UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 8, 2011
Date of Report (Date of earliest event reported)

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**002-25577**	**95-2039518**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4949 Hedgcoxe Road, Suite 200 Plano, Texas	**75024**
(Address of principal executive offices)	(Zip Code)

(972) 987-3900
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On November 8, 2011, Diodes Incorporated (the "Company") issued a press release announcing its third quarter 2011 financial results. A copy of the press release is attached as Exhibit 99.1.

On November 8, 2011, the Company hosted a conference call to discuss its third quarter 2011 financial results. A recording of the conference call has been posted on its website at www.diodes.com. A copy of the script is attached as Exhibit 99.2.

During the conference call on November 8, 2011, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing and Laura Mehrl, Director of Investor Relations, made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

In the press release and earnings conference call, the Company utilizes financial measures and terms not calculated in accordance with generally accepted accounting principles in the United States ("GAAP") in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We also believe these non-GAAP measures provide investors with a more informed baseline for modeling the Company's future financial performance. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to, and that we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. See Exhibit 99.1, for a description of the non-GAAP measures used.

Item 7.01 Regulation FD Disclosure.

The press release in Exhibit 99.1 also provides an update on the Company's business outlook.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

The information in this Form 8-K and the exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 14, 2011

DIODES INCORPORATED

By /s/ Richard D. White

RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated November 8, 2011
99.2	Conference call script dated November 8, 2011
99.3	Question and answer transcript dated November 8, 2011

Exhibit 99.1

DIODES INCORPORATED

Diodes Incorporated Reports Third Quarter 2011 Financial Results

Revenue for Nine Months of 2011 Increases 10 Percent over 2010

Plano, Texas — November 8, 2011 — Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets, today reported its financial results for the third quarter ended September 30, 2011.

Third Quarter Highlights

- Revenue was \$160.6 million, a decrease of 2 percent over the \$163.1 million in the third quarter of 2010, and a decrease of 5 percent from the \$169.8 million in the second quarter of 2011;
- Gross profit was \$45.2 million, compared to \$61.0 million in the third quarter of 2010 and \$55.6 million in the second quarter 2011;
- Gross profit margin was 28.1 percent, compared to 37.4 percent in the third quarter 2010 and 32.8 percent in the second quarter 2011;
- GAAP net income was \$10.0 million, or \$0.21 per diluted share, compared to third quarter of 2010 GAAP net income of \$21.2 million, or \$0.46 per diluted share, and second quarter of 2011 GAAP net income of \$18.0 million, or \$0.38 per diluted share;
- Non-GAAP adjusted net income was \$12.1 million, or \$0.26 per diluted share, compared to third quarter 2010 adjusted net income of \$23.2 million, or \$0.51 per diluted share, and second quarter 2011 adjusted net income of \$20.1 million, or \$0.43 per diluted share;
- Excluding \$2.4 million of share-based compensation expense and \$1.3 million loss in fair value associated with the investment in Eris Technology Corporation, both GAAP and non-GAAP adjusted net income would have increased by a total of \$0.08 per diluted share or \$0.05 and \$0.03 per diluted share, respectively; and
- Generated \$17.0 million cash flow from operations, (\$165.5) million net cash outflow and (\$7.8) million free cash flow. Free cash flow included capital expenditures of approximately \$10 million for Chengdu infrastructure. Net cash outflow included approximately \$134 million for the retirement of Convertible Senior Notes, \$14 million for the investment in Eris and \$20 million in capital expenditures, including Chengdu.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, "We continued to see broad weakness across global markets that began in May and accelerated throughout the third quarter. Despite this softness, we were still able to execute our strategy of gaining market share by shifting our product mix to lower margin products to best utilize our installed capacity, and we grew our nine month revenue 10 percent over the prior year period. In response to these market conditions, we have also implemented cost reduction actions that include the delay of capital investments, hiring freezes, a reduction in factory overtime, as well as temporary reductions on travel.

"Also during the quarter, we continued to drive manufacturing productivity improvements at our China packaging facilities to maximize the utilization of our operators and equipment. We used excess capacity to build finished goods inventory in preparation for a three day shut-down for the China National Holiday, which occurred during the first week in October. Looking beyond the current market environment, we increased our investment in R&D to further advance our new product initiatives, maintain design win momentum and position Diodes for additional market share gains in future quarters. Furthermore, we have additional capacity available, which prepares us for upside potential and a return to our historical growth levels as the market improves. We remain committed to our business model and believe these actions will produce long-term returns for our shareholders."

Third Quarter 2011

Revenue for the third quarter of 2011 was $160.6 million, a decrease of 2 percent over the $163.1 million in the third quarter of 2010, and a decrease of 5 percent from the $169.8 million in the second quarter of 2011. The decrease in revenue was due to a general market slowdown on a global basis, specifically in the consumer and computing markets, causing a larger than normal pricing degradation.

Gross profit for the third quarter of 2011 was $45.2 million, or 28.1 percent of revenue, compared to $61.0 million, or 37.4 percent, in the third quarter of 2010 and $55.6 million, or 32.8 percent of revenue, in the second quarter 2011. The decline in gross profit margin was due primarily to the pricing impact, a significant increase in gold prices, and a shift in product mix to lower margin products in an effort to maintain full capacity utilization at the Company's Shanghai packaging facilities.

Third quarter 2011 GAAP net income was $10.0 million, or $0.21 per diluted share, compared to GAAP net income of $21.2 million, or $0.46 per diluted share, in the third quarter of 2010 and GAAP net income of $18.0 million, or $0.38 per diluted share, in the second quarter of 2011.

Non-GAAP adjusted net income for the third quarter of 2011 was $12.1 million, or $0.26 per diluted share, which excluded, net of tax, $1.3 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes, and $0.8 million of non-cash acquisition related intangible asset amortization costs, compared to adjusted net income of $23.2 million, or $0.51 per diluted share, in the third quarter of 2010 and adjusted net income of $20.1 million, or $0.43 per diluted share, in the second quarter of 2011. The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax (*in thousands, except per share data):*

GAAP net income	**$ 9,957**
GAAP diluted earnings per share	**$ 0.21**
Adjustments to reconcile net income to adjusted net income:	
Amortization of debt discount	**1,314**
Amortization of acquisition related intangible assets	**806**
Non-GAAP adjusted net income	**$ 12,077**
Non-GAAP adjusted diluted earnings per share	**$ 0.26**

(See the reconciliation of net income to adjusted net income tables near the end of the release for further details)

Supplementary Information:

Items included in GAAP net income and per diluted share impact	
Share based compensation expense, net of tax	**$ 0.05**
Loss on fair value of Eris Investment, net of tax	**$ 0.03**

Included in third quarter 2011 GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, non-cash share-based compensation expense and $1.3 million loss, net of tax, in fair value associated with the investment in Eris. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share and excluding loss in fair value, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.03 per share.

EBITDA, which represents earnings before net interest expense, income tax, depreciation and amortization, for the third quarter of 2011 was $29.2 million, compared to $42.3 million for the third quarter of 2010 and $40.5 million for the second quarter of 2011. For a reconciliation of GAAP net income to EBITDA, see table below.

As of September 30, 2011, Diodes had approximately $125 million in cash and cash equivalents, which reflects the redemption of $134 million of Convertible Senior Notes, and working capital was approximately $311 million.

Business Outlook

Dr. Lu concluded, "The current market weakness is extending into the fourth quarter and continues to impact the demand environment for the consumer and computing markets. As such, we expect revenue to range between $140 million and $150 million, or down 7 to 13 percent sequentially. We expect gross margin to be 25 percent, plus or minus 1.5 percent. Operating expenses are expected to remain approximately flat with third quarter on a dollar basis. We expect our income tax rate to range between 17 and 23 percent, and shares used to calculate GAAP EPS for the fourth quarter are anticipated to be approximately 47.2 million."

Conference Call

Diodes will host a conference call on Tuesday, November 8, 2011 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its third quarter 2011 financial results. Investors and analysts may join the conference call by dialing 1-800-510-9661 and providing the confirmation code 90956086. International callers may join the teleconference by dialing 1-617-614-3452 and enter the same confirmation code at the prompt. A telephone replay of the call will be made available approximately two hours after the call and will remain available until Friday, November 11, 2011 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 48093659. International callers should dial 1-617-801-6888 and enter the same pass code at the prompt. Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties on the Investors section of Diodes' website at http://www.diodes.com. To listen to the live call, please go to the Investors section of Diodes' website and click on the conference call link at least fifteen minutes prior to the start of the call to register, download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

About Diodes Incorporated

Diodes Incorporated (Nasdaq: DIOD), a Standard and Poor's SmallCap 600 and Russell 3000 Index company, is a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets. Diodes serves the consumer electronics, computing, communications, industrial, and automotive markets. Diodes' products include diodes, rectifiers, transistors, MOSFETs, protection devices, functional specific arrays, single gate logic, amplifiers and comparators, Hall-effect and temperature sensors; power management devices, including LED drivers, DC-DC switching and linear voltage regulators, and voltage references along with special function devices, such as USB power switches, load switches, voltage supervisors, and motor controllers. The Company's corporate headquarters, logistics center, and Americas' sales office are located in Plano, Texas. Design, marketing, and engineering centers are located in Plano; San Jose, California; Taipei, Taiwan; Manchester, England; and Neuhaus, Germany. The Company's wafer fabrication facilities are located in Kansas City, Missouri and Manchester, with two manufacturing facilities located in Shanghai, China, another in Neuhaus, and two joint venture facilities located in Chengdu, China. Additional engineering, sales, warehouse, and logistics offices are located in Fort Worth, Texas; Taipei; Hong Kong; Manchester; and Munich, Germany, with support offices located throughout the world. For further information, including SEC filings, visit the Company's website at http://www.diodes.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: looking beyond the current market environment, we increased our investment in R&D to further advance our new product initiatives, maintain design win momentum and position Diodes for additional market share gains in future quarters; furthermore, we have additional capacity available, which prepares us for upside potential and a return to our historical growth levels as the market improves; we remain committed to our business model and believe these actions will produce long-term returns for our shareholders; the current market weakness is extending into the fourth quarter and continues to impact the demand environment for the consumer and computing markets; as such, we expect revenue to range between $140 million and $150 million, or down 7 to 13 percent sequentially; we expect gross margin to be 25 percent, plus or minus 1.5 percent;

operating expenses are expected to remain approximately flat with third quarter on a dollar basis; and we expect our income tax rate to range between 17 and 23 percent, and shares used to calculate GAAP EPS for the fourth quarter are anticipated to be approximately 47.2 million.. Potential risks and uncertainties include, but are not limited to, such factors as: we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs and loadings in our manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages and our joint venture prospects; unfavorable currency exchange rates; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than we currently anticipated; and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission.

Recent news releases, annual reports and SEC filings are available at the Company's website: http://www.diodes.com. Written requests may be sent directly to the Company, or they may be e-mailed to: diodes-fin@diodes.com.

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DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
NET SALES	$160,577	$163,120	$491,938	$449,120
COST OF GOODS SOLD	115,383	102,143	333,736	286,893
Gross profit	45,194	60,977	158,202	162,227
OPERATING EXPENSES				
Selling, general and administrative	23,404	22,837	67,389	65,822
Research and development	7,304	7,212	20,355	20,403
Amortization of acquisition related intangible assets	1,120	1,098	3,408	3,304
Total operating expenses	31,828	31,147	91,152	89,529
Income from operations	13,366	29,830	67,050	72,698
OTHER INCOME (EXPENSES)				
Interest income	316	279	849	2,587
Interest expense	(1,053)	(939)	(3,023)	(4,317)
Amortization of debt discount	(2,021)	(2,006)	(6,032)	(5,713)
Loss on securites carried at fair value	(1,334)	—	(1,334)	—
Other	1,792	251	2,096	1,749
Total other expenses	(2,300)	(2,415)	(7,444)	(5,694)
Income before income taxes and noncontrolling interest	11,066	27,415	59,606	67,004
INCOME TAX PROVISION	359	5,346	9,912	11,705
NET INCOME	10,707	22,069	49,694	55,299
Less: NET INCOME attributable to noncontrolling interest	(750)	(907)	(2,072)	(2,532)
NET INCOME attributable to common stockholders	$ 9,957	$ 21,162	$ 47,622	$ 52,767
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.22	$ 0.48	$ 1.05	$ 1.20
Diluted	$ 0.21	$ 0.46	$ 1.02	$ 1.16
Number of shares used in computation				
Basic	45,603	44,346	45,252	44,031
Diluted	47,093	45,673	46,875	45,418

Note: Throughout this release, we refer to “net income attributable to common stockholders” as “net income.”

DIODES INCORPORATED AND SUBSIDIARIES

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

For the three months ended September 30, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 9,957**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.21**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,120	—	(314)	**806**
Amortization of debt discount	—	2,021	(707)	**1,314**
Adjusted (Non-GAAP)				**$ 12,077**
Diluted shares used in computing earnings per share				**47,093**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.26**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, non-cash share-based compensation expense and $1.3 million loss, net of tax, in fair value associated with the investment in Eris. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share and excluding loss in fair value, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.03 per share.

For the three months ended September 30, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 21,162**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.46**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,098	—	(308)	**790**
Amortization of debt discount	—	2,006	(729)	**1,277**
Adjusted (Non-GAAP)				**$ 23,229**
Diluted shares used in computing earnings per share				**45,673**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.51**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

DIODES INCORPORATED AND SUBSIDIARIES

RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME — Cont.

(in thousands, except per share data)

(unaudited)

For the nine months ended September 30, 2011:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				$ 47,622
Earnings per share (Per-GAAP)				
Diluted				$ 1.02
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	3,408	—	(954)	2,454
Amortization of debt discount	—	6,032	(2,111)	3,921
Adjusted (Non-GAAP)				$ 53,997
Diluted shares used in computing earnings per share				46,875
Adjusted earnings per share (Non-GAAP)				
Diluted				$ 1.15

Note: Included in GAAP and non-GAAP adjusted net income was approximately $6.6 million, net of tax, non-cash share-based compensation expense and $1.3 million loss, net of tax, in fair value associated with the investment in Eris. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.15 per share and excluding loss in fair value, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.03 per share.

For the nine months ended September 30, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				$ 52,767
Earnings per share (Per-GAAP)				
Diluted				$ 1.16
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	3,304	—	(926)	2,378
Gain on sale of assets	—	(1,837)	661	(1,176)
Impairment of long-lived assets	—	144	(55)	89
Amortization of debt discount	—	5,713	(2,175)	3,538
Adjusted (Non-GAAP)				$ 57,597
Diluted shares used in computing earnings per share				45,418
Adjusted earnings per share (Non-GAAP)				
Diluted				$ 1.27

Note: Included in GAAP and non-GAAP adjusted net income was approximately $6.4 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.14 per share.

ADJUSTED NET INCOME

This measure consists of generally accepted accounting principles ("GAAP") net income, which is then adjusted solely for the purpose of adjusting for amortization of acquisition related intangible assets, amortization of debt discount, gain on sale of assets and impairment of long-lived assets, as discussed below. Excluding gain on sale of assets and impairment of long-lived assets provides investors with a better depiction of the Company's operating results and provides a more informed baseline for modeling future earnings expectations. Excluding the amortization of acquisition related intangible assets and amortization of debt discount allows for comparison of the Company's current and historic operating performance. The Company excludes the above listed items to evaluate the Company's operating performance, to develop budgets, to determine incentive compensation awards and to manage cash expenditures. Presentation of the above non-GAAP measures allows investors to review the Company's results of operations from the same viewpoint as the Company's management and Board of Directors. The Company has historically provided similar non-GAAP financial measures to provide investors an enhanced understanding of its operations, facilitate investors' analyses and comparisons of its current and past results of operations and provide insight into the prospects of its future performance. The Company also believes the non-GAAP measures are useful to investors because they provide additional information that research analysts use to evaluate semiconductor companies. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. The Company recommends a review of net income on both a GAAP basis and non-GAAP basis be performed to get a comprehensive view of the Company's results. The Company provides a reconciliation of GAAP net income to non-GAAP adjusted net income.

Amortization of acquisition related intangible assets — The Company excluded the amortization of its acquisition related intangible assets including developed technologies and customer relationships. The fair value of the acquisition related intangible assets, which was allocated to the assets through purchase accounting, is amortized using straight-line methods which approximate the proportion of future cash flows estimated to be generated each period over the estimated useful lives of the applicable assets. The Company believes the exclusion of the amortization expense of acquisition related assets is appropriate as a significant portion of the purchase price for its acquisitions was allocated to the intangible assets that have short lives and exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both the Company's newly acquired and long-held businesses. In addition, the Company excluded the amortization expense as there is significant variability and unpredictability across other companies with respect to this expense.

Amortization of debt discount — The Company excluded the amortization of debt discount on its 2.25% Convertible Senior Notes ("Notes"). This amortization was excluded from management's assessment of the Company's core operating performance. Although the amortization of debt discount is recurring in nature, the expected life of the Notes is five years as that is the earliest date in which the Notes can be put back to the Company at par value. The amortization period ends October 1, 2011, at which time the Company will no longer be recording an amortization of debt discount. In addition, the Company has repurchased some of its Notes, which can make the principal amount outstanding and related amortization vary from period to period, and as such the Company believes the exclusion of the amortization facilitates comparisons with the results of other periods that may reflect different principal amounts outstanding and related amortization.

Gain on sale of assets — The Company excluded the gain recorded for the sale assets. During the second quarter of 2010, the Company sold assets located in Germany and this gain was excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the gain on sale of assets provides investors an enhanced view of a gain the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such gains.

Impairment of long-lived assets — The Company excluded the impairment of long-lived assets. During the third quarter of 2010, the Company impaired certain assets, which was excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the impairment of long-lived assets provides investors an enhanced view of a loss the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such impairments.

ADJUSTED EARNINGS PER SHARE

This non-GAAP financial measure is the portion of the Company's GAAP net income assigned to each share of stock, excluding amortization of acquisition related intangible assets, amortization of debt discount, gain on sale of assets and impairment of long-lived assets, as described above. Excluding gain on sale of assets and impairment of long-lived assets provides investors with a better depiction of the Company's operating results and provides a more informed baseline for modeling future earnings expectations, as described in further detail above. Excluding the amortization of acquisition related intangible assets and amortization of debt discount allows for comparison of the Company's current and historic operating performance, as described in further detail above. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results and may differ from measures used by other companies. The Company recommends a review of diluted earnings per share on both a GAAP basis and non-GAAP basis be performed to obtain a comprehensive view of the Company's results. Information on how these share calculations are made is included in the reconciliation table provided.

FREE CASH FLOW (FCF)

Break-even FCF for the third quarter of 2011 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures ($17.0 million less (-) $24.8 million). FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

EBITDA represents earnings before net interest expense, income tax provision, depreciation and amortization. Management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties, such as financial institutions in extending credit, in evaluating companies in our industry and provides further clarity on our profitability. In addition, management uses EBITDA, along with other GAAP measures, in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing, operating in different income tax jurisdictions, and accounting effects of capital spending, including the impact of our asset base, which can differ depending on the book value of assets and the accounting methods used to compute depreciation and amortization expense. EBITDA is not a recognized measurement under GAAP, and when analyzing our operating performance, investors should use EBITDA in addition to, and not as an alternative for, income from operations and net income, each as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures used by other companies. Furthermore, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as tax and debt service payments.

The following table provides a reconciliation of net income to EBITDA *(in thousands, unaudited):*

	Three Months Ended September 30,	
	2011	**2010**
Net income (per-GAAP)	$ 9,957	$ 21,162
Plus:		
Interest expense, net (1)	2,758	2,666
Income tax provision	359	5,346
Depreciation and amortization	16,088	13,090
EBITDA (Non-GAAP)	$ 29,162	$ 42,264

	Nine Months Ended September 30,	
	2011	**2010**
Net income (per-GAAP)	$ 47,622	$ 52,767
Plus:		
Interest expense, net (2)	8,206	7,443
Income tax provision	9,912	11,705
Depreciation and amortization	45,049	37,760
EBITDA (Non-GAAP)	$110,789	$109,675

(1) Includes $2.0 million and $2.0 million for the three months ended September 30, 2011 and 2010, respectively, of amortization of debt discount.

(2) Includes $6.0 million and $5.7 million for the nine months ended September 30, 2011 and 2010, respectively, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	September 30, 2011 *(unaudited)*	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 124,897	$ 270,901
Accounts receivable, net	139,391	129,207
Inventories	139,074	120,689
Deferred income taxes, current	8,488	8,276
Prepaid expenses and other	17,450	11,679
Total current assets	429,300	540,752
PROPERTY, PLANT AND EQUIPMENT, net	231,863	200,745
DEFERRED INCOME TAXES, non current	1,812	1,574
OTHER ASSETS		
Goodwill	67,770	68,949
Intangible assets, net	25,317	28,770
Other	17,667	5,760
Total assets	$ 773,729	$ 846,550

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	September 30, 2011 *(unaudited)*	December 31, 2010
CURRENT LIABILITIES		
Lines of credit	$ —	$ —
Accounts payable	82,554	70,057
Accrued liabilities	34,694	36,937
Income tax payable	—	15,412
Convertible senior notes	236	128,261
Other current liabilities	694	698
Total current liabilities	118,178	251,365
LONG-TERM DEBT, net of current portion	2,941	3,393
CAPITAL LEASE OBLIGATIONS, net of current portion	1,152	1,380
OTHER LONG-TERM LIABILITIES	34,159	37,520
Total liabilities	156,430	293,658
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock — par value $1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock — par value $0.66 2/3 per share; 70,000,000 shares authorized; 45,606,464 and 44,662,796 issued and outstanding at September 30, 2011 and December 31, 2010, respectively	30,406	29,775
Additional paid-in capital	244,677	231,842
Retained earnings	372,529	324,907
Accumulated other comprehensive loss	(44,333)	(45,080)
Total Diodes Incorporated stockholders' equity	603,279	541,444
Noncontrolling interest	14,020	11,448
Total equity	617,299	552,892
Total liabilities and equity	$ 773,729	$ 846,550

Exhibit 99.2

Call Participants: Dr. Keh-Shew Lu, Richard White, Mark King and Laura Mehrl

Operator:

Good afternoon and welcome to Diodes Incorporated's third quarter 2011 financial results conference call. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star key followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Tuesday, November 8, 2011. I would now like to turn the call to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' third quarter 2011 earnings conference call. I'm Leanne Sievers, executive vice president of Shelton Group, Diodes' investor relations firm.

With us today are Diodes' President and CEO, Dr. Keh-Shew Lu, who is joining us today from Taiwan; Chief Financial Officer, Rick White; Senior Vice President of Sales and Marketing, Mark King; and Director of Investor Relations, Laura Mehrl.

Before I turn the call over to Dr. Lu, I would like to remind our listeners that management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions.

Therefore, the Company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today, and therefore we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the

Securities and Exchange Commission.

In addition, any projections as to the Company's future performance represent management's estimates as of **today, November 8, 2011.** Diodes assumes no obligation to update these projections in the future as market conditions may or may not change.

Additionally, the Company's press release and management's statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms. Included in the Company's press release are definitions and reconciliations of GAAP net income to non-GAAP adjusted net income and GAAP net income to EBITDA, which provide additional details. Also, throughout the Company's press release and management's statements during this conference call, we refer to "net income attributable to common stockholders" as "GAAP net income."

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 60 days in the investor relations section of Diodes' website at www.diodes.com.

And now I will turn the call over to Diodes' President and CEO, Dr. Keh-Shew Lu. Dr. Lu, please go ahead.

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

Revenue in the third quarter was $161 million, a decrease of 2 percent over the prior year period and 5 percent sequentially. We continued to see broad weakness across global markets that began in May and accelerated throughout the third quarter, especially in the consumer and computing markets with the exception of tablets and smartphones. Despite this softness, we were still able to execute on our strategy of gaining market share by shifting our product mix to lower margin products to best utilize our installed capacity, as reflected by the 10 percent growth in our year-to-date revenue over the prior year. Gross margin in the third quarter was 28 percent of revenue. In addition to our shift in product mix, gross margin was also impacted by a weaker than normal pricing environment as well as a significant increase in gold prices.

In response to the weak market environment, we have implemented cost reduction actions that include the delay of capital investments, hiring freezes, a reduction in factory overtime, as well as temporary reductions on travel. We delayed about $13 million of CapEx, but still invested approximately $20 million during the quarter, including $10 million for our Chengdu site expansion. Our primary goal is to maintain manufacturing efficiencies at our packaging facilities in order to avoid slowing down our productivity improvements. Even with the hiring freeze, we continued to maximize the utilization of our operators and equipment. During the quarter, we used excess capacity to build finished goods inventory and prepare for a three day shut-down for the China National Holiday, which occurred during the first week in October.

Looking beyond the current market environment, we continue to increase our investment in R&D to further advance our new product initiatives, maintain design win momentum and position Diodes for additional market share gains in the future. We have the additional capacity available to take advantage of upside potential and return to our historical growth levels as the market improves. We remain committed to our business model and are focused on generating long-term returns for our shareholders.

With that, I will now turn the call over to Rick to discuss our third quarter financial results and fourth quarter guidance in more detail.

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

Revenue for the third quarter of 2011 was $160.6 million, a decrease of 2 percent over the $163.1 million in the third quarter of 2010, and a decrease of 5 percent from the $169.8 million in the second quarter of 2011. The decrease in revenue was due to the general market slowdown on a global basis, causing larger than normal pricing degradation.

Gross profit for the third quarter of 2011 was $45.2 million, or 28.1 percent of revenue, compared to $61.0 million, or 37.4 percent, in the third quarter of 2010 and $55.6 million, or 32.8 percent of revenue, in the second quarter 2011. The decline in gross profit margin was due primarily to pricing, a significant increase in gold prices and a shift in product mix to lower margin products in an effort to maintain full capacity utilization at our Shanghai packaging facilities.

Total **operating expenses** for the third quarter were $31.8 million, or 19.8 percent of revenue, which was slightly below our model of 20 percent of revenue.

Looking specifically at **Selling, General and Administrative** expenses for the third quarter, SG&A was approximately $23.4 million, or 14.6 percent of revenue, which was above the 14.0 percent of revenue in the third quarter of 2010 and the 13.3 percent of revenue last quarter.

Investment in Research and Development for the third quarter was $7.3 million, or 4.5 percent of revenue, which was comparable to the $7.2 million, or 4.4 percent of revenue, in the previous year period and an increase compared to the $6.5 million, or 3.8 percent of revenue last quarter. Diodes continues to invest in R&D effort to further advance new product development and design in order to capture additional market share in the future.

Total Other Expense amounted to $2.3 million for the third quarter.

Looking at interest income and expense, we had approximately $316,000 of interest income on our cash balances and approximately $1.0 million of interest expense primarily related to our Convertible Senior Notes.

During the third quarter, we recorded approximately $2 million of non-cash, amortization of debt discount related to the U.S. GAAP requirement to separately account for a liability and equity component of our Convertible Senior Notes. Also included in Total Other Expense was a foreign currency gain of $460,000.

Also included in other expense was a $1.3 million non-cash loss associated with the decrease in fair value associated with the Eris stock investment. This investment is recorded based on the stock price of the underlying stock and on the Taiwan/U.S. dollar exchange rate since the investment was made in Taiwan dollars. During the quarter, the Eris stock price decreased and the Taiwan dollar fell.

Income Before Income Taxes and Noncontrolling Interest in the third quarter amounted to $11.1 million, compared to income of $27.4 million in the third quarter of 2010 and $23.4 million in the second quarter of 2011.

Turning to **income taxes**, our effective income tax rate in the third quarter was 3.2 percent, due mainly to a change in the profitability by country and within our updated guidance of zero to 6 percent.

GAAP net income for the third quarter was $10.0 million, or $0.21 per diluted share, compared to GAAP net income of $21.2 million, or $0.46 per diluted share, in the third quarter of 2010 and GAAP net income of $18.0 million, or $0.38 per diluted share, in the second quarter of 2011. The share count used to compute GAAP diluted EPS for the third quarter was 47.1 million shares.

Third quarter **Non-GAAP adjusted net income** was $12.1 million, or $0.26 per diluted share, which excluded, net of tax, $1.3 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes, and $800,000 of non-cash acquisition related intangible asset amortization costs. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in third quarter GAAP and non-GAAP adjusted net income was approximately $2.4 million, net of tax, of non-cash share-based compensation expense and $1.3 million loss, net of tax, in fair value associated with the investment in Eris. Excluding share based compensation expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share and excluding the loss in fair value, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.03 per share.

Turning to the **balance sheet**, at the end of the third quarter, we had approximately $125 million in cash, which reflects the redemption of $134 million of our Convertible Senior Notes. Working capital was approximately $311 million.

At the end of the third quarter, inventory was approximately $139 million, an increase of approximately $10 million from the second quarter. This increase was due to a $14 million increase in Finished Goods, and a $1 million increase in Raw Materials partially offsetting a $5 million decrease in Work in Process. Inventory days increased to 105, compared to 100 days in the second quarter of 2011.

Accounts receivable was approximately $139 million and A/R days were 81.

Capital expenditures were $19.5 million during the third quarter, which included $9.6 million for our Chengdu site expansion. Excluding this amount, CapEx was 6.1 percent of revenue, compared to 18.4 percent in the second quarter. We consider Chengdu to be a long-term strategic project so we are continuing with our site development regardless of the short term economic environment. We invested $10 million in the quarter and $15 million year-to-date. As Dr. Lu mentioned last quarter, for our production facilities we delayed approximately 40 percent of our second half non-Chengdu CapEx due to market conditions. Year-to-date, excluding Chengdu, we have invested a total of $59 million in CapEx, which represents about 12 percent of revenue. For the full year, excluding Chengdu, we expect CapEx to be at the low end of our targeted range of 10 to 12 percent.

Depreciation and amortization expense for the third quarter was $16.1 million.

Cash flow from operations for the third quarter was $17.0 million.

Our cash balance decreased $166 million, due primarily to $134 million used for the retirement of our Convertible Senior Notes, $14 million used for the investment in Eris Technology Corporation and $20 million in capital expenditures, including Chengdu.

Free cash flow was a negative $7.8 million and included $10 million in CapEx for Chengdu infrastructure.

Turning to our Outlook...

In terms of fourth quarter guidance, we expect revenue to range between $140 million and $150 million, or down 7 to 13 percent sequentially. We expect gross margin to be 25 percent, plus or minus 1.5 percent. Operating expenses are expected to remain approximately flat with the third quarter on a dollar basis. We expect our income tax rate to range between 17 and 23 percent, and shares used to calculate GAAP EPS for the fourth quarter are anticipated to be approximately 47.2 million.

With that said, I will now turn the call over to Mark King.

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

Our revenue in the third quarter declined sequentially due primarily to weakness across our global markets, particularly in Europe and North America. The global economic issues continued to weigh on the markets and overall demand, especially in the consumer and computing markets, resulting in a larger than normal decline in pricing. However as Dr. Lu mentioned, we continued to see strength in smartphones and tablets. Distributor POP was down 11 percent sequentially as distributors began to reduce their stocking targets going into the fourth quarter. Distributor inventory was up 5 percent, but should begin to decline in Q4. Global POS was down 3 percent in the quarter. Although the current environment is causing customer end products to move slower into production, design win activity remains at high levels in all regions for both new and existing products.

In terms of **Global Sales**, Asia represented 75 percent of revenue, Europe 13 percent and North America 12 percent.

Our end market breakout consisted of consumer representing 34 percent of revenue, computing 27 percent, industrial 20 percent, communications 16 percent, and automotive 3 percent.

Now turning to **new products** — traction remains strong as we continue to execute on our new product initiatives. We reached another record quarter for synchronous MOSFET controllers as well as our USB power switches. We also continue to gain momentum on our LED drivers, DC-DC converters, CMOS LDOs, as well as our standard linear product line. And although demand is being constrained by the current market environment, we continue to focus on new product introductions in order to expand content at key customers and drive our future growth as the market improves.

Looking specifically at our **discrete** product line, we continue to make solid progress in delivering value to our customer base in a wide range of applications. We introduced 66 products across 9 product families. Diodes achieved another record quarter for our synchronous MOSFET controllers as more customers are changing to synchronous control to meet the latest standards from Energy Star. We introduced two new synchronous controllers: one targeting the notebook adapter market and another targeting the set-top box and Power over Ethernet markets. Design wins continue to expand, and we are engaging with an increasing number of potential customers on these products.

Also during the quarter, Diodes announced the expansion of the DiodeStar product family targeted for LED lighting applications. We now have two versions available: ultra-low VF performance and very fast switching that allows for reduced power loss and higher efficiency. These product releases were complemented by a number of other products that confirm Diodes' position as a leading provider of high volume performance devices.

New design wins in the quarter for our discrete products included major gains in the portable, computing, industrial and automotive lighting marketplaces. We released the first new SBR® solar bypass diode specifically designed to simplify manufacturing concerns of solar panel makers producing next generation PV modules. The new product is highly efficient with a maximum package height of only 0.75mm, enabling it to be directly mounted within the solar panel and removing the need for separate junction boxes.

Now turning to **analog**, we released 50 new devices across 7 product families. New product highlights include the expansion of our synchronous DC-DC converter product line with new 2A and 3A devices. These products are developed for consumer electronic applications that require ultra-efficient voltage conversion, such as LED TVs, LCD monitors and set-top boxes. We also continued to expand our CMOS LDO portfolio with the addition of a full line of 1.5A adjustable regulators as well as a family of low-power, high accuracy devices intended for battery-operated consumer products. Revenue in our power management segment also remained strong, in which we set a new revenue record in our USB power switches. During the quarter, we secured major design wins in notebooks and desktops, as well as LCD TV and Blu-ray DVD players.

Also during the quarter, we released the industry's smallest full-featured single-chip fan motor driver. This highly integrated device is designed for driving single-coil brushless DC fan motors and is offered in a miniature, low profile DFN package. In the low-power DC fan market, the demand for low noise and high performance provides an expanded opportunity for our recently launched integrated drivers. We have seen a threefold increase in new sockets over the past few quarters.

We also continued to make advances in our standard linear product line with the release of the ZXRD060, a dual adjustable shunt regulator that offers excellent temperature stability. These devices were specifically developed to be compliant with the new high-speed serial Thunderbolt interface, which is an emerging standard targeted at the consumer products market and is being backed by several major consumer electronic providers. In addition to several design wins from early adopters of Thunderbolt, we secured major standard linear design wins for both consumer and industrial applications.

Now, turning to our **Logic** products. We continued to expand our footprint in the Logic market as we gain traction on our new dual-gate devices introduced last quarter.

Design win activity and product introductions remain very solid even though some customer projects have been delayed due to the current environment. We still expect this product segment to a key contributor to our growth next year.

In summary, we continue to believe that Diodes is well positioned to manage through the current market environment, as we proactively prepare for improving conditions and demand. We have additional capacity available and also have a high level of new product and design win activity that will enable us to capture additional market share in the coming quarters. Traction remains strong on a large number of new products, and we continue to have a solid position with all of our key customers.

With that, I'll open the call for questions — Operator?

Upon Completion of the Q&A...

Dr. Lu: Thank you for your participation today. Operator, you may now disconnect.

DIODES 3Q11 EARNINGS CALL
QUESTION AND ANSWER

Operator
(Operator Instructions)

Steven Smigie - *Raymond James & Associates — Analyst*

Great.Thanks a lot. First question is just related to overall revenue. It seems like between 2 quarters you were down 15%, I mean between Q3 and Q4, versus some comps were down more significantly. I'm going to attribute that to you guys being more aggressive about going out and chasing business, that's maybe a little bit through price. I was wondering if that's the case. And then what does that suggest about Q1, would Q1 potentially be an up sequential quarter? Thanks.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Steve, we don't really give the Q1 outlook at this moment. And the Q1 really very uncertain for us. Okay. You have — you hear from some people, they said, well it's already bottom but some people talking about because the Chinese New Year this year is coming from — is coming at the end of or late part of January and, therefore, some of the manufacturing do have a strong build up for Chinese New Year in December, and so huh, you know, January, especially during the Chinese New Year, we don't really know what will be happen.

Steven Smigie - *Raymond James & Associates — Analyst*

Okay. So—

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

And then the other thing is Thailand flood, we don't know what will be the effect. So it's very unclear for 1Q right now.

Steven Smigie - *Raymond James & Associates — Analyst*

Okay. Thank you the for that color, appreciate that. In regard to the pay down of the convert does that mean that going forward there's essentially no interest expense and no intangibles amortization?

Rick White - *Diodes, Inc. — CFO*

Yes, that's exactly right.

Steven Smigie - *Raymond James & Associates — Analyst*

All right. Great. And last question was just with regard to overall CapEx, Dr. Lu, you guys were sort of the — one of the first to take stuff off when things got worse, one of the first to add stuff back as things got better last time. Sounds like you're still a little bit cautious on CapEx, although I would say it does sound like you're still going forward with the Chengdu investment, so you must be a little bit short-term nervous, but it seems like in the immediate term you still feel pretty good that there's going to be a decent ramp to the business. So is that fair?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Well, because Chengdu investment is a long term. It cannot be affected by the short-term market environment. If you know our strategy from, in the past, it's a short lead time to adding the equipment at the existing facility, therefore we are able to, when the market's up, we are quickly add the capacity. When the market's down, we quickly put the capital expansion on hold. But for Chengdu we are building the campus, building the building, and then we put in these — the facility, the MURFI or need to be put in and then start to put in equipment. Therefore, whenever — well, therefore, after we finish this facility then we can go back to, when we put the equipment we can control by the market environment. But at this moment what — we are building the facility, the MURFI, that portion cannot slow down. And that's a long-term project.

Steven Smigie - *Raymond James & Associates — Analyst*

Okay. Great.Thanks a lot, guys. Appreciate it.

Harsh Kumar - *Morgan Keegan & Co., Inc. — Analyst*

Good afternoon, guys. A couple of questions. Dr. Lu, is there possibility or room for operating expense control beyond what you've got it to which is flat from current levels? And then I have one more.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Well, I don't think — yes, that's a possibility. But I don't think now's the time we are taking that. Okay. I think we could let people go and put the R&D on hold, but I don't think now is the time to do that. We still believe short term, yes, we have a downturn now, but from middle term next year, we still go after for market gain, and we still go up to share gain. Therefore, we don't want to cut down any R&D, okay. And for the people, the headcount, I don't think now is the time because we've put the hiring freeze, but we believe we can bite the bullet and get through this downturn without reduced headcount. Other than attritions, normal attrition would take it down, that's why we put a hiring freeze, but I don't think I want to take any action yet because I think now is probably — I won't know, but I think this is probably the worst. But like I said, 1Q we are not very clear, but at this moment, I don't feel we need to do that.

Harsh Kumar - *Morgan Keegan & Co., Inc. — Analyst*

That's very helpful Dr. Lu.That's actually consistent with a couple of other companies. So let me ask you in terms of inventory, do you think this slowdown in your revenues is inventory driven more or demand driven more? And if it's inventory driven, how much excess inventory do you think is left to be addressed?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

I don't believe it's inventory driven. I more believe it's demand driven. It's demand, in general, demand soft.

Harsh Kumar - *Morgan Keegan & Co., Inc. — Analyst*

Okay. Great. Thanks, Dr. Lu, thank you.

Suji De Silva - *Thinkequity — Analyst*

Hi, guys. Want to ask first on visibility, what's the turns implied in the guidance? How well are you booked to that guidance?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

I'm sorry —, what —

Suji De Silva - *Thinkequity — Analyst*

How well are you booked to your guidance? What are the turns implied in the guidance?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Mark, you want to answer this?

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

Yes. I think it's pretty normal turns. Pretty normal turns rate that we're at this point in the quarter. So when we're making this guidance at this point, we're looking at where we're turning and what our expectations are.

Suji De Silva - *Thinkequity — Analyst*

Okay. Then for the pricing, can you talk about what the decline was, like for like, and what kind of pricing pressure are you seeing in the bookings for next quarter, as well?

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

We're seeing, in the commodity product areas, we're seeing significant amount of price decrease. I don't think we have a specific — we don't really give the specific quantity, but more than normal. And possibly with some of the change in demand, it's affected the mix a bit, too. So the ASP decline looks a little greater as we chase it with some of that commodity product that's lower priced. And yes, it's a competitive marketplace. But we're used to a competitive marketplace. And any time that it gets slow, you're certainly going to see some make-up for the price decreases that did not occur over the last 4 quarters.

Suji De Silva - *Thinkequity — Analyst*

Okay. And then last question, you've held up revenue pretty well here. Can you talk about the dynamics in the lower margin business versus the higher margin business just demand wise looking ahead to the fourth quarter? Thanks.

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

Yes. I think that there's — I think there's a softness in demand that's causing more people to react with better prices. And so, I think the general demand in that product area is the same now. We might go after certain areas that we hadn't participated in previous quarters. So maybe that's why that's up for us relative to some of the other products.

Suji De Silva - *Thinkequity — Analyst*

Okay.Thank you.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Thank you.

Gary Mobley - *The Benchmark Company — Analyst*

Hi. I wanted to dig down into some of Mark's commentary about customer inventories and distributor inventories. Mark, could you help us reconcile the fact that distributor point of purchase you said was down 11% quarter-over-quarter. Distributor inventory was up 5% quarter-over-quarter and global point of sale was down 3%. You didn't —

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

Yes, when you put all this together, you get some timing issues. Okay, so if you look at it, generally within the next month, some of that — that correction gets — it gets corrected in the next month following the quarter. So I think we've already seen some of that correction in October. So that those numbers don't look so — so they balance better. But clearly people were expecting a better period so they built their inventories up. Now they're cutting their — they're not seeing the business base going into the late third — in the late third quarter and early fourth quarter as they expected. So now they're changing their profile and cutting their inventory drastically. So I think you'll start to see the numbers, probably you'll see the inventory going down further in the fourth quarter, and the numbers will look different the other way in the fourth quarter.

Gary Mobley - *The Benchmark Company — Analyst*

Okay.

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

So the channel is definitely rationalizing its inventories at this point. So if there's any inventory correction, it's in the channel and not in the end customer.

Gary Mobley - *The Benchmark Company — Analyst*

Okay. And perhaps putting it in terms that most of us are familiar with, could you talk about the weeks of inventory that both your distributors and your end customers may be carrying, you know, now versus perhaps by the end of the fourth quarter.

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

We don't really track our customer inventories because our customers generally do it. They expect us to deliver so they don't carry a lot. So Diodes' inventory is right at about 105 days. And distributor inventory — I know the Asia's running at about 3.4 months, and probably North America and Europe is running at about 120 days. So maybe 4 months which is a little — it's actually not that — it's actually not that high. It's to the old profiles, but they had gone — the industry had shifted to a little tighter inventory control and now they're a little out of whack. They're about — they're a little bit out of whack, but I expect them to correct that this quarter.

Gary Mobley - *The Benchmark Company — Analyst*

Okay. And Rick, could you go back over your comments regarding the Eris loss in the quarter. What was the exact EPS impact for the quarter?

Rick White - *Diodes, Inc. — CFO*

Yes, it was $1.3 million. Basically we're treating that as a fair value investment. So based on what the stock price does, we either take a gain or a loss on that investment. Plus, the investment was made in Taiwan dollars so we also are impacted by the exchange rate changes. And in the third quarter, the stock price went down, and the Taiwan dollar fell. It was about 50/50 of the $1.3 million for stock price versus exchange rates.

Gary Mobley - *The Benchmark Company — Analyst*

Okay.What was the exact EPS impact?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

EPS is about $0.03, right?

Rick White - *Diodes, Inc. — CFO*

$0.03, right.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

$0.03.

Gary Mobley - *The Benchmark Company — Analyst*

All right. Very good. Thanks, guys.

Ramesh Misra - *Brigantine Advisors — Analyst*

Hi, good afternoon folks. In regards to inventories, clearly you're building die bank inventory, built a fairly large amount last quarter. Should we expect that to go down in the December quarter? Is that the peak of your inventory build, or will you continue to focus on maximizing factory utilization?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

You were talking about the die bank, the wafer bank inventory. We actually slow down the wafer output. Therefore, I would expect that wafer inventory should be reduced.

Ramesh Misra - *Brigantine Advisors — Analyst*

Okay. And what about the total inventory, Dr. Lu?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Oh, the total inventory, the — I think we already see some deduction and will continue control that. But to finish good, I'm prepared for the Chinese New Year and prepare for the — you always have people that don't come back after the Chinese New Year. And so if I have excess capacity, I'd probably — let me — yes, excess capacity, I'd probably continue to produce as long as they don't hire the people, as long as they don't put in excess overtime, I'd let them continue build up because prepare for short month of February, Chinese New Year shutdown, and we're going to lose, some people don't come back, the manpower reduction due to the attrition during the Chinese New Year. I'm prepared for those.

Ramesh Misra - *Brigantine Advisors — Analyst*

Okay. That actually feeds in to my next question. The employee issues that you had earlier on in the year, how well do you think, do you perceive them to be resolved, and do you expect any lingering issues?

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

It's already resolved. I would say by end of September, I think our productivity due to the — the new workers has already recovered. Yes. So 4Q — that's why in my speech I said we do not want to cut down the output because we want to continue that ongoing productivity improvement. And that's why I said if that improvement give me more capacity, just go ahead, do it and prepare for

Chinese New Year, for the short months, for all this next year. And therefore, I just go ahead. So I might have — in the first quarter, we have finished good could be higher a little bit, but I don't want to slow down the productivity improvement.

Ramesh Misra - *Brigantine Advisors — Analyst*

Got it. And then just a quick follow up on the prior questions about your SG&A expenses. Clearly, revenues are coming down. So wanted to get a sense of what part of it is variable and what part is fixed. So — I'm a little perplexed that you don't have better flexibility in reducing the marketing G&A expenses as your revenues come down.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

Well, let's look at several things. Number 1, R&D. R&D, you have 2 portions, 1 is the manpower or salary which is the fixed cost. Another 1 you can thrown down is reduce the new product but I don't want to slow down the new product development. So that portion I just keep constant. Don't increase the people, but I don't want to slow down new product development. Okay. For SG&A, you can reduce by reduce the people. I want to continue this design win because we have been very successful to generate the design win we need it for us to gain the market share. We have been continue gaining market share, and I think in our announcement, we already say quarter, or year-to-date, year to the end of the third quarter, we actually grew 10% from last year. So you can see we continue gaining market share and, therefore, do not slow down the design wins. So the way I'm doing now is — another variable would be the accrual for the bonus. And accrual — but I think in general people still doing a good job. It's a market environment. It's not because people don't do a good job. So we still need to accrue certain amounts for the bonus.

Ramesh Misra - *Brigantine Advisors — Analyst*

Okay.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

So those portions, you just cannot or do not want — I just don't want to reduce it. Okay, the only one I reduce right now is just encourage everybody taking a vacation. So, and those are the portion and limit traveling, that kind of things we are doing. My point is we are not at the stage we want to be a major force of reduction, work force reduction. I don't think we are in that stage.

Ramesh Misra - *Brigantine Advisors — Analyst*

Okay. All right. Thanks, Dr. Lu.

Stephen Chin - *UBS — Analyst*

Hi, thanks for taking my question. First one is for either Mark or Dr. Lu. Just in terms of how the — I guess in your conversations with customers, I was wondering if the specific booking orders that has stabilized yet, or if that is still seen to weaken to a certain degree? That's my first question.

Keh-Shew Lu - *Diodes, Inc. — President and CEO*

I think it's stabilized. But Mark, do you want to say, comment?

Mark King - *Diodes, Inc. — SVP, Sales and Marketing*

Yes. I don't think that they're really giving very much long-term outlook. First of all, from a customer standpoint, it's not to their advantage to make us comfortable because then we'll be less aggressive with our price. I think that it's pretty much stabilizing, we're starting to see the demand. But we're not really seeing much into — we're not seeing much beyond this — the next 2 months, and everybody's a little uncertain about where the demand will be around the Chinese New Year. I mean, there's concern about product, and there's concern about slowing people down because then people won't be prepared for it. But there's not a lot of visibility into that point.

Stephen Chin - *UBS — Analyst*

Okay. That's very helpful. And then just kind of overlaying the comments earlier about what you're doing with capacity utilization rates, it sounds like you're seeing output on the back end that was steady to maintain the activity level achievements. And so just kind of depending on how you push those through, will any additional inventory build-up that you have, is that assuming that's basically an indication of a reasonable recovery going to next year and that we don't have a repeat of — of late 2008, early 2009, is that the right way to think about how you guys are positioning yourself?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Well, let me just answer your question in the general terms. Okay. Number 1, okay — we — since we put in the hiring freeze, by natural attritions, okay, we still — we now have a capital equipment capacity more than manpower capacity. So if the market turn, we have the room for gaining more — putting more output. Number 2, since we are cutting the overtime again, we — when the market turn, we can use the overtime to make up the need. Therefore when we see — when we say we fully utilized our capacity, I'm more talking about fully utilize our manpower capacity instead of equipment capacity, and we have very limited overtime right now to reduce our cost. But when the market turn, we prepare for the market turn. And we still have the equipment capacity, the overtime we can use. So when the market turn, we are able to pick up the upside.

Stephen Chin — *UBS — Analyst*

Thanks. Got it. That's very helpful, Dr. Lu. And last question is for Rick. Just on the gross margin side. Is it possible if you could put out some of the relative weighting of the factors that led to the declining gross margin, which means the higher goals cost, the mix, and also the ASPs. That would be helpful, thanks.

Rick White — *Diodes, Inc. — CFO*

Well, we don't normally give that kind of information. But just in general, gold prices went up about 13% from the second quarter. And we use a lot of gold from month to month. Prices were probably the biggest impactor of the whole thing as Mark talked about the move to low margin, lower price product. That has a significant impact on GPM % because it comes off the revenue and the GPM at the same rate. So it was probably the biggest factor of the 3.

Stephen Chin — *UBS — Analyst*

Great.Thanks.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

You talked about the inventories being in the channel, not at end customers. What type of point of sale assumption are you making for Q4 sequentially that's embedded in your guidance and would you expect channeling inventories to be back to normal level at the end of the year based on the trends that you're seeing, or do you think that there could be a little bit more taking place in Q1?

Mark King — *Diodes, Inc. — SVP, Sales and Marketing*

You know, I think there could be, it could move into Q1 a little bit. But I think that we're getting closer and closer. We're cutting our POP targets this quarter quite a bit. And probably the actual POS — I don't have the exact figure of what — where I expect our POS. Probably at the lower end of maybe the higher end of our guidance. I don't — I didn't really look at it from a POS perspective at this point. But I think I can see the trend based on our ship rates and so forth of inventory against POS improving already.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

Okay. That's useful. And then what do you need to see to switch the mix back to higher end product? Because, the mix impact of the weakening demand really started to take effect for you last May, late May. Do you need to see a sustainable recovery trend, or is there any other threshold that you're looking at in terms of moving back to mix up?

Mark King — *Diodes, Inc. — SVP, Sales and Marketing*

Yeah, I think it all — You want that one, Dr. Lu?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Okay. I think what we see is we fully utilized our existing capacity. So we have in store capacity, and we are using that to support the higher-price mix product, and then when we have excess capacity, we call down the lower GPM to go after the commodity product. So, if that capacity there, instead of them sitting idle, well, we go out there for the product mix, go out there for the commodity. And that's been our strategy anyway. So whenever we start to have growth in the higher GPM product, then we start to reduce number of the commodity product we sell. So it just depends on the capacity utilization.

Tristan Gerra — *Robert W. Baird & Company, Inc. — Analyst*

Great.That's very useful.Thank you.

Brian Piccioni — *BMO Capital Markets — Analyst*

Hi. A couple of questions. You mentioned that you don't know the Thai flood impact for Q1, fiscal 2012. Do you have confidence that your outlook for the fourth quarter has that fully baked in at this time?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

I think so.

Brian Piccioni — *BMO Capital Markets — Analyst*

Okay. Well, that was quick. Sorry?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Because when this Thai flood come in or happening, they still have inventory, they have the inventory in the PC manufacturing, so basically in the 4Q, you probably don't see that much effect from our customer point of view because they have their inventory, okay. But, after in going to the 1Q, how is the recovery? I don't think people very clear.

Brian Piccioni — *BMO Capital Markets — Analyst*

Okay.

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Therefore in 4Q, I think we already factor in — we already see it, we already play in. And our customer is already play in.

Brian Piccioni — *BMO Capital Markets — Analyst*

On a follow-on base as somewhat unrelated note, but it's been gone over earlier in the call, when I look at the gross margin outlook for the fourth quarter, given the revenue level, it's more or less in line with — the gross margin itself is more or less in line with what you posted in the second quarter of fiscal '09 when revenue was considerably lower. And when you had similar revenue levels in the second quarter of fiscal '10, you had a much better gross profit margin. And I — I understand — I guess what I'm working towards is I'm trying to figure out for a longer term model what we could do. And I understand you can't forecast the price of gold, but I thought that you were moving vigorously to copper and that sort of stuff so how can we think of gross margins evolving with revenue levels?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Okay. Yes, we aggressively convert our copper, convert the gold product to the copper. And they have a several factors affect the conversions. Number 1, the gold price in 2Q to 3Q actually dropped faster than our conversion rate. I think Rick ought to give you the gold price, dropped significantly from 2Q to 3Q. And that is hurting us on the GPM line because our conversion rate cannot be that fast.

Number 2 is we still have — a lot of our major customers, they don't want to change the product during the model year. So for the new product, we give them the copper, they design in with the copper product, no problem. But trying to ask them to change the current model, current product and current model who are using the gold, they are kind of resistant. Especially in this tender period when the demand is soft. We cannot force them to convert. So we kind of delayed that major customer conversion only to the new model. So from long-term, after the old models gone, when they start to ramp up the new model, they all will be in the copper. So for the long term, I think you can play in we will significantly reduce the gold product — worldwide product.

Brian Piccioni — *BMO Capital Markets — Analyst*

Okay. So I guess what it is, is you've converted the — you've done the process engineering but there's still a heavy mix towards gold. And that's going to take design cycles on behalf of your customers to alter that, basically.

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Yes, we do — we are already qualified, number one. We already do the PCN, Product Changing Notes, to all our customers for the for Disty, for the second tier is easier to say, well, we need to convert. But for the major customer, you need their approval to convert. And typically the major customer, which is our big volume one, they typically are very hesitant to change during the middle of the model year. Okay. And so any new design, yes, we already give them the copper and then we need to convert. So, it just takes time.

Brian Piccioni — *BMO Capital Markets — Analyst*

Okay, great.Thank you.

Harsh Kumar — *Morgan Keegan & Co., Inc. — Analyst*

Dr. Lu, A quick simple follow up on taxes. A lot of the companies that have reported sort of lower guidance have had much lower taxes. I'm wondering why yours shot up — are you just trying to make up for the tax for the year, or is there something else going on geographically in the mix?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

I'm going let Rick answer this.

Rick White — *Diodes, Inc. — CFO*

Yes, so basically what happened in the third quarter, the tax rate has been going down generally throughout the year. The issue is that you do your taxes based on a year-to-date basis. For instance, in the first quarter, you estimate your tax rate for the year, and you accrue at that level. Second quarter, you do the same thing, and you accrue for that on a year-to-date basis. The problem was that in the third quarter, the tax rate dropped, but we had already accrued the first half of the year at a higher rate. And so the third quarter dropped to 3.2% because we adjusted the accruals that we had in the first half. And then in the fourth quarter, you go back to your standard rate.

Harsh Kumar — *Morgan Keegan & Co., Inc. — Analyst*

You got it. Got it. Great. Thank you, guys.

Rick White — *Diodes, Inc. — CFO*

Okay.

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Thank you.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Hi guys. Just wondering on your sales, what's the distributing OEM and distribution and how much is selling versus sell-through?

Mark King — *Diodes, Inc. — SVP, Sales and Marketing*

It's all sell-in, and it's about 55% Disty, 45% OEM.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Got it. And the second question was, I know Chengdu is the long-term for you, but is the headcount on Chengdu already done, or is that — you start to add headcounts onto Chengdu into Q1?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

For our Chengdu in Q1, we'll finish the drawing, so the building will be done in Q1, and then we will put in the MURFI, the equipment, the power, all those in the Q2 to Q3, and we'll probably start to do the production in the Q3 to Q4 timeframe.

Vijay Rakesh — *Sterne, Agee & Leach, Inc. — Analyst*

Okay, got it. Good. Thanks a lot, guys.

Joe Wittine — *Longbow Research — Analyst*

Thanks. Most of my questions have been answered. At this point I'll keep it brief. First off, the Shanghai issue, the labor and yield issue that was impacting margins in the prior quarter, I think you said it had 150 BPs of improvement to come. I guess my question is, is that 150 BPs of gross margin improvement already either in the third quarter or already in the fourth quarter guidance?

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

It's already in the fourth quarter guidance.

Joe Wittine — *Longbow Research — Analyst*

Thanks.

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

And it's in the part of — the majority is already in the third quarter because we finish — I think the problem, we already have recover in September, okay. So even the third quarter, they already recover a lot.

Joe Wittine — *Longbow Research — Analyst*

Okay, thanks, Dr. Lu. As a quick follow up, Mark, in your initial prepared comments when talking about the weaker sales environment, you started off by saying there was weakness, especially in Europe and North America. I thought that was a little bit of a surprising comment given you would expect a lot of the weakness would be in Asia with you guys. So, could you clarify, was that a comment saying that the ultimate end sale of consumer electronics and computing in North America and the European markets will be weak? Or how am I misinterpreting that?

Mark King — *Diodes, Inc. — SVP, Sales and Marketing*

Well, to be honest with you, our numbers were down more in North America and Europe because our POP was down further. And since we're sell-in, that affected us more in those areas.

Joe Wittine — *Longbow Research — Analyst*

Okay, how about the inventory cuts in those regions versus in Asia? Was it pretty similar or was it worse in the west, as well?

Mark King — *Diodes, Inc. — SVP, Sales and Marketing*

I think that they're tracking base proportionally.

Joe Wittine — *Longbow Research — Analyst*

Okay, thanks, guys.

Operator

Ladies and gentlemen, that concludes the Q&A session. I'd now like to turn the call back over to Dr. Lu for closing remarks.

Keh-Shew Lu — *Diodes, Inc. — President and CEO*

Well, thank you for your participation today. Operator, you may now disconnect.

Operator

Thank you. Ladies and gentlemen, that concludes the presentation. Thank you for your participation. You may now disconnect. Have a great