $120,000, the transaction would be reviewed by the Governance and Nominating Committee in accordance with a written policy and the procedures adopted by our Board, which are posted on our website.

Under the procedures, management determines whether a proposed transaction requires review under the policy and, if so, presents the transaction to the Governance and Nominating Committee. The Governance and Nominating Committee reviews the relevant facts and circumstances of the transaction and approves or rejects the transaction. If the proposed transaction is immaterial or it is impractical or undesirable to defer the proposed transaction until the next meeting of the Governance and Nominating Committee, the Chair of the Governance and Nominating Committee decides whether to (i) approve the transaction and report the transaction at the next meeting Governance and Nominating Committee or (ii) call a special meeting of the Governance and Nominating Committee to review and approve the transaction. Should the proposed transaction involve the Chief Executive Officer or enough members of the Governance and Nominating Committee to prevent a quorum, the disinterested members of the committee will review the transaction and make a recommendation to the Board, and the disinterested members of the Board will then approve or reject the transaction. No director may participate in the review of any transaction in which he or she is a related person.

Compensation Consultant Independence and Fee Disclosure

The Compensation Committee has the authority and discretion to retain external compensation consultants and other advisors as it deems appropriate. The Compensation Committee has adopted a policy providing for the continuing independence and accountability to the committee of any advisor retained by the committee to assist the committee in the discharge of its duties. The policy formalizes the independent relationship between the committee s advisors and Knowles, while permitting management limited ability to access the advisors knowledge of Knowles for compensation matters. In order to ensure the independence of the compensation consultant, the consultant reports directly to the Compensation Committee and works specifically for the committee solely on compensation and

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benefits. Under the policy, the committee will annually review and pre-approve services that may be provided by the independent advisor to management without further committee approval. Compensation Committee approval is required prior to management retaining the committee s independent advisor for any executive compensation services or other consulting services or products above an aggregate annual limit of $50,000.

The Compensation Committee s independent compensation consultant periodically reviews and advises on the adequacy and appropriateness of our overall executive compensation plans, programs and practices and, from time to time, answers specific questions raised by the Compensation Committee or management. Compensation decisions are made by, and are the responsibility of, the Compensation Committee and our Board, and may reflect factors and considerations other than the information and recommendations provided by the Compensation Committee s consultant.

The Compensation Committee has engaged Semler Brossy Consulting Group LLC (Semler Brossy) as its independent compensation consultant. Semler Brossy provides no other services to, and has no other relationship with, Knowles. Semler Brossy focuses on executive compensation matters and does not have departments, groups or affiliates that provide services other than those related to executive compensation and benefits.

Qualifications and Nominations of Directors

The Governance and Nominating Committee considers and recommends to the Board of Directors nominees for election to, or for filling any vacancy on, our Board or its committees in accordance with our by-laws, our governance guidelines, and the committee s charter. The committee periodically reviews the requisite skills and characteristics of Board members as well as the size, composition, functioning and needs of our Board as a whole. To be considered for Board membership, a nominee for director must be an individual who has the highest personal and professional integrity, who has demonstrated exceptional ability and judgment, and who will be most effective, in conjunction with the other members of our Board, in collectively serving the long-term interests of all our stockholders. The committee also considers members qualifications as independent directors (the Board requires that at least two-thirds of its members be independent), the financial literacy of members of the Audit Committee, the qualification of Audit Committee members as audit committee financial experts, and the diversity, skills, background and experiences of Board members in the context of the needs of the Board. The Governance and Nominating Committee may also consider such other factors as it may deem to be in the best interests of Knowles and its stockholders.

Whenever the Governance and Nominating Committee concludes, based on the reviews or considerations described above or due to a vacancy, that a new nominee to our Board is required or advisable, it will consider recommendations from directors, management, stockholders and, if it deems appropriate, consultants retained for that purpose. In such circumstances, it will evaluate individuals recommended by stockholders in the same manner as nominees recommended from other sources. Stockholders who wish to recommend an individual for nomination should send that person s name and supporting information to the committee, in care of the Secretary. Stockholders who wish to directly nominate an individual for election as a director, without going through the Governance and Nominating Committee or using our proxy material, must comply with the procedures in our by-laws.

Directors Compensation

We use a combination of cash and stock-based incentives to attract and retain qualified candidates to serve on the Board. In setting director compensation, we consider the significant amount of time that directors expend to fulfill their duties, the skill level required of the members of the Board and competitive practices among peer companies. Employee directors do not receive additional compensation for their service on the Board. If a director serves for less than a full calendar year, the compensation to be paid to that director may be prorated as deemed appropriate by the Compensation Committee. Prior to the spin-off from our former parent company, members of our Board did not receive any compensation for service as a director.

To further align the interest of the independent directors of the Board with the Company s stockholders, the Board of directors has adopted share ownership guidelines for the independent directors. Under the guidelines, each independent director is expected to own Company common stock with a value at least equal to four times the base annual cash compensation paid to directors during the period they are directors, not including any additional cash compensation paid to chairs of the Board or committees. Independent directors are expected to meet these requirements within five years after the date of their election or appointment to the Board.

For 2014, non-employee director compensation was set as follows:

- an annual retainer of $200,000, payable $65,000 in cash and $135,000 in stock;
- Board Chairman additional retainer of $100,000, payable in cash; and
- Committee Chairs additional retainer of $10,000, payable in cash.

Effective for 2015, the Board approved an increase in the value of the annual stock grant from $135,000 to $150,000.

The following table and related footnotes outline the compensation paid to our non-employee directors in 2014. As an officer of the Company, Mr. Niew did not receive fees for his service on our Board during 2014.

2014 Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)	Total ($)
Jean-Pierre M. Ergas	165,000	235,000	400,000
Keith L. Barnes	75,000	235,000	310,000
Robert W. Cremin	65,000	185,000	250,000
Didier Hirsch (3)	2,315		2,315
Ronald Jankov	65,000	235,000	300,000
Richard K. Lochridge	75,000	185,000	260,000
Donald Macleod	75,000	235,000	310,000

(1) All non-employee directors (excluding Mr. Hirsch) received a one-time stock grant on March 7, 2014. Mr. Hirsch s grant was made on February 17, 2015. For Messrs. Ergas, Barnes, Jankov and Macleod, the stock had a grant date fair market value equal to $100,000, and for Messrs. Cremin and Lochridge, the stock had a grant date fair market value equal to $50,000, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718). Mr. Ergas grant value was based on his responsibilities as Chairman of the Board. Messrs. Cremin and Lockridge received a lower grant value on account of being current members of the Dover Board of Directors. These awards were granted under the 2014 Equity and Cash Incentive Plan.

(2) Pursuant to a Nonemployee Director Deferral Program adopted by the Compensation Committee on February 28, 2014, each non-employee director may elect to defer the receipt of all (but not less than all) of the shares earned in a calendar year until termination of services as a non-employee director or, if earlier,

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until a specified date elected by the non-employee director that is at least one year and not more than 15 years after the date of grant. Mr. Barnes deferred receipt of 10,356 shares for a period of two years from the grant date. Mr. Lochridge deferred receipt of 8,663 shares until after the termination of his service as a director. Mr. Macleod deferred receipt of 10,356 shares until after the termination of his service as a director.

(3) Mr. Hirsch was appointed to the Board, effective December 18, 2014.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership, as of March 9, 2015 (except as otherwise stated), of our common stock by:

- each director and each of our executive officers named in Executive Compensation Summary Compensation Table ;
- all of the directors and executive officers as a group, including the NEOs; and
- each person known to us to own beneficially 5% or more of our outstanding common stock.

The beneficial ownership set forth in the table is determined in accordance with the rules of the SEC. The percentage of beneficial ownership is based on 85,075,557 shares of common stock outstanding on March 9, 2015. In computing the number of shares beneficially owned by any stockholder and the percentage ownership of such stockholder, shares of common stock subject to options or stock settled stock appreciation rights (SSARs) held by that person that are currently exercisable or exercisable within 60 days of the record date have been included. Such shares, however, are not deemed to be outstanding for purposes of computing the percentage ownership of any other person. Fractional shares held in each of the NEO s 401(k) accounts as well as the 401(k) accounts of the other officers of Knowles have been rounded down.

Unless otherwise indicated in the footnotes below, the persons and entities named in the table have sole voting and investment power as to all shares beneficially owned. Unless otherwise indicated, the business address for all directors and executive officers is c/o Knowles Corporation, 1151 Maplewood Drive, Itasca, Illinois 60143.

Name of Beneficial Owner	Number of Shares	Percentage
Directors (except Mr. Niew):		
Jean-Pierre M. Ergas	47,016	*
Keith L. Barnes	10,356 (1)	*
Robert W. Cremin	15,647 (2)	*
Didier Hirsch	5,583	*
Ronald Jankov	10,356	*
Richard K. Lochridge	15,864 (3)	*
Donald Macleod	10,356 (4)	*
NEOs:		
Jeffrey S. Niew	311,529 (5)	*
John S. Anderson	69,437 (6)	*
Michael A. Adell	65,531 (7)	*
Daniel J. Giesecke	46,337 (8)	*
Christian U. Scherp	21,275 (9)	*
Directors and executive officers as a group (20 persons)	904,887 (10)	1%

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Name of Beneficial Owner	Number of Shares	Percentage
5% Stockholders:		
Franklin Resources, Inc.	9,377,016 (11)	11%
Janus Capital Management LLC	7,909,941 (12)	9.3%
Shapiro Capital Management LLC	7,356,546 (13)	8.6%
BlackRock, Inc.	5,882,049 (14)	6.9%
The Vanguard Group	5,051,746 (15)	5.9%

* Less than one percent.

(1) Includes 3,386 shares, the receipt of which has been deferred until March 7, 2016 and 6,970 shares the receipt of which has been deferred until November 17, 2016.

(2) Includes 6,984 shares held by a trust of which Mr. Cremin is the trustee.

(3) Includes 5,718 shares held by a trust of which Mr. Lochridge is the trustee, 1,483 shares held in a ROTH IRA held by a trust owned by Mr. Lochridge and 8,663 shares, the receipt of which has been deferred until after the termination of Mr. Lochridge s service as a director.

(4) Includes 10,356 shares, the receipt of which has been deferred until after the termination of Mr. Macleod s service as a director.

(5) Includes 174,853 shares in vested SSARs, 44,444 shares in vested stock options and 153 shares held under Knowles 401(k) plan.

(6) Includes 33,086 shares in vested SSARs, 33,086 shares in vested stock options and 93 shares held under Knowles 401(k) plan.

(7) Includes 36,495 shares in vested SSARs, 10,666 shares in vested stock options and 290 shares held under Knowles 401(k) plan.

(8) Includes 23,760 shares in vested SSARs, 5,333 in vested stock options and 147 shares held under Knowles 401(k) plan.

(9) Includes 5,333 in vest stock options and 47 shares held under Knowles 401(k) plan.

(10) In addition to the beneficial ownership reported for the identified directors and NEOs, the number of shares reported in the table above as beneficially owned by the identified directors and all executive officers as a group is based on the following shares owned by our executive officers that are not NEOs: 64,053 shares held directly, 179,916 shares in vested SSARs, 31,108 shares in vested stock options and 523 shares held under Knowles 401(k) plan.

(11) As reported in a Schedule 13G/A filed with the SEC on February 9, 2015 by Franklin Resources, Inc. (FRI), Charles B. Johnson and Rupert H. Johnson, Jr. These securities are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of FRI. Charles B. Johnson and Rupert H. Johnson, Jr. (the Principal Stockholders) each own in excess of 10% of the outstanding common stock of FRI and are the principal Stockholders of FRI. FRI and the Principal Stockholders may be deemed to be, for purposes of Rule 13d 3 under the Exchange Act, the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. However, FRI and the Principal Stockholders disclaim any pecuniary interest in and beneficial ownership of any of

such securities. The principal business office of FRI and the Principal Stockholders is One Franklin Parkway, San Mateo, CA 94403-1906.

(12) As reported in a Schedule 13G filed with the SEC on February 18, 2015 by Janus Capital Management LLC, with offices located at 151 Detroit Street, Denver, CO 80206. According to the Schedule 13G, as of December 31, 2014, Janus Capital Management LLC reported that it beneficially owned 7,909,941 shares with sole voting and dispositive power. Janus Contrarian Fund is the beneficial owner of 7,321,388 shares and is one of the managed portfolios to which Janus Capital provides investment advice. Janus Capital has a direct 96.81% ownership stake in INTECH Investment Management (INTECH) and a direct 100% ownership stake in Perkins Investment Management LLC (Perkins). Due to this ownership structure, holdings for Janus Capital, Perkins and INTECH are aggregated.

(13) As reported in a Schedule 13G filed with the SEC on February 13, 2015 by Samuel R. Shapiro and Shapiro Capital Management LLC, with offices located at 3060 Peachtree Road, Suite 1555 N.W., Atlanta, GA 30305. According to the Schedule 13G, as of December 31, 2014, Shapiro Capital Management LLC reported that it beneficially owned 7,356,546 shares with sole dispositive power,, 6,713,006 shares with sole voting power and 643,540 shares with shared voting power. Samuel R. Shapiro is the chairman, a director and majority stockholder of Shapiro Capital Management LLC and owns 10,000 shares in his own account and may be deemed to be the beneficial owner of 7,356,546 shares by virtue of his affiliation with Shapiro Capital Management LLC.

(14) As reported in a Schedule 13G filed with the SEC on January 29, 2015 by BlackRock Inc. with offices located at 55 East 52nd Street, New York, NY 10022, on behalf of its subsidiaries BlackRock Advisors (UK) Limited, BlackRock Institutional Trust Company, NA, BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management (Australia) Limited, BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Asset Management Ireland Limited, BlackRock Investment Management (UK) Limited, BlackRock Asset Management North Asia Limited, and BlackRock Capital Management. According to the Schedule 13G, as of December 31, 2014, BlackRock Inc. reported that it beneficially owned 5,882,049 shares with sole dispositive power and 5,587,035 shares with sole voting power.

(15) As reported in a Schedule 13G filed with the SEC on February 10, 2015 by The Vanguard Group, Inc. with offices located at 100 Vanguard Blvd., Malvern, PA 19355. According to the Schedule 13G, as of December 31, 2014, The Vanguard Group, Inc. reported that it beneficially owned 56,928 shares with sole voting power, 5,001,918 shares with sole dispositive power and 49,928 shares with shared dispositive power. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 49,928 as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 7,000 shares as a result of its serving as investment manager of Australian investment offerings.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires that our directors, certain of our officers, and holders of more than 10% of our common stock file reports of ownership and changes of ownership of our common stock with the SEC and the NYSE. Based solely on our review of the copies of these reports and on information provided by the reporting persons, we believe that during the year ended December 31, 2014 our directors, officers and owners of more than 10% of our common stock complied with all applicable filing requirements.

Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed the independent registered public accounting firm of PricewaterhouseCoopers LLC (PwC) to audit the annual accounts of Knowles and its subsidiaries for 2015. PwC has audited the financial statements for the Company since 2013. Representatives of PwC are not expected to be present at the Meeting.

Although stockholder ratification of PwC s appointment is not required by Knowles by-laws or otherwise, our Board of Directors is submitting the ratification of PwC s appointment for the year 2015 to Knowles stockholders. If the stockholders do not ratify the appointment of PwC, the Audit Committee will reconsider whether or not to retain PwC as Knowles independent registered public accounting firm for the year 2015 but will not be obligated to terminate the appointment. Even if the stockholders ratify the appointment of PwC, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in Knowles interests.

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THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE UNANIMOUSLY RECOMMEND A VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR 2015.

Audit Committee Report

In accordance with the requirements of Sarbanes-Oxley, the related SEC rules and the NYSE Listing Standards, the Board engaged the independent registered public accounting firm PwC to audit the annual accounts of Knowles and its subsidiaries for 2014.

The Audit Committee is responsible for the duties set forth in its charter but is not responsible for preparing the financial statements, implementing or assessing internal control or auditing the financial statements. Knowles management is responsible for preparing the financial statements, maintaining effective internal control over financial reporting and assessing the effectiveness of internal control over financial reporting. Knowles independent auditors are responsible for auditing the financial statements and expressing an opinion on the effectiveness of internal control over financial reporting. The review of the financial statements by the Audit Committee is not the equivalent of an audit.

Pursuant to its oversight responsibilities, the Audit Committee discussed with PwC the overall scope for the audit of Knowles 2014 financial statements. The Audit Committee met with PwC, with and without Knowles management present, to discuss the results of PwC s examination, their assessment of Knowles internal control and the overall quality of Knowles financial reporting.

The Audit Committee reviewed and discussed, with both the management of Knowles and PwC, Knowles 2014 audited financial statements, including a discussion of critical accounting policies, the quality, not just the acceptability, of the accounting principles followed, the reasonableness of significant judgments reflected in such financial statements and the clarity of disclosures in the financial statements.

The Audit Committee also (1) discussed with PwC the matters required to be discussed by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board, and (2) reviewed the written disclosures and the letter from PwC required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the Audit Committee concerning independence, and discussed with PwC its independence, including any relationships or permitted non-auditing services described below under Relationship with Independent Registered Public Accounting Firm, that might impact PwC s objectivity and independence.

Based upon the discussions and review referred to above, the Audit Committee recommended that the audited financial statements for the year ended December 31, 2014 be included in Knowles Annual Report on Form 10-K for the year ended December 31, 2014.

Audit Committee:	Keith L. Barnes (Chair)	Robert W. Cremin
	Jean-Pierre M. Ergas	Didier Hirsch

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Fees Paid to Independent Registered Public Accounting Firm

The independent registered public accounting firm of the Company during the year ended December 31, 2014 was PwC. All PwC services following the spin-off were approved in advance by the Audit Committee specifically or pursuant to procedures similar to those outlined below. The PwC services provided prior to the spin-off were pre-approved by the independent audit committee of our former parent company. The aggregate fees, rounded to the nearest thousand dollars, billed by PwC during 2013 and 2014 are set forth in the table below:

Type of Fee	Year Ended December 31, 2014 ($)	Year Ended December 31, 2013 ($)
Audit Fees (1)	2,220,000	5,469,000
Audit-Related Fees	0	0
Tax Fees (2)	71,000	21,000
All Other Fees (3)	3,000	0

(1) Audit fees include fees for audit or review services in accordance with generally accepted auditing standards and fees for services that generally only independent auditors provide, such as statutory audits and review of documents filed with the SEC. Audit fees also include fees paid in connection with services required for compliance with Section 404 of Sarbanes-Oxley. For the fees billed in 2013, $3,719,000 related to the Registration Statements on Form 10 and Form S-8 that we filed in connection with the spin-off.

(2) Tax fees include fees for services that are performed by professional tax staff other than in connection with the audit. These services include tax compliance services.

(3) All Other Fees include fees for advisory services related to licensing an accounting research tool.

Pre-Approval of Services Provided by Independent Registered Public Accounting Firm

Consistent with its charter and applicable SEC rules, our Audit Committee pre-approves all audit and permissible non-audit services provided by PwC to us and our subsidiaries. With respect to certain services which PwC has traditionally provided, the Audit Committee has adopted specific pre-approval policies and procedures. In developing these policies and procedures, the Audit Committee considered the need to ensure the independence of PwC while recognizing that, in certain situations, PwC may possess the expertise and be in the best position to advise us and our subsidiaries on issues and matters other than accounting and auditing.

The policies and procedures adopted by the Audit Committee allow the pre-approval by the Audit Committee of permissible audit-related services, non-audit-related services and tax services. Under the policies and procedures, pre-approval is generally provided for up to one year and any general pre-approval is detailed as to the particular services or category of services and is subject to a specific budget for each of them. The policies and procedures require that any other services be expressly and separately approved by the Audit Committee prior to such services being performed by the independent auditors. In addition, pre-approved services which are expected to exceed the budgeted amount included in a general pre-approval require separate, specific pre-approval. For each proposed service, the independent auditors and management are required to provide detailed information to the Audit Committee at the time of approval. The Audit Committee considers whether each pre-approved service is consistent with the SEC s rules and regulations on auditor independence.

Proposal 3 Advisory Resolution to Approve Named Executive Officer Compensation

As mandated by Section 14A of the Exchange Act, Knowles is required to offer our stockholders an opportunity to vote to approve, on an advisory and nonbinding basis, the compensation of our NEOs as

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disclosed in this Proxy Statement in accordance with the rules of the SEC. Our stockholders are also entitled, at least once every six years, to provide an advisory nonbinding vote on how frequently the stockholders should be entitled to provide an advisory vote on the compensation of our NEOs.

We are asking our stockholders to indicate their support for our NEO compensation as described in this Proxy Statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our NEOs compensation.

Prior to the spin-off in February 2014, Knowles was a wholly owned subsidiary of Dover and Dover s senior management and the Compensation Committee of Dover s Board of Directors determined Knowles past compensation. Since the spin-off, Knowles Compensation Committee and Board of Directors have been responsible for Knowles executive compensation strategy.

Knowles executive compensation programs are designed to ensure a strong linkage between pay and performance while enabling Knowles to attract and retain the top talent needed to drive Knowles long-term success. Executive compensation will be aligned with Company, business unit and individual performance objectives. Knowles executive compensation is highly leveraged, with a large majority of the total compensation intended to be at risk.

This vote is not intended to address any specific item of compensation but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we ask our stockholders to vote FOR the following resolution at the Meeting:

RESOLVED, that Knowles stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Knowles Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

The say-on-pay vote is advisory and therefore not binding on Knowles, our Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and, to the extent there is any significant vote against the NEO compensation as disclosed in this Proxy Statement, we will consider our stockholders concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.

Proposal 4 Approval of the Performance Measures under the Knowles Corporation Executive Officer Annual Incentive Plan

The stockholders will be asked at the Meeting to approve the material terms of the performance measures used for incentive compensation awarded under the Knowles Corporation Executive Officer Annual Incentive Plan (the Annual Incentive Plan), in accordance with Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (Section 162(m)). The Annual Incentive Plan was approved by Dover Corporation, as Knowles sole stockholder, prior to the spin-off in February 2014. Stockholders are being asked to approve the performance measures under the Annual Incentive Plan so that certain compensation paid under the Annual Incentive Plan may qualify as performance-based compensation under Section 162(m), assuming other applicable regulatory requirements are satisfied. Stockholders are not being asked to approve an amendment to any provision of the Annual Incentive Plan.

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The Annual Incentive Plan will allow the Compensation Committee to utilize specified financial or individual measures (as more fully described below) when determining awards under the plan. Section 162(m) limits the deduction for federal income tax purposes of compensation for the chief executive officer and the three other most highly compensated executive officers (other than the chief financial officer) as of the last day of a company s taxable year (collectively, the 162(m) covered employees) to $1 million per year, unless such compensation qualifies as performance-based compensation under Section 162(m). Various requirements must be satisfied in order for compensation paid to the 162(m) covered employees to qualify as performance-based compensation within the meaning of Section 162(m). One such requirement is that the compensation must be paid based upon the attainment of performance measures established by a committee of board members meeting the definition of outside director as defined in Section 162(m). In addition, the measures established by such a committee, which in our case would be the Compensation Committee, must be based upon performance measures, the material terms of which are approved by the stockholders. In the context of a spin-off, that stockholder approval must be obtained no later than the first annual meeting of stockholders that occurs after the first anniversary of the effective date of the spin-off.

We are accordingly requesting the stockholders to approve the material terms of the performance measures for the Annual Incentive Plan in accordance with Section 162(m). No compensation will be paid under the Annual Incentive Plan to 162(m) covered employees for performance periods commencing on or after January 1, 2015 if the material terms of the performance measures included in the Annual Incentive Plan are not approved by stockholders. If stockholders do not approve the material terms of the performance measures for the Annual Incentive Plan in accordance with Section 162(m), then the Compensation Committee will re-evaluate the compensation program in order to continue to provide compensation to attract, retain and motivate its executive officers.

The following is a description of the material terms of the performance measures and certain other material terms of the Annual Incentive Plan. This description is qualified in its entirety by reference to the Annual Incentive Plan, a copy of which has been included as Appendix A to this proxy statement.

Material Terms of the Performance Measures

Participants. The Compensation Committee shall each year determine the Executive Officers of Knowles eligible to participate in the Annual Incentive Plan. Under the Annual Incentive Plan, Executive Officers is defined as the Chief Executive Officer and the Chief Operating Officer of Knowles, each executive of Knowles or an affiliate who reports directly to the Chief Executive Officer or the Chief Operating Officer of Knowles, and any other executive of Knowles or an affiliate as may be selected by the Compensation Committee or who is an executive officer of Knowles within the meaning of Rule 3b-7 under the Exchange Act. As of March 9, 2015, 12 executive officers were eligible to participate in the Annual Incentive Plan.

Award Limits. Under the terms of the Annual Incentive Plan, in no event may a payout under the Annual Incentive Plan to any participant for any performance period exceed $5 million. Each performance period will have a duration of one calendar year, commencing January 1 and ending the next December 31.

Performance Measures. Under the Annual Incentive Plan, the performance targets to be used for awards under the plan will be determined on the basis of one or more of the following performance criteria, either individually, alternatively or in any combination, and applied either to Knowles as a whole or to a subsidiary, division, affiliate, business segment or unit thereof: (a) earnings before interest, taxes, depreciation and amortization, (b) cash flow, (c) earnings per share, (d) operating earnings, (e) return on equity, (f) return on investment, return on stockholders equity, return on capital employed, return on invested cash, (g) total stockholder return or internal total stockholder return,

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(h) net earnings, (i) sales or revenue, (j) expense targets, (k) targets with respect to the value of common stock, (l) margins, (m) pre-tax or after-tax net income, (n) market penetration, (o) geographic goals, (p) business expansion goals, or (q) goals based on operational efficiency. The Compensation Committee may adjust, upward or downward, to the extent permitted by Section 162(m), the performance targets to reflect (i) a change in accounting standards or principles, (ii) a significant acquisition or divestiture, (iii) a significant capital transaction or (iv) any other unusual, nonrecurring items which are separately identified and quantified in Knowles audited financial statements, so long as such accounting change is required or such transaction or nonrecurring item occurs after the goals for the fiscal year are established, and such adjustments are stated at the time that the performance goals are determined. The Compensation Committee may also adjust, upward or downward, as applicable, the performance targets to reflect any other extraordinary item or event, so long as any such item or event is separately identified as an item or event requiring adjustment of such targets at the time the performance targets are determined, and such item or event occurs after the targets for the fiscal year are established. The Compensation Committee retains the discretion to grant awards under the Annual Incentive Plan that are not intended to qualify as performance-based compensation under Section 162(m), without regard to the actual achievement of any performance targets.

Summary Description of the Annual Incentive Plan

Administration. The Annual Incentive Plan will be administered and interpreted by the Compensation Committee. As soon as practicable after the end of each performance period, the Compensation Committee, following consultation with the Audit Committee, will make a determination in writing with regard to the attainment of Knowles performance targets for such performance period and will calculate the possible payout of incentive awards for each participant. The Compensation Committee will have the power and authority to reduce or eliminate for any reason the payout that would otherwise be payable to a participant based on the established target award and payout schedule.

Effective Date, Termination and Amendment. The Annual Incentive Plan became effective on January 1, 2014 and will continue until terminated by the Board. Subject to the limitations included in the Annual Incentive Plan, the Board may amend or modify the Annual Incentive Plan with respect to future performance periods prior to the beginning of any performance period.

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New Plan Benefits

The following table shows the minimum and maximum cash amounts that may be earned by the following persons and groups pursuant to the Annual Incentive Plan based on the attainment of performance goals established by the Compensation Committee for the 2015 performance period. Amounts payable, if any, will be paid following the end of the performance period. The actual amounts that will be paid with respect to the 2015 performance periods are not determinable until after the conclusion of the 2015 performance period. No compensation will be paid under the Annual Incentive Plan to 162(m) covered employees for performance periods commencing on and after January 1, 2015 if the material terms of the Annual Incentive Plan are not approved by stockholders.

Plan Participant	Dollar Value ($)
Jeffrey S. Niew President & Chief Executive Officer	$ 0 to $1,500,000
John S. Anderson Senior Vice President & Chief Financial Officer	$ 0 to $518,000
Michael A. Adell Co-President, Mobile Consumer Electronics Microphones	$ 0 to $260,000
Christian U. Scherp Co-President, Mobile Consumer Electronics Speakers & Receivers	$ 0 to $380,000
Daniel J. Giesecke Senior Vice President & Chief Operating Officer	$ 0 to $260,000
Executive Officer Group (12), including the above	$ 0 to $4,850,000

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE PERFORMANCE MEASURES UNDER THE KNOWLES CORPORATION EXECUTIVE OFFICER ANNUAL INCENTIVE PLAN.

Proposal 5 Approval of the Performance Measures under the Knowles Corporation 2014 Equity and Cash Incentive Plan

Stockholders will be asked at the Meeting to also approve the material terms of the performance measures used for performance-based equity awards granted under the Knowles Corporation 2014 Equity and Cash Incentive Plan (the 2014 Incentive Plan), in accordance with Section 162(m). The 2014 Incentive Plan was approved by Dover Corporation, as Knowles sole stockholder, prior to the spin-off in February 2014. Stockholders are being asked to approve the performance measures under the 2014 Incentive Plan so that certain compensation paid under the 2014 Incentive Plan may qualify as performance-based compensation under Section 162(m), assuming other applicable regulatory requirements are satisfied. Stockholders are not being asked to approve an increase in the number of shares available under the 2014 Incentive Plan or an amendment to any provision of the 2014 Incentive Plan.

Under the 2014 Incentive Plan, various forms of awards may be granted to eligible participants, as discussed in further detail below. The 2014 Incentive Plan allows for the grant of performance-based compensation. The grant, vesting, crediting and/or payment of performance-based compensation, if any, will be based or conditioned on the achievement of objective performance measures established in writing by the Compensation Committee.

As discussed in Proposal 4, Section 162(m) limits the deduction for federal income tax purposes of compensation for the 162(m) covered employees to $1 million per year, unless such compensation qualifies as performance-based compensation under Section 162(m). Various requirements must be

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satisfied in order for compensation paid to the 162(m) covered employees to qualify as performance-based compensation within the meaning of Section 162(m). One such requirement is that the compensation must be paid based upon the attainment of performance measures established by a committee of board members meeting the definition of outside director as defined in Section 162(m). In addition, the measures established by such a committee, which in our case would be the Compensation Committee, must be based upon performance measures, the material terms of which are approved by the stockholders. In the context of a spin-off, that stockholder approval must be obtained no later than the first annual meeting of stockholders that occurs after the first anniversary of the effective date of the spin-off.

We are accordingly requesting the stockholders to approve the material terms of the performance measures for the 2014 Incentive Plan in accordance with Section 162(m).

The following is a description of the material terms of the performance measures and certain other material terms of the 2014 Incentive Plan. This description is qualified in its entirety by reference to the 2014 Incentive Plan, a copy of which has been included as Appendix B to this proxy statement.

Material Terms of the Performance Measures

Participants. Non-employee directors of Knowles and salaried officers and other key employees of Knowles and its affiliates are eligible to participate in the 2014 Incentive Plan. As of March 9, 2015 approximately 850 employees and seven non-employee directors were eligible to participate in the 2014 Incentive Plan.

Award Limits. The maximum number of shares of common stock subject to any award intended to comply with Section 162(m) that may be granted under the 2014 Incentive Plan during any fiscal year of Knowles to any participant is 2,000,000 stock options or stock appreciation rights (SSARs), 500,000 shares of restricted stock, and 500,000 restricted stock units. Under the 2014 Incentive Plan, no employee will be granted any performance share award intended to comply with Section 162(m) that could result in the participant receiving more than 500,000 shares of common stock for any performance period and no employee will be granted a cash performance award intended to comply with Section 162(m) that could result in a participant receiving a payment of more than $10,000,000 for any performance period. The performance period for cash performance awards and performance share awards will not be less than three full fiscal years of Knowles, including the year in which an award is made, and may be shorter in the case of other awards. The foregoing share limits are subject to adjustment, as described below, in accordance with the terms of the 2014 Incentive Plan.

Performance Measures. To the extent an award is intended to qualify as performance-based compensation under Section 162(m), the performance measures to be used under the 2014 Incentive Plan will be based on one or more of the following performance criteria either individually, alternatively, or in any combination applied either to Knowles, as a whole or to a subsidiary, a division, affiliate, business segment, or any business unit thereof, individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, or on an absolute basis or relative to previous year s results or to a designated comparison group, in either case as specified by the Compensation Committee in the award: (i) the attainment of certain target levels of, or a specified percentage increase in, revenues, income before income taxes and extraordinary items, income or net income, earnings before income tax, earnings before interest, taxes, depreciation and amortization, or a combination of any or all of the foregoing; (ii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits including, without limitation, that attributable to continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase in, operational cash flow; (iv) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of Knowles or an

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affiliate s bank debt or other long-term or short-term public or private debt or other similar financial obligations of Knowles or an affiliate, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Compensation Committee; (v) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations; (vi) the attainment of certain target levels of, or a specified increase in, return on capital employed or return on invested capital or operating revenue or return on invested cash; (vii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholders equity; (viii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (ix) the attainment of certain target levels in the fair market value of the shares of Knowles common stock; (x) market segment share; (xi) product release schedules; (xii) new product innovation; (xiii) product or other cost reductions; (xiv) brand recognition or acceptance; (xv) product ship targets; (xvi) customer satisfaction; (xvii) total stockholder return; (xviii) return on assets or net assets; (xix) assets, operating margin or profit margin; and (xx) the growth in the value of an investment in Knowles common stock assuming the reinvestment of dividends.

To the extent permitted under Section 162(m), but only to the extent permitted under Section 162(m) (including, without limitation, compliance with any requirements for stockholder approval), the Compensation Committee may provide that, in measuring achievement of the performance targets, adjustments shall be made for the following: (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects, as applicable, for non-US. dollar denominated net sales and operating earnings; (iii) to exclude the effects of changes to generally accepted accounting principles required by the Financial Accounting Standards Board; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of any extraordinary items as determined under generally accepted accounting principles or any acquisition or divestiture; (vi) to exclude any other unusual, non-recurring gain or loss or other extraordinary item; (vii) to respond to, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (viii) to respond to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; (ix) to exclude the dilutive effects of acquisitions or joint ventures; (x) to assume that any business divested by Knowles achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (xi) to exclude the effect of any change in the outstanding shares of common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (xii) to reflect a corporate transaction, such as a merger, consolidation, separation (including a spin-off or other distribution of stock or property by a corporation), or reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code); and (xiii) to reflect any partial or complete corporate liquidation.

Summary Description of the 2014 Incentive Plan

Under the 2014 Incentive Plan, Knowles may grant: nonqualified stock options; incentive stock options; SSARs; cash performance awards; restricted stock; restricted stock units; performance shares; deferred stock units and directors shares (collectively, the Awards). The 2014 Incentive Plan is intended to promote the long-term success of Knowles by providing salaried officers and other key employees of Knowles and its affiliates with long-range and medium-range inducement to remain with the organization and to encourage them to increase their efforts to make Knowles successful.

Administration. The 2014 Incentive Plan contemplates that the 2014 Incentive Plan will be administered and interpreted by the Compensation Committee. To the extent permitted by Delaware law, the Compensation Committee may delegate all or a portion of its authority with regard to the 2014

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Incentive Plan to the chief executive officer, except that the Compensation Committee may not delegate its power to grant Awards to individuals subject to Section 16 of the Exchange Act or 162(m) covered employees.

Available Shares. A total of 12,000,000 shares of common stock were initially reserved for issuance under the 2014 Incentive Plan. The maximum number of shares issuable under the 2014 Incentive Plan is subject to adjustments resulting from stock dividends, stock splits, recapitalizations, reorganizations and other similar changes. Shares issued pursuant to stock options and SSARs will reduce the shares available for Awards under the 2014 Incentive Plan by one share for every one share granted. Shares issued pursuant to performance share awards, restricted stock, restricted stock units, directors shares and deferred stock units will reduce the shares available for Awards under the 2014 Incentive Plan by three shares for every one share issued. Cash performance awards do not count against the pool of available shares. The number of shares issued when an Award is exercised, vests or is paid out will count against the pool of available shares, including shares withheld to pay taxes or an option s exercise price. Shares subject to an Award under the 2014 Incentive Plan that is cancelled, terminated, or forfeited or that expires will be available for reissuance under the 2014 Incentive Plan. On March 9, 2015, the closing sales price per share of Knowles common stock as reported on the New York Stock Exchange was $19.63.

Adjustment. In the event of any change in the common stock through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or similar change in the capital structure of Knowles, if all or substantially all of the assets of Knowles are transferred to any other corporation in a reorganization, or in the event of a payment of a dividend or distribution to the stockholders in a form other than shares of common stock (and other than normal cash dividends) that has a material effect on the fair market value of the shares of common stock, appropriate adjustments shall be made by the Compensation Committee in the number and class of shares subject to the 2014 Incentive Plan, the annual Award limits, and/or other value determinations applicable to the 2014 Incentive Plan or outstanding Awards.

Effective Date, Termination, and Amendment. The 2014 Incentive Plan became effective on February 28, 2014 and will terminate on February 27, 2024. Except as described below, the Board may amend the 2014 Incentive Plan as it deems necessary or appropriate or terminate the 2014 Incentive Plan at any time. Without the approval of stockholders, the Board cannot: (i) increase the maximum number of shares available for Awards under the 2014 Incentive Plan or change the class of employees eligible to receive any Awards; (ii) extend beyond 120 months from the date of the grant the period within which an option or SSAR may be exercised; (iii) make any other amendment that would require stockholder approval under applicable law or regulation or rule of the principal stock exchange on which shares of Knowles common stock are traded; or (iv) change the class of persons eligible to receive incentive stock options. In addition, without stockholder approval, the Board cannot approve either the cancellation of outstanding options or SSARs in exchange for cash or substitute awards having a lower exercise price or base price, or amend outstanding options or SSARs to reduce the exercise price or base price thereof (except in certain situations in connection with a change in control).

Change in Control. Vesting of outstanding Awards to employees under the 2014 Incentive Plan accelerates upon the consummation of a change in control (as defined in the 2014 Incentive Plan) and one of the following double-trigger vesting requirements: (i) involuntary termination of employment other than for cause, death or disability within 18 months of the change in control; (ii) a resignation for good reason within 18 months of the change in control; or (iii) outstanding Awards are not replaced with awards or grants that preserve the existing value of the Awards, the Awards are not assumed by a successor or affiliate, or the Awards are impaired in value or rights. In addition, the Compensation Committee has the right to take such other action with respect to Awards in connection with a change in control as it determines to be appropriate.

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Tax Matters

In general, a participant will not recognize taxable income at the time a stock option is granted. Upon exercise of a nonqualified stock option, a participant will recognize compensation, taxable as ordinary income, equal to the excess of the fair market value of the shares of common stock purchased over their exercise price. In the case of incentive stock options, within the meaning of Section 422 of the Code, a participant will not recognize ordinary income at the time of exercise (except for purposes of the alternative minimum tax), and if the participant observes certain holding period requirements, then when the shares are sold, the entire gain over the exercise price will be taxable at capital gains rates. A participant has no taxable income at the time SSARs are granted, but will recognize compensation taxable as ordinary income upon exercise in an amount equal to the fair market value of any shares of common stock delivered. A participant who is granted shares of restricted stock, including shares subject to performance conditions, generally will not recognize taxable income at the time the restricted stock is granted, but will recognize compensation taxable as ordinary income at the time the restrictions lapse in an amount equal to the excess of the fair market value of the shares of common stock at such time over the amount, if any, paid for such shares. However, a participant instead may elect to recognize compensation taxable as ordinary income on the date the restricted stock is granted in an amount equal to the fair market value of the shares on that date. The taxation of other stock-based Awards will depend on how such Awards are structured. Generally, a participant who is granted an Award of restricted stock units, including restricted stock units subject to performance conditions, or some other performance unit will not recognize taxable income at the time such Award is granted. When the restrictions applicable to the Award lapse, and the shares of common stock subject to the restricted stock units or other Award are transferred (or any amount of cash is paid) to the participant, the participant will recognize compensation taxable as ordinary income in an amount equal to the fair market value of the shares of common stock on the date of transfer and the amount of any cash paid.

Subject to the Section 162(m) deduction limitation described above, Knowles may deduct, as a compensation expense, the amount of ordinary income recognized by a participant in connection with the 2014 Incentive Plan at the time such ordinary income is recognized by that participant.

New Plan Benefits

The number of performance-based awards granted under the 2014 Incentive Plan in any year is subject to the Compensation Committee s discretion and is, therefore, not determinable.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE PERFORMANCE MEASURES UNDER THE KNOWLES CORPORATION 2014 EQUITY AND CASH INCENTIVE PLAN.

Equity Compensation Plan Table

We currently maintain equity compensation plans that provide for the issuance of Knowles stock to directors, executive officers and other employees. The following table sets forth information regarding outstanding options and shares available for future issuance under these plans as of December 31, 2014.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))(2)
Equity compensation plans approved by shareholders	2,783,312	25.53	8,240,061
Equity compensation plans not approved by shareholders		0	

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Column (a) consists of shares issuable pursuant to outstanding restricted stock unit, SSAR and stock option awards under the Company s 2014 Incentive Plan. A portion of these awards were issued to our employees in substitution for such employees outstanding awards of our former parent company. Restricted stock units are not reflected in the weighted exercise price in column (b).

Column (c) consists of shares available for future issuance under the 2014 Incentive Plan. The 2014 Incentive Plan provides for stock options and SSAR grants, restricted stock awards, restricted stock unit awards, performance share awards, cash performance awards, directors shares and deferred stock units. Shares subject to stock options and SSARs will reduce the shares available for awards under the 2014 Incentive Plan by one share for every one share granted. Performance share awards, restricted stock, restricted stock units that are settled in shares of common stock, directors shares and deferred stock units will reduce the shares available for awards under the 2014 Incentive Plan by three shares for every one share awarded. Cash performance awards do not count against the pool of available shares. The number of shares earned when an award is exercised, vests or is paid out will count against the pool of available shares, including shares withheld to pay taxes or an option s exercise price. Shares subject to an award under the 2014 Incentive Plan that is cancelled, terminated or forfeited or that expires will be available for reissuance under the 2014 Incentive Plan.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) describes our 2014 compensation practices, programs, and decisions for our Named Executive Officers (NEOs).

Spin-off from Dover Corporation

On February 28, 2014, our former parent company, Dover, completed the spin-off of Knowles into an independent, publicly-traded company. Knowles was a wholly-owned subsidiary of Dover prior to such date.

For 2014, the Compensation Committee of Dover s Board of Directors (the Dover Committee) determined the compensation of Mr. Niew and Mr. Anderson, as well as the equity grants for each of the executive officers. The Compensation Committee of the Knowles Board of Directors (the Knowles Committee) approved the merit increases for the other Knowles executive officers. Following the spin-off, the Knowles Committee is responsible for the Company s executive compensation matters. The duties of the Knowles Committee are described in more detail in Item 1 Board of Directors section of this Proxy Statement.

In November 2013, the Dover Committee approved one-time Founders restricted stock unit (RSU) and stock option awards (the Founders Grants) to certain executive officers and select key employees. These Founders Grants were granted five days after spin-off, on March 7, 2014, under the Knowles Corporation 2014 Equity and Cash Incentive Plan (the 2014 Incentive Plan). In addition, at the time of the spin-off, Dover equity grants held by Knowles employees were converted into Knowles equity, with performance shares with a performance period ending after the spin-off converted into time-based RSUs. See the 2014 Outstanding Equity Awards Table at Fiscal Year-End.

2014 Overview

2014 Named Executive Officers

Jeffrey Niew, President & Chief Executive Officer (CEO)

John Anderson, Senior Vice President & Chief Financial Officer

Michael Adell, Co-President, Mobile Consumer Electronics Microphones

Christian Scherp, Co-President, Mobile Consumer Electronics Speakers & Receivers

Daniel Giesecke, Senior Vice President & Chief Operating Officer

2014 Performance

2014 was a challenging year for Knowles, and we did not meet our financial objectives. However, we made significant progress during our first year as an independent public company that we believe will position us for future growth. We saw significant revenue growth with China OEMs largely driven by our integrated audio solutions roadmap and a continuation of multi mic adoption. We made great headway with our intelligent audio products and have even greater conviction in the value proposition of these solutions. We remain ahead of schedule in our forecasted annualized cost savings related to our global operations strategy.

Key 2014 financial results that impacted compensation decisions include:

Revenue of $1,141,300,000

Adjusted earnings before interest and income taxes (Adjusted EBIT) of $113,400,000

Non-GAAP diluted earnings per share of $1.10

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Please refer to Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in Knowles Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC on February 25, 2015 for a reconciliation of Adjusted EBIT and Non-GAAP diluted earnings per share.

2014 Say-on-Pay Vote

The Knowles Committee considers whether Knowles executive compensation program is aligned with the interests of Knowles stockholders. As part of that review, the Knowles Committee considered the approval by more than 97% of the votes cast for the Knowles say-on-pay vote at the 2014 Annual Meeting of Stockholders and determined that the executive compensation philosophy and compensation elements continued to be appropriate. No changes were made to the executive compensation program in response to the 2014 say-on-pay vote. The Knowles Committee intends to engage with stockholders about executive pay matters as appropriate in the future.

2014 Target Direct Compensation Overview

The table below breaks down total target compensation by element for each NEO for the 2014 executive compensation program, including the one-time Founders Grants. These elements of compensation are described in more detail in 2014 NEO Compensation Decisions.

2014 Total Target Direct Compensation by Element

Executive	Base Salary	Target Annual Incentive	Long-term Incentive	Total	2014 Founders Grants
Jeffrey S. Niew	$ 625,000	$ 750,000	$ 2,500,000	**$ 3,875,000**	$ 4,000,000
John S. Anderson	$ 370,000	$ 259,000	$ 700,000	**$ 1,329,000**	$ 750,000
Michael A. Adell(1)	$ 325,000	$ 130,000	$ 600,000	**$ 1,055,000**	$ 1,000,000
Christian U. Scherp	$ 380,000	$ 190,000	$ 300,000	**$ 870,000**	$ 1,000,000
Daniel J. Giesecke	$ 300,000	$ 120,000	$ 300,000	**$ 720,000**	$ 1,000,000

(1) Mr. Adell s 2014 annual long-term incentive grant value includes $300,000 in additional long-term incentive awards, which are discussed in more detail in 2014 NEO Compensation Decisions.

NEO Pay Practices

Compensation Philosophy

Knowles executive compensation programs are designed to achieve the following key objectives:

- Motivate executives to enhance long-term stockholder value
- Reinforce Knowles pay for performance culture by aligning executive compensation with Knowles business objectives and financial performance
- Provide a total compensation opportunity that allows Knowles to attract and retain talented executives
- Use incentive compensation to promote desired behavior without encouraging unnecessary and excessive risk-taking.

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The tables below highlight certain executive compensation practices applicable to Knowles current NEOs that the Knowles Committee believes support these objectives and further aligns the interests of our NEOs with our stockholders, as well as practices that are not employed because we do not believe they would serve our stockholders long-term interests.

What We Do
Pay for Performance: On average, approximately 68% of NEO total target direct compensation is performance-based and is tied to financial and individual performance and/or the performance of our stock price
Emphasize Long-term Performance: On average, over 50% of 2014 NEO total target direct compensation is equity-based, with vesting over three years
Require Double-Trigger upon a Change in Control for Equity Acceleration: Long-term incentive award grants provide for accelerated vesting upon a change in control if the NEO is involuntarily terminated without cause or resigns for good reason in connection with or during a limited period following a change in control
Mitigate Undue Risk: The executive compensation programs are designed to discourage inappropriate risk-taking
Maintain Rigorous Stock Ownership Guidelines: Minimum ownership requirement for the CEO is 5x base salary; minimum ownership requirement for other Section 16 officers is 3x base salary
Engage Independent Consultant: The Committee engages an independent compensation consultant that does not provide any other services to Knowles
Employ an Independent Chairman of the Board: The Chairman provides effective independent Board leadership and oversight of management
Prohibit Employee and Director Pledging and Hedging of Company Securities

Role of the Compensation Committee

For 2014, the Dover Committee determined the target compensation levels for Mr. Niew and Mr. Anderson, as well as 2014 equity grants for each of the NEOs. The Knowles Committee approved the merit increases for the other Knowles executive officers.

Since the spin-off and going forward, the Knowles Committee is responsible for approving the compensation of the CEO and other NEOs based on the recommendations of the CEO with respect to the other NEOs. The Knowles Committee is also responsible for approving the overall levels of equity to be granted each year, among other duties expressed in its charter. The Knowles Committee relies on its own review and advice of its independent advisor in establishing CEO pay, without the involvement of the CEO.

Role of Management

For 2014, Dover s CEO was responsible for making recommendations to the Dover Committee regarding Mr. Niew and Mr. Anderson s 2014 target compensation levels and for approving the non-equity compensation of the other NEOs based on Mr. Niew s recommendations.

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Since the spin-off and going forward, Knowles CEO makes compensation recommendations to the Knowles Committee for the other NEOs, based on an assessment of individual and corporate performance. Management personnel prepare compensation information and performance assessments for the Knowles Committee.

Independent Advisor to the Committee

Prior to the spin-off, the Dover Committee engaged Towers Watson on Knowles behalf. Duties performed by Towers Watson included the creation of the pre spin-off peer group used for 2014 pay decisions, analysis of market pay levels and practices, and analysis of compensation in recent spin-offs.

After the spin-off, the Knowles Committee engaged Semler Brossy Consulting Group (Semler Brossy) as its independent advisor. Semler Brossy s duties include preparation of material for the Knowles Committee s NEO pay analysis, review of Knowles historical peer group, recommendation of independent director compensation, discussion and analysis of potential incentive programs, and work on behalf of the Knowles Committee to review management s recommendations to the Knowles Committee about executive pay matters. Semler Brossy has been retained by and reports directly to the Knowles Committee, and does not provide any services to Knowles other than those described above. The Knowles Committee assessed Semler Brossy s independence in light of the SEC requirements and NYSE listing standards and determined that Semler Brossy s work did not raise any conflict of interest or independence concerns.

Peer Group and Market Data

The Knowles Committee periodically examines market data to understand both pay levels and pay practices. This data includes a peer group that consists of similarly-sized companies that the Knowles Committee believes is an appropriate list of competitors for business and/or talent.

The peer group below was approved by the Dover Committee in August 2013 and used to evaluate 2014 NEO compensation decisions.

2014 Peer Group

Atmel	LSI
AVX	Methode Electronics
Ciena	Microsemi
Cirrus Logic	Molex
Cree	RF Micro Devices
Cypress Semiconductor	Silicon Laboratories
Fairchild Semiconductor	Skyworks Solutions
Interdigital	Vishay Intertechnology
Littelfuse	

In addition, the Dover Committee used survey data from Towers Watson as well as Towers Watson s analysis of recent spin-offs in determining the initial structure of post-spin-off Knowles NEO pay levels, Knowles equity plan design and long-term incentive grants.

In May 2014, the Knowles Committee approved changes to the peer group based on input from management and Semler Brossy. The revised peer group will be used to evaluate 2015 compensation decisions.

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The Knowles Committee considered the following general criteria in reviewing the peer group:

- Companies that are publicly traded on US stock exchanges;
- Companies in the same or similar lines of business;
- Companies that serve similar customers;
- Companies with revenue of approximately 0.5x to 2.0x Knowles revenue and within a reasonable size range of Knowles with respect to other financial and operating metrics such as market capitalization and earnings before interest and taxes; and
- Companies headquartered in high technology regions such as Silicon Valley.

Based on these criteria as well as other qualitative considerations, the Committee removed the following six companies from the peer group: AVX, Interdigital, LSI, Methode Electronics, Molex, and Silicon Laboratories, and added the following three companies to the peer group: International Rectifier, JDS Uniphase, and Synaptics.

NEO Pay Programs

Knowles ongoing NEO pay program consists of three primary elements: base salary, annual cash incentive opportunity, and long-term equity opportunity, as described in the table below. In 2014, Knowles compensation program also included one-time Founders Grants made in connection with the spin-off. The table includes a summary of 2014 decisions related to these elements, which are described in more detail in 2014 NEO Compensation Decisions . In addition to these elements, NEOs participate in benefits and other programs as described in Other Compensation Programs and Policies .

Pay Element	Purpose	Terms	2014 Decisions
Salary	Provide a competitive level of fixed compensation to attract and retain talented executives.	Reviewed annually and adjusted depending on an executive s responsibilities, performance, skills and experience as compared with relevant market data.	The base salaries of Messrs. Niew, Adell, Anderson, and Giesecke were increased in consideration of their expanded roles and responsibilities following the spin-off.
Annual Incentive	Motivate and reward executives for achieving financial and individual performance goals.	Cash payment determined based upon achievement of pre-established financial goals and individual strategic objectives.	The annual incentive targets for Messrs. Niew and Anderson were increased based on their expanded roles and responsibilities following the spin-off.
		2014 financial goals were based on revenue and Adjusted EBIT achievement for Knowles or the NEO s business unit, as applicable.	For 2014, each NEO s threshold financial goals were not met. This financial component paid out at 0% of target for each NEO. The average payout on the individual strategic objectives was 128% of target.

Target opportunity for each NEO expressed as a percentage of base salary; actual payouts can range from 0% to 200% of target, based upon performance.

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Pay Element	Purpose	Terms	2014 Decisions
Long-term Incentive	Motivate and reward executives contributions to enhancing long-term stockholder value and the achievement of long-term business objectives.	The value of annual grants was determined based on an executive s individual performance and market data.	Annual grants of stock options and restricted stock units were awarded to NEOs in March 2014 based on their individual performance and market data.
Founders Grants	Retention vehicle over the multi-year vesting period.	The value of Founders Grants was determined based on market pay practices.	NEOs and select key employees of the Company were awarded Founders Grants in the form of stock options and restricted stock units in March 2014 in connection with the spin-off.
		Annual grants and Founders Grants vest ratably over time to encourage retention.	Stock options represented 60% and restricted stock units represented 40% of the total award value for both the annual grants and Founders Grants.
		Stock options create value only to the extent Knowles stock price appreciates over the stock price at the time of grant.	
		Restricted stock units will reward executives for stock price appreciation, while providing more stable value to enhance executive retention.	

2014 NEO Compensation Decisions

This section describes the decisions that were made as to how to pay our NEOs in 2014, by pay element: base salary, annual incentive opportunity, long-term incentive opportunity and Founders Grants.

2014 Total Target Direct Compensation by Element

Executive	Base Salary	Target Annual Incentive	Long-term Incentive	Total	2014 Founders Grants
Jeffrey S. Niew	$ 625,000	$ 750,000	$ 2,500,000	**$ 3,875,000**	$ 4,000,000
John S. Anderson	$ 370,000	$ 259,000	$ 700,000	**$ 1,329,000**	$ 750,000
Michael A. Adell (1)	$ 325,000	$ 130,000	$ 600,000	**$ 1,055,000**	$ 1,000,000
Christian U. Scherp	$ 380,000	$ 190,000	$ 300,000	**$ 870,000**	$ 1,000,000
Daniel J. Giesecke	$ 300,000	$ 120,000	$ 300,000	**$ 720,000**	$ 1,000,000

(1) Mr. Adell s 2014 annual long-term incentive grant value in the table above includes $300,000 in additional long-term incentive awards, which are discussed in more detail further in this section.

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Base Salary

Our NEOs base salaries are intended to provide a competitive level of fixed compensation in order to attract and retain talented executives. Base salaries are generally set based on the executive s responsibilities, performance, skills, and experience as compared with relevant market data. The table below compares each executive s 2013 (pre-spin-off) and 2014 (post-spin-off) base salaries.

Executive	2013 Base Salary	2014 Base Salary	% Increase
Jeffrey S. Niew	$ 525,000	$ 625,000	19%
John S. Anderson	$ 335,000	$ 370,000	10%
Michael A. Adell	$ 285,000	$ 325,000	14%
Christian U. Scherp	$ 380,000	$ 380,000	
Daniel J. Giesecke	$ 275,000	$ 300,000	9%

As shown in the table above, several NEOs received merit salary increases in 2014 that took effect at the time of the spin-off. With respect to Messrs. Niew and Anderson, these base salary increases were approved by the Dover Committee in consideration of their expanded roles and responsibilities following the spin-off. Mr. Adell s base salary increase was approved by the Knowles Committee in order to bring his base salary further in line with the compensation paid to other executives within the Knowles organization and relevant market data.

Annual Incentive

Knowles annual incentive program is designed to motivate and reward executives for achieving financial and individual performance objectives. The potential payout ranges from 0% to 200% of the executive s target annual incentive opportunity based on the achievement of the underlying performance objectives. The specific payout percentages by performance levels are 0% for below threshold, 50% for threshold, 100% for target, 150% for maximum, and 200% for supermax. There is interpolation of percentage payouts for performance between the levels described above.

The NEOs annual incentive targets are defined as a percentage of their base salary and are determined based on the executive s responsibilities, skills, and experience as compared with relevant market data. The following table compares each executive s 2013 (pre-spin-off) and 2014 (post-spin-off) annual incentive targets:

	2013 Annual Incentive Target		2014 Annual Incentive Target	
Executive	% of Salary	$	% of Salary(1)	$
Jeffrey S. Niew	100%	$ 525,000	120%	$ 750,000
John S. Anderson	50%	$ 167,500	70%	$ 259,000
Michael A. Adell	40%	$ 114,000	40%	$ 130,000
Christian U. Scherp	50%	$ 190,000	50%	$ 190,000
Daniel J. Giesecke	40%	$ 110,000	40%	$ 120,000

(1) Annual incentive target percentages are calculated from the salary in the respective year.

As shown in the table above, for 2014, Messrs. Niew and Anderson received increases in their target annual incentive opportunities from 100% to 120% of base salary for Mr. Niew and from 50% to 70% of base salary for Mr. Anderson. The Dover Committee approved these increases in November 2013,

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in recognition of the expanded responsibilities following the spin-off as CEO and CFO, respectively, of a publicly-traded company. Messrs. Adell, Scherp, and Giesecke s 2014 annual incentive targets were established by the Knowles Committee in February 2014.

The NEOs annual incentive program is based on a combination of financial metrics (60% of target) and strategic personal objectives (40% of target). The Knowles Committee believes that balancing the measurement of performance between financial and strategic personal objectives is an important factor post-spin-off in mitigating risk and supporting long-term value creation for Knowles stockholders. Messrs. Adell and Scherp are business unit heads of Mobile Consumer Electronics (MCE) Microphones and Mobile Consumer Electronics Speakers and Receivers, respectively. As such, their annual incentive is based partially on the performance of their respective business unit. The following table sets forth the weighting of financial (corporate and business unit) and personal objectives for each NEO:

	Knowles Corporate		Business Unit		
Executive	**Revenue**	**Adjusted EBIT(1)**	**Revenue**	**Adjusted EBIT(1)**	**Personal Objectives**
Jeffrey S. Niew	35%	25%			40%
John S. Anderson	35%	25%			40%
Michael A. Adell	10%		25%	25%	40%
Christian U. Scherp	10%		25%	25%	40%
Daniel J. Giesecke	35%	25%			40%

(1) Adjusted EBIT is defined by the Company as income before (i) interest expense, (ii) tax expense, (iii) stock-based compensation expense, (iv) intangibles amortization expense, (v) fixed asset and related inventory charges, (vi) restructuring charges, (vii) production transfer costs (one-time and duplicate costs incurred to migrate manufacturing to new or existing facilities) and (viii) other charges, primarily related to the resolution of customer claims for products no longer produced.

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The Knowles Committee approved revenue and Adjusted EBIT goals for the 2014 annual incentive in February 2014 based on Knowles business plan. The charts below show the actual performance goals and performance range for Knowles corporate revenue and Adjusted EBIT. For the MCE business units, the charts below show only the performance range, due to competitive concerns. The Knowles Committee set the targets to be reasonably achievable with strong management performance. Maximum performance levels were designed to be difficult to achieve in light of historical performance and the business forecast of the Company and business units at the time the measures were approved.

Adjusted Earnings before Interest and Income Taxes (Adjusted EBIT)

NOTE: Due to restructuring charges recorded in the first half of 2014, the MCE Speaker and Receiver Products Adjusted EBIT goals were based on the second half of 2014, rather than for the full year.

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As noted above, 40% of the 2014 annual incentive opportunity was subject to the achievement of multiple individual performance objectives, which varied by NEO. In the case of Mr. Niew, his personal objectives related to managing investor relations and various strategic initiatives with respect to emerging technologies, Knowles global footprint and corporate development strategy. Mr. Anderson s personal objectives related to managing investor relations and various initiatives with respect to Knowles global footprint and tax planning and compliance. Mr. Adell s personal objectives related to driving profitable SiSonic growth, design-win and premium share, supporting MCE growth, and strategic growth initiatives in Integrated Audio and Advanced Audio. Mr. Scherp s personal objectives related to restructuring, reducing overhead, managing key client relationships, driving sales for Integrated Audio Solutions, and establishing infrastructure in China. Mr. Giesecke s personal objectives related to operations restructuring, value creation, and key new product and automation introductions. The Knowles Committee believes that the personal objectives established for each of the NEOs are supportive of Knowles overall business plan and are indicators of the executive s success in fulfilling his responsibilities to the Company. The performance levels for the individual performance objectives were designed to be achievable, but required strong and consistent performance by the NEO.

The table below presents the results of our NEOs financial goals and personal objectives versus target, as well as the corresponding annual incentive payouts.

	2014 Performance % of Target			**2014 Actual Annual Incentive**	
Executive	**Financial (60%)**	**Personal Objectives (40%)**	**Total**	**% of Salary**	**$**
Jeffrey S. Niew	0%	100%	40%	48%	300,000
John S. Anderson	0%	165%	66%	46%	170,940
Michael A. Adell	0%	70%	28%	11%	36,400
Christian U. Scherp	0%	125%	50%	25%	95,000
Daniel J. Giesecke	0%	180%	72%	29%	86,400

Long-term Incentive

Knowles long-term incentive program is designed to motivate and reward executives contributions to enhancing long-term stockholder value and the achievement of long-term business objectives.

Knowles adopted a new long-term incentive plan prior to the spin-off in February 2014.

The long-term incentive plan allows the Knowles Committee to award various forms of long-term incentive grants, including stock options, restricted stock units and performance-based awards.

The Knowles Committee has sole discretion in selecting participants for long-term incentive grants and the Knowles Committee approves all equity grants made to the NEOs and other senior executives designated as executive officers under Rule 16a-1(f) under the Securities Exchange Act of 1934.

When making regular annual equity grants, the Committee s practice is to approve them during the February Committee meeting each year. The grant date of the regular annual equity grants is the date upon which the committee approves the award or, if such date is during a blackout period, the first business day of the month subsequent to the committee meeting which is during an open trading period.

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In November 2013, the Dover Committee determined the value of the 2014 annual long-term incentive grants based on the executive s responsibilities, skills, and experience as compared with relevant market data. The Dover Committee granted executives a combination of stock options and restricted stock units, which were awarded five business days after the spin-off, as follows:

Executive	2014 Annual Long-term Incentive Grants Options	RSUs	Total
Jeffrey S. Niew	$ 1,500,000	$ 1,000,000	$ 2,500,000
John S. Anderson	$ 420,000	$ 280,000	$ 700,000
Michael A. Adell(1)	$ 360,000	$ 240,000	$ 600,000
Christian U. Scherp	$ 180,000	$ 120,000	$ 300,000
Daniel J. Giesecke	$ 180,000	$ 120,000	$ 300,000

(1) Mr. Adell s 2014 annual long-term incentive grant values in the table above include an additional $300,000 in long-term incentive awards, which are discussed below.

Stock options (60% of grant value) were granted because these awards create value only to the extent Knowles stock price appreciates over the stock price at the time of grant of the award. Restricted stock units (40% of grant value) were granted because these awards reward executives for stock price appreciation, while providing more stable value to enhance executive retention. Both the stock options and restricted stock units vest ratably over time to encourage retention.

In addition to his annual long-term incentive grant, in 2014, Mr. Adell received additional long-term incentive awards of stock options and restricted stock units with grant date fair values of $180,000 and $120,000, respectively. The Dover Committee approved these additional grants in consideration of Mr. Adell s forfeiture of compensation under Dover s Cash Compensation Plan in connection with the spin-off. The value of these additional grants is included in 2014 Annual Long-term Incentive Grants table above.

In anticipation of the spin-off in November 2013, the Dover Committee approved one-time Founders Grants. The value of these one-time long-term incentive grants were determined based on the executive s responsibilities as Knowles transitioned from a subsidiary of Dover to an independent public company, as well as relevant market data. The Founders Grants consisted of a combination of stock options and restricted stock units, and were granted five business days following the spin-off, as follows:

Executive	Founders Grants Options	RSUs	Total
Jeffrey S. Niew	$ 2,400,000	$ 1,600,000	$ 4,000,000
John S. Anderson	$ 450,000	$ 300,000	$ 750,000
Michael A. Adell	$ 600,000	$ 400,000	$ 1,000,000
Christian U. Scherp	$ 600,000	$ 400,000	$ 1,000,000
Daniel J. Giesecke	$ 600,000	$ 400,000	$ 1,000,000

Founders Grants were also made to other select key employees of the Company. These grants were intended to increase executive alignment with stockholders, encourage retention, accelerate alignment with stock ownership guidelines, and address the loss of value experienced when NEOs stopped participating in the Dover long-term Cash Performance Program. The Committee chose to make the Founders Grants in the form of stock options (60% of value) and restricted stock units (40%) to reward stock price appreciation and encourage retention.

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In connection with the spin-off, certain stock appreciation rights and performance shares relating to Dover s common stock were converted into Knowles stock appreciation rights and Knowles time-based restricted stock units, respectively. See the 2014 Outstanding Equity Awards at Fiscal Year-End 2014 table for further information regarding the converted equity.

Other Compensation Programs and Policies

Compensation Risk Assessment

Prior to the spin-off, Towers Watson conducted an analysis of whether Knowles compensation policies and practices create material risks to Knowles. The results of this analysis were reviewed by management and discussed with the Dover Committee. The Dover Committee concluded that Knowles compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

In November 2014, Towers Watson conducted an analysis of whether Knowles compensation policies and practices create material risks to Knowles. The results of this analysis were reviewed by management and the Knowles Committee. The Knowles Committee concluded that Knowles compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Severance and Change in Control Benefits

Knowles does not offer employment contracts to any of its NEOs; however, NEOs participate in Knowles Executive Severance Plan (the Severance Plan) and Senior Executive Change-In-Control Severance Plan (the CIC Severance Plan). These plans help accomplish Knowles objective of attracting and retaining talented executives. The Knowles Committee believes it is appropriate to provide executive officers with the compensation and protection under these plans. These plans reduce the need to negotiate individual severance arrangements with departing executives and protect Knowles executives from termination for circumstances not of their doing. The Committee also believes the change-in-control severance plan promotes management independence and helps retain, stabilize, and focus executives in the event of a potential change-in-control.

See the Potential Payments upon Termination or Change-in-Control section of this Proxy Statement for further information regarding these plans and a quantification of the compensation to be received under these plans in the event of a change-in-control or termination of an NEO s employment as of December 31, 2014.

Benefits

Knowles NEOs participate in retirement and benefit plans generally available to Knowles employees, and on the same terms as other employees. Knowles offers a 401(k) plan to substantially all U.S.-based employees and provides a company matching contribution denominated as a percentage of the amount of salary deferred into the plan by a participant during the course of the year.

Certain Knowles NEOs participated in a tax-qualified defined benefit pension plan, with benefits under the plan frozen as of December 31, 2013. In addition, certain of Knowles NEOs previously participated in a nonqualified pension replacement plan maintained by Dover. In connection with the spin-off, Knowles did not assume the liabilities with respect to the tax-qualified defined benefit pension plan, which stayed with Dover. However, in accordance with the terms of the pension replacement plan, benefits under the pension replacement plan were distributed by Dover to Knowles employees in connection with the spin-off.

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Knowles provides the NEOs with limited perquisites, such as executive life insurance, that we believe are consistent with competitive pay practices. In addition, executives are also eligible to receive expatriate benefits in accordance with Knowles expatriate policy. In 2014, Mr. Scherp received certain benefits related to his international relocation. See the All Other Compensation table for further information regarding the expatriate benefits received by Mr. Scherp during 2014.

Share Ownership Guidelines

Knowles has stock ownership guidelines for NEOs of 5x base salary for the CEO and 3x base salary for the other NEOs. NEOs have five years from the date on which they become subject to the guidelines to satisfy the applicable guideline level. For the purposes of these guidelines, ownership includes shares owned outright or held in a trust by the individual and jointly with, or separately by, the individual s spouse and/or children sharing the same household as the individual, shares held through Knowles 401(k) plan, share units held through Knowles Deferred Compensation Plan, and the in-the-money value of vested, unexercised stock options and SSARs.

As of March 10, 2015, all of our NEOs were in compliance with this policy or are expected to become compliant during the five-year period.

Tax Deductibility; Section 162(m)

As a publicly-traded company, Knowles is subject to Section 162(m) of the Internal Revenue Code which limits Knowles ability to deduct for U.S. income tax purposes compensation in excess of $1 million paid to the NEOs (excluding Mr. Anderson) unless the compensation is performance-based under Section 162(m). The Committee considers tax deductibility to be an important, but not the sole or primary, consideration in setting executive compensation. Because the Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet the standards of Section 162(m) when necessary to enable Knowles to continue to attract, retain, and motivate highly-qualified executives, it reserves the authority to approve potentially non-deductible compensation.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management.

Based on such review and discussion with management, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2014.

Compensation Committee:

Richard K. Lochridge (Chair)*

Ronald Jankov*

Donald Macleod*

*Appointed to the Compensation Committee of the Board of Directors in February 2014.

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2014 Summary Compensation Table

The following table sets forth information regarding 2014 and, to the extent required, 2013 and 2012 compensation for each of our NEOs.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Jeffrey S. Niew,	2014	591,635	2,599,998	3,899,999	300,000	128,000	20,105	7,539,737
	2013	525,000	167,941	516,510	741,430	391	10,880	1,962,152
President & Chief Executive Officer	2012	525,000	165,122	509,599	1,899,532	181,301	7,040	3,287,594
John S. Anderson,	2014	349,981	579,998	869,992	170,940	12,000	16,300	1,999,211
	2013	335,000	67,192	206,592	742,067	4,865	8,040	1,363,756
Senior Vice President & Chief Financial Officer	2012	325,000	66,078	203,851	823,526	50,569	9,893	1,478,917
Michael A. Adell,	2014	313,558	640,003	959,994	36,400	0	14,453	1,964,408
	2013	285,000	0	137,742	721,892	0	20,209	1,164,843
Co-President, Mobile Consumer Electronics Microphones	2012	273,926	0	135,900	607,362	0	17,552	1,034,740
Christian U. Scherp, (6) Co-President, Mobile Consumer Electronics Speakers & Receivers	2014	380,000	520,023	779,994	95,000	0	352,182	2,127,199
Daniel J. Giesecke, (6) Senior Vice President & Chief Operating Officer	2014	287,789	520,023	779,994	86,400	0	18,086	1,692,292

(1) The 2014 amounts represent Founders and annual long-term incentive grants of RSUs, which were made on March 7, 2014, five days after the spin-off. The amounts reported in these columns are valued based on the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718) and do not correspond to the actual value that might be realized by the NEOs. See Note 10 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 for a discussion of the relevant assumptions used in calculating the amounts reported.

(2) The 2014 amounts represent Founders and annual long-term incentive grants of nonqualified stock options, with a grant date fair value of $13.50 and $11.25, respectively. These stock option grants were made on March 7, 2014, five days after the spin-off. The amounts reported in these columns are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and do not correspond to the actual value that might be realized by the NEOs. See Note 10 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 for a discussion of the relevant assumptions used in calculating the amounts reported.

(3)

The 2014 amounts represent the annual incentive bonus received by each NEO under the 2014 annual incentive program. Amounts reported for 2013 and 2012 include annual incentive bonuses that were reported in the bonus column in previous years. Because such amounts are considered non-equity incentive plan compensation under the SEC executive compensation disclosure rules, we have updated the prior years non-equity incentive plan compensation amounts to include such annual incentive payouts. Accordingly, the 2013 and 2012 amounts include annual incentives paid under Dover s annual bonus programs and payouts earned under Dover s cash performance awards for the three-year performance periods ended on December 31, 2013 and December 31, 2012.

(4) Amounts represent changes in the present value of accumulated benefits under the Pension Replacement Plan, a legacy Dover plan.

(5) Amounts included in this column for 2014 are set forth by category in the 2014 All Other Compensation Table below.

(6) Messrs. Scherp and Giesecke were not NEOs prior to 2014.

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2014 All Other Compensation Table

Name	401(k) Matching Contributions ($)	Discretionary Contributions to 401(k) Plan($)	Group Term Life Insurance($)	Expatriate Benefits (1)($)	Tax Reimbursements ($)(2)	Total($)
Jeffrey S. Niew	13,000	3,300	3,805	0	0	20,105
John S. Anderson	13,000	3,300	0	0	0	16,300
Michael A. Adell	13,000	0	1,453	0	0	14,453
Christian U. Scherp	13,000	0	1,280	131,983	205,919	352,182
Daniel J. Giesecke	13,000	3,300	1,786	0	0	18,086

(1) The amount reported for Mr. Scherp represents expatriate benefits paid to or on behalf of Mr. Scherp in connection with his expatriate assignment, including expatriate medical coverage, an automobile lease, dependent education costs, airfare costs for home leave and a host housing allowance and utilities ($93,477). These expatriate expenses were valued on the basis of the aggregate incremental cost to the Company and represent the amount accrued for payment or paid to the service provider or Mr. Scherp, as applicable. For payments made in Euros, an average 2014 exchange rate of 1 US dollar equals 0.7537 Euro is used.

(2) The amount reported for Mr. Scherp represents tax reimbursements related to his expatriate assignment.

Grants of Plan-Based Awards in 2014

The following table summarizes awards made to our NEOs in 2014. All equity awards were granted under the 2014 Incentive Plan. The table does not show equity awards granted by Dover prior to 2014 which were converted into Knowles equity awards in connection with the spin-off. Please see the Outstanding Equity Awards at Fiscal Year-End 2014 Table for a list of these awards.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards						
Name	Type	Approval Date(1)	Grant Date(1)	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Jeffrey S. Niew	Stock Options (2)	11/7/2013	3/7/2014					133,333	29.53	1,499,996
	Restricted Stock Units (3)	11/7/2013	3/7/2014				33,864			1,000,004
	Stock Options (4)	11/7/2013	3/7/2014					177,778	29.53	2,400,003
	Restricted Stock Units (5)	11/7/2013	3/7/2014				54,182			1,599,994
	Annual Incentive Plan (6)			375,000	750,000	1,500,000				
John S. Anderson	Stock Options (2)	11/7/2013	3/7/2014					37,333	29.53	419,996
	Restricted Stock Units (3)	11/7/2013	3/7/2014				9,482			280,003
		11/7/2013	3/7/2014					33,333	29.53	449,996

Stock Options (4)							
Restricted Stock Units (5)	11/7/2013	3/7/2014				10,159	299,995
Annual Incentive Plan (6)			129,500	259,000	518,000		

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Name	Type	Approval Date(1)	Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Michael A. Adell	Stock Options (2)	11/7/2013	3/7/2014					32,000	29.53	360,000
	Restricted Stock Units (3)	11/7/2013	3/7/2014				8,127			239,990
	Stock Options (4)	11/7/2013	3/7/2014					44,444	29.53	599,994
	Restricted Stock Units (5)	11/7/2013	3/7/2014				13,546			400,013
	Annual Incentive Plan (6)			65,000	130,000	260,000				
Christian U. Scherp	Stock Options (2)	11/7/2013	3/7/2014					16,000	29.53	180,000
	Restricted Stock Units (3)	11/7/2013	3/7/2014				4,064			120,010
	Stock Options (4)	11/7/2013	3/7/2014					44,444	29.53	599,994
	Restricted Stock Units (5)	11/7/2013	3/7/2014				13,546			400,013
	Annual Incentive Plan (6)			95,000	190,000	380,000				
Daniel J. Giesecke	Stock Options (2)	11/7/2013	3/7/2014					16,000	29.53	180,000
	Restricted Stock Units (3)	11/7/2013	3/7/2014				4,064			120,010
	Stock Options (4)	11/7/2013	3/7/2014					44,444	29.53	599,994
	Restricted Stock Units (5)	11/7/2013	3/7/2014				13,546			400,013
	Annual Incentive Plan (6)			60,000	120,000	240,000				

(1) The 2014 annual long-term incentive grants and the Founders grants were approved by Dover on November 7, 2013 in anticipation of the spin-off. These awards were granted by Knowles on March 7, 2014, five days after the spin-off.

(2) This stock option grant was made as part of the annual long-term incentive grant process, and has a grant date fair value of $11.25 per stock option. These stock options become exercisable at a rate of 33% a year on the following dates: March 9, 2015; March 7, 2016; and March 7, 2017.

(3) This RSU grant was made as part of the annual long-term incentive grant process. These RSUs become exercisable at a rate of 33% a year on the following dates: March 9, 2015; March 7, 2016; and March 7, 2017.

(4) This one-time Founders stock option grant has a grant date fair value of $13.50 per stock option. This stock option grant is exercisable in increments of 50% on each of the following dates: March 7, 2017 and March 7, 2018.

(5) This one-time Founders RSU grant vests in increments of 50% on each of the following dates: March 7, 2017 and March 7, 2018.

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(6) The amounts shown in this row reflect the potential payouts for 2014 performance under the Knowles Annual Incentive Plan. The threshold, target and maximum amounts assume, respectively, 50%, 100% and 200% satisfaction of the participant s performance goals for 2014. The bonus amount paid in February 2015 is disclosed in the 2014 Summary Compensation Table in the column Non-Equity Incentive Compensation for 2014 for each NEO.

Outstanding Equity Awards at Fiscal Year-End 2014

The following table provides information as of December 31, 2014 regarding outstanding stock option awards and unvested stock awards held by each of the NEOs, including stock option and RSU awards granted by Dover prior to 2014 which were converted into Knowles equity awards in connection with the spin-off.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unvested (1)	Option Exercise Price ($)	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)(2)
Jeffrey S. Niew	56,050		14.28	2/11/2020		