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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2016

Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _________ to _________.

Commission file number: 002-25577

DIODES INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**95-2039518** **(I.R.S. Employer Identification Number)**
4949 Hedgcoxe Road, Suite 200 **Plano, Texas** **(Address of principal executive offices)**	**75024** **(Zip code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's Common Stock outstanding as of May 3, 2016 was 48,325,322.

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PART I—FINANCIAL INFORMATION
Item 1. Financial Statements.
DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	March 31, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 237,006	$ 218,435
Short-term investments	43,051	64,685
Accounts receivable, net of allowances of $2,729 and $2,625 at March 31, 2016 and December 31, 2015, respectively	216,507	218,496
Inventories	204,976	202,832
Prepaid expenses and other	42,990	46,103
Total current assets	744,530	750,551
Property, plant and equipment, net	431,192	439,340
Deferred income tax, non-current	44,892	45,120
Goodwill	134,125	132,913
Intangible assets, net	191,071	196,409
Other	34,123	34,494
Total assets	$ 1,579,933	$ 1,598,827
Liabilities		
Current liabilities:		
Accounts payable	$ 87,429	$ 86,463
Accrued liabilities	72,706	77,801
Income tax payable	2,680	5,117
Current portion of long-term debt	10,290	10,282
Total current liabilities	173,105	179,663
Long-term debt, net of current portion	439,948	453,738
Deferred tax liabilities	32,275	32,276
Other long-term liabilities	88,325	90,153
Total liabilities	733,653	755,830
Commitments and contingencies (See Note 8)		
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; 48,300,695 and 48,148,077, issued and outstanding at March 31, 2016 and December 31, 2015, respectively	32,512	32,404
Additional paid-in capital	346,131	344,086
Retained earnings	512,547	514,280
Treasury stock, at cost, 466,010 shares held at March 31, 2016 and December 31, 2015	(11,009)	(11,009)
Accumulated other comprehensive loss	(81,612)	(84,416)
Total stockholders' equity	798,569	795,345
Noncontrolling interest	47,711	47,652
Total equity	846,280	842,997
Total liabilities and stockholders' equity	$ 1,579,933	$ 1,598,827

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	**2015**
Net sales	$ 222,738	$ 206,182
Cost of goods sold	158,518	142,269
Gross profit	64,220	63,913
Operating expenses		
Selling, general and administrative	39,454	31,731
Research and development	18,149	13,309
Amortization of acquisition related intangible assets	5,131	1,922
Other operating expenses	31	48
Total operating expenses	62,765	47,010
Income from operations	1,455	16,903
Other income (expense)		
Interest income	456	298
Interest expense	(2,512)	(1,064)
Gain on securities carried at fair value	-	71
Other expense	(1,436)	(244)
Total other income (expense)	(3,492)	(939)
(Loss) income before income taxes and noncontrolling interest	(2,037)	15,964
Income tax (benefit) provision	(552)	4,187
Net (loss) income	(1,485)	11,777
Less net income attributable to noncontrolling interest	(248)	(645)
Net (loss) income attributable to common stockholders	$ (1,733)	$ 11,132
(Loss) earnings per share attributable to common stockholders:		
Basic	$ (0.04)	$ 0.23
Diluted	$ (0.04)	$ 0.23
Number of shares used in (loss) earnings per share computation:		
Basic	48,288	47,667
Diluted	48,288	48,978

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2016	**2015**
Net (loss) income	$ (1,485)	$ 11,777
Foreign currency translation adjustment	2,881	(6,160)
Unrealized loss on defined benefit plan, net of tax	(74)	(1,813)
Unrealized foreign currency loss, net of tax	(3)	(498)
Comprehensive income	1,319	3,306
Less: Comprehensive income attributable to noncontrolling interest	(248)	(645)
Total comprehensive income attributable to common stockholders	$ 1,071	$ 2,661

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Cash flows from operating activities	$ 25,453	$ 38,568
Cash flows from investing activities		
Decrease in restricted cash	3	486
Purchases of property, plant and equipment	(13,561)	(23,539)
Proceeds from sales of property, plant, and equipment	19	-
Purchases of short-term investments	(7,330)	(24,985)
Proceeds from maturity of short-term investments	29,289	10,007
Other	291	(148)
Net cash and cash equivalents provided by (used in) investing activities	8,711	(38,179)
Cash flows from financing activities		
Advances on lines of credit and short-term debt	-	965
Taxes paid related to net share settlement	(2,335)	-
Repayments on lines of credit and short-term debt	-	(1,067)
Debt issuance costs	(22)	-
Proceeds from long-term debt	1,500	-
Repayments of long-term debt	(15,569)	(23,071)
Net proceeds from issuance of common stock	5	5,649
Repayment of capital lease obligation and other	(843)	(88)
Net cash and cash equivalents used in financing activities	(17,264)	(17,612)
Effect of exchange rate changes on cash and cash equivalents	1,671	(3,664)
Increase (decrease) in cash and cash equivalents	18,571	(20,887)
Cash and cash equivalents, beginning of period	218,435	243,000
Cash and cash equivalents, end of period	$ 237,006	$ 222,113
Supplemental disclosure		
Non-cash financing activities:		
Property, plant and equipment purchased on accounts payable	$ 697	$ (10,281)

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1 – Nature of Operations, Basis of Presentation and Recently Issued Accounting Pronouncements

Nature of Operations

Diodes Incorporated, together with its subsidiaries (collectively, the "Company," "we" or "our"), (Nasdaq: DIOD), is a leading global manufacturer and supplier of high-quality, application-specific standard products within the broad discrete, logic, analog and mixed-signal semiconductor markets. We serve the consumer electronics, computing, communications, industrial, and automotive markets. Our products include diodes, rectifiers, transistors, MOSFETs, protection devices, function-specific arrays, single gate logic, amplifiers and comparators, Hall-effect and temperature sensors, power management devices, including LED drivers, AC-DC converters and controllers, 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. Our corporate headquarters and Americas' sales office are located in Plano, Texas and Milpitas, California. Design, marketing, and engineering centers are located in Plano; Milpitas; Taipei; Taoyuan City, and Zhubei City, Taiwan; Manchester, England; and Neuhaus, Germany. Our wafer fabrication facilities are located in Kansas City, Missouri and Manchester, with an additional facility located in Shanghai, China. We have assembly and test facilities located in Shanghai, Jinan, Chengdu, and Yangzhou, China, as well as in Hong Kong, Neuhaus and Taipei. Additional engineering, sales, warehouse, and logistics offices are located in Taipei; Hong Kong; Manchester; Shanghai; Shenzhen, China; Seongnam-si, South Korea; and Munich, Germany, with support offices throughout the world.

Basis of Presentation

The condensed consolidated financial data at December 31, 2015 is derived from audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission ("SEC") on March 11, 2016 ("Form 10-K"). The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") for interim financial information and with the instructions to Form 10-Q. They do not include all information and footnotes necessary for a fair presentation of financial position, operating results and cash flows in conformity with GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in our Form 10-K. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation of the operating results for the period presented have been included in the interim period. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for other interim periods or the year ending December 31, 2016.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. As permitted under GAAP, interim accounting for certain expenses, including income taxes, are based on full year forecasts. For interim financial reporting purposes, income taxes are recorded based upon estimated annual effective income tax rates taking into consideration discrete items occurring in a quarter. Dollar amounts and share amounts are presented in thousands, except per share amounts, unless otherwise noted. Certain prior year's balances have been reclassified to conform to the current financial statement presentation.

Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued the following Accounting Standards Updates ("ASU") which could have potential impact to the Company's financial statements:

ASU No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost* ("ASU 2015-03"). This standard requires that costs associated with the issuance of debt previously recorded as deferred assets on the balance sheet now are reported as a direct reduction of the related debt balance. This standard is effective for interim and annual periods beginning January 1, 2016, but early adoption is permitted. We adopted this standard in the first quarter of 2016 and applied the standard retrospectively to all prior periods presented. The adoption of ASU 2015-03 resulted in a $2.2 million retrospective reduction of both our other assets and long-term notes payable, net of current portion, as of December 31, 2015. Adoption of this standard had no impact on the consolidated statements of operations.

ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). This standard eliminates the requirement for an acquirer to retrospectively adjust the financial statements for measurement-period adjustments that occur in periods after a business combination is consummated. These changes became effective for fiscal years beginning after

December 31, 2015. We adopted this standard in the first quarter of 2016 and had adjustments to the previously reported fair values recorded related to the Pericom transaction. See Note 11 for additional information related to these adjustments. Adoption of this standard had no impact on the consolidated statements of operations.

ASU No. 2016-07, *Investments-Equity Method and Joint Ventures (Topic 323)* ("ASU 2016-07"). The amendments in this update eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments in this update require that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Earlier application is permitted. We are evaluating the effect that ASU 2016-07 will have on our consolidated financial statements and related disclosures.

ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). This standard is designed to make accounting for share-based payment transactions less complex for public and private companies. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. We are evaluating the effect ASU 2016-09 will have on our consolidated financial statements and related disclosures.

NOTE 2 – Earnings per Share

Earnings per share ("EPS") are calculated by dividing net income attributable to common stockholders by the weighted-average number of shares of Common Stock outstanding during the period. Diluted EPS are calculated similarly but includes potential dilution from the exercise of stock options and stock awards, except when the effect would be anti-dilutive. A total of 2.6 million and 0.5 million options and stock awards outstanding during the three months ended March 31, 2016 and 2015, respectively, were excluded from the calculation because the effect was anti-dilutive.

The table below sets forth the reconciliation between net income and the weighted average shares outstanding used for calculating basic and diluted EPS for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Earnings (numerator)		
Net (loss) income attributable to common stockholders	$ (1,733)	$ 11,132
Shares (denominator)		
Weighted average common shares outstanding (basic)	48,288	47,667
Dilutive effect of stock options and stock awards outstanding	-	1,311
Adjusted weighted average common shares outstanding (diluted)	48,288	48,978
(Loss) earnings per share attributable to common stockholders		
Basic	$ (0.04)	$ 0.23
Diluted	$ (0.04)	$ 0.23

NOTE 3 – Inventories

The table below sets forth inventories which are stated at the lower of cost or market value:

	March 31, 2016	December 31, 2015
Raw materials	$ 88,471	$ 86,103
Work-in-progress	46,559	46,061
Finished goods	69,946	70,668
Total	$ 204,976	$ 202,832

NOTE 4 – Goodwill and Intangible Assets

The table below sets forth the changes in goodwill:

Balance at December 31, 2015	$ 132,913
Pericom measurement period adjustments (See Note 11)	2,046
Foreign currency translation adjustment	(834)
Balance at March 31, 2016	$ 134,125

The table below sets forth the value of intangible assets, other than goodwill:

	March 31, 2016	December 31, 2015
Intangible assets subject to amortization:		
Gross carrying amount	$ 232,047	$ 232,047
Accumulated amortization	(53,898)	(48,828)
Foreign currency translation adjustment	(7,919)	(7,725)
Total	170,230	175,494
Intangible assets with indefinite lives:		
Gross carrying amount	21,703	21,703
Foreign currency translation adjustment	(862)	(788)
Total	20,841	20,915
Total intangible assets, net	$ 191,071	$ 196,409

Amortization expense related to intangible assets subject to amortization was approximately $5.1 million and $1.9 million for the three months ended March 31, 2016 and 2015, respectively.

NOTE 5 – Income Tax Provision

Income tax (benefit) expense of approximately $(0.6) million and $4.2 million was recorded for the three months ended March 31, 2016 and 2015, respectively. This resulted in an effective tax rate of 27.1% for the three months ended March 31, 2016, as compared to 26.2% for the same period last year. The effective tax rate for the three months ended March 31, 2016 includes an immaterial benefit for various discrete items. The Company's effective tax rates for the three months ended March 31, 2016 and 2015 were lower than the U.S. statutory rate of 35%, principally from the impact of income from lower-taxed jurisdictions.

For the three months ended March 31, 2016, the Company reported domestic and foreign pre-tax (loss)/income of approximately $(10.0) million and $7.7 million, respectively. Funds repatriated from foreign subsidiaries to the U.S. may be subject to federal and state income taxes. The Company intends to permanently reinvest overseas all of its earnings from its foreign subsidiaries, except to the extent such undistributed earnings have previously been subject to US tax; accordingly, deferred U.S. taxes are not recorded on undistributed foreign earnings.

The impact of tax holidays decreased our tax expense by approximately $0.8 million for the three months ended March 31, 2016 and $1.0 million for the three months ended March 31, 2015. The benefit of the tax holidays on both basic and diluted earnings per share for both the three months ended March 31, 2016 and 2015 was approximately $0.02.

The Company files income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for tax years before 2007, or for the 2010 tax year. The Company is no longer subject to China income tax examinations by tax authorities for tax years before 2005. With respect to state and local jurisdictions and countries outside of the U.S. (other than China), with limited exceptions, the Company is no longer subject to income tax audits for years before 2006. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties, if any, have been provided for in the Company's reserve for any adjustments that may result from tax audits. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in interest expense. As of March 31, 2016, the gross amount of unrecognized tax benefits was approximately $27.2 million.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

NOTE 6 – Share-Based Compensation

The table below sets forth the line items where share-based compensation expense was recorded for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,			
	2016		2015	
Cost of goods sold	$	201	$	123
Selling, general and administrative		3,704		3,205
Research and development		614		352
Total share-based compensation expense	$	4,519	$	3,680

Stock Options. Stock options generally vest in equal annual installments over a four-year period and expire eight years after the grant date. Stock option expense was estimated on the date of grant using the Black-Scholes-Merton option pricing model.

There were no cash proceeds received from stock option exercises during the three months ended March 31, 2016. Stock option expense was approximately $0.5 million and $1.0 million for the three months ended March 31, 2016 and 2015, respectively.

The table below sets forth a summary of stock option activity for the three months ended March 31, 2016:

Stock Options	Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)		Aggregate Intrinsic Value
Outstanding at January 1, 2016	2,063	$	23.03	3.9	$	4,111
Granted	-		-	-		-
Exercised	-		-	-		-
Forfeited or expired	-		-	-		-
Outstanding at March 31, 2016	2,063	$	23.03	3.7	$	1,777
Exercisable at March 31, 2016	1,776	$	22.82	3.3	$	1,714

The aggregate intrinsic value in the table above is before applicable income taxes and represents the amount option holders would have received if all options had been exercised on the last business day of the period indicated, based on our closing stock price.

As of March 31, 2016, total unrecognized share-based compensation expense related to unvested stock options, net of estimated forfeitures, was approximately $2.2 million, before income taxes, and is expected to be recognized over a weighted average period of approximately one year.

Share Grants. Restricted stock awards and restricted stock units generally vest in equal annual installments over a four-year period.

Share grant expense for the three months ended March 31, 2016 and 2015 was approximately $4.0 million and $3.0 million, respectively.

The table below sets forth a summary of restricted stock awards and restricted stock units for the three months ended March 31, 2016:

Share Grants	Shares	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value
Non-vested at January 1, 2016	2,679	$ 23.51	$ 61,247
Granted	1	22.30	-
Vested	(263)	20.73	5,477
Forfeited	(34)	22.88	-
Non-vested at March 31, 2016	2,383	$ 22.95	$ 47,900

As of March 31, 2016, total unrecognized share-based compensation expense related to non-vested restricted stock awards and restricted stock units, net of estimated forfeitures, was approximately $31.1 million, before income taxes, and is expected to be recognized over a weighted average period of approximately three years.

NOTE 7 – Segment Information and Enterprise-Wide Disclosure

For financial reporting purposes, we operate in a single segment, standard semiconductor products, through our various manufacturing and distribution facilities. We aggregate our products because the products are similar and have similar economic characteristics, use similar production processes and share the same customer type.

Our primary operations include operations in Asia, North America and Europe.

The tables below set forth net sales based on the location of subsidiaries producing the net sales:

As of and for the Three Months Ended March 31, 2016	Asia	North America	Europe	Consolidated
Total sales	$ 209,750	$ 31,858	$ 40,279	$ 281,887
Intercompany elimination	(32,850)	(11,034)	(15,265)	(59,149)
Net sales	$ 176,900	$ 20,824	$ 25,014	$ 222,738

As of and for the Three Months Ended March 31, 2015	Asia	North America	Europe	Consolidated
Total sales	$ 191,289	$ 39,241	$ 43,121	$ 273,651
Intercompany elimination	(30,839)	(16,640)	(19,990)	(67,469)
Net sales	$ 160,450	$ 22,601	$ 23,131	$ 206,182

Geographic Information

The tables below set forth the amount of net sales that were derived from (shipped to) customers located in the following countries:

	Net Sales for the Three Months Ended March 31,		Percentage of Net Sales	
	2016	2015	2016	2015
China	$ 128,882	$ 121,767	58%	59%
United States	19,106	20,427	9%	10%
Korea	13,801	17,265	6%	8%
Germany	14,906	15,331	7%	7%
Singapore	12,079	14,176	5%	7%
Taiwan	13,886	4,284	6%	2%
All others (1)	20,078	12,932	9%	7%
Total	$ 222,738	$ 206,182	100%	100%

(1) Represents countries with less than 3% of the total net sales each.

NOTE 8 – Commitments and Contingencies

Purchase commitments – As of March, 2016, we had approximately $18.5 million in non-cancelable purchase contracts related to capital expenditures, primarily related to Asia manufacturing facilities.

Contingencies – From time to time, we are involved in various legal proceedings that arise in the normal course of business. While we intend to defend any lawsuit vigorously, we presently believe that the ultimate outcome of any current pending legal proceeding will not have any material adverse effect on our financial position, cash flows or operating results. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, which could impact on our business and operating results for the period in which the ruling occurs or future periods. Based on information available, we evaluate the likelihood of potential outcomes. We record the appropriate liability when the amount is deemed probable and reasonably estimable. In addition, we do not accrue for estimated legal fees and other directly related costs as they are expensed as incurred. Legal proceedings that we believe are material are disclosed below.

On September 15, 2014, the United States District Court for the Eastern District of Texas issued an order regarding the putativ e securities class action entitled *Local 731 I.B. of T. Excavators and Pavers Pension Trust Fund v. Diodes, Inc.*, Civil Action No. 6:13- cv-00247 (E.D. Tex. filed Mar. 15, 2013) (the "Class Action"), granting defendants' motion to dismiss the Class Action with prejudice. On October 13, 2014, plaintiffs filed a notice of appeal to the order dismissing the Class Action to the United States Court of Appeals for the Fifth Circuit. On January 13, 2016, the Court of Appeals issued an order and opinion affirming the dismissal of the Class Action with prejudice. Plaintiffs-appellants did not file a petition for a writ of certiorari to the United States Supreme Court by the deadline of April 12, 2016, and therefore the case is concluded.

On February 20, 2014, a purported stockholder derivative action was filed in the United States District Court for the Eastern District of Texas, entitled *Persson v. Keh-Shew Lu*, Case No. 4:14-cv-00108-RC-ALM (E.D. Tex. filed Feb. 20, 2014), on behalf of the Company against its directors, in which plaintiff alleges that the Board breached their fiduciary duties by allowing the Company to make allegedly misleading public statements in 2011 regarding the labor market in China and its impact on the Company's business and prospects, by failing to maintain internal controls and by selling shares of Diodes stock while allegedly in possession of material nonpublic information regarding the labor market in China and its impact on the Company's business and prospects. The complaint does not seek any damages or other relief from the Company. On April 17, 2014, the Court granted the parties' unopposed motion to stay this action until such time that the Court rules on defendants' motion to dismiss in the Class Action. On October 2, 2014, the Court granted the parties' unopposed motion to extend the stay of this action until 30 days after either the expiration of the appeal period or a final decision by the highest court of appeals regarding the defendants' motion to dismiss in the Class Action. The defendants intend to defend the action vigorously.

In the course of the restructuring of Diodes' Asian and UK subsidiaries, Diodes may have inadvertently breached the Company's credit agreement. A borrowing on the swing line under the credit agreement also constituted technical breaches of the credit agreement. Any breaches that occurred as a result of these matters have been cured or waived, and the borrowing on the swing line has been repaid.

NOTE 9 – Employee Benefit Plans

Defined Benefit Plan

We have a contributory defined benefit plan that covers certain employees in the United Kingdom (“U.K.”). The net pension and supplemental retirement benefit obligations and the related periodic costs are based on, among other things, assumptions regarding the discount rate, estimated return on plan assets and mortality rates. These obligations and related periodic costs are measured using actuarial techniques and assumptions. The projected unit credit method is the actuarial cost method used to compute the pension liabilities and related expenses.

Net periodic benefit costs associated with the defined benefit plan were less than $1 million for both the three months ended March 31, 2016 and 2015.

The tables below set forth the benefit obligation, the fair value of plan assets, and the funded status of our plan:

	Defined Benefit Plan	
Change in benefit obligation:		
Balance at December 31, 2015	$	145,019
Service cost		72
Interest cost		1,375
Actuarial gain		4,344
Benefits paid		(1,108)
Currency changes		(4,466)
Benefit obligation at March 31, 2016	$	145,236
Change in plan assets:		
Fair value of plan assets at December 31, 2015	$	116,386
Actual return on plan assets		5,686
Employer contribution		287
Benefits paid		(1,108)
Currency changes		(3,581)
Fair value of plan assets at March 31, 2016	$	117,670
Underfunded status at March 31, 2016	$	27,566

Based on an actuarial study performed as of March 31, 2016, the plan is underfunded and a liability is reflected in our consolidated financial statements as a long-term liability. The weighted-average discount rate assumption used to determine benefit obligations as of March 31, 2016 was 3.7%.

The following weighted-average assumptions were used to determine net periodic benefit costs for the three months ended March 31, 2016:

Discount rate	4.0%
Expected long-term return on plan assets	6.0%

In the first quarter of 2015, based on the pension deficit, we adopted (as required every three years) an amended payment plan with the trustee of the defined benefit plan in which we will pay approximately GBP 2 million (approximately $3 million based on a USD:GBP exchange rate of 1.6:1) annually through 2030.)

We also have pension plans in Germany and Asia for which the benefit obligation, fair value of the plan assets and the funded status amounts are deemed immaterial and therefore, are not included in the figures or assumptions above.

Deferred Compensation

We maintain a Non-Qualified Deferred Compensation Plan (the “Deferred Compensation Plan”) for executive officers, key employees and members of the Board of Directors. The Deferred Compensation Plan allows eligible participants to defer the receipt of eligible compensation, including equity awards, until designated future dates. We offset our obligations under the Deferred Compensation Plan by investing in the actual underlying investments. These investments are classified as trading securities and are carried at fair value. At March 31, 2016, these investments totaled approximately $5.5 million. All gains and losses in these investments are materially offset by corresponding gains and losses in the Deferred Compensation Plan liabilities.

NOTE 10 – Related Parties

We conduct business with two related party companies, Lite-On Semiconductor Corporation and its subsidiaries and affiliates (collectively, “LSC”), and Nuvoton Technology Corporation and its subsidiaries and affiliates (collectively, “Nuvoton”). LSC is our largest stockholder, owning approximately 17% of our outstanding Common Stock as of March 31, 2016, and is a member of the Lite-On Group of companies. Raymond Soong, the Chairman of the Board of Directors, is the Chairman of LSC, and is the Chairman of Lite- On Technology Corporation (“LTC”), a significant shareholder of LSC. C.H. Chen, our former President and Chief Executive Officer and currently the Vice Chairman of the Board of Directors, is also Vice Chairman of LSC and a board member of LTC. Dr. Keh-Shew Lu, our President and Chief Executive Officer and a member of our Board of Directors, is a board member of LTC, and a board member of Nuvoton. L.P. Hsu, a member of our Board of Directors serves as a consultant to LTC, and is a supervisor of the board of Nuvoton. We consider our relationships with LSC and Nuvoton to be mutually beneficial, and we plan to continue our strategic alliance with LSC and Nuvoton.

We also conduct business with two significant companies, Keylink International (B.V.I.) Inc. and its subsidiaries and affiliates (collectively, “Keylink”), and Chengdu Ya Guang Electronic Company Limited (“Ya Guang”). Keylink is our 5% joint venture partner in our Shanghai assembly and test facilities. In addition, Ya Guang is our 5% joint venture partner in our two Chengdu assembly and test facilities; however, we have no material transactions with Ya Guang. The Audit Committee of the Board reviews all related party transactions for potential conflict of interest situations on an ongoing basis, all in accordance with such procedures as the Audit Committee may adopt from time to time.

Lite-On Semiconductor Corporation – We sell semiconductor products to LSC and purchase semiconductor products from LSC for subsequent sale, making LSC one of our largest suppliers.

The table below sets forth net sales to, and purchases from, LSC:

	Three Months Ended March 31,	
	2016	**2015**
Net sales	$ 120	$ 305
Purchases	$ 5,210	$ 6,723

Keylink International (B.V.I.) Inc. – We sell semiconductor products to Keylink and purchase semiconductor products from Keylink for subsequent sale. In addition, our subsidiaries in China lease their manufacturing facilities in Shanghai from, and subcontract a portion of our manufacturing process (metal plating and environmental services) to, Keylink. We also pay a fee to Keylink for consulting services. The aggregate amounts for these services for both the three months ended March 31, 2016 and 2015 were approximately $4.1 million and $4.4 million, respectively.

The table below sets forth net sales to, and purchases from, Keylink:

	Three Months Ended March 31,	
	2016	**2015**
Net sales	$ 1,911	$ 2,365
Purchases	$ 1,260	$ 1,516

Nuvoton Technology Corporation – We purchase wafers from Nuvoton that we use in the production of finished goods. The table below sets forth net purchases from Nuvoton:

	Three Months Ended March 31,	
	2016	2015
Purchases	$ 2,947	$ 3,434

The table below sets forth accounts receivable from, and accounts payable to, LSC, Keylink and Nuvoton:

	March 31, 2016	December 31, 2015
Accounts receivable		
LSC	$ 72	$ 55
Keylink	6,010	4,112
	$ 6,082	$ 4,167
Accounts payable		
LSC	$ 4,402	$ 2,845
Keylink	5,181	5,147
Nuvoton	1,400	1,477
	$ 10,983	$ 9,469

NOTE 11 – Pericom Semiconductor Corporation Acquisition

During the fourth quarter of 2015, we completed the acquisition of Pericom Semiconductor Corporation ("Pericom"). The effect of the Pericom acquisition is reflected in our audited consolidated financial statements included in our Form 10-K filed with the SEC on March 11, 2016.

During the first quarter of 2016 we continued to finalize our purchase price allocation during the measurement period and obtained new information related to the assets acquired and liabilities assumed of Pericom. The facts and circumstances existed at the date of acquisition and, if known, would have affected the measurement of the amounts recognized at that date. In accordance with ASC 805, Business Combinations, measurement period adjustments are not included in current earnings, but recognized as of the date of the acquisition with a corresponding adjustment to goodwill resulting from the change in preliminary amounts. As a result, we adjusted the preliminary allocation of the purchase price initially recorded at the acquisition date to reflect these measurement period adjustments. While significant progress was made during the first quarter, the allocation is still preliminary and subject to change. The size and breadth of the Pericom acquisition will necessitate the use of the one year measurement period to adequately analyze and assess a number of the factors used in establishing the asset and liability fair values as of the acquisition date including (i) changes in fair values of fixed assets and inventories, (ii) changes in allocations of intangible assets such as trademarks and in process research and development and developed technology, as well as goodwill, and (iii) other changes to assets and liabilities. The final allocation may also result in changes to amortization periods assigned to the assets. Any potential adjustments made could be material in relation to the preliminary values. A final determination of the allocation of the purchase price to the assets acquired and liabilities assumed has not been completed and the following table is considered preliminary. These measurement period adjustments recorded in the first quarter of 2016 had no impact on our condensed consolidated statement of operations.

The table below sets forth the original preliminary fair values determined under the acquisition method as of November 24, 2015, the measurement period adjustments for the three months ended March 31, 2016 and the revised preliminary fair values as of November 24, 2015.

	Preliminary November 24, 2015	Measurement Period Adjustments	Adjusted November 24, 2015
Assets acquired:			
Cash and cash equivalents	$ 48,806	$ -	$ 48,806
Short-term investments	72,537	-	72,537
Accounts receivable	22,740	-	22,740
Inventory	22,488	-	22,488
Prepaid expenses and other current assets	5,793	(1,622)	4,171
Fixed assets	72,210	-	72,210
Intangible assets	156,700	-	156,700
Goodwill	54,304	2,046	56,350
Other long-term assets	16,069	-	16,069
Total assets acquired	$ 471,647	$ 424	$ 472,071
			-
Liabilities assumed:			-
Accounts payable	16,925	-	16,925
Accrued liabilities and other	8,818	-	8,818
Income tax payable	1,498	333	1,831
Deferred tax liability	29,077	91	29,168
Other liabilities	12,155	-	12,155
Total liabilities assumed	68,473	424	68,897
Total net assets acquired	$ 403,174	$ -	$ 403,174
Total net assets acquired, net of cash acquired	$ 354,368	$ -	$ 354,368

The following unaudited pro forma consolidated results of operations for the three months ended March 31, 2015 has been prepared as if the acquisition of Pericom had occurred at January 1, 2015.

	Three Months Ended March 31, 2015
Net revenues	$ 237,939
Net income attributable to common stockholders	$ 7,789
Earnings per share - Basic	$ 0.16
Earnings per share - Diluted	$ 0.16

The unaudited pro forma consolidated results of operations do not purport to be indicative of the results that would have been obtained if the above acquisition had actually occurred as of the dates indicated or of those results that may be obtained in the future. The unaudited pro forma consolidated results for March 31, 2015, exclude $13.9 million of acquisition related costs and $8.0 million of costs from Diodes restricted stock grants and change-in-control agreements for Pericom employees, and include additional $6.1 million of inventory fair value adjustments, additional amortization and depreciation of $3.3 million, additional interest expense of $1.8 million and income tax benefit of $2.1 million. These unaudited pro forma consolidated results of operations were derived, in part, from the historical consolidated financial statements of Pericom and other available information and assumptions believed to be reasonable under the circumstances. Pericom will be conformed to Diodes’ reporting calendar.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended and as identified under the heading "Cautionary Statement for Purposes of the "Safe Harbor" Provision of the Private Securities Litigation Reform Act of 1995" herein. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by our management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. We undertake no obligation to publicly release the results of any revisions to its forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events. Unless the context otherwise requires, the words "Diodes," the "Company," "we," "us" and "our" refer to Diodes Incorporated and its subsidiaries.

This management's discussion should be read in conjunction with the management's discussion included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 ("Form 10-K"), previously filed with Securities and Exchange Commission ("SEC") on March 11, 2016.

Factors Relevant to Our Results of Operations for the Three Months Ended March 31, 2016

- We continue to experience pressure from customers to reduce the selling price for our products;
- We continued to experience weaker demand in the computing and communications markets along with weak domestic demand in China;
- The first quarter of 2016 was the first quarter to include a full quarter of Pericom Semiconductor Corporation ("Pericom");
- We have higher borrowing levels, leading to higher interest expense, than in previous periods reflecting the debt incurred to acquire Pericom in the fourth quarter of 2015;
- We expect future improvements in net income to result primarily from increases in sales volume and improvements in product mix, as well as manufacturing cost reduction in order to offset any reduction in the average selling prices of our products. We have released new products for the consumer market and we are beginning to see growth in the virtual reality market.

Overview

We are a leading global manufacturer and supplier of high-quality, application-specific standard products within the broad discrete, logic, analog and mixed-signal semiconductor markets. For detailed information, see Note 1 – Nature of Operations, Basis of Presentation and Recently Issued Accounting Pronouncements, included in the condensed consolidated financial statements in Item 1 above. Our products are sold primarily throughout Asia, North America and Europe. We believe that our focus on application-specific standard products utilizing innovative, highly efficient packaging and cost-effective process technologies, coupled with our collaborative, customer-focused product development, provides us with a meaningful competitive advantage relative to other semiconductor companies.

Results of Operations for the Three Months Ended March 31, 2016 and 2015

The following table sets forth the percentage that certain items in the statements of operations bear to net sales.

	Percent of Net Sales Three Months Ended March 31, 2016	2015
Net sales	100%	100%
Cost of goods sold	(71)	(69)
Gross profit	29	31
Total operating expenses	28	23
Income from operations	1	8
Interest income	-	-
Interest expense	(1)	-
Gain on securities carried at fair value	-	-
Other expense	(1)	-
(Loss) income before income taxes and noncontrolling interest	(1)	8
Income tax (benefit) provision	-	2
Net (loss) income	(1)	6
Less net income attributable to noncontrolling interest	-	(1)
Net (loss) income attributable to common stockholders	(1)	5

The following table and discussion explains in greater detail our consolidated operating results and financial condition for the three months ended March 31, 2016, compared to the three months ended March 31, 2015. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this quarterly report *(in thousands)*.

	2016	2015	Increase/ (Decrease)	% Change
Net sales	$ 222,738	$ 206,182	$ 16,556	8.0%
Cost of goods sold	158,518	142,269	16,249	11.4%
Gross profit	64,220	63,913	307	0.5%
Total operating expenses	62,765	47,010	15,755	33.5%
Interest income	456	298	158	53.0%
Interest expense	(2,512)	(1,064)	1,448	136.1%
Gain on securities carried at fair value	-	71	(71)	(100.0%)
Other expense	(1,436)	(244)	1,192	488.5%
Total other income (expense)	(3,492)	(939)	2,553	271.9%
Income tax (benefit) provision	(552)	4,187	(4,739)	(113.2%)

Net sales increased approximately $16.6 million for the three months ended March 31, 2016, compared to the same period last year. The 8% increase in net sales includes approximately $31.8 million from Pericom in the first quarter of 2016. The decrease in sales excluding Pericom reflects weaker demand in the computing and communications markets along with weak domestic demand in China.

Cost of goods sold increased approximately $16.2 million for the three months ended March 31, 2016, compared to the same period last year. As a percent of sales, cost of goods sold increased to 71% for the three months ended March 31, 2016, compared to 69% in the same period last year. Cost of goods sold related to Pericom for the first quarter of 2016 were approximately $19.3 million, including a $3.1 million inventory valuation adjustment related to the Pericom purchase. Excluding Pericom, average unit cost increased 9.7% for the three months ended March 31, 2016, compared to the same period last year. Including Pericom, average unit cost increased 22.2% for the three months ended March 31, 2016, compared to the same period last year. For the three months ended March 31, 2016, gross profit was relatively flat when compared to the same period last year. Gross margin decreased to 28.8% for the three months ended March 31, 2016, compared to 31.0% for the same period last year. The decline in gross profit margin was due to lower capacity utilization and pricing pressure.

Operating expenses for the three months ended March 31, 2016 increased approximately $15.8 million, or 33.5%, compared to the same period last year. The increase in operating expense reflects approximately $15.0 million of operating expenses from Pericom. Selling, general and administrative expenses ("SG&A") increased approximately $7.7 million due primarily to $7.1 million of Pericom SG&A recognized in the first quarter of 2016. Research and development expenses ("R&D") increased approximately $4.8 million due to Pericom R&D expense of $4.6 million recognized in the first quarter of 2016. Amortization of acquisition related intangibles increased approximately $3.2 million reflecting the amortization of the intangible assets acquired in the Pericom acquisition. SG&A, as a percentage of sales, was 17.7% and 15.4% for the three months ended March 31, 2016 and 2015, respectively. R&D, as a percentage of sales, was 8.1% and 6.5% for the three months ended March 31, 2016 and 2015, respectively.

Interest income increased for the three months ended March 31, 2016 due to a higher amount of invested funds, reflecting the investments acquired in the Pericom acquisition. The increase in interest expense for the three months ended March 31, 2016 is due to higher levels of borrowing to effect the Pericom acquisition. During the first quarter of 2015, we recognized a gain on the sale of marketable securities that was not repeated in 2016. Other expense for the three months ended March 31, 2016 reflects approximately $1.3 million of foreign currency losses.

We recognized an income tax benefit of approximately $0.5 million for the three months ended March 31, 2016 and income tax expense of approximately $4.2 million for the three months ended March 31, 2015. The decrease in income taxes for 2016 compared to 2015 is a result of a decrease in pre-tax book income. Our effective tax rates for the three months ended March 31, 2016 and 2015, excluding immaterial discrete items, were lower than the U.S. statutory tax rate of 35%, principally as a result of income in lower-taxed jurisdictions.

Financial Condition

Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents, funds from operations and, if necessary, borrowings under our credit facilities. We currently have a U.S. banking credit facility under which we may draw up to $500 million with the availability of borrowing an additional $200 million, upon lender approval. At March 31, 2016 we had $450.5 million drawn under the U.S. banking facility. In addition, we have short-term foreign credit facilities with borrowing capacities of approximately $81.7 million and with $1.1 million used for import and export guarantees. We also have foreign long-term debt of approximately $1.9 million. Our primary liquidity requirements have been to meet our inventory and capital expenditure needs and to fund on-going operations. At March 31, 2016 and December 31, 2015, our working capital was $571.4 million and $570.9 million, respectively. We expect cash generated by our operations together with existing cash, cash equivalents, short-term investments and available credit facilities to be sufficient to cover cash needs for working capital and capital expenditures for at least the next 12 months.

Capital expenditures for the three months ended March 31, 2016 and 2015 were $12.9 million and $33.8 million, respectively. For the first three months of 2016 capital expenditures were approximately 5.8% of our net sales, which is in line with our capital spending target range of 5% to 9% of net sales.

We intend to permanently reinvest overseas all of our earnings from our foreign subsidiaries, except to the extent such undistributed earnings have previously been subject to U.S. tax; accordingly, deferred U.S. taxes are not recorded on undistributed foreign earnings. As of March 31, 2016, our foreign subsidiaries held approximately $268.5 million of cash, cash equivalents and investments of which approximately $175.9 million would be subject to a potential tax if repatriated to the U.S. as dividends.

As of March 31, 2016, we had short-term investments totaling $43.1 million. These investments are highly liquid with maturity dates greater than three months at the date of purchase. We generally can access these investments in a relatively short amount of time but in doing so we generally forfeit all earned and future interest income.

The Company entered into a Limited Waiver and Consent (“Waiver”) dated as of May 2, 2016 among and between itself, Diodes International B.V. and Bank of America, N.A. and the lenders party thereto (the “Lenders”) with respect to the Credit Agreement dated January 8, 2013, as amended to date, by and among the Company, Diodes International B.V., Diodes Investment Company, Diodes FabTech Inc., Diodes Holdings UK Limited, Diodes Zetex Limited, Pericom Semiconductor Corporation, and Bank of America, N.A. as Administrative Agent, Swing Line Lender and letter of credit issuer, and the other parties thereto (Exhibit A to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on September 3, 2015).

In the course of the restructuring of Diodes’ Asian and UK subsidiaries, Diodes may have inadvertently breached the Credit Agreement. A borrowing on the Swing Line under the Credit Agreement also constituted technical breaches of the Credit Agreement. Any breaches that occurred as a result of these matters have been cured or waived, and the borrowing on the Swing Line has been repaid. A copy of the Waiver is attached as Exhibit 10.2.

Share Repurchase Program

During 2015, our Board of Directors (“Board”) approved a stock repurchase program. The Board authorized the repurchase of up to an aggregate of $100.0 million of our outstanding common stock, $0.66 2/3 par value per share. The share repurchase program is expected to continue through the end of 2019 unless extended or shortened by the Board. Currently there is approximately $89.0 million available for repurchase of outstanding common stock under a publically announced repurchase program. No shares were repurchased during the first quarter of 2016.

Discussion of Cash Flow

Our primary source of liquidity is cash flow from operations. Additional sources of liquidity are cash and cash equivalents, short-term investments and our credit facility. Our primary cash and cash equivalents increased from $218.4 million at December 31, 2015 to $237.0 million at March 31, 2016 primarily from cash provided by operating activities and investing activities, partially offset by cash used in financing activities.

The table below sets forth a summary of the condensed consolidated statements of cash flows:

	Three Months Ended March 31,		
	2016	2015	Change
Net cash provided by operating activities	$ 25,453	$ 38,568	$ (13,115)
Net cash provided by (used in) investing activities	8,711	(38,179)	46,890
Net cash used in financing activities	(17,264)	(17,612)	348
Effect of exchange rates on cash and cash equivalents	1,671	(3,664)	5,335
Net increase (decrease) in cash and cash equivalents	$ 18,571	$ (20,887)	$ 39,458

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2016 was $25.5 million. Net cash flow provided by operating activities resulted from a net loss of $1.5 million and a decrease in working capital accounts of $2.9 million, offset by depreciation and amortization of $25.2 million and share-based compensation of $4.5 million. Net cash provided by operating activities was $38.6 million for the same period last year, resulting primarily from $11.8 million in net income, $20.6 million in depreciation and amortization, $3.8 million of non-cash share-based compensation expense and an increase in accounts payable, partially offset by an increase in inventories, prepaid expenses, accrued liabilities and other.

Investing Activities

Net cash provided by investing activities was $8.7 million for the three months ended March 31, 2016, compared to net cash used by investing activities of $38.2 million for the same period last year. Net cash provided by investing activities was primarily due to the sale of short-term investments of $29.3 million, partially offset by purchases of property, plant, and equipment of approximately $13.6 million and purchases of short-term investments of $7.3 million.

Financing Activities

Net cash used by financing activities was $17.3 million for the three months ended March 31, 2016, compared to net cash used by financing activities of $17.6 million in the same period last year. Net cash used in 2016 consisted primarily of repayments on lines of credit and long-term debt, partially offset by proceeds from issuance of common stock. Net cash used in 2015 consisted primarily of repayments on lines of credit and long-term debt, partially offset by advances on lines of credit and proceeds from issuance of common stock.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements and other relationships with unconsolidated entities that will affect our liquidity or capital resources. We have no special purpose entities that provide off-balance sheet financing, liquidity or market or credit risk support, nor do we engage in leasing, swap agreements, or outsourcing of research and development services, that could expose us to liability that is not reflected on the face of our financial statements.

Contractual Obligations

There have been no material changes in any of our contractual obligations as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 11, 2016.

Critical Accounting Policies

No material changes were made to the Company's critical accounting policies as set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on March 11, 2016.

Recently Issued Accounting Pronouncements

See Note 1 - Nature of Operations, Basis of Presentation and Recently Issued Accounting Pronouncements of the Notes to Condensed Consolidated Financial Statements, for detailed information regarding the status of recently issued accounting pronouncements.

Available Information

Our Internet address is http://www.diodes.com. We make available, free of charge through our Internet website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). Our website also provides access to investor financial information, including SEC filings and press releases, as well as stock quotes and information on corporate governance compliance.

Cautionary Statement for Purposes of the "Safe Harbor" Provision of the Private Securities Litigation Reform Act of 1995

Except for the historical information contained herein, the matters addressed in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We generally identify forward-looking statements by the use of terminology such as "may," "will," "could," "should," "potential," "continue," "expect," "intend," "plan," "estimate," "anticipate," "believe," or similar phrases or the negatives of such terms. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed under "Risks Factors" and elsewhere in this Quarterly Report on Form 10-Q that could cause actual results to differ materially from those anticipated by our management. The Private Securities Litigation Reform Act of 1995 (the "Act") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act.

All forward-looking statements contained in this Quarterly Report on Form 10-Q are subject to, in addition to the other matters described in this Quarterly Report on Form 10-Q, a variety of significant risks and uncertainties. The following discussion highlights some of these risks and uncertainties. Further, from time to time, information provided by us or statements made by our employees may contain forward-looking information. There can be no assurance that actual results or business conditions will not differ materially from those set forth or suggested in such forward-looking statements as a result of various factors, including those discussed below.

For more detailed discussion of these factors, see the "Risk Factors" discussion in Item 1A of our most recent Annual Report on Form 10-K as filed with the SEC and in Part II, Item 1A of this report. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report, and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

Risk Factors

RISKS RELATED TO OUR BUSINESS

The success of our business depends on the strength of the global economy and the stability of the financial markets, and any weaknesses in these areas may have a material adverse effect on our net sales, operating results and financial condition.

During times of difficult market conditions, our fixed costs combined with lower net sales and lower profit margins may have a negative impact on our business, operating results and financial condition.

Downturns in the highly cyclical semiconductor industry or changes in end-market demand could adversely affect our operating results and financial condition.

The semiconductor business is highly competitive, and increased competition may harm our business, operating results and financial condition.

One of our external suppliers is also a related party. The loss of this supplier could harm our business, operating results and financial condition.

Delays in initiation of production at facilities due to implementing new production techniques or resolving problems associated with technical equipment malfunctions could adversely affect our manufacturing efficiencies, operating results and financial condition.

We are and will continue to be under continuous pressure from our customers and competitors to reduce the price of our products, which could adversely affect our growth and profit margins.

Our customers require our products to undergo a lengthy and expensive qualification process without any assurance of product sales and may demand to audit our operations from time to time. A failure to qualify a product or a negative audit finding could adversely affect our net sales, operating results and financial condition.

Our customer orders are subject to cancellation or modification usually with no penalty. High volumes of order cancellation or reduction in quantities ordered could adversely affect our net sales, operating results and financial condition.

Production at our manufacturing facilities could be disrupted for a variety of reasons, including natural disasters and other extraordinary events, which could prevent us from producing enough of our products to maintain our sales and satisfy our customers' demands and could adversely affect our operating results and financial condition.

New technologies could result in the development of new products by our competitors and a decrease in demand for our products, and we may not be able to develop new products to satisfy changes in demand, which would adversely affect our net sales, market share, operating results and financial condition.

We may be adversely affected by any disruption in our information technology systems, which could adversely affect our cash flows, operating results and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights or demands that we license third-party technology, which could result in significant expense, reduction in our intellectual property rights and a negative impact on our business, operating results and financial condition.

We depend on third-party suppliers for timely deliveries of raw materials, manufacturing services, product and process development, parts and equipment, as well as finished products from other manufacturers, and our reputation with customers, operating results and financial condition could be adversely affected if we are unable to obtain adequate supplies in a timely manner.

If we do not succeed in continuing to vertically integrate our business, we will not realize the cost and other efficiencies we anticipate, which could adversely affect our ability to compete, our operating results and financial condition.

Part of our growth strategy involves identifying and acquiring companies. We may be unable to identify suitable acquisition candidates or consummate desired acquisitions and, if we do make any acquisitions, we may be unable to successfully integrate any acquired companies with our operations, which could adversely affect our business, operating results and financial condition.

We are subject to litigation risks, including securities class action litigation, which may be costly to defend and the outcome of which is uncertain and could adversely affect our business and financial condition.

We are subject to many environmental laws and regulations that could result in significant expenses and could adversely affect our business, operating results and financial condition.

Our products may be found to be defective and, as a result, warranty claims and product liability claims may be asserted against us, which may harm our business, reputation with our customers, operating results and financial condition.

We may fail to attract or retain the qualified technical, sales, marketing, finance and management/executive personnel required to operate our business successfully, which could adversely affect our business, operating results and financial condition.

We may not be able to achieve future growth, and any such growth may place a strain on our management and on our systems and resources, which could adversely affect our business, operating results and financial condition.

Obsolete inventories as a result of changes in demand for our products and change in life cycles of our products could adversely affect our business, operating results and financial condition.

If OEMs do not design our products into their applications, our net sales may be adversely affected.

We are subject to interest rate risk that could have an adverse effect on our cost of working capital and interest expenses, which could adversely affect our business, operating results and financial condition.

We may have a significant amount of debt with various financial institutions worldwide. Any indebtedness could adversely affect our business, operating results, financial condition and our ability to meet payment obligations under such debt.

Restrictions in our credit facilities may limit our business and financial activities, including our ability to obtain additional capital in the future.

Our business benefits from certain Chinese government incentives. Expiration of, or changes to, these incentives could adversely affect our operating results and financial condition.

We operate a global business through numerous foreign subsidiaries, and there is a risk that tax authorities will challenge our transfer pricing methodologies or legal entity structures, which could adversely affect our operating results and financial condition.

The value of our benefit plan assets and liabilities is based on estimates and assumptions, which may prove inaccurate and the actual amount of expenses recorded in the consolidated financial statements could differ materially from the assumptions used.

Changes in actuarial assumptions for our defined benefit plan could increase the volatility of the plan's asset value, require us to increase cash contributions to the plan and have a negative impact on our cash flows, operating results and financial condition.

Certain of our customers and suppliers require us to comply with their codes of conduct, which may include certain restrictions that may substantially increase our cost of doing business as well as have an adverse effect on our operating efficiencies, operating results and financial condition.

Compliance with government regulations and customer demands regarding the use of "conflict minerals" may result in increased costs and may have a negative impact on our business, operating results and financial condition.

There are risks associated with previous and future acquisitions. We may ultimately not be successful in overcoming these risks or any other problems encountered in connection with acquisitions.

If we fail to maintain an effective system of internal controls or discover material weaknesses in our internal control over financial reporting, we may not be able to report our financial results accurately or detect fraud, which could harm our business and the trading price of our Common Stock.

Our management certification and auditor attestation regarding the effectiveness of our internal control over financial reporting as of December 31, 2015 excluded the operations of Pericom. If we are not able to integrate Pericom operations into our internal control over financial reporting, our internal control over financial reporting may not be effective.

Terrorist attacks, or threats or occurrences of other terrorist activities, whether in the U.S. or internationally, may affect the markets in which our Common Stock trades, the markets in which we operate and our operating results and financial condition.

System security risks, data protection breaches, cyber-attacks and other related cybersecurity issues could disrupt our internal operations, and any such disruption could reduce our expected net sales, increase our expenses, damage our reputation and adversely affect our stock price.

RISKS RELATED TO OUR INTERNATIONAL OPERATIONS

Our international operations subject us to risks that could adversely affect our operations.

We have significant operations and assets in China, the U.K., Germany, Hong Kong and Taiwan and, as a result, will be subject to risks inherent in doing business in those jurisdictions, which may adversely affect our financial performance and operating results.

A slowdown in the Chinese economy could limit the growth in demand for electronic devices containing our products, which would have a material adverse effect on our business, operating results and prospects.
Economic regulation in China could materially and adversely affect our business, operating results and prospects.

We could be adversely affected by violations of the United States' Foreign Corrupt Practices Act, the U.K.'s Bribery Act 2010 and similar worldwide anti-bribery laws.

We are subject to foreign currency risk as a result of our international operations.

China is experiencing rapid social, political and economic change, which has increased labor costs and other related costs that could make doing business in China less advantageous than in prior years. Increased labor costs in China could adversely affect our business, operating results and financial condition.

We may not continue to receive preferential tax treatment in Asia, thereby increasing our income tax expense and reducing our net income.

The distribution of any earnings of our foreign subsidiaries to the U.S. may be subject to U.S. income taxes, thus reducing our net income.

RISKS RELATED TO OUR COMMON STOCK

Variations in our quarterly operating results may cause our stock price to be volatile.

We may enter into future acquisitions and take certain actions in connection with such acquisitions that could adversely affect the price of our Common Stock.

Our directors, executive officers and significant stockholders hold a substantial portion of our Common Stock, which may lead to conflicts with other stockholders over corporate transactions and other corporate matters.

We were formed in 1959, and our early corporate records are incomplete. As a result, we may have difficulty in assessing and defending against claims relating to rights to our Common Stock purporting to arise during periods for which our records are incomplete.

Non-cash tender offers, debt equity swaps or equity exchanges to consummate our business activities are likely to have the effect of diluting the ownership interest of existing stockholders, including qualified stockholders who receive shares of our Common Stock in such business activities.

Anti-takeover effects of certain provisions of Delaware law and our Certificate of Incorporation and Bylaws, may hinder a take-over attempt.

Section 203 of Delaware General Corporation Law may deter a take-over attempt.

Certificate of Incorporation and Bylaw Provisions may deter a take-over attempt.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 11, 2016.

Item 4. Controls and Procedures.

Our Chief Executive Officer, Keh-Shew Lu, and Chief Financial Officer, Richard D. White, with the participation of our management, carried out an evaluation, as of March 31, 2016, of the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer believe that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective at the reasonable assurance level to ensure that information required to be included in this report is:

- recorded, processed, summarized and reported within the time period specified in the Commission’s rules and forms; and
- accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions on required disclosure.

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity’s disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors, mistakes or intentional circumvention of the established processes.

Previously Reported Material Weakness; Remediation; Change in Internal Controls

Our management previously concluded that our internal control over financial reporting was ineffective as of December 31, 2015 as a result of certain errors in accounting for equity awards and change-in-control agreements related to the Pericom acquisition.

We have taken the following steps to improve our internal control over financial reporting related to equity awards and change-in-control agreements in a business combination:

- prepared a work flow document detailing the policies and procedures (and related controls) for future acquisitions;
- committed to hiring external resources at an early stage to prepare and analyze non-routine or complex transactions;
- planned for close oversight and supervision of and communication with, those external resources; and
- committed to complete and substantive documentation around the review processes in acquisitions for equity awards and change-in-control agreements.

Other than as described above, there was no change in our internal control over financial reporting, known to our CEO or CFO, that occurred in the three months ended March 31, 2016, which has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 8 - Commitments and Contingencies, of the Notes to Condensed Consolidated Financial Statements for detailed information regarding the status of our lawsuits.

From time to time, we are involved in various legal proceedings that arise in the normal course of business. While we intend to defend any lawsuit vigorously, we presently believe that the ultimate outcome of any current pending legal proceeding will not have any material adverse effect on our financial position, cash flows or operating results. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, which could impact our business and operating results for the period in which the ruling occurs or future periods.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 11, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no unregistered sales of the Company's equity securities during the period covered by this report. Currently there is approximately $89 million available for repurchase of outstanding common stock under a publically announced repurchase program. No shares were repurchased during the first quarter of 2016.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Number	Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
3.1	Certificate of Incorporation, as amended	10-Q	May 10, 2013	3.1	
3.2	Amended By-laws of the Company as of January 6, 2016	8-K	January 11, 2016	3.1	
4.1	Form of Certificate for Common Stock, par value $0.66 2/3 per share	S-3	August 25, 2005	4.1	
10.1***	Stock Unit Agreement dated as of July 21, 2015, between the Company and Keh-Shew Lu**				X
10.2	Limited Waiver and Consent dated as of May 2, 2016 between Diodes Incorporated, Diodes International B.V., and Bank of America, N.A. and other participating lenders.				X
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Rule 13a-14(a) /15d-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification Pursuant to 18 U.S.C. 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2*	Certification Pursuant to 18 U.S.C. 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X

* *A certification furnished pursuant to Item 601 of the Regulation S-K will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.*

** *Constitute management contracts, or compensatory plans or arrangements, which are required to be filed pursuant to Item 601 of Regulation S-K.*

*** *This exhibit was originally filed in the Current Report on Form 8-K on July 27, 2015 with confidential treatment requested for portions of the exhibit. The confidential portions were disclosed in the Company's Proxy Statement filed with the Securities and Exchange Commission on March 31, 2016, and the full version of the exhibit is filed herewith.*

PLEASE NOTE: It is inappropriate for investors to assume the accuracy of any covenants, representations or warranties that may be contained in agreements or other documents filed as exhibits to this Quarterly Report on Form 10-Q. In certain instances the disclosure schedules to such agreements or documents contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants. Moreover, some of the representations and warranties may not be complete or accurate as of a particular date because they are subject to a contractual standard of materiality that is different from those generally applicable to stockholders and/or were used for the purpose of allocating risk among the parties rather than establishing certain matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts at the time they were made or otherwise.

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 thereunto duly authorized.

DIODES INCORPORATED
(Registrant)

May 5, 2016 Date	By: /s/ Keh-Shew Lu KEH SHEW LU President and Chief Executive Officer (Principal Executive Officer)
May 5, 2016 Date	By: /s/ Richard D. White RICHARD D. WHITE Chief Financial Officer and Secretary (Principal Financial Officer)
May 5, 2016 Date	By: /s/ Brett R. Whitmire BRETT R. WHITMIRE Corporate Controller (Principal Accounting Officer)

EXHIBIT 10.1

DIODES INCORPORATED

2013 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Diodes Incorporated, a Delaware corporation, (the “Company”), hereby commits to award Stock Units to the Participant named below. The terms and conditions of the Award are set forth in this cover sheet and in the attached Stock Unit Agreement (together, this “Agreement”) and in the Diodes Incorporated 2013 Equity Incentive Plan as it may be amended from time to time (the “Plan”). This Agreement is the Stock Unit Agreement referenced in Section 2.1(ii) of the employment agreement by and between Participant and the Company, dated July 10, 2015, (the “Employment Agreement”). For purposes of this Agreement, a “Qualifying Termination” occurs on the date of termination of Participant’s employment with the Company due to either (i) a termination by Participant for “good reason” (as defined in the Employment Agreement), (ii) a termination by the Company without “cause” (as defined in the Employment Agreement), (iii) Participant’s death, or (iv) Participant’s Disability. This Award is intended to constitute qualifying performance-based compensation under Code Section 162(m) and will be interpreted and administered in accordance with such intention.

Date of Award: July 21, 2015

Name of Participant (“Participant”, “you”, or “your”): Keh-Shew Lu

Number of Stock Units Potentially to be Awarded: 700,000

Expiration Date: June 1, 2025

Scheduled Dates of Grants: Subject to Participant’s continued Service through each applicable Date of Grant, the following number of Stock Units shall be granted to Participant. Except as set forth below, all Stock Units shall be unvested at the time of grant. A Stock Unit is only considered to be outstanding after its actual Date of Grant. All numbers of Stock Units reflected in this Agreement shall be subject to adjustment by the Company as specified in Section 13.

Scheduled Date of Grant	Number of Stock Units
July 21, 2015	150,000
July 1, 2016	250,000
July 1, 2017	250,000
July 1, 2018	50,000

Vesting Terms:

As of the Date of Award, none of the Stock Units subject to this Agreement are “Vested Stock Units”. Participant will receive a benefit with respect to this Award only to the extent that a Stock Unit becomes a “Vested Stock Unit”. For any Stock Unit to become a “Vested Stock Unit”, two separate vesting conditions must each be satisfied.

Accordingly, in order for a Stock Unit to become a Vested Stock Unit, one vesting condition is that such Stock Unit becomes “Service-Based Vested” (as described below) and the other vesting condition is that it becomes “Performance-Based Vested” (as described below). For avoidance of doubt, Participant will have no rights with respect to compensation under this Award to the extent that Stock Units are not Performance-Based Vested (regardless of the extent to which Stock Units are Service-Based Vested). All outstanding Stock Units that are not Vested Stock Units as of the Expiration Date shall be then forfeited without consideration.

Service-Based Vested Requirement: The Service-Based Vested requirements will be satisfied in installments as to this Award as follows: As long as Participant renders continuous Service, the number of then outstanding Stock Units which are not Service-Based Vested will become incrementally Service-Based Vested on an annual basis in the amounts (and on the dates) shown in the table below.

Date	Incremental Number of Stock Units Granted	Incremental Number of Service-Based Units
July 21, 2015	150,000	
July 1, 2016	250,000	100,000
July 1, 2017	250,000	100,000
July 1, 2018	50,000	100,000
July 1, 2019		100,000
July 1, 2020		100,000
July 1, 2021		100,000
July 1, 2022		100,000
Totals	700,000	700,000

Except as otherwise provided under a Qualifying Termination or Change of Control, no Stock Units (which are not Service-Based Vested) can become Service-Based Vested before the above scheduled dates for Service-Based Vesting. Additionally, except as otherwise provided under a Qualifying Termination, no Stock Units (which are not Service-Based Vested) can become Service-Based Vested after Participant's Service has terminated and any Stock Units that are not Service-Based Vested shall be forfeited without consideration on the Participant's Termination Date. In all cases, the resulting aggregate number of Service-Based Vested Stock Units will be rounded down to the nearest whole number.

Performance-Based Vested Requirement: Provided that the Participant is still then rendering continuous Service, the Performance-Based Vested requirements will be deemed satisfied (if ever) for all outstanding Stock Units as of the third business day after the date that the Company files with the SEC an Annual Report on Form 10-K (or Form 10-K/A) or a Quarterly Report on Form 10-Q (or Form 10-Q/A) which contains financial statements stating that the Company's aggregate gross profit (as determined in accordance with GAAP) for the four most recently completed fiscal quarters equals or exceeds the "Goal Gross Profit" (the date of such satisfaction is the "Performance Goal Attainment"). If before the occurrence of any Performance Goal Attainment, either the Participant experiences a Qualifying Termination or there is a Change of Control, then Stock Units can become Performance-Based Vested based on the Pro-Rata Performance Percentage as set forth below. In all cases, the resulting aggregate number of Performance-Based Vested Stock Units will be rounded down to the nearest whole number. Any grants of Stock Units under this Agreement that are issued after Performance Goal Attainment shall be granted as Performance-Based Vested Stock Units. As of the Date of the Award, the Goal Gross Profit is $600 million.

For purposes of this Agreement, "Change of Control" shall have the same definition provided to "Change in Control" in the Plan except that in subclause (i) of such Change in Control definition, twenty-five percent (25%) shall be replaced by fifty percent (50%).

For purposes of this Agreement, "Pro-Rata Performance Percentage" means, as of any point in time, a percentage (not to exceed 100% and not to be less than 0%) that is equal to the quotient of (i) the Company's aggregate gross profit for the most recently completed Company fiscal quarters (the "Four Quarter Gross Profit") minus the Base Gross Profit, divided by (ii) the Increase Gross Profit. As of the Date of the Award, the Base Gross Profit is $278 million and the Increase Gross Profit is $322 million.

As permitted by the Plan, the Goal Gross Profit, Four Quarter Gross Profit, Increase Gross Profit and Base Gross Profit figures will be proportionately adjusted by the Committee in the event that after the Date of Award and before the Expiration Date the Company effects in any 12 month period any divestiture (or series of divestitures) of operating assets transaction(s) in which the disposed of assets in the aggregate directly generated more than twenty percent of the Company's gross profit for the four most recently completed fiscal quarters preceding the initial divestiture. However, the Goal Gross Profit, Four Quarter Gross Profit, Increase Gross Profit and Base Gross Profit figures will not be adjusted in the event of Company acquisitions of third party companies, businesses or assets.

Qualifying Termination: Upon a Qualifying Termination that occurs before Performance Goal Attainment, the number of then outstanding Stock Units shall be multiplied by the Pro-Rata Performance Percentage to determine how many (if any) Stock Units become Performance-Based Vested. Upon a Qualifying Termination that occurs (i) on or after Performance Goal Attainment and (ii) before a scheduled date of grant for Stock Units that were supposed to be granted in the Fiscal Year in which Participant's Termination Date occurs, then such number of ungranted Stock Units shall be deemed granted as Vested Stock Units as of Participant's Termination Date. No further Stock Units shall be granted after a Qualifying Termination. All outstanding Stock Units shall be Service-Based Vested upon a Qualifying Termination.

Change of Control: Upon a Change of Control that occurs before Performance Goal Attainment, the number of then outstanding Stock Units shall be multiplied by the Pro-Rata Performance Percentage to determine how many (if any) Stock Units become Performance-Based Vested. Upon a Change of Control that occurs (i) on or after Performance Goal Attainment and (ii) before a scheduled date of grant for Stock Units that were supposed to be granted in the Fiscal Year in which Participant's Termination Date occurs, then such number of ungranted Stock Units shall be deemed granted as Vested Stock Units as of immediately before the Change of Control. No further Stock Units shall be granted after a Change of Control. All outstanding Stock Units shall be Service-Based Vested upon a Change of Control.

Upon termination of your Service at any time (whether before or after Performance Goal Attainment) due to either your resignation without good reason or termination by the Company for cause (as such terms are defined in the Employment Agreement), then no further grants of Stock Units shall be issued under this Agreement and all then outstanding Stock Units subject to this Agreement shall be forfeited to the Company without consideration as of your Termination Date.

Vesting of Stock Units shall be provided only as expressly enumerated above and otherwise no partial vesting credit will be provided no matter when your Termination Date occurs.

By signing this cover sheet, you agree to all of the terms and conditions described in this Agreement and in the Plan. You are also acknowledging receipt of this Agreement and a copy of the Plan and the Plan's prospectus. Any inconsistency between this Agreement and the Plan shall be resolved by reference to the Plan.

Participant: /S/ Keh-Shew Lu
(Signature)

Company: /S/ Richard D. White
(Signature)

Title: Chief Financial Officer

Attachment

DIODES INCORPORATED
2013 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

1.	**The Plan and Other Agreements**	The text of the Plan is incorporated in this Agreement by reference. You and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Unless otherwise defined in this Agreement, certain capitalized terms used in this Agreement are defined in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award of Stock Units. Any prior agreements, commitments or negotiations concerning this Award are superseded.
2.	**Award of Stock Units**	Subject to the terms of this Agreement, the Company commits to award you the number of Stock Units shown on the cover sheet of this Agreement. The Award is subject to the terms and conditions of this Agreement and the Plan. The Company will not issue any Shares if the issuance of such Shares at that time would violate any law or regulation.
3.	**Vesting and Settlement**	This Award will vest according to the Vesting Terms described in the cover sheet of this Agreement. To the extent a Stock Unit becomes a Vested Stock Unit and subject to your satisfaction of any tax withholding obligations as discussed below, each Vested Stock Unit will entitle you to receive one Share which will be distributed to you on the applicable vesting date as set forth in this Agreement. Issuance of such Shares shall be in complete satisfaction of such Vested Stock Units. Such settled Stock Units shall be immediately cancelled and no longer outstanding and you shall have no further rights or entitlements related to those settled Stock Units.
4.	**Transfer of Award**	You cannot gift, transfer, assign, alienate, pledge, hypothecate, attach, sell, or encumber this Award. If you attempt to do any of these things, this Award will immediately become invalid. You may, however, dispose of this Award in your will or it may be transferred by the laws of descent and distribution. Regardless of any marital property settlement agreement, the Company is not obligated to recognize your spouse's interest in your Award in any other way.
5.	**Leaves of Absence**	For purposes of this Award, your Service does not terminate when you go on a *bona fide* leave of absence that was approved by the Company in writing, if the terms of the leave of absence provide for Service crediting, or when Service crediting is required by applicable law. Your Service terminates in any event when the approved leave of absence ends unless you immediately return to active work. The Company determines which leaves of absence count for this purpose (along with determining the effect of a leave of absence on vesting of the Award), and when your Service terminates for all purposes under the Plan.

6.	**Stockholder Rights**	As a holder of Stock Units, you shall have no rights other than those of a general creditor of the Company. Subject to the terms of this Agreement, a holder of outstanding Stock Units has none of the rights and privileges of a stockholder of the Company. Without limiting the generality of the foregoing, a holder of outstanding Stock Units has no right to vote or to receive dividends (if any) on the shares represented by such Stock Units. Subject to the terms and conditions of this Agreement, Stock Units create no fiduciary duty of the Company to you and only represent an unfunded and unsecured contractual obligation of the Company. The Stock Units shall not be treated as property or as a trust fund of any kind. You, or your estate, shall have no rights as a stockholder of the Company with regard to the Award until you have been issued the applicable Shares by the Company and have satisfied all other conditions specified in the Plan. No adjustment shall be made for cash or stock dividends or other rights for which the record date is prior to the date when such applicable Shares are issued, except as provided in the Plan.
7.	**Taxes and Withholding**	You will be solely responsible for payment of any and all applicable taxes, including without limitation any penalties or interest based upon such tax obligations, associated with this Award. The delivery to you of any Shares underlying Vested Stock Units will not be permitted unless and until you have satisfied any withholding or other taxes that may be due. Any such tax withholding obligations may be settled in the Company's discretion by the Company withholding and retaining a portion of the Shares from the Shares that would otherwise be deliverable to you under the vesting Stock Units as provided in the next two sentences. Such withheld Shares will be applied to pay the withholding obligation by using the aggregate fair market value of the withheld Shares as of the date of settlement. You will be delivered the net amount of vested Shares after the Share withholding has been effected and you will not receive the withheld Shares. The Company will not deliver any fractional number of Shares.
8.	**Code Section 409A**	This Award will be administered and interpreted to comply with Code Section 409A. The provisions of the Plan concerning Code Section 409A will apply to this Award to the extent needed.
9.	**Restrictions on Resale**	By signing this Agreement, you agree not to sell, transfer, dispose of, pledge, hypothecate, make any short sale of, or otherwise effect a similar transaction of any Shares acquired under this Award (each a "Sale Prohibition") at a time when applicable laws, regulations or Company or underwriter trading policies prohibit the sale or disposition of Shares. The Company shall have the right to designate one or more periods of time, each of which generally will not exceed one hundred eighty (180) days in length (provided however, that such period may be extended in connection with the Company's release (or announcement of release) of earnings results or other material news or events), and to impose a Sale Prohibition, if the Company determines (in its sole discretion) that such limitation(s) is/are needed in connection with a public offering of Shares or to comply with an underwriter's request or trading policy, or could in any way facilitate a lessening of any restriction on transfer pursuant to the Securities Act or any state securities laws with respect to any issuance of securities by the Company, facilitate the registration or qualification of any securities by the Company under the Securities Act or any state securities laws, or facilitate the perfection of any exemption from the registration or qualification requirements of the Securities Act or any applicable state securities laws for the issuance or transfer of any securities. The Company may issue stop/transfer instructions and/or appropriately legend any stock certificates issued pursuant to this Award in order to ensure compliance with the foregoing. If the sale of Shares acquired under this Award is not registered under the Securities Act, but an exemption is available which requires an investment representation or other representation and warranty, you shall represent and agree that the Shares being acquired are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations and warranties as are deemed necessary or appropriate by the Company and its counsel. You may also be required, as a condition of this Award, to enter into any Company stockholder agreement or other agreements that are applicable to stockholders.

10.	**Clawback Policy**	You expressly acknowledge and agree to be bound by Section 15(e) of the Plan, which contains provisions addressing the Company's policy on recoupment of equity or other compensation.
11.	**No Retention Rights**	Your Award or this Agreement does not give you the right to be retained by the Company (or any Parent or any Subsidiaries or Affiliates) in any capacity. The Company (or any Parent and any Subsidiaries or Affiliates) reserves the right to terminate your Service at any time and for any reason.
12.	**Extraordinary Compensation**	This Award and the Shares subject to the Award are not intended to constitute or replace any pension rights or compensation and are not to be considered compensation of a continuing or recurring nature, or part of your normal or expected compensation, and in no way represent any portion of your salary, compensation or other remuneration for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.
13.	**Adjustments**	In the event of a stock split, a stock dividend or a similar change in the Company stock, the total number of Stock Units covered by this Award, the then number of outstanding Stock Units, and the number of Stock Units potentially to be granted shall each be adjusted (and rounded down to the nearest whole number) pursuant to the Plan. Your Stock Units shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.
14.	**Legends**	All certificates or book entries representing the Common Stock issued under this Award may, where applicable, have endorsed thereon the following notations or legends and any other notation or legend the Company determines appropriate: "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OPTIONS TO PURCHASE SUCH SHARES SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR HIS OR HER PREDECESSOR IN INTEREST. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY BY THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE." "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR QUALIFICATION UNDER APPLICABLE STATE LAWS OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED."
15.	**Applicable Law**	This Agreement will be interpreted and enforced under the laws of the State of Delaware without reference to the conflicts of law provisions thereof.
16.	**Regulatory Compliance**	The issuance of Common Stock pursuant to this Agreement shall be subject to full compliance with all applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

17.	**Binding Effect; No Third Party Beneficiaries**	This Agreement shall be binding upon and inure to the benefit of the Company and you and any respective heirs, representatives, successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any person other than the Company and you and any respective heirs, representatives, successors and permitted assigns. The parties agree that this Agreement shall survive the settlement or termination of the Award.
18.	**Notice**	Any notice to be given or delivered to the Company relating to this Agreement shall be in writing and addressed to the Company at its principal corporate offices. All notices shall be deemed effective upon personal delivery or upon deposit in the postal mail, postage prepaid and properly addressed to the Company. Any notice to be given or delivered to you relating to this Agreement may be delivered by electronic form including without limitation by email (including prospectuses required by the SEC) as well as all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements). The Company may also deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company.
19.	**Voluntary Participant**	You acknowledge that you are voluntarily participating in the Plan.
20.	**No Rights to Future Awards**	Your rights, if any, in respect of or in connection with this Award or any other Awards are derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary future Award. By accepting this Award, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you or benefits in lieu of other Awards even if Awards have been granted repeatedly in the past. All decisions with respect to future Awards, if any, will be at the sole discretion of the Committee.
21.	**Future Value**	The future value of the underlying Shares is unknown and cannot be predicted with certainty. If the underlying Shares do not maintain or increase their value after the Date of Award, the Award could have little or no value. If you obtain Shares under this Award, the value of the Shares acquired upon settlement may subsequently increase or decrease in value, and could decrease to a value less than the taxes payable upon settlement.
22.	**No Advice Regarding Award**	The Company has not provided any tax, legal or financial advice, nor has the Company made any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
23.	**No Right to Damages**	You will have no right to bring a claim or to receive damages if any portion of the Award is cancelled or expires. The loss of existing or potential profit in the Award will not constitute an element of damages in the event of the termination of your Service for any reason, even if the termination is in violation of an obligation of the Company or a Parent or a Subsidiary or an Affiliate to you.

24.	**Data Privacy**	You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by the Company for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that the Company holds certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, gender, social security or insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, cancelled, purchased, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, managing and administering the Plan ("Data"). You understand that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere and that the recipient country may have different data privacy laws and protections than your country. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom you may elect to deposit any Shares acquired under the Plan.
25.	**Other Information**	You agree to receive stockholder information, including copies of any annual report, proxy statement and periodic report, from the Company's website, if the Company wishes to provide such information through its website. You acknowledge that copies of the Plan, Plan prospectus, Plan information and stockholder information are also available upon written or telephonic request to the Plan's administrator.
26.	**Further Assistance**	You agree to provide assistance reasonably requested by the Company in connection with actions taken by you while providing services to the Company, including but not limited to assistance in connection with any lawsuits or other claims against the Company arising from events during the period in which you rendered service to the Company.
27.	**Legal Compliance**	The Company (or any Parent or any Subsidiaries or Affiliates) is not responsible for your legal compliance requirements relating to this Award, including, but not limited to, tax reporting.
28.	**Additional Conditions**	If the Company shall determine, in its sole discretion, that the consent or approval of any governmental authority is necessary or desirable as a condition to the payment of benefits to you pursuant to the Plan, such payment shall not occur until such registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.
29.	**Enforcement**	The Company will be entitled to enforce its rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights to which it may be entitled. You agree and acknowledge that money damages may not be an adequate remedy for breach of the provisions of this Agreement and that the Company may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

30. Nondisclosure of Confidential Information

You acknowledge that the businesses of the Company is highly competitive and that the Company's strategies, methods, books, records, and documents, technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning former, present or prospective customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which the Company uses in their business to obtain a competitive advantage over competitors. You further acknowledge that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position. You acknowledge that by reason of your duties to and association with the Company, you have had and will have access to and have and will become informed of confidential business information which is a competitive asset of the Company. You hereby agree that you will not, at any time during or after employment, make any unauthorized disclosure of any confidential business information or trade secrets of the Company, or make any use thereof, except in the carrying out of services responsibilities. You shall take all necessary and appropriate steps to safeguard confidential business information and protect it against disclosure, misappropriation, misuse, loss and theft. Confidential business information shall not include information in the public domain (but only if the same becomes part of the public domain through a means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which your legal rights and obligations as a service provider or under this Agreement are at issue; provided, however, that you shall, to the extent practicable and lawful in any such events, give prior notice to the Company of your intent to disclose any such confidential business information in such context so as to allow the Company an opportunity (which you will not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate. Any information not specifically related to the Company would not be considered confidential to the Company. In the event of any conflict in terms between this Section 30 and the terms of any Company confidentiality or proprietary information agreement you have executed, the terms of such other confidentiality or proprietary information agreement shall prevail and govern.

Exhibit 10.2

LIMITED WAIVER AND CONSENT

THIS LIMITED WAIVER AND CONSENT dated as of May 2, 2016 (this "Agreement") is entered into among DIODES INCORPORATED, a Delaware corporation (the "Domestic Borrower"), DIODES INTERNATIONAL B.V., a *besloten vennootschap met beperkte aansprakelijkheid* organized under the laws of the Netherlands, having its statutory seat in Amsterdam, the Netherlands and registered with the trade register of the Chambers of Commerce in the Netherlands under number 34274981 (the "Foreign Borrower" and together with the Domestic Borrower, the "Borrowers" and each, individually, a "Borrower"), certain Subsidiaries of the Domestic Borrower identified on the signature pages hereto as guarantors (the "Subsidiary Guarantors"), the Lenders identified on the signature pages hereto and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent").

PRELIMINARY STATEMENTS

The Borrowers, Subsidiary Guarantors, the Lenders and the Administrative Agent are parties to that certain Credit Agreement dated as of January 8, 2013 (as amended by Amendment No. 1 to Credit Agreement and Limited Waiver dated as of November 1, 2013, Amendment No. 2 to Credit Agreement and Amendment No. 1 to Collateral Agreement dated as of June 19, 2015, Amendment No. 3 to Credit Agreement, Incremental Term Assumption Agreement, Limited Waiver and Consent dated as of September 2, 2015 ("Amendment No. 3"), and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement").

The Foreign Borrower transferred all of its Equity Interests in Diodes Hong Kong Limited (company number: 760243), a company incorporated in Hong Kong with limited liability ("DHK"), to Diodes Hong Kong Holding Company Limited (company number: 1168572), a company incorporated in Hong Kong with limited liability ("DHC"), in exchange for one share of DHC's stock on August 31, 2015 (the "Diodes HK Share Transfers"), which Equity Interests were subject to that Share Charge dated August 14, 2013 (the "Share Charge") executed by the Foreign Borrower in favor of the Administrative Agent. Each Diodes HK Share Transfer caused the Share Charge to cease to create valid and perfected Liens over the respective shares.

Diodes Holdings UK Limited (company number: 06475363), a company incorporated in England and Wales with limited liability ("DHUK") reduced all of its Equity Interests from 44,629,874 ordinary shares of £1.00 each to one ordinary share of £1.00 on March 18, 2015 (the "Diodes UK Share Reduction"). 65% of such unreduced Equity Interests were subject to that Charge over Shares (1) dated January 8, 2013 and 35% of such unreduced Equity Interests were subject to that Charge over Shares (2) dated January 8, 2013 (each a "UK Share Charge" and collectively the "UK Share Charges"), each executed by Diodes Investment Company, a Delaware corporation ("Diodes Investment") in favor of the Administrative Agent and Security Trustee (as defined therein).

The Borrowers have requested that the Administrative Agent and the Lenders waive any Defaults or Events of Default that may have occurred as a result of the Diodes HK Share Transfers, the Diodes UK Share Reduction and in connection with a Swing Line Borrowing that occurred in March, 2016, and consent to certain transactions described more fully herein. Subject to the terms and conditions set forth herein, the Administrative Agent and each of the Lenders party hereto have agreed to grant such requests of the Borrowers.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Except as otherwise provided herein, all capitalized undefined terms used in this Agreement (including, without limitation, in the introductory paragraph and the preliminary statements hereto) shall have the meanings assigned thereto in the Credit Agreement.

2. Waivers. Pursuant to Section 11.01 of the Credit Agreement and subject to the terms and conditions hereof, the Administrative Agent, the Swingline Lender, the L/C Issuer and the Required Lenders hereby waive (i) the Events of Default that may have occurred as a result of the Diodes HK Share Transfers pursuant to Sections 8.01(b), (c) and (m) (the "Share Transfer EODs"); (ii) the Events of Default that may have occurred as a result of the Diodes UK Share Reduction pursuant to Sections 8.01(b), (c) and (m) (the "Share Reduction EODs"); and (iii) the Events of Default that occurred as a result of the Swing Line Borrowing made on March 17, 2016 and the related repayment (which occurred on April 12, 2016) under Section 8.01(a), for failing to repay the Swing Line Loan in accordance with Section 2.07(c), Section 8.01(b), for failing to provide the notice of the Event of Default required pursuant to Section 6.03, and Section 8.01(d), with respect to the inaccuracy of the representations set forth in Section 4.02(a) and (b), (the "March Swing Line Borrowing EODs"). For the avoidance of doubt, this waiver is effective as a waiver solely of the Share Reduction EODs, Share Transfer EODs and March Swing Line Borrowing EODs and does not constitute a waiver of any other Default or Event of Default.

3. Consent and Affirmative Covenant.

(a) Consent. Subject to the terms and conditions hereof, the Administrative Agent and the Lenders hereby consent to the issuance of further Equity Interests of DHUK by DHUK to Diodes Investment (the aggregate number of which Equity Interests shall be such as to enable the UK Share Charges to charge 35% and 65% of all Equity Interests of DHUK, respectively); provided that Diodes Investment shall pledge 100% of its Equity Interests in DHUK (including 35% thereof to support the Foreign Obligations);

(b) Affirmative Covenant. Not later than May 9, 2016 (unless extended by the Administrative Agent in its sole discretion), Diodes Investment shall provide the Administrative Agent with executed counterparts to any amendments or modifications to the UK Share Charges, and related authorizing resolutions, legal opinions and such other agreements, documents and certificates, and not later than May 13, 2016 (unless extended by the Administrative Agent in its sole discretion) filings, notarizations, recordations and searches as may be required under local law to ensure the continuing security interests in its assets (and the continuing perfection thereof) granted or purported to be granted pursuant to such Collateral Documents and all documentation necessary to effect the changes, transfers and other matters described in this subsection, and any pledges of assets, guaranties or other matters related thereto, shall be documented in a manner in form and substance satisfactory to the Administrative Agent in its sole discretion and shall be accompanied by such assurances, certificates, documents, consents and/or opinions as the Administrative Agent or the Lenders reasonably may require. For the avoidance of doubt, should any Loan Party fail to perform or observe any term, covenant or agreement, or fail to cause any Subsidiary of such Loan Party to perform or observe any term, covenant or agreement, contained in this Section 3, such failure shall constitute an Event of Default under Section 8.01(b) of the Credit Agreement.

4. Conditions to Effectiveness. This Agreement shall be effective upon satisfaction of each of the following conditions:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or electronic images in a portable document format (e.g. ".pdf" or ".tif") (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the date hereof (or, in the case of certificates of governmental officials, a recent date before the first date all the conditions precedent in this Section 4 are satisfied or waived in accordance with Section 11.01 of the Credit Agreement (the "Waiver Effective Date")) and each in form and substance reasonably satisfactory to the Administrative Agent and each of the Required Lenders:

(i) executed counterparts of this Agreement; and

(ii) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuer, the Swing Line Lender or the Lenders reasonably may require.

(b)The Borrowers shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of Section 9.03 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 4, the L/C Issuer and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Waiver Effective Date specifying its objection thereto.

5. Effect of the Waiver. Except as expressly provided herein, the Credit Agreement, the Collateral Agreement and the other Loan Documents shall remain unmodified and in full force and effect. Except as expressly set forth herein, this Agreement shall not be deemed (a) to be a waiver of, or consent to a modification of or amendment of, any other term or condition of the Credit Agreement, the Collateral Agreement or any other Loan Document, (b) to prejudice any other right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement, the Collateral Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or otherwise modified from time to time, (c) to be a commitment or any other undertaking or expression of any willingness to engage in any further discussion with the Borrowers or any other Person with respect to any waiver, amendment, modification or any other change to the Credit Agreement, the Collateral Agreement or the other Loan Documents or any rights or remedies arising in favor of the Lenders or the Administrative Agent, or any of them, under or with respect to any such documents or (d) to be a waiver of, or consent to a modification or amendment of, any other term or condition of any other agreement by and among any Loan Party, on the one hand, and the Administrative Agent or any other Lender, on the other hand. References in this Agreement to the Credit Agreement (and indirect references such as "hereunder", "hereby", "herein", and "hereof") and in any Loan Document to the Credit Agreement shall be deemed to be references to the Credit Agreement as modified hereby. References in this Agreement to the Collateral Agreement (and indirect references such as "thereunder", "thereby", "therein", and "thereof") and in any Loan Document to the Collateral Agreement shall be deemed to be references to the Collateral Agreement as modified hereby.

6. Representations and Warranties/No Default. By their execution hereof, each Loan Party hereby represents and warrants as follows:

(a)Such Loan Party has the right, power and authority and has taken all necessary corporate and other action to authorize the execution and delivery of, and the performance in accordance with their respective terms of the transactions consented to in, this Agreement and each other document executed in connection herewith to which it is a party.

(b) This Agreement and each other document executed in connection herewith has been duly executed and delivered by its duly authorized officers, and each such document constitutes the legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

(c) Each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents is true and correct as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01 of the Credit Agreement.

(d) After giving effect to the waivers set forth in Section 2, no Default or Event of Default has occurred or is continuing nor would any Default or Event of Default result after giving effect to this Agreement and the transactions contemplated hereby.

7. Reaffirmations. (a) Each Loan Party agrees that the transactions contemplated by this Agreement shall not limit or diminish the obligations of such Person under, or release such Person from any obligations under, the Credit Agreement (including the Guaranty), the Collateral Agreement and each other Loan Document to which it is a party, (b) each Loan Party confirms, ratifies and reaffirms its obligations under the Credit Agreement (including the Guaranty), the Collateral Agreement and each other Loan Document to which it is a party, and (c) each Loan Party agrees that the Credit Agreement (including the Guaranty), the Collateral Agreement and each other Loan Document to which it is a party remain in full force and effect and are hereby ratified and confirmed.

8. Confirmation as to Dutch Collateral Documents. Reference is made to (i) that certain share pledge dated 8 January 2013, among the Domestic Borrower as pledgor, Bank of America, N.A. as pledgee and the Foreign Borrower as company (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Dutch Share Pledge") and (ii) that certain omnibus pledge agreement dated 8 January 2013, between the Foreign Borrower as pledgor and Bank of America, N.A. as pledgee (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Dutch Omnibus Pledge Agreement", together with the Dutch Share Pledge, the "Dutch Collateral Documents"). Each party to the Dutch Collateral Documents hereby confirms that:

(a) the Credit Agreement (as amended by this Agreement), and the other Loan Documents will remain in full force and effect and any reference in the Loan Documents to the Credit Agreement or to any provision of the Credit Agreement will be construed as a reference to the Credit Agreement, or that provision, as amended by this Agreement;

(b) notwithstanding any amendments made to the Credit Agreement pursuant to this Agreement, the Dutch Collateral Documents and the security interests created thereunder will remain in full force and effect and will continue to secure all liabilities which are expressed to be secured by them and the rights of the Loan Parties under such security interest will not be affected by this Agreement;

(c) any amount owed by any Borrower under this Agreement and the Credit Agreement (as amended by this Agreement) is part of (i) the definition of Secured Obligations (as included/defined in the Dutch Collateral Documents) and (ii) each Loan Party's Parallel Debts (as included/defined in the Credit Agreement); and (d)the Dutch Collateral Documents shall also secure the relevant Secured Obligations included in the relevant Dutch Collateral Document as these may have been or may be varied, amended and restated, supplemented, increased or otherwise altered, under this Agreement.

9. Miscellaneous

(a)Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. Without limiting the general applicability of the foregoing and the terms of the other Loan Documents to this Agreement and the parties hereto, the terms of Section 11.14 and Section 11.15 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

(b)Loan Document. This Agreement shall constitute a "Loan Document" under and as defined in the Credit Agreement.

(c)Counterparts; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

(d)Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

(e)Entirety. This Agreement, the other Loan Documents and the other documents relating to the Obligations represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Loan Documents, any other documents relating to the Obligations, or the transactions contemplated herein and therein.

(f)Assignment. The parties hereby agree that Merrill Lynch, Pierce, Fenner & Smith Incorporated may, without notice to the Loan Parties, assign its rights and obligations under the Credit Agreement to any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement.

(g)Netherlands Law. If the Foreign Borrower is represented by an attorney in connection with the signing and/or execution of this Agreement or any other agreement, deed or document referred to in or made pursuant to this Agreement, it is hereby expressly acknowledged and accepted by the other parties to this Agreement that the existence or extent of the attorney's authority and the effects of the attorney's exercise or purported exercise of his or her authority shall be governed by the laws of the Netherlands.

[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

DOMESTIC BORROWER:

DIODES INCORPORATED

By:

Name:

Title:

FOREIGN BORROWER:

DIODES INTERNATIONAL B.V.

By:

Name:

Title:

By:

Name:

Title:

SUBSIDIARY GUARANTORS:

DIODES INVESTMENT COMPANY

By:

Name:

Title:

DIODES FABTECH INC.

By:

Name:

Title:

DIODES HOLDINGS UK LIMITED

By:

Name:

Title:

DIODES ZETEX LIMITED

By:

Name:

Title:

PERICOM SEMICONDUCTOR CORPORATION

By:

Name:

Title:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:

Name:

Title:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swing Line Lender

By:

Name:

Title:

COMPASS BANK,
as a Lender

By:

Name:

Title:

CITIBANK, N.A.,
as a Lender

By:

Name:

Title:

HSBC BANK USA, N.A.,
as a Lender

By:

Name:

Title:

REGIONS BANK,
as a Lender

By:

Name:

Title:

SILICON VALLEY BANK,
as a Lender

By:

Name:

Title:

CAPITAL ONE BANK,
as a Lender

By:

Name:

Title:

COMERICA BANK,
as a Lender

By:

Name:

Title:

MUFG UNION BANK, N.A.,
as a Lender

By:

Name:

Title:

WELLS FARGO BANK, N.A.,
as a Lender

By:

Name:

Title:

Exhibit 31.1

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Keh-Shew Lu**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2016

/s/ Keh-Shew Lu
Keh-Shew Lu
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Richard D. White**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2016

/s/ Richard D. White
Richard D. White
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended **March 31, 2016** of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2016

/s/ Keh-Shew Lu
Keh-Shew Lu
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended **March 31, 2016** of Diodes Incorporated (the “Company”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 5, 2016

/s/ Richard D. White
Richard D. White
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.