DIODES INC /DEL/
Form DEF 14A
April 17, 2009

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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO.___)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

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

DIODES INCORPORATED

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

þ	Fee not required.
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
	(1) Title of each class of securities to which transaction applies:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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

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

(3) Filing Party:

(4) Date Filed:

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DIODES INCORPORATED
Notice of Annual Meeting of Stockholders
To Be Held May 28, 2009

Notice is hereby given that the annual meeting (the Meeting) of the stockholders of Diodes Incorporated (the Company) will be held at the Dallas/Addison Marriott Quorum by the Galleria, located at 14901 Dallas Parkway, Dallas, Texas 75254, on Thursday, May 28, 2009 at 10:00 a.m. (Central time) for the following purposes:

1. **Election of Directors.** To elect seven persons to the Board of Directors of the Company, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board of Directors nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Shing Mao, Raymond Soong and John M. Stich.

2. **Amendment of 2001 Omnibus Equity Incentive Plan.** To approve various proposed amendments of the 2001 Omnibus Equity Incentive Plan, including the extension of the term of the plan until May 28, 2019 and the increase by 5,000,000 in the number of shares of Common Stock which may be subject to awards granted thereunder.

3. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company s independent registered public accounting firm for the year ended December 31, 2009.

4. **Other Business.** To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Only persons who are stockholders of record at the close of business on March 30, 2009 are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

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

Under new rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials by notifying you of the availability of our proxy statement and our fiscal 2008 Annual Report to Stockholders at our web site at www.proxyvote.com. Web access to our proxy materials does not identify visitors to the web site. Stockholders may still obtain a printed copy of the proxy materials free of charge by following the instructions provided in the Notice of Internet Availability of Proxy Materials that will be mailed to stockholders on or about April 17, 2009.

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

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

Dated at Dallas, Texas, this 17th day of April, 2009.

By Order of the Board of Directors,

DIODES INCORPORATED

/s/ Carl C. Wertz

Carl C. Wertz,
Secretary

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Diodes Incorporated
15660 North Dallas Parkway, Suite 850
Dallas, Texas 75248
(972) 385-2810
Proxy Statement
Annual Meeting: May 28, 2009

GENERAL INFORMATION

This proxy statement (Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Diodes Incorporated (the Company) for use at the annual meeting (the Meeting) of the stockholders of the Company to be held on Thursday, May 28, 2009, at the Dallas/Addison Marriott Quorum by the Galleria, located at 14901 Dallas Parkway, Dallas, Texas 75254, at 10:00 a.m. (Central time), and at any adjournment or postponement thereof. Only stockholders at the close of business on March 30, 2009 (the Record Date) are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

Internet Access to Proxy Materials

Under rules recently adopted by the Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials over the Internet at www.proxyvote.com. On or about April 17, 2009, a Notice of Internet Availability of Proxy Materials (the Notice) was sent to our stockholders of record and beneficial owners.

The Notice provides you with instructions regarding how to:

View our proxy materials for the Meeting on the Internet;

Request a printed copy of the proxy materials; and

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

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

The proxy materials include:

Notice of Annual Meeting of Stockholders;

This Proxy Statement; and

The 2008 Annual Report to Stockholders, which includes our audited consolidated financial statements.

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

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Matters to be Considered at the Meeting:

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

1. **Election of Directors.** To elect seven persons to the Board, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board s nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Shing Mao, Raymond Soong and John M. Stich.

2. **Amendment of 2001 Omnibus Equity Incentive Plan.** To approve various proposed amendments of the 2001 Omnibus Equity Incentive Plan, including the extension of the term of the plan until May 28, 2019 and the increase by 5,000,000 in the number of shares of Common Stock which may be subject to awards granted thereunder;

3. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company s independent registered public accounting firm for the year ended December 31, 2009.

4. **Other Business.** To transact such other business as properly may come before the Meeting or any continuation, adjournment or postponement thereof.

Voting Recommendations of the Board

Our Board recommends that you vote your shares FOR each of the nominees to the Board, FOR the ratification of the appointment of Moss Adams LLP, and FOR the proposed amendments to the 2001 Omnibus Equity Incentive Plan, increasing the authorized shares, extending the term of the plan and making certain other administrative changes.

How to Vote

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

If you are a stockholder of record, you may attend the Meeting and vote in person.

If you do not wish to attend the Meeting or to vote in person, you may vote by proxy. There are three ways to vote by proxy. You may vote by telephone by calling (800) 690-6903 and following the instructions on the proxy card. You may vote over the Internet at www.proxyvote.com by following the instructions on the Notice or the proxy card. If you request and receive printed copies of the proxy materials by mail, you can vote by mail by signing, dating and mailing the enclosed proxy card in the postage-paid envelope provided to the address stated on the proxy card or by facsimile to the Inspector of Elections at (805) 374-1255.

Telephone and Internet voting facilities for stockholders will be available 24 hours a day and will close at 11:59 p.m. (Eastern time) on May 27, 2009. If a proxy is properly submitted and is not revoked, the proxy will be voted at the Meeting in accordance with the stockholder s instructions indicated on the proxy. If no instructions are indicated on the proxy, the proxy will be voted FOR the election of the Board s nominees, FOR the proposed amendments of the 2001 Omnibus Equity Incentive Plan, FOR ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009, and in accordance with the recommendations of the Board as to any other matter that may properly be brought before the Meeting or any adjournment or postponement thereof.

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

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How to Revoke a Proxy

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

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Voting Rights

The authorized capital of the Company consists of (i) 70,000,000 shares of common stock, par value $0.66-2/3 per share (Common Stock), of which 41,395,815 shares were issued and outstanding on the Record Date and (ii) 1,000,000 shares of Preferred Stock, $1.00 par value (Preferred Stock), none of which were issued and outstanding on the Record Date. The Common Stock and the Preferred Stock are collectively referred to as the Stock.

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

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

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

Of the shares of Common Stock outstanding on the Record Date, 8,365,781 (or approximately 20.2%) were held in the name of Lite-On Semiconductor Corporation and its subsidiaries and affiliates (LSC). See Security Ownership of Certain Beneficial Owners and Management and Proposal One Election of Directors - Certain Relationships and Related Transactions, for a discussion of the relationship between LSC and the Company. On the Record Date, an additional 4,030,312 shares (or approximately 8.9%) were owned by directors and executive officers of the Company. LSC and each director and executive officer have informed the Company that they will vote FOR the election of the nominees to the Board identified herein, FOR the proposed amendments of the 2001 Omnibus Equity Incentive Plan and FOR the appointment of Moss Adams LLP as the Company s independent registered public accounting firm.

Organizations holding Common Stock in street name who are members of a stock exchange are required by the rules of the exchange to transmit the proxy materials to the beneficial owner of the Common Stock and to solicit voting instructions with respect to the matters submitted to the stockholders. If the organization has not received instructions from the beneficial owner by the date specified in the statement accompanying such proxy materials, the organization may give or authorize the giving of a proxy to vote the Common Stock in its discretion as to some matters, but not as to certain other proposals without specific instructions from the beneficial owner. When an organization is unable to vote a client s shares on proposals, the missing votes are referred to as broker non-votes. If you hold Common Stock in street name and you fail to instruct the organization that holds your shares as to how to vote such shares, that organization may, in its discretion, vote such Common Stock FOR the election of the Board s nominees and FOR ratification of the appointment of Moss Adams LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009, but not with respect to the proposed amendments of the 2001 Omnibus Equity Incentive Plan.

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Cost of Proxy Solicitation

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

Other Business

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

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner (1)	Percent of Class (2)
Lite-On Semiconductor Corporation (LSC) 9F. No. 233-2, Pao-Chiao Road, Hsin-Tien, Taipei-hsien 23115, Taiwan, R.O.C.	8,365,781 (3)	20.2%
FMR LLC 82 Devonshire Street, Boston, Massachusetts 02109	4,414,609 (4)	10.7%
T. Rowe Price Associates, Inc. 100 E. Pratt Street, 10th Floor, Baltimore, Maryland 21202	2,081,962 (5)	5.0%

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

(2) The Percentage of Class is based on 41,395,815 shares outstanding as of the Record Date.

(3) LSC is a public company listed on the Taiwan Stock Exchange Corporation and a member of the Lite-On Group

of companies. See Proposal One Election of Directors Certain Relationships and Related Transactions for a discussion of the relationship among LSC, the Company and certain directors and executive officers of the Company.

(4) Based solely on information provided by FMR LLC in a Schedule 13G filed with the SEC on February 17, 2009 reporting beneficial ownership of our Common Stock. According to the Schedule 13G, FMR LLC has sole voting power with respect to 42,389 shares, has sole dispositive power with respect to 4,414,609 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

(5) Based solely on information provided by T. Rowe Price Associates, Inc. in a Schedule 13G filed with the SEC on February 10, 2009 reporting beneficial ownership of our Common Stock. According to the Schedule 13G, T. Rowe Price Associates, Inc. has sole voting power with respect to 268,350 shares, has sole dispositive power with respect to 2,081,962 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

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The following table sets forth the beneficial ownership of Common Stock as of the Record Date by (i) each executive officer, director and nominee for director of the Company and (ii) all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Owner (1)	Percent of Class (2) (3)
Directors		
Raymond Soong	799,063 (4)	1.9%
C.H. Chen	560,604 (4) (5)	1.3%
Michael R. Giordano	202,304 (4) (8)	*
L.P. Hsu	2,387 (4)	*
Keh-Shew Lu (6)	1,234,501 (4) (5) (7)	3.0%
Shing Mao	263,575 (4)	*
John M. Stich	128,387 (4) (9)	*
Executive Officers		
Mark A. King	220,751 (4)	*
Joseph Liu	418,669 (4)	1.0%
Carl C. Wertz	98,163 (4)	*
Richard D. White	22,800 (4)	*
All other executive officers (6 persons)	79,108 (4)	*
All directors and executive officers as a group (17 persons)	4,030,312 (10)	8.9%

* Less than 1%.

(1) The named stockholder has sole voting power and investment power with respect to

the shares listed, except as indicated and subject to community property laws where applicable.

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

shares of any person as shown in this table does not necessarily reflect the person s actual ownership of voting power with respect to the number of shares of Common Stock actually outstanding at the Record Date.

(3) The Percentage of Class is based on 41,395,815 shares outstanding as of the Record Date.

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

Named Individual	**Shares**
Raymond Soong	775,063
C.H. Chen	375,675
Michael R. Giordano	138,231
L.P. Hsu	1,075
Keh-Shew Lu (6)	508,593
Shing Mao	227,388
John M. Stich	117,700
Mark A. King	220,751
Joseph Liu	342,626
Carl C. Wertz	97,543
Richard D. White	15,950
All other executive officers (6 persons)	52,125
TOTAL	**2,872,720**

(5)

Includes 202,250 and 45,000 shares of restricted stock granted on April 14, 2005 to Dr. Lu and Mr. Chen, respectively, fifty percent (50%) of which first became saleable and transferable on April 14, 2008, the third anniversary of the date of grant, and fifty percent (50%) of which became saleable and transferable on April 15, 2009, the day following the fourth anniversary of the date of grant.

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

(7) Includes 440,000 shares in Texastac Investments L.P. and the Lu Family Revocable Trust, and 10,500 shares in an UTMA (Custodial) Trust. Dr. Lu is

the co-general partner of Texastac Investments L.P. and a co-trustee of the Lu Family Revocable Trust and UTMA (Custodial) Trust. He has voting and investment authority over these shares held by the limited partnership and these trusts.

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

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

authority over these shares.

(10) Includes 2,872,720 shares that the directors and executive officers have the right to acquire within sixty (60) days after the Record Date, by exercising stock options or the vesting of restricted stock units, but excludes an additional 574,531 shares that the directors and executive officers will have the right to acquire upon the exercise of stock options or restricted stock units, which will become exercisable in installments more than sixty (60) days after the Record Date.

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PROPOSAL ONE
ELECTION OF DIRECTORS

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

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

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

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

Director Nominees	Age	Position with the Company	Director Since
Raymond Soong (1)	67	Director and Chairman of the Board	1993
C.H. Chen (2)	66	Director and Vice Chairman of the Board	2000
Michael R. Giordano (3)	62	Director	1990
L.P. Hsu (4)	69	Director	2007
Keh-Shew Lu (5)	62	President, Chief Executive Officer, and Director	2001
Shing Mao (6)	74	Director	1990
John M. Stich (7)	67	Director	2000

(1) Raymond Soong *Director and Chairman of the Board*

Chair, Compensation Committee

Chair, Governance and Stockholder Relations Committee

Mr. Soong was appointed the Chairman of the Board of the Company in 1993. Mr. Soong is also the Chairman of the Board of LSC, Lite-On Technology Corporation, Liteon-IT Corp. and a board member of Actron Technology Corporation and Co-Tech Copper Foil Corporation, each of which is a member or an affiliate of the Lite-On Group. After serving as a senior engineer for RCA Corporation and as a chief engineer for Texas Instruments, Taiwan Limited (TI Taiwan), Mr. Soong, together with several of his co-workers, founded Taiwan Lite-On Electronic Co. Ltd. (Taiwan

Lite-On), a manufacturer of electronic components and subsystems, in 1975.
Mr. Soong is a graduate of, and received an Honorary Doctorate from, the National Taipei University of Technology s Electronic Engineering Department and also received an Honorary Doctorate from National Chiao Tung University.

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

Mr. Chen was appointed the Vice Chairman of the Board of the Company in June 2005. Mr. Chen is also the Chairman of the Board of Co-Tech Copper Foil Corporation, Vice Chairman of the Board of LSC and a board member of Lite-On Technology Corporation, Actron Technology Corporation and Dynacard Corp., each of which is a member or an affiliate of the Lite-On Group. Mr. Chen served as the Company s President and Chief Executive Officer from 2000 until 2005. From 1969 to 1990, Mr. Chen held various positions at Texas Instruments Incorporated (TI), most recently as the Vice President of TI Taiwan. In 1990, he left TI to found Dyna Image Corporation, which merged with LSC in December 2000. Mr. Chen received his Bachelor of Science degree in Mechanical Engineering from

National Taiwan University.

(3) Michael R. Giordano *Director*

Chair, Audit Committee (Financial Expert)

Mr. Giordano, CIMA, joined the private-banking firm of UBS Financial Services, Inc. as Senior Vice President-Investment Consulting when UBS AG acquired PaineWebber, Inc. in 2000. PaineWebber, Inc. had acquired his previous employer, Kidder Peabody and Co., Inc., with whom he was employed since 1979.
Mr. Giordano advises corporations, foundations, trusts, and municipal governments in investments and finance.
Mr. Giordano served as Chairman of the Board and the Chief Executive Officer of the Leo D. Fields Co. from 1980 to 1990, when GWC Holdings acquired it, and served as a board member of Professional Business Bank, a publicly traded corporation, from 2001 to 2003. Formerly a captain and pilot in the United States Air

Force, he received his Bachelor s degree in Aerospace Engineering from California State Polytechnic University and his Master s degree in Business Administration (Management and Finance) from the University of Utah. Mr. Giordano also completed post-graduate work in International Investments at Babson College and is certified by the Investment Management Consultants Association. He is also certified by the John E. Anderson Graduate School of Management, University of California at Los Angeles as a Corporate Director, having demonstrated understanding of directorship and corporate governance.

(4) Lu-Pao Hsu *Director*

Member, Audit Committee
Member, Compensation Committee

Mr. Hsu has been Chairman of Philips Taiwan Quality Foundation since

2002, a board member of Winbond Electronics Corporation since 1999, a board member of Vanguard International Semiconductor Corporation since 2003 and a board member of ZyXEL Communications Corporation since 2006. He also currently serves as a consultant to Lite-On Technology Corporation. Previously, he served as a board member of Lite-On Technology Corporation from 2004 to 2006 and the Supervisor of the Board at Delta Electronics from 2000 to 2003 and the Vice Chairman from 1998 to 2000. He also served as the Chief Executive Officer of HannStar Display in 2001, a board member of Taiwan Semiconductor Manufacturing Company Ltd. from 1991 to 2000 and the Executive Vice President of Philips Taiwan Limited from 1989 to 1998. Since 1998, Mr. Hsu has been an Esteemed Chair Lecturer at the College of Management at National Chiao Tung University in Taiwan, where he served as Associate Professor from 1971 to 1972. Mr. Hsu completed the International Executive Program at IMD and the Advanced Management Program at Harvard Business School and holds a Bachelor s degree in Physics from National Cheng Kung University in Taiwan.

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

Dr. Lu was appointed the President and Chief Executive Officer of the Company in June 2005 after serving on the Board since 2001. Dr. Lu is also a board member of Lite-On Technology Corporation, a publicly held company in Taiwan, as well as LedEngin, Inc., Lorentz Solution, Inc. and Nuvoton Technology Corporation, three privately held companies. Dr. Lu is the founding Chairman of the Asia American Citizen s Council, the Vice Chairman of the governing board of the Plano Chinese Alliance Church, a board member of the Texas Tech foundation and a board member of the

Advisory Board to the Southern Methodist University s Asian Studies Program. From 2001 to 2005, Dr. Lu was a partner of the WK Technology Venture Fund. From 1998 to 2001, Dr. Lu served as Senior Vice President of TI and General Manager of Worldwide Mixed-Signal and Logic Products. His responsibilities included all aspects of the analog, mixed-signal and logic products for TI worldwide business, including design, process and product development, manufacturing and marketing. From 1996 to 1998, Dr. Lu was the manager of TI s worldwide memory business. In addition, he served as the President of TI Asia from 1994 to 1997 where he supervised all of TI activities in Asia, excluding Japan. Dr. Lu holds a Bachelor s degree in engineering from the National Cheng Kung University in Taiwan, and a Master s degree and a Doctorate in Electrical Engineering from Texas Tech University.

(6) Shing Mao *Director*

Member, Compensation Committee
Member, Governance and Stockholder Relations Committee

Dr. Mao has been a director of Dyna Investment Co., Ltd. of Taiwan, a venture capital company, since 1989. Previously, Dr. Mao retired in 2000 as Chairman of the Board of Lite-On USA, Inc., where he had served since 1988. Dr. Mao was a board member of LSC from 1989 to 2000. Before joining Taiwan

Lite-On, he served in a variety of management positions with Raytheon Company for four years, with TI for 11 years and with UTL Corporation (acquired by Boeing Aircraft Company) for seven years. Dr. Mao received his Doctorate in Electrical Engineering from Stanford University.

(7) John M. Stich *Director*

Member, Audit Committee Member, Governance and Stockholder Relations Committee

Mr. Stich serves as a board member of Spansion Inc, a flash memory company, and of Stonestreet One, Inc. a provider of short distance wireless technologies. He also serves with numerous non-profit organizations, including as a board member of the Japan America Society of Dallas/Fort Worth and Member of the Dallas-Taipei and Dallas-Sendai Sister City Committees. Mr. Stich was appointed as the Honorary Consul General of Japan at Dallas in 2004. From 2000 to 2006, he was the President and Chief Executive Officer of The Asian Network, a consulting business that helped high-technology companies to establish and expand their business in Asia. Prior to this position, Mr. Stich was the Chief Marketing Officer for TI in Japan from 1994 to 1999, and Vice President of Semiconductors for TI Asia from 1991 to 1994. Mr. Stich joined TI in 1964 and has served in various management positions, including a total of 24 years leading TI s Asian business growth while living in Taipei, Hong Kong and Tokyo. Mr. Stich received his Bachelor s degree in Electrical Engineering from Marquette University.

See General Information Security Ownership of Certain Beneficial Owners and Management and Proposal One Election of Directors Certain Relationships and Related Transactions for a discussion of the relationships among Actron Technology Corporation, Co-Tech Copper Foil Corporation, Lite-On Technology Corporation, LSC, Liteon-IT Corp., and the Company.

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

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CORPORATE GOVERNANCE

Committees of the Board

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

Directors	Audit Committee	Compensation Committee	Governance and Stockholder Relations Committee
Raymond Soong (2)		Chair	Chair
C. H. Chen		(1)	*Ex officio* member (4)
Michael R. Giordano (2)	Chair (3)		
L.P. Hsu (2)	Member	Member	
Keh-Shew Lu			
Shing Mao (2)		Member	Member
John M. Stich (2)	Member		Member

(1) Until February 2008, Mr. Chen served as Chairman of the Compensation Committee, and an *ex officio* committee member. As an *ex officio* member, Mr. Chen was not entitled to vote and attended meetings only at the invitation of the Compensation

Committee.

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

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

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

Director Independence. Our Board has determined that five of the seven directors are independent directors as shown in the above table, and as the term independent director is defined under the rules of Nasdaq. During fiscal 2008, the Board was aware of certain directors business or personal relationships that constitute related-person transactions under applicable SEC rules. Therefore, these relationships or transactions are described below in Certain Relationships and Related Transactions. The Board also has determined that each member of its three Committees meets applicable independence requirements as prescribed by Nasdaq and the SEC.

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

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

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Compensation Committee. The Compensation Committee makes recommendations to the Board regarding compensation, benefits and incentive arrangements for the Chief Executive Officer and other officers and key employees of the Company. The Compensation Committee also administers the Company s 1969 Incentive Bonus Plan, the 1993 Incentive Stock Option Plan (1993 ISO Plan), the 1993 Non-Qualified Stock Option Plan (1993 NQO Plan), the 2001 Omnibus Equity Incentive Plan (2001 Incentive Plan) and the Company s 401(k) profit sharing plan (the 401(k) Plan).

In February 2008, Mr. Soong replaced Mr. Chen as a member and the Chairman of the Compensation Committee. The Board has determined that each member of the Compensation Committee is independent, as that term is defined under the rules of Nasdaq.

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

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

The charter of the Audit Committee was revised in 2008. The revised charter of the Audit Committee is attached to this Proxy Statement as Appendix A.

Meetings of the Board and Committees

The following table represents the number of meetings and actions taken by written consent of the Board and Committees in 2008:

Title	**Meetings Held**	**Action by Written Consent**
Board	5	5
Audit Committee	6	4
Compensation Committee	2	3
Governance Committee	2	1

All of the persons who were directors of the Company or members of Committees were present for at least 75% of the meetings during 2008.

It is the policy of the Company to require members of the Board to attend the annual meetings of stockholders, if practicable. With the exception of Mr. Soong, each director attended the 2008 annual meeting of stockholders.

Nominating Procedures and Criteria

Among its functions, the Governance Committee considers and approves nominees for election to the Board. In addition to the candidates proposed by the Board or identified by the Governance Committee, the Governance Committee considers candidates for director suggested by stockholders provided such recommendations are made in accordance with the procedures set forth under Proposals of Stockholders and Stockholder Nominations for 2010 Annual Meeting. Stockholder nominations that comply with these procedures and meet the criteria outlined below will receive the same consideration that the Governance Committee s nominees receive.

Essential criteria for all candidates considered by the Governance Committee include the following: integrity and ethical behavior; maturity; management experience and expertise; independence and diversity of thought; broad business or professional experience; and an understanding of business and financial affairs and the complexities of business organizations.

In evaluating candidates for certain Board positions, the Governance Committee evaluates additional criteria, including the following: financial or accounting expertise; experience in the semiconductor industry or other technology industries; scientific accomplishment; experience in commercializing and marketing semiconductors or other electronic components; business and other experience relevant to public companies of a size comparable to the Company; and experience in investment banking, commercial lending or other financing activities.

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

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

Communications with Directors

You may communicate with the chair of our Audit Committee, our Governance Committee or our Compensation Committee, or with our independent directors as a group, by writing to any such person or group c/o Carl C. Wertz, Secretary, Diodes Incorporated, 15660 North Dallas Parkway, Suite 850, Dallas, Texas 75248.

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

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

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Executive Officers of the Company

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

Name	Age	Position with the Company
Keh-Shew Lu* (1)	62	President, Chief Executive Officer, and Director
Mark A. King* (2)	50	Senior Vice President, Sales and Marketing
Joseph Liu* (3)	67	Senior Vice President, Operations
Hans Rohrer (4)	60	Senior Vice President, Business Development
Carl C. Wertz* (5)	54	Chief Financial Officer, Secretary and Treasurer
Richard D. White* (6)	61	Senior Vice President, Finance
Colin Greene (7)	52	Europe President and Vice President, Europe Sales and Marketing
Julie Holland (8)	47	Vice President, Worldwide Analog Products
T.J. Lee (9)	60	Vice President, Packaging Operations
Edmund Tang (10)	61	Vice President, Corporate Administration
Francis Tang (11)	54	Vice President, Product Development

* These five executive officers are Named Executive Officers (NEOs) of the Company. See Compensation Discussion and Analysis.

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

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

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

(3) Joseph Liu *Senior Vice President, Operations*

Mr. Liu was appointed to his current position in 2000. He previously served as the Company s Vice President, Far East Operations from 1998 to 2000, Vice President, Operations from 1994 to 1998, Chief Financial Officer, Secretary and Treasurer from 1990 to 1998 and Vice President, Administration from 1990 to 1994. Prior to joining the Company, Mr. Liu held various management positions with TI in Dallas since 1971, including Planning Manager, Financial Planning Manager, Treasury Manager, Cost Accounting Manager and General Accounting Manager with TI Taiwan in Taipei. He was the Controller of TI Asia in Singapore and Hong Kong from 1981 to 1986, Financial Planning Manager of TI Latin America Division (for TI Argentina, TI Brazil and TI Mexico) in Dallas from 1986 to 1989 and Chief Coordinator of Strategic Business Systems for TI Asia Pacific Division in Dallas from 1989 to 1990. Mr. Liu holds an Executive MBA from Pepperdine University.

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(4) Hans Rohrer *Senior Vice President, Business Development*

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

(5) Carl C. Wertz *Chief Financial Officer, Secretary and Treasurer*

Mr. Wertz was appointed to his current position in 1998. He previously served as the Company s Controller from 1993 to 1998. Prior to joining the Company, he served in various financial management and accounting positions. Mr. Wertz, a licensed certified public accountant, has over 24 years of manufacturing and distribution experience and began his accounting career with Deloitte & Touche LLP.

(6) Richard D. White *Senior Vice President, Finance*

Mr. White was appointed to his current position with the Company in 2006. Mr. White has thirty years of senior level finance experience, including 25 years at TI, where he served as Vice President of Finance and Production Planning for MOS memory, Controller for TI s Asia Pacific Division in Singapore, and various other financial positions in the United States, France and Germany. From 1999 to 2005, he served as the Chief Financial Officer for

Optisoft, Inc., and from 2005 to 2006, he served as a Partner for Tatum, LLC. Mr. White, a licensed certified public accountant, holds a Bachelor s degree in electrical engineering from Oklahoma State University and an MBA from the University of Michigan.

(7) Colin Greene *Europe President and Vice President, Europe Sales and Marketing*

Mr. Greene was appointed to his current position in June 2008 upon the acquisition of Zetex plc. From 1997 to 2008, Mr. Greene held several positions with Zetex. He served on the Zetex Board as an executive director from March 2004 until joining the Company and served as Director of Marketing from March 2004 to

December 2004 and thereafter as Chief Operating Officer. Prior to Zetex, he spent 10 years with NSM, most recently as European Marketing Manager for all analog products. Mr. Greene holds a Bachelor s degree with honors in Electrical Engineering from Aston University.

(8) Julie Holland *Vice President, Worldwide Analog Products*

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

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(9) T.J. Lee *Vice President, Packaging Operations*

T.J. Lee was appointed to his current position in 2008. Prior to joining the Company, Mr. Lee was the President of TI Taiwan Limited since 1998. He served as site manager of TI s assembly and testing facility in Chung Ho, Taiwan from 1997 to 1998 where he was responsible for the site s manufacturing operation, sales and marketing. Mr. Lee held various engineering and quality management positions in the manufacturing facility throughout his 32 years career with TI, beginning as a Quality and Reliability Assurance supervisor in 1973. He graduated from Taipei Institute of Technology and earned an Executive MBA degree from Tulane University.

(10) Edmund Tang *Vice President, Corporate Administration*

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

(11) Francis Tang *Vice President, Product Development*

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

EXECUTIVE COMPENSATION
COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section of the Proxy Statement is intended to provide to the Company s stockholders information about the Company s compensation objectives and policies for the Company s NEOs and other executive officers. The Company s NEOs are the Chief Executive Officer, Chief Financial Officer and three most highly compensated executive officers in 2008.

To achieve this purpose, this section will explain and analyze how the Company s compensation program operates and how and why executive compensation decisions were made with respect to the NEOs compensation for 2008.

Compensation Objectives and Philosophy

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

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

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

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

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

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

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

How the Company s Compensation Program Operates

In fiscal 2008, the Committee continued to apply the compensation objectives and philosophy described above in determining the compensation of the NEOs and the other executive officers.

Annual Evaluation Procedures

The Committee determines the compensation for all the executive officers, including the NEOs. The Committee meets in executive session at the beginning of each fiscal year to (i) evaluate the performance of the NEOs during the prior fiscal year; (ii) determine their annual bonuses, if any, for the prior fiscal year; (iii) establish overall performance goals and objectives for the current fiscal year; and (iv) establish the formula for determining the total executive officer bonus pool (the Executive Bonus Pool) for the current fiscal year. The Committee meets again in executive session mid-year to (i) set the NEOs base salaries for the current fiscal year; and (ii) consider and approve any equity incentive compensation. For a discussion of the criteria used by the Committee to evaluate the performance of NEOs in 2008 see How and Why Executive Compensation Decisions Were Made.

Management s Role in Determining Executive Compensation

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

Compensation Consultant

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

Comparable Companies and Benchmarking

The Committee referred to the 2008 Executive Compensation Competitive Assessment (the Survey) prepared by Radford Surveys and Consulting (Radford) when the Committee reviewed and approved executive compensation for 2007 and 2008. The Committee intends to update the Survey every three years with the assistance of Radford or another comparable consulting firm. The Committee s reason for revising the Survey every three years as opposed to every year is because the Committee does not believe that the executive compensation benchmark or the comparable companies (Peer Group) are likely to have significant changes every one or two years.

Radford, upon the approval of the Committee, determined the members of the Peer Group based on comparable revenues and position in the semiconductor industry. The 2008 Peer Group was composed of selected publicly traded companies in the United States in the semiconductor industry with annual revenue ranging from $200 million to $1.5 billion. At the request of the Committee, Radford also provided the executive compensation data of five additional companies that did not fit within the Peer Group criteria of the abovementioned annual revenue range for comparison with the Company s current executive compensation. These five companies were Texas Instruments Incorporated, Cypress Semiconductor Corporation, Fairchild Semiconductor Incorporated, ON Semiconductor Corporation and STMicroelectronics N.V. Radford, however, did not include these five companies executive compensation data in its overall Survey analysis.

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At the time Radford conducted the Survey, the Company only had nine executive officers. The number of executive officers of the Company was expanded to eleven during the second half of 2008. Therefore, the Survey only covers the compensation paid to the following nine executive officers of the Company: the Chief Executive Officer; Chief Financial Officer; Senior Vice President, Finance; Senior Vice President, Operations; Senior Vice President, Sales and Marketing; Vice President, Corporate Administration; Vice President, Product Development, Asia President and Vice President, Asia Sales and Marketing; and Director, Worldwide Analog Business Unit Products, in comparison with those occupying similar positions in the 25 companies in the Peer Group as listed below:

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

The Survey compares the base salary, target bonus, target total cash, long-term incentive value, and total direct compensation of each of the Company s nine executive officers to the amounts given for the similar position in the Peer Group. The Survey recognizes that the Company has two senior finance positions that shared the responsibilities of the Chief Financial Officer of the Company; therefore, the Survey discounted both senior finance position compensation comparison data by 15%. Target total cash is defined as the sum of base salary plus target bonus award. Long-term incentive value is defined as the sum of the value of stock option or restricted stock unit grants. Total direct compensation is defined as the sum of target total cash, plus the value of any long-term incentives value.

The results of the Survey showed that for 2008:

- Base salary for each of the Company s nine executive officers is less than the 25th percentile among the Peer Group;
- Target bonus for each of the Company s nine executive officers is above the 75th percentile among the Peer Group;
- Target total cash for each of the Company s nine executive officers is above the 50th percentile among the Peer Group;
- Long-term incentive value for each of the Company s nine executive officers is equal to the 50th percentile among the Peer Group; and
- Total direct compensation for each of the Company s nine executive officers is equal to the 50th percentile among the Peer Group.

The Survey also compared various data among the companies in the Peer Group such as the number of employees, revenues, net income, stock price, total common shares outstanding and market capitalization. The Survey showed that for 2008, among the companies in the Peer Group, the Company notably ranked:

- In the top quarter for the amount of trailing twelve-month net income; and
- In the top half for market capitalization.

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

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Elements of Named Executive Officer Compensation

The Company s compensation for NEOs consists primarily of base salaries, cash bonuses and equity awards in the form of stock options and restricted stock units (RSUs). The following table shows all compensation elements as percentages of total compensation for each NEO for fiscal 2008:

Name	Title	Base Salaries (%)	Bonuses (%)	Equity Awards [(1)] (%)	Additional Benefits (%)	Total (%)
Keh-Shew Lu	President and Chief Executive Officer	9.9	22.1	67.1	0.9	100
Carl C. Wertz	Chief Financial Officer, Secretary and Treasurer	27.1	27.1	41.3	4.5	100
Joseph Liu	Senior Vice President, Operations	24.4	30.5	42.7	2.4	100
Mark A. King	Senior Vice President, Sales and Marketing	23.4	30.6	42.7	3.4	100
Richard D. White	Senior Vice President, Finance	24.7	38.5	32.7	4.1	100

(1) These percentages reflect portions of NEOs total compensation determined by the Company for accounting purposes for these equity awards and do not reflect whether each NEO has actually realized a financial benefit from these

equity awards. The value of the equity awards is calculated in accordance with the amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)). Pursuant to SEC rules, the percentages shown above as equity award portions of NEO s total compensation exclude the impact of estimated forfeitures related to service-based vesting conditions. Amounts reported for RSUs and restricted stock awards (RSAs) are calculated by multiplying the number of shares subject to the award by the closing price of the Company s Common Stock on the grant date and then dividing by the vesting period. Amounts reported for stock options are determined using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. See Note 17 to the Company s audited financial statements for the fiscal year ended December 31, 2008, included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value pursuant to SFAS 123(R).

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How and Why Executive Compensation Decisions Were Made

For fiscal 2008, the major factors that influenced the Committee s executive compensation decisions for NEOs were:

The Company s 2008 financial performance, including, but not limited to, the following items: serviceable area market (SAM) industry growth; fiscal 2008 revenue and net income versus fiscal 2007 revenue and net income; and profit fall-through; and

Executive retention.

Both factors will also be major considerations in the Committee s executive compensation decisions for NEOs for fiscal 2009. Due to the ongoing economic downturn worldwide, it is difficult to determine the likelihood that the NEOs will meet the Committee s performance expectations for fiscal 2009.

Base Salaries

In line with the Committee s compensation philosophy, executive officers receive a relatively small portion of their total compensation in the form of base salaries. Generally, the executive officers base salaries are below the median (or the 50^{th} percentile) base salaries paid to officers with comparable duties by similar size companies in the semiconductor industry.

The Committee may increase or decrease executive officers base salaries by considering each executive officer s scope of responsibility, level of experience, individual performance, past and potential contribution to the Company s business as well as the Company s performance and the current year s change in the cost of living. To ensure that the base salaries are adequate, the Committee also periodically reviews independent surveys of executive compensation, such as Radford Surveys and Consulting s 2008 Executive Compensation Competitive Assessment, and compares the executive officers base salaries to amounts paid by comparable companies to executives with similar duties in the semiconductor industry. In addition, the Committee discusses and takes into consideration the recommendation of the Chief Executive Officer regarding each executive officer s base salary other than the Chief Executive Officer s own base salary.

For 2007 and 2008, the changes in the NEOs base salaries are summarized as follows:

Name	Fiscal 2007 Salary	Fiscal 2008 Salary	Percent Change
Keh-Shew Lu	$ 326,000	$ 343,000	5.2%
Carl C. Wertz	$ 165,000	$ 170,000	3.0%
Joseph Liu	$ 237,000	$ 248,000	4.6%
Mark A. King	$ 204,000	$ 215,000	5.3%
Richard D. White	$ 160,000	$ 170,000	6.2%

Other executive officers that are not NEOs and were with the Company during fiscal 2007 each received an average fiscal 2008 base salary increase of 4.5%, which primarily represents an inflation adjustment.

Bonuses

The method of determining the Executive Bonus Pool is established by the Committee at the beginning of each fiscal year. The allocation of that Executive Bonus Pool among the executive officers is determined by the Committee at the end of each fiscal year. No bonus is paid out of the Executive Bonus Pool if the Company s actual performance in revenue and net income growth, as determined under the Executive Bonus Pool calculation, is not at least 80% of the prior year.

The aggregate amount of the Executive Bonus Pool for 2008 was based upon the amount by which (i) the Company s revenue growth exceeded that of the Company s SAM (with the market for discrete products weighted 80% and the market for analog products weighted 20%), and (ii) the Company s net income exceeded that of the prior year indexed to the industry revenue growth.

At the end of 2008, the Committee allocated the Executive Bonus Pool among the executive officers based on the workload and areas of responsibilities of each executive officer during 2008 and the Committee s assessment of the contributions made by each officer to the achievement of the Company s performance, all as more completely described below for each NEO. For 2008, Executive Bonus Pool was $3,066,213, of which the Committee awarded $2,545,892 to executive officers, including $1,789,343 to the NEOs.

The following table shows each NEO s share of the Executive Bonus Pool for 2007 and 2008 and the percentage change in such bonuses from 2007 to 2008:

Name	Fiscal 2007 Bonus	Fiscal 2008 Bonus	Percent Change
Keh-Shew Lu	$953,892	$763,114	-20%
Carl C. Wertz	$251,024	$170,000	-32%
Joseph Liu	$431,762	$310,000	-28%
Mark A. King	$351,434	$281,147	-20%
Richard D. White	$331,352	$265,082	-20%
	$2,319,464	$1,789,343	-23%

Dr. Lu received a 2008 bonus of $763,114, which is 20% lower than his previous year s bonus. The Committee determined Dr. Lu s 2008 bonus after considering the following factors: the Company s 2008 performance and objectives; Dr. Lu s individual performance; the allocation between the cash and non-cash components of his executive compensation; internal pay equity among executive officers; and the Survey. Under Dr. Lu s leadership and management, the Company s 2008 revenue grew nearly 8% to $433 million, compared to $401 million in year 2007. Notably, under Dr. Lu s leadership, the Company completed the acquisition of Zetex plc, a semiconductor company based in Oldham, United Kingdom, just prior to the severe economic recession that has been affecting the economy worldwide. While the economic downturn occurred sharply and rapidly during the second half of 2008, Dr. Lu was able to take several decisive actions to reduce cost, maintain cash, and position the Company for future growth once the worldwide economic situation improves. Dr. Lu also quickly led the Company management to approve a practical workforce reduction plan in response to the economic downturn. Dr. Lu directed the Company to enter into a settlement with UBS AG and its affiliates to provide liquidity for the Company s $320.7 million auction rate securities portfolio and subsequently completed a discounted repurchase of $56.1 million of the Company s $230 million 2.25% Convertible Senior Notes. Despite these abovementioned accomplishments, Dr. Lu requested that the Committee substantially lower his and Company executive officers 2008 bonuses for the benefit of the Company and its stockholders. The Committee, therefore, determined that a 20% decrease in his 2008 bonus, compared to his 2007 bonus, would be an appropriate response to his request.

Mr. Wertz received a 2008 bonus of $170,000, which is 32% lower than his previous year s bonus. The Committee s decision to decrease Mr. Wertz s 2008 bonus and the percentage of the decrease in Mr. Wertz s 2008 bonus were mainly due to the request of Dr. Lu to substantially lower the Company executive officers 2008 bonuses for the benefit of the Company and its stockholders as a response to the recent severe economic downturn worldwide, and also the continued shift of a portion of Mr. Wertz s day-to-day management and operational responsibilities from Mr. Wertz to Mr. White, the Company s Senior Vice President, Finance.

Mr. White received a 2008 bonus of $265,082, which is 20% lower than his previous year s bonus. The Committee s decision to decrease Mr. White s 2008 bonus and the percentage of the decrease in Mr. White s 2008 bonus were mainly due to the request of Dr. Lu to substantially lower the Company executive officers 2008 bonuses in response to the recent severe economic downturn worldwide, offset in part by the Committee s recognition that Mr. White had assumed a portion of Mr. Wertz s day-to-day management and operational responsibilities.

Mr. King received a 2008 bonus of $281,147, which is 20% lower than his previous year s bonus. The Committee s decision to decrease Mr. King s 2008 bonus and the percentage of the decrease in Mr. King s 2008 bonus were mainly due to the request of Dr. Lu to substantially lower the Company executive officers 2008 bonuses in response to the recent severe economic downturn worldwide.

Mr. Liu received a 2008 bonus of $310,000, which is 28% lower than his previous year s bonus. The Committee s decision to decrease Mr. Liu s 2008 bonus and the percentage of the decrease in Mr. Liu s 2008 bonus were mainly due to the request of Dr. Lu to substantially lower the Company executive officers 2008 bonuses in response to the recent severe economic downturn worldwide and the continued shift of Mr. Liu s responsibilities, in the area of semiconductor product assembly and product package manufacturing and testing, to other executive officers in the Company.

Fiscal 2009 Executive Bonus Pool

At the beginning of 2009, the Committee decided to use the same formula used in 2008 for determining the Executive Bonus Pool. At the end of 2009, the Committee will allocate the Executive Bonus Pool among the executive officers based on the workload and areas of responsibilities of each executive officer during 2009, and the Committee s assessment of the contributions made by each executive officer to the achievement of the Company s performance.

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Equity Awards

Under the Company s 2001 Incentive Plan, the Company may grant any type of equity award whose value is derived from the value of the Common Stock of the Company, including shares of Common Stock, stock options, stock appreciation rights and RSUs.

The exercise price of stock options granted to date has been no less than the 100% of fair market value of the Common Stock as of the date of grant. To encourage retention, the ability to exercise stock options is subject to vesting restrictions. The Committee s policy is to award stock options and RSUs annually, which generally vest in four equal annual installments on the first four anniversary dates of the date of grant, and are in recognition of each executive officer s current and potential contributions to the Company. Decisions made by the Committee regarding the timing and size of subsequent awards take into consideration the Company s and the individual s performance, allocation between cash and non-cash components of the executive compensation, and the size and term of awards made in the prior year.

The following table shows the number of shares subject to stock options granted in 2008 to each NEO, compared with the number of shares subject to stock options granted in 2007, and the percentage change in such shares between 2007 and 2008:

Name	2007	2008	Percent Change
Keh-Shew Lu	111,000	111,000	-
Carl C. Wertz	15,000	12,000	-20.0%
Joseph Liu	28,500	26,000	-8.8%
Mark A. King	25,500	25,000	-2.0%
Richard D. White	15,000	15,000	-

The following table shows the number of shares subject to RSUs granted in 2008 to each NEO, compared with the number of shares subject to RSUs granted in 2007, and the percentage change between 2007 and 2008:

Name	2007	2008	Percent Change
Keh-Shew Lu	-	-	-
Carl C. Wertz	3,750	3,000	-20.0%
Joseph Liu	5,250	5,000	-4.8%
Mark A. King	4,500	4,500	-
Richard D. White	3,750	3,800	1.3%

In 2008, Dr. Lu received a stock option grant for 111,000 shares (the SFAS 123(R) value equals $1,854,093 and is amortized over a four-year period) for his significant contribution to the continued growth of the Company. The Committee determined Dr. Lu s fiscal 2008 equity award after reviewing his performance, the Company s performance, the size and term of stock options and RSUs granted in 2007 and the Company s stock performance. Notably, the Committee commended Dr. Lu for his leadership in the acquisition of Zetex plc and the swift completion of the acquisition process.

Similarly, the Committee determined all other NEO equity awards after reviewing each NEO s personal performance, the Company s performance, the Company s stock performance, and the size and term of the stock options and RSUs awarded to each NEO in 2007. The Committee believes that all NEOs have made contributions in each area of his responsibilities during fiscal 2008, under Dr. Lu s leadership, to continue the profitability and the growth of the Company for its stockholders.

As stated in the previous section on *Bonuses*, Mr. Wertz s compensation decreased as a result of the continued shift of a portion of his responsibilities to other Company employees, particularly to Mr. White, the Company s Senior Vice President, Finance. The Committee, therefore, decreased both the number of stock options and RSUs granted in 2008 to Mr. Wertz by 20%, compared to his previous year s grants.

As discussed in the previous section on *Bonuses*, the Committee acknowledged that Mr. White had assumed a portion of Mr. Wertz s day-to-day management and operational responsibilities, therefore, the Committee granted the same

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number of stock options and approved a minor increase in the number of RSUs to Mr. White as compared to 2007 after assessing the Company s performance, Mr. White s performance in fiscal 2008, his workload in his areas of responsibilities and the allocation between the cash and non-cash components of his compensation.

As discussed in the previous section on *Bonuses*, the Committee recognized that some of Mr. King s management and operational responsibilities were shifted to other managers in the Company in 2007 and 2008; therefore, the Committee decreased Mr. King s 2008 stock options by 2% while granting him the same number of RSUs in 2008, compared to his RSU grants in 2007, after assessing the Company s performance, Mr. King s performance in fiscal 2008, his workload in his areas of responsibilities and the allocation between the cash and non-cash components of his compensation.

As discussed in the previous section on *Bonuses*, the Committee recognized the continued shift of Mr. Liu s management and operational responsibilities, particularly in the area of semiconductor product assembly and product package manufacturing and testing, to other managers in the Company; therefore, the Committee decreased Mr. Liu s 2008 stock options and RSUs by 8.8% and 4.8%, respectively, after assessing the Company s performance, Mr. Liu s performance in fiscal 2008, his workload in his areas of responsibilities and the allocation between the cash and non-cash components of his compensation.

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Additional Benefits and Perquisites

Pursuant to their employment agreements, NEOs and certain other executive officers are entitled to reimbursement for all reasonable and documented business expenses and paid vacation in accordance with the Company s policies. NEOs are also provided additional executive benefits and perquisites. The Committee periodically reviews NEO benefits and perquisites to ensure these remain competitive and supportable to stockholders. For fiscal 2008, we provided the following benefits and perquisites to the NEOs:

Executive Benefits	Description	Who Qualifies
Automobile Usage Expense	Automobile allowance of $1,300 per month for the President and Chief Executive Officer.	All NEOs
	Automobile allowance of $1,000 per month for all other NEOs.	
Health Insurance	Corporate group insurance.	All NEOs
	From January to April 2008, Mr. Joseph Liu also participated in the Company s Taiwan health insurance plan.	
Dental Insurance	Corporate group insurance.	All NEOs
Vision Insurance	Corporate group insurance.	All NEOs
Employee Assistance Program	Corporate employee assistance program.	All NEOs
Retirement Plans	The 401(k) Plan matching contributions of $1 for every $2 contributed by the participant up to 6% (3% maximum matching) of the participant s eligible payroll (subject to IRS regulations).	All NEOs
	Discretionary 401(k) contribution, the amount of which is to be determined each year. For 2008, no discretionary 401(k) contributions were made.	
	From January to April 2008, Mr. Joseph Liu also participated in the Company s Taiwan pension plan.	
Deferred Compensation Plan	Defer receipt of a portion of salary, cash bonus, equity or other specified compensation.	All NEOs
	Discretionary contribution made by the Company. For 2008, no discretionary contributions were made.	
Life Insurance	Corporate group life insurance in the amount of $700,000.	All NEOs
	Insured in the amount of $700,000.	All NEOs

Accidental Death and Dismemberment		
Business Travel Accident Insurance	Tiered benefit with executive officers receiving $1,000,000 accidental death and dismemberment. $500,000 permanent total disability and $500 per week for accident total disability for covered injury resulting from a covered accident worldwide while on a business trip.	All NEOs
Short-Term Disability Insurance	Corporate group short-term disability: after elimination period of 30 days, 60% of weekly earnings are paid to a maximum of $1,250 per week.	All NEOs
Long Term Disability Insurance	After elimination period of 180 days, 66 2/3% of basic monthly earnings to a maximum of $15,000 per month.	All NEOs
Foreign Labor Insurance and Foreign Voluntary Workers Compensation	Combination of local in-country and excess or difference in conditions policies providing lost wages and medical expense due to injury while sustained on company business. Benefits based on statutory requirement of country of origin.	Mr. Joseph Liu
Health Club Membership	Corporate discount rate applied.	All NEOs

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Our analysis of the NEOs additional benefits and perquisites for fiscal 2008 indicates that these account for a nominal amount of the NEOs total compensation package and are consistent with the Committee s philosophy to provide a competitive compensation package.

Post-Termination and Change in Control Payments

Messrs. Lu, Wertz, Liu and King have current employment agreements entered into with the Company on August 29, 2005. In the event employment is terminated by the Company without cause (as defined), the executive either may (a) commence a one-year paid leave of absence, or (b) forego such leave of absence and the benefits associated therewith. If the executive chooses to commence the leave of absence, the executive will, during that one year, continue as a full-time employee, entitled to receive all the benefits provided under the employment agreement. At the end of the leave of absence, the executive will continue to receive his base salary for one year, and all share-based compensation previously granted will continue to vest. The executives are subject to non-competition and non-solicitation provisions during the leave of absence and for one year after the end of the leave of absence. Upon a change in control, all share-based compensation granted to the executive shall vest immediately and be exercisable for the full term thereof. If the executive chooses to forego such leave of absence, the vesting of any options or restricted stock awards awarded to the executive and his ability to exercise them, upon termination will be governed by the terms of the 2001 Incentive Plan and his stock option agreements. As no other officers have employment agreements with the Company, upon termination or a change in control, the vesting of their stock options and ability to exercise such options will be governed by the terms of the 2001 Incentive Plan and their stock option agreements. The 2001 Incentive Plan generally provides, that upon a change in control, all stock awards then outstanding shall vest immediately. For a further description of these arrangements, see Potential Payments Upon Termination or Change in Control.

The Committee has not provided for a lump sum payment upon termination of the executives, as the Committee believes that by providing the executives with an option to commence a one-year leave of absence upon termination, the Company has the ability to work with the executive to transition his duties and responsibilities in a productive manner. The Committee believes that these post-termination and change in control arrangements are an important part of overall compensation for our NEOs because they help to secure the continued employment and dedication of our NEOs, notwithstanding any concern that they might have regarding their own continued employment prior to or following a change in control.

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Tax and Accounting Implications

Deductibility of Compensation

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

Because the Committee retained discretion in the allocation of the Executive Bonus Pool in 2008, a portion of the executive bonuses in 2008 was not performance-based. In order to maintain flexibility in compensating NEOs and other executive officers in a manner designed to promote the Company s goals, the Committee reserves the right to award future compensation that may not comply with Section 162(m) if it concludes that this is in the Company s best interests.

Non-qualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to non-qualified deferred compensation arrangements. Under the employment agreements for Messrs. Lu, Wertz, Liu and King, in the event employment is terminated by the Company, the executive may commence a one-year paid leave of absence. During the leave of absence, the executive s options remain exercisable. At the end of the leave of absence, all share-based compensation previously granted shall continue to vest and shall remain exercisable for the full term thereof. The final rules on Section 409A of the IRCode were issued on April 10, 2007 and became effective on January 1, 2009. A more detailed discussion of the Company s non-qualified deferred compensation arrangements is provided under the heading Non-qualified Deferred Compensation.

Accounting for Share-Based Compensation

Beginning on January 1, 2007, the Company began accounting for share-based compensation in accordance with the requirements of SFAS 123(R).

Conclusion

The Committee believes that the Company s compensation program supports the Committee s compensation objective to promote the continued profitability and growth of the Company for its stockholders. The Committee s compensation philosophy to attract, retain and motivate executives is critical to the Company s long-term growth and profitability.

The Committee believes that for fiscal 2008, the total compensation for each of the NEOs is competitive compared with the total compensation for NEOs with comparable duties at other similar size companies in the semiconductor industry.

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COMPENSATION COMMITTEE REPORT

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

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

Dated: April 1, 2009

THE COMPENSATION COMMITTEE

Raymond Soong, Chairman
L.P. Hsu
Shing Mao

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SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid or earned by each NEO for the fiscal year ended December 31, 2008. The NEOs are the Company s Chief Executive Officer, Chief Financial Officer, and three other most highly compensated executive officers ranked by their total compensation in the table below (reduced by the amount in column (h)).

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (3) (d)	Stock Awards ($) (1) (e)	Option Awards ($) (1) (f)	Non-Equity Incentive Plan Compensation ($) (3) (g)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (4) (i)	Total ($) (j)
Keh-Shew Lu	**2008**	**343,000**	**763,114**	**1,167,750**	**1,154,787**	**-**	**-**	**30,285**	**3,458,936**
President and Chief	2007	326,000	953,892	1,167,750	887,042	-	-	43,230	3,377,913
Financial Officer	2006	315,000	-	1,167,750	495,678	827,000	-	44,832	2,850,260
Carl C. Wertz	**2008**	**170,000**	**170,000**	**60,389**	**198,976**	**-**	**-**	**28,011**	**627,376**
Chief Financial	2007	165,000	251,024	38,528	217,866	-	-	40,975	713,394
Officer, Secretary									
and Treasurer	2006	164,000	-	15,652	204,692	283,000	-	39,799	707,143
Joseph Liu	**2008**	**248,000**	**310,000**	**86,136**	**347,953**	**-**	**-**	**24,712**	**1,016,801**
Senior Vice	2007	237,000	431,762	52,270	349,644	-	-	39,142	1,109,819
President, Operations									
(2)	2006	229,000	-	20,869	320,008	416,000	-	42,371	1,028,247
Mark A. King	**2008**	**215,000**	**281,147**	**75,301**	**317,350**	**-**	**-**	**31,385**	**920,183**
Senior Vice	2007	204,000	351,434	45,399	311,509	-	-	43,837	956,180
President, Sales and									
Marketing	2006	197,000	-	18,260	278,122	387,000	-	46,162	926,544
Richard D. White	**2008**	**170,000**	**265,082**	**69,838**	**155,774**	**-**	**-**	**28,405**	**689,099**
Senior Vice	2007	160,000	331,352	44,716	95,725	-	-	41,241	673,035
President, Finance	2006	75,000	-	15,615	31,406	140,000	-	29,579	291,600

(1) These amounts reflect the value determined by the Company

for accounting purposes for these awards and do not reflect whether each NEO has actually realized a financial benefit from the awards. The value of the equity awards in columns (e) and (f) is calculated in accordance with the amount recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008, 2007 and 2006 in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Amounts reported for RSUs and RSAs are calculated by multiplying the number of shares subject to the award by the closing price of the Company s Common Stock on the grant date and then dividing by the vesting period. Amounts reported for stock options are determined using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. See Note 17 to the Company s audited financial statements for the fiscal year ended December 31, 2008, included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value pursuant to SFAS 123(R).

(Footnotes continued on following page)

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(Footnotes continued from previous page)

The following table details the amounts in column (e) and (f) and represents the SFAS 123(R) expense in 2008 for each of the equity awards:

Name	2008 RSUs ($)	2007 RSUs ($)	2006 RSUs ($)	2005 RSAs ($)	Total Stock Awards ($)(e)	2008 Stock Options ($)	2007 Stock Options ($)	2006 Stock Options ($)	2005 Stock Options ($)	Total Option Awards ($)(f)
Keh-Shew Lu	-	-	-	1,167,750	**1,167,750**	270,389	417,531	394,144	72,724	**1,154,787**
Carl C. Wertz	12,228	23,119	25,043	-	**60,389**	29,231	56,423	60,060	53,261	**198,976**
Joseph Liu	20,380	32,366	33,390	-	**86,136**	63,334	107,204	100,100	77,315	**347,953**
Mark A. King	18,342	27,743	29,216	-	**75,301**	60,898	95,919	90,090	70,442	**317,350**
Richard D. White	15,489	23,119	31,230	-	**69,838**	36,539	56,423	62,812	-	**155,774**

All equity awards granted since May, 2006 vest in four equal annual installments. Prior awards vest in three equal annual installments.

(2) Mr. Joseph Liu s salary includes a payment of $5,080 payable in New Taiwan Dollars (NT$) (approximately NT$166,726), which, for the purpose of this table, was converted into US Dollars (US$) based on the currency exchange rate of NT$ 32.82 to US$ 1 on January 1,

2009.

(3) Amounts earned based on the Company s executive bonus plan. In 2007 and 2008, the Compensation Committee allocated the Executive Bonus Pool based on the Compensation Committee s subjective assessment of the contribution made by each officer of the Company to the achievement of the Company s performance. In 2006, the Executive Bonus Pool was based on such assessment as well as in accordance with the executive bonus plan.

(4) Certain of the Company s executive officers receive personal benefits in addition to salary, cash bonuses and share-based compensation, consisting of automobile allowance, life insurance payable at the

direction of the employee, short-term and long-term disability insurance, business travel accident insurance, foreign labor insurance, foreign voluntary workers compensation, contributions under the Company s retirement plans, group health insurance, dental insurance, vision insurance, employee assistance program, deferred compensation plan, and health club membership discount. The amount shown in column (i) for All Other Compensation includes benefits summarized in the following table for each NEO:

Name	Year	Auto Allowance ($)	Health Insurance ($)	Retirement Plans ($)	Life & Disability Insurance ($)	Total ($)

Keh-Shew Lu	**2008**	15,600	4,666	6,900	3,118	**30,285**
	2007	15,600	4,261	20,250	3,118	43,230
	2006	15,600	4,212	22,000	3,020	44,832
Carl C. Wertz	**2008**	12,000	6,368	6,900	2,744	**28,011**
	2007	12,000	6,034	20,250	2,691	40,975
	2006	11,600	3,611	22,000	2,588	39,799
Joseph Liu	**2008**	10,130	5,278	6,900	2,404	**24,712**
	2007	10,130	5,105	21,171	2,737	39,142
	2006	10,130	6,485	22,928	2,828	42,371
Mark A. King	**2008**	12,000	9,490	6,900	2,995	**31,385**
	2007	12,000	8,817	20,250	2,770	43,837
	2006	11,600	9,890	22,000	2,672	46,162
Richard D. White	**2008**	12,000	6,762	6,900	2,744	**28,405**
	2007	12,000	6,285	20,250	2,706	41,241
	2006	5,750	3,156	18,219	2,454	29,579

GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information with respect to grants of awards to the NEOs under our non-equity and equity incentive plans during 2008.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Options Awards	Grant Date Fair Value of Stock and Options Awards
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (1) (d)	Maxi-mum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)	(#) (3) (i)	(#) (3) (j)	($/Sh) (k)	($) (2) (l)
Keh-Shew Lu	-	-	610,491	-	-	-	-	-	-	-	-
	5/29/2008	-	-	-	-	-	-	-	111,000	27.95	1,854,093
Carl C. Wertz	-	-	136,000	-	-	-	-	-	-	-	-
	5/29/2008	-	-	-	-	-	-	-	12,000	27.95	200,443
	5/29/2008	-	-	-	-	-	-	3,000	-	-	83,850
Joseph Liu	-	-	248,000	-	-	-	-	-	-	-	-
	5/29/2008	-	-	-	-	-	-	-	26,000	27.95	434,292
	5/29/2008	-	-	-	-	-	-	5,000	-	-	139,750
Mark A. King	-	-	224,918	-	-	-	-	-	-	-	-
	5/29/2008	-	-	-	-	-	-	-	25,000	27.95	417,589
	5/29/2008	-	-	-	-	-	-	4,500	-	-	125,775
Richard D. White	-	-	212,066	-	-	-	-	-	-	-	-
	5/29/2008	-	-	-	-	-	-	-	15,000	27.95	250,553
	5/29/2008	-	-	-	-	-	-	3,800	-	-	106,210

(1) Amounts shown in column (d) were made

under the executive bonus plan. Amounts shown are 80% of the 2008 bonus amount. Under the executive bonus plan, no bonus is paid if the Company does not achieve 80% of the bonus formula.

(2) These amounts reflect the value determined by the Company for accounting purposes for these awards and do not reflect whether each NEO has actually realized a financial benefit from the awards. Grant date fair value of RSAs, RSUs and stock options is calculated in accordance with the amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the

impact of estimated forfeitures related to service-based vesting conditions. Grant date fair value reported for RSUs and RSAs is calculated by multiplying the number of shares subject to the award by the closing price of the Company s Common Stock on the grant date and then dividing by the vesting period. Amounts reported for stock options are determined using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. See Note 17 to the Company s audited financial statements for the fiscal year ended December 31, 2008, included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009, for a further discussion of the relevant valuation assumptions used in calculating grant date fair value pursuant to SFAS 123(R).

(3) Awards shown in columns (i) and (j) were made under the 2001 Incentive Plan.

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Narrative to Summary Compensation Table and Plan-Based Awards Table

Employment Agreements

On August 29, 2005, the Company entered into employment agreements with Messrs. Lu, Liu, King and Wertz, pursuant to which they are entitled to (i) receive an annual base salary (subject to increase from time to time in the discretion of the Board) of $343,000, $248,000, $215,000, and $170,000, respectively, as adjusted for 2008, (ii) participate in any executive bonus plan, (iii) receive reimbursement for all reasonable and documented business expenses, (iv) paid vacation in accordance with the vacation policy for employees generally, (v) participate in all plans provided to employees in general, (vi) receive a life insurance policy in the amount in effect on the date of the agreement, and (vii) receive a disability policy in the maximum insurable amount. Employment is at will and may be terminated by either the Company or the employee at any time. The employee is prohibited from disclosing the Company s trade secrets, engaging in any competitive activity (as defined) or soliciting our current or, in some cases, former employees or independent contractors, during his employment and for the two years following the beginning of the leave of absence described below under Potential Payments Upon Termination or Change in Control if his employment is terminated without cause (as defined), and acknowledges that all tangible items related to the Company are its exclusive property. The employment agreements also provide for payments upon termination and change in control, as described further under Potential Payments Upon Termination or Change in Control.

Employee Benefit Plans

Executive Bonus Plan

For a description of the Company s executive bonus plan, including the amount granted to NEOs in 2008 and 2007, and the methods for determining the Executive Bonus Pool and allocating that pool among the executive officers, see Compensation Discussion and Analysis How and Why Executive Compensation Decisions Were Made *Bonuses*.

1993 ISO Plan

The 1993 ISO Plan provides for the grant of incentive stock options within the meaning of Section 422 of the IRCode, to purchase up to 5,062,500 shares of the Company s Common Stock. Options granted under the 1993 ISO Plan are not transferable, except by will or the laws of descent or distribution. A vested but unexercised option is normally exercisable for 90 days after termination of employment, other than by death or retirement. In the event of death, unvested options are accelerated to maturity. An option granted under the 1993 ISO Plan may not be priced at less than 100% of fair market value of the shares on the date of grant and expires ten years from the date of grant. As of the Record Date, 5,011,093 shares had been issued on the exercise of options granted, and 302,010 shares were subject to options outstanding, under the 1993 ISO Plan. The 1993 ISO Plan expired on May 10, 2003, and, therefore, no additional options can be granted under this plan.

1993 NQO Plan

The 1993 NQO Plan provides for the grant of options that do not qualify as incentive stock options under Section 422 of the IRCode to purchase up to 5,062,500 shares of the Company s Common Stock. Options granted under the 1993 NQO Plan may be exercised by the optionee during his or her lifetime or after his or her death by those who have inherited by will or intestacy. A vested but unexercised option is normally exercisable for 90 days after termination of employment, other than by death or retirement. In the event of death, unvested options are accelerated to maturity. The shares to be issued upon exercise of options under the 1993 NQO Plan require a three-year vesting period. An option granted under the 1993 NQO Plan may not be priced at less than 100% of fair market value on the date of grant and expires ten years from the date of grant. As of the Record Date, 4,425,864 shares had been issued on the exercise of options granted, and 284,063 shares were subject to options outstanding, under the 1993 NQO Plan. The 1993 NQO Plan expired on May 10, 2003, and, therefore, no additional options can be granted under this plan.

2001 Omnibus Equity Incentive Plan

For a description of the 2001 Incentive Plan, see PROPOSAL TWO - AMENDMENT OF 2001 OMNIBUS EQUITY INCENTIVE PLAN.

The 1993 ISO Plan, the 1993 NQO Plan and the 2001 Incentive Plan were clarified and amended on September 22, 2006 by the Board to provide that, in the event of a change in the capital stock of the Company (such as a stock dividend, stock split, re-capitalization, merger, consolidation, split-up, combination, exchange of stock or other form of reorganization), such proportionate adjustment will be made to each award under any such plan as may be necessary or appropriate, as determined by the Compensation Committee, to reflect that change in the capital stock.

1969 Incentive Bonus Plan

The Company s 1969 Incentive Bonus Plan provides that the Board may fix a dollar value to an employee bonus and determine to pay such bonus in the form of shares of the Common Stock of the Company. The number of shares to be awarded to the employee is determined by dividing the dollar amount of the bonus by the fair market value of one share of Common Stock. The fair market value of one share of Common Stock shall be determined by the Board and shall be equal to the closing price of one share of Common Stock on the trading day the award is granted by the Board. The Board may also elect to grant a number of shares of Common Stock to the employee. As a condition to receive any bonus payment approved by the Board, the employee must remain in full time employment of the Company through the date of the bonus payment. As of the Record Date, 879,750 shares of Common Stock had been issued, and 132,750 shares of Common Stock were available for issuance, under the 1969 Incentive Bonus Plan.

401(k) Plan and other Retirement Plans

The Company maintains the 401(k) Plan for the benefit of qualified employees at our U.S. locations. Employees who participate in the 401(k) Plan may elect to make salary deferral contributions to the 401(k) Plan up to 100% of the employees eligible payroll subject to annual IRCode maximum limitations. We make a matching contribution of $1 for every $2 contributed by the participant up to 6% (3% maximum matching) of the participant s eligible payroll. In addition, we may make a discretionary contribution to the entire qualified employee pool, in accordance with the 401(k) Plan.

As stipulated by the rules and regulations of the People s Republic of China, we maintain a retirement plan with the local municipal government for the employees in China. We are required to make contributions to the retirement plan at a rate of 22.5% of the employee s eligible payroll. Pursuant to the Taiwan Labor Standard Law and Factory Law, we maintain a retirement plan for the employees in Taiwan. We make contributions at a rate of 6% of the employee s eligible payroll.

Defined Benefit Plan

In connection with the acquisition of Zetex plc, the Company has adopted a contributory defined benefit plan that covers certain employees in the United Kingdom and Germany. The defined benefit plan is closed to new entrants and frozen with respect to future benefit accruals. The retirement benefit is based on the final average compensation and service of each eligible employee.

The Company did not make contributions to the defined benefit plan during fiscal 2008. The Company adopted a payment plan that Zetex had in place with the trustees of the defined benefit plan in which the Company will pay approximately £1.0 million GBP (approximately $1.6 million based on a USD:GBP exchange rate of 1.6:1) in the month of March of every calendar year from 2009 through 2012.

Salary and Bonus in Proportion to Total Compensation

As discussed under Compensation Discussion and Analysis, executive officers receive a relatively smaller portion of their total compensation package as base salary, in line with the Compensation Committee s philosophy to attract, retain and motivate executive officers critical to the Company s long-term growth and profitability primarily through bonus programs and equity incentive plans. See Compensation Discussion and Analysis for the breakdown between fixed pay through the executive officers base salaries and variable performance-based pay for fiscal 2008.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth certain information regarding equity-based awards held by each of the NEOs as of December 31, 2008.

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (1) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units of Other Rights That Have Not Vested ($) (j)
Keh-Shew Lu	43,875	-	-	8.1422	07/14/2014	202,500(5)	1,227,150	-	-
	118,125	-	-	11.5333	04/14/2015	-	-	-	-
	59,062	59,063(2)	-	22.2600	05/22/2016	-	-	-	-
	27,750	83,250(3)	-	24.6600	05/31/2017	-	-	-	-
	-	111,000(4)	-	27.9500	05/29/2018	-	-	-	-
Carl C. Wertz	12,042	-	-	7.0864	06/12/2010	2,250(2)	48,862	-	-
	30,376	-	-	8.1422 &nbs					