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

FORM 8-K

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

February 9, 2011
Date of Report (Date of earliest event reported)

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

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

15660 Dallas Parkway, Suite 850 **Dallas, Texas**	**75248**
(Address of principal executive offices)	(Zip Code)

(972) 385-2810
(Registrant's telephone number, including area code)

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

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

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

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

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

Item 1.01. Entry into a Material Definitive Agreement.

On February 9, 2011, Diodes Incorporated and Diodes Zetex Limited (collectively the "Borrowers") entered into a Third Amendment to Credit Agreement (the "Third Amendment") with Bank of America, N.A. (the "Lender").

The Third Amendment amended the definitions of "Current Liabilities" and "Fixed Charges" and added a definition of "Convertible Senior Notes" in that certain Credit Agreement dated as of November 25, 2009, as modified by that certain letter dated as of March 31, 2010, the First Amendment to Credit Agreement dated as of July 16, 2010 and the Second Amendment to Credit Agreement dated as of November 24, 2010 (collectively the "Original Credit Agreement"). All other terms of the Original Credit Agreement remain unchanged. A copy of the Third Amendment is attached as Exhibit 10.1.

Item 2.02 Results of Operations and Financial Condition.

On February 9, 2011, Diodes Incorporated (the "Company") issued a press release announcing its fiscal and fourth quarter 2010 financial results. A copy of the press release is attached as Exhibit 99.1.

On February 9, 2011, the Company hosted a conference call to discuss its fiscal and fourth quarter 2010 financial results. A recording of the conference call has been posted on its website at www.diodes.com. A copy of the script is attached as Exhibit 99.2.

During the conference call on February 9, 2011, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing and Laura Mehrl, Director of Investor Relations made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

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

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

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

SIGNATURES

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

Dated: February 15, 2011

DIODES INCORPORATED

By /s/ Richard D. White
RICHARD D. WHITE
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Third Amendment to Credit Agreement, dated February 9, 2011, among Diodes Incorporated, Diodes Zetex Limited and Bank of America, N.A.
99.1	Press release dated February 9, 2011
99.2	Conference call script dated February 9, 2011
99.3	Question and answer transcript dated February 9, 2011

Exhibit 10.1

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is made as of February 9, 2011 (the ***"Third Amendment to Credit Agreement,"*** or this ***"Amendment"***), among Diodes Incorporated, a Delaware corporation, and Diodes Zetex Limited, a United Kingdom corporation (collectively, "***Borrowers***"), and Bank of America, N.A. (***"Lender"***).

RECITALS

A. Borrowers and Lender are parties to that certain Credit Agreement dated as of November 25, 2009, as modified pursuant to the terms of that certain letter dated as of March 31, 2010 from Administrative Agent to Borrowers and as modified by a First Amendment to Credit Agreement dated as of July 16, 2010 and by a Second Amendment to Credit Agreement dated as of November 24, 2010 (the ***"Original Credit Agreement"***).

B. The parties desire to amend the Original Credit Agreement as hereinafter provided.

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

1. **Same Terms.** All terms used herein which are defined in the Original Credit Agreement shall have the same meanings when used herein, unless the context hereof otherwise requires or provides. In addition, all references in the Loan Documents to the "Agreement" shall mean the Original Credit Agreement, as amended by this Third Amendment to Credit Agreement, as the same shall hereafter be amended from time to time. In addition, the following term has the meaning set forth below:

   "Effective Date" means December 31, 2010.

2. **Amendments to Original Credit Agreement.** (a) As of the Effective Date, the definitions of "Current Liabilities" and "Fixed Charges" set forth in the Original Credit Agreement shall be amended as follows:

   "Current Liabilities" means current liabilities in accordance with GAAP, excluding the Convertible Senior Notes.

   "Fixed Charges" means, with respect to any Person, the sum of (a) the current portion of long term Indebtedness (excluding the Convertible Senior Notes), (b) the current portion of capitalized lease obligations, (c) interest expense on the Obligations and (d) lease expense.

   (b) As of the Effective Date, Section 1.01 of the Original Credit Agreement is hereby amended to add the following new definition thereto:

   "Convertible Senior Notes" means the 2.25% Convertible Senior Notes due 2026 issued by the Company in October of 2006.

3. **Certain Representations**. Each Borrower represents and warrants that, as of the Effective Date: (a) each Loan Party has full power and authority to execute this Amendment, and this Amendment executed by each Loan Party constitutes the legal, valid and binding obligation of such Loan Party enforceable in accordance with its terms, except as enforceability may be limited by general principles of equity and applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally; (b) each Security Document remains in full force and effect; and (c) no authorization, approval, consent or other action by, notice to, or filing with, any governmental authority or other person is required for the execution, delivery and performance by each Loan Party thereof except for the approvals, consents, and authorizations, which have been duly obtained, taken, given, or made and are in full force and effect. In addition, each Borrower represents that all representations and warranties contained in the Original Credit Agreement are true and correct in all material respects on and as of the Effective Date 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.

4. **Limitation on Agreements.** The modifications set forth herein are limited precisely as written and shall not be deemed (a) to be a consent under or a waiver of or an amendment to any other term or condition in the Original Credit Agreement or any of the Loan Documents, or (b) to prejudice any right or rights which Lender or Borrowers now have or may have in the

future under or in connection with the Original Credit Agreement and the Loan Documents, each as amended hereby, or any of the other documents referred to herein or therein. This Amendment shall constitute a Loan Document for all purposes.

5. **Counterparts.** This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which constitute one instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

6. **Incorporation of Certain Provisions by Reference.** The provisions of Section 9.13 of the Original Credit Agreement captioned "Governing Law; Jurisdiction; Etc." and the provisions of Section 9.14 of the Original Credit Agreement captioned "Dispute Resolution Provision" are incorporated herein by reference for all purposes.

7. **Entirety and Etc.** This Amendment and all of the other Loan Documents embody the entire agreement between the parties. THIS AMENDMENT AND ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the Effective Date.

BANK OF AMERICA, N.A.,
as Lender

By: /s/ Steven A. Mackenzie
Name: Steven A. Mackenzie
Title: Senior Vice President
Date: February 9, 2011

BORROWERS:

DIODES INCORPORATED

By: /s/ Richard D. White
Name: Richard D. White
Title: Chief Financial Officer
Date: February 9, 2011

DIODES ZETEX LIMITED

By: /s/ Richard D. White
Name: Richard D. White
Title: Director
Date: February 9, 2011

The terms of this Amendment are acknowledged and agreed to by Diodes Zetex Semiconductors Limited and the following Subsidiary Guarantors.

DIODES ZETEX SEMICONDUCTORS LIMITED

By: /s/ Richard D. White
Name: Richard D. White
Title: Director
Date: February 9, 2011

SUBSIDIARY GUARANTORS:

DIODES FABTECH INC.

By: /s/ Richard D. White
Name: Richard D. White
Title: Chief Financial Officer
Date: February 9, 2011

DIODES INVESTMENT COMPANY

By: /s/ Richard D. White
Name: Richard D. White
Title: Director
Date: February 9, 2011

Exhibit 99.1

Diodes Incorporated Reports Fiscal 2010 and Fourth Quarter Financial Results

Achieves Record Net Income, Gross Margin and Revenue for Year and Quarter

Dallas, Texas — February 9, 2011 — Diodes Incorporated (Nasdaq: DIOD), a leading global manufacturer and supplier of high-quality application specific standard products within the broad discrete, logic and analog semiconductor markets, today reported its financial results for the fiscal year and fourth quarter ended December 31, 2010.

Year 2010 Highlights

- Revenue increased to a record $612.9 million, an increase of 41.1 percent over the $434.4 million in 2009;
- Gross profit increased $103.7 million to a record $224.9 million, an increase of 85.6 percent compared to 2009;
- Gross margin increased 880 basis points to 36.7 percent;
- GAAP net income was a record $76.7 million, or $1.68 per diluted share, up from 2009 GAAP net income of $7.5 million, or $0.17 per diluted share;
- Non-GAAP adjusted net income was a record $82.9 million, or $1.82 per diluted share, up from 2009 adjusted net income of $24.1 million, or $0.55 per diluted share;
- Excluding $8.5 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by $0.19 per diluted share; and
- Achieved $118.0 million cash flow from operations, $28.9 million net cash flow and $29.2 million free cash flow.

Fourth Quarter Highlights

- Achieved seventh consecutive quarter of sequential revenue growth;
- Revenue was $163.8 million, an increase of 25.7 percent over the $130.3 million in the fourth quarter of 2009, and an increase of 0.4 percent over $163.1 million in the third quarter of 2010;
- Gross profit was $62.6 million, an increase of 49.8 percent over the $41.8 million in the fourth quarter of 2009, and an increase of 2.6 percent over the $61.0 million in the third quarter 2010;
- Gross margin was 38.3 percent, a 620 basis point increase over the 32.1 percent in the fourth quarter 2009, and a 90 basis point increase over the 37.4 percent in the third quarter 2010;
- Income before income taxes and non-controlling interest was $31.1 million, an increase of 172.8 percent over the $11.4 million in the fourth quarter 2009, and an increase of 13.5 percent over the $27.4 million in the third quarter of 2010;
- GAAP net income was $24.0 million, or $0.52 per diluted share, compared to fourth quarter of 2009 GAAP net income of $14.2 million, or $0.32 per diluted share, and third quarter of 2010 GAAP net income of $21.2 million, or $0.46 per diluted share;
- Non-GAAP adjusted net income was $25.3 million, or $0.55 per diluted share, compared to fourth quarter 2009 adjusted net income of $16.3 million, or $0.36 per diluted share, and third quarter of 2010 adjusted net income of $23.2 million, or $0.51 per diluted share;
- Excluding $2.1 million of share-based compensation expense, both GAAP and non-GAAP adjusted net income would have increased by $0.05 per diluted share; and

- Achieved $28.0 million cash flow from operations, $7.1 million net cash flow and $5.5 million free cash flow.

Commenting on the results, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, "I am pleased to once again report another solid quarter and year of profitable growth for Diodes. Our fourth quarter represents our seventh consecutive quarter of sequential revenue growth driven by the continued ramp-up of prior design wins and customer acceptance of our new product portfolio. We also generated record gross margin primarily due to the benefits of an improved product mix, our aggressive cost reductions, as well as efficiencies at our manufacturing facilities. While our model rate for gross margin continues to be in the 35 percent range, we always strive to improve our margin in support of our profitable growth strategy.

"For the year, revenue increased over 40 percent and was further highlighted by the achievement of our 20 th consecutive year of profitability. We continue to set new financial records, which highlight our successful execution on new product initiatives and design win traction combined with our exceptional operational and manufacturing performance. These accomplishments reflect the success of our profitable growth model, and we remain committed to achieving growth rates that exceed our addressable markets. This approach has consistently produced favorable results for Diodes and our shareholders, and we plan to continue to execute on this proven strategy."

Business Outlook

Dr. Lu concluded, "Our achievements in 2010 have generated strong momentum as we enter 2011. Our future growth will continue to be driven by consistent design win traction, new product initiatives and additional opportunities to capitalize on Zetex cross-selling synergies. Although typically a seasonally slower period, our current environment appears to be exhibiting stronger seasonal demand than in previous first quarters. We are increasing assembly/test equipment capacity in first quarter, but our manufacturing output is being affected by reduced equipment utilization caused by China labor shortages and fewer working days and the Chinese New Year in February. As such, we expect revenue for the first quarter of 2011 to be flat to down five percentage points compared to fourth quarter 2010. In addition to the impact on revenue, equipment utilization is also affecting our gross margin which we expect to be 36.5 percent, plus or minus one percentage point. Operating expenses are expected to be comparable to the fourth quarter level on a percent of revenue basis. We expect our income tax rate to range between 17 and 23 percent. Shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 46.3 million."

Fiscal 2010

For the fiscal year 2010, revenue increased to a record $612.9 million, an increase of 41.1 percent over $434.4 million in 2009. Gross profit increased $103.7 million to $224.9 million, or 36.7 percent of revenue, compared to $121.2 million, or 27.9 percent of revenue, in the prior year. GAAP net income was $76.7 million, or $1.68 per diluted share, compared to $7.5 million, or $0.17 per diluted share, in 2009.

Non-GAAP adjusted net income for 2010 was $82.9 million, or $1.82 per diluted share, which excluded, net of tax, $5.0 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes, $3.2 million of non-cash acquisition related intangible asset amortization costs and a $1.2 million gain on the sale of assets, compared to adjusted net income of $24.1 million, or $0.55 per diluted share, in the prior year. The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax (*in thousands, except per share data):*

		Twelve Months Ended December 31, 2010
GAAP net income	$	**76,733**
GAAP diluted earnings per share	$	**1.68**
Adjustments to reconcile net income to adjusted net income:		
Amortization of debt discount		**4,976**
Amortization of acquisition related intangible assets		**3,186**
Gain on sale of assets		**(1,176)**
Other		**(825)**
Non-GAAP adjusted net income	$	**82,894**
Non-GAAP adjusted diluted earnings per share	$	**1.82**

See tables below for further details of the reconciliation.

Included in fiscal 2010 GAAP and non-GAAP adjusted net income was approximately $8.5 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.19 per diluted share.

EBITDA, which represents earnings before net interest expense, income tax provision, depreciation and amortization, for fiscal 2010 was $156.4 million, compared to $66.9 million for fiscal 2009. For a reconciliation of GAAP net income to EBITDA, see table below.

For the year ended December 31, 2010, net cash provided by operating activities was $118.0 million; net cash provided by investing activities was $209.6 million; net cash used by financing activities was ($295.3) million; and free cash flow was $29.2 million.

Fourth Quarter 2010

Revenue for the fourth quarter of 2010 was $163.8 million, an increase of 25.7 percent over the $130.3 million in the same period last year and an increase of approximately 0.4 percent over the $163.1 million in the third quarter of 2010.

Gross profit for the fourth quarter of 2010 was $62.6 million, or 38.3 percent of revenue, compared to $41.8 million, or 32.1 percent, in the fourth quarter of 2009 and $61.0 million, or 37.4 percent of revenue, in the third quarter of 2010.

Fourth quarter of 2010 GAAP net income was $24.0 million, or $0.52 per diluted share, compared to GAAP net income of $14.2 million, or $0.32 per diluted share, in the fourth quarter of 2009 and GAAP net income of $21.2 million, or $0.46 per diluted share, in the third quarter of 2010.

Non-GAAP adjusted net income was $25.3 million, or $0.55 per diluted share, which excluded, net of tax, $1.5 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes, $0.9 million of income from forgiveness of debt and $0.8 million of non-cash acquisition related intangible asset amortization costs, compared to adjusted net income of $16.3 million, or $0.36 per diluted share, in the fourth quarter of 2009 and adjusted net income of $23.2 million, or $0.51 per diluted share, in the third quarter of 2010. The following is a summary reconciliation of GAAP net income to non-GAAP adjusted net income and per share data, net of tax (*in thousands, except per share data):*

	Three Months Ended December 31, 2010
GAAP net income	**$ 23,967**
GAAP diluted earnings per share	**$ 0.52**
Adjustments to reconcile net income to adjusted net income:	
Amortization of debt discount	**1,478**
Forgiveness of debt	**(915)**
Amortization of acquisition related intangible assets	**807**
Non-GAAP adjusted net income	**$ 25,337**
Non-GAAP adjusted diluted earnings per share	**$ 0.55**

See tables below for further details of the reconciliation.

Included in fourth quarter 2010 GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per diluted share.

EBITDA, which represents earnings before net interest expense, income tax provision, depreciation and amortization, for the fourth quarter of 2010 was $46.3 million, compared to $25.3 million for the fourth quarter of 2009 and $42.3 million for the third quarter of 2010. For a reconciliation of GAAP net income to EBITDA, see table below.

As of December 31, 2010, Diodes had approximately $271 million in cash and short-term investments. In the fourth quarter, the Company's Convertible Senior Notes, which are redeemable in October 2011, were categorized on the balance sheet as a current liability and amount to approximately $128 million.

Conference Call

Diodes will host a conference call on Wednesday, February 9, 2011 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its fiscal 2010 and fourth quarter financial results. Investors and analysts may join the conference call by dialing 1-866-783-2145 and providing the confirmation code 56623296. International callers may join the teleconference by dialing 1-857-350-1604. A telephone replay of the call will be made available approximately two hours after the call and will remain available until February 14, 2010 at midnight Central Time. The replay number is 1-888-286-8010 with a pass code of 66811489. International callers should dial 1-617-801-6888 and enter the same pass code at the prompt. Additionally, this conference call will be broadcast live over the Internet and can be accessed by all interested parties on the Investors section of Diodes' website at http://www.diodes.com. To listen to the live call, please go to the Investors section of Diodes' website and click on the conference call link at least fifteen minutes prior to the start of the call to register, download and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on Diodes' website for approximately 60 days.

About Diodes Incorporated

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

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements regarding our expectation that: while our model rate for gross margin continues to be in the 35 percent range, we always strive to improve our margin in support of our profitable growth strategy; we continue to set new financial records, which highlight our successful execution on new product initiatives and design win traction combined with our exceptional operational and manufacturing performance; we remain committed to achieving growth rates that exceed our addressable markets; this approach has consistently produced favorable results for Diodes and our shareholders, and we plan to continue to execute on this proven strategy; our achievements in 2010 have generated strong momentum as we enter 2011; our future growth will continue to be driven by consistent design win traction, new product initiatives and additional opportunities to capitalize on Zetex cross-selling synergies; although typically a seasonally slower period, our current environment appears to be exhibiting stronger seasonal demand than in previous first quarters; we are increasing assembly/test equipment capacity in first quarter, but our manufacturing output is being affected by reduced equipment utilization caused by China labor shortages and fewer working days and the Chinese New Year in February; we expect revenue for the first quarter of 2011 to be flat to down five percentage points compared to fourth quarter 2010; equipment utilization is also affecting our gross margin which we expect to be 36.5 percent, plus or minus one percentage point; operating expenses are expected to be comparable to the fourth quarter level on a percent of revenue basis; we expect our income tax rate to range between 17 and 23 percent; and shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 46.3 million. Potential risks and uncertainties include, but are not limited to, such factors as: *we* may *not be able to maintain our current growth strategy or continue to maintain our current performance, costs and loadings in our manufacturing facilities; risks of domestic and foreign operations, including excessive operation costs, labor shortages and our joint venture prospects; unfavorable currency exchange rates; our future guidance may be incorrect; the global economic weakness may be more severe or last longer than we currently anticipated; and other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission* .

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

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

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Twelve Months Ended December 31, 2010	Twelve Months Ended December 31, 2009
NET SALES	$163,767	$130,287	$612,886	$ 434,357
COST OF GOODS SOLD	101,124	88,518	388,017	313,150
Gross profit	62,643	41,769	224,869	121,207
OPERATING EXPENSES				
Selling, general and administrative	23,105	20,021	88,784	70,396
Research and development	6,180	6,813	26,584	23,757
Amortization of acquisition related intangible assets	1,121	1,185	4,425	4,665
Impairment of long-lived assets	—	—	144	—
Restructuring	—	—	—	(440)
Total operating expenses	30,406	28,019	119,937	98,378
Income from operations	32,237	13,750	104,932	22,829
OTHER INCOME (EXPENSES)				
Interest income	255	964	2,842	4,871
Interest expense	(913)	(1,762)	(5,229)	(7,471)
Amortization of debt discount	(1,943)	(1,831)	(7,656)	(8,302)
Other	1,465	297	3,214	(777)
Total other income (expenses)	(1,136)	(2,332)	(6,829)	(11,679)
Income before income taxes and noncontrolling interest	31,101	11,418	98,103	11,150
INCOME TAX PROVISION (BENEFIT)	6,134	(3,622)	17,839	1,302
NET INCOME	24,967	15,040	80,264	9,848
Less: NET INCOME attributable to noncontrolling interest	(1,000)	(828)	(3,531)	(2,335)
NET INCOME attributable to common stockholders	$ 23,967	$ 14,212	$ 76,733	$ 7,513
EARNINGS PER SHARE attributable to common stockholders				
Basic	$ 0.54	$ 0.33	$ 1.74	$ 0.18
Diluted	$ 0.52	$ 0.32	$ 1.68	$ 0.17
Number of shares used in computation				
Basic	44,485	43,652	44,146	42,237
Diluted	45,867	45,053	45,546	43,449

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

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

For the fiscal year ended December 31, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				$ 76,733
Earnings per share (GAAP)				
Diluted				$ 1.68
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	4,425		(1,239)	3,186
Gain on sale of assets	(1,837)		661	(1,176)
Impairment of long-lived assets		144	(55)	89
Amortization of debt discount		7,655	(2,679)	4,976
Forgiveness of debt		(1,076)	161	(915)
Adjusted (Non-GAAP)				$ 82,894
Diluted shares used in computing earnings per share				45,546
Adjusted earnings per share (Non-GAAP)				
Diluted				$ 1.82

Note: Included in GAAP and non-GAAP adjusted net income was approximately $8.5 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted earnings per share (“EPS”) would have increased by an additional $0.19 per share.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME — Cont.
(in thousands, except per share data)
(unaudited)

For the fiscal year ended December 31, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				$ **7,513**
Earnings per share (GAAP)				
Diluted				$ **0.17**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	4,665	—	(1,308)	**3,357**
Restructuring costs	(440)	—	(86)	**(526)**
Gain on extinguishment of debt	—	(1,164)	454	**(710)**
Forgivenss of debt	—	(1,437)	180	**(1,257)**
Taxes on repatriation of foreign earnings	—	—	10,631	**10,631**
Amortization of debt discount	—	8,302	(3,238)	**5,064**
Adjusted (Non-GAAP)				$ **24,072**
Diluted shares used in computing earnings per share				**43,449**
Adjusted earnings per share (Non-GAAP)				
Diluted				$ **0.55**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $7.0 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.16 per share.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME — Cont.
(in thousands, except per share data)
(unaudited)

For the three months ended December 31, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
GAAP				$ 23,967
Earnings per share (GAAP)				
Diluted				$ 0.52
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,121	—	(314)	807
Amortization of debt discount	—	1,943	(465)	1,478
Forgiveness of debt	—	(1,076)	161	(915)
Adjusted (Non-GAAP)				$ 25,337
Diluted shares used in computing earnings per share				45,867
Adjusted earnings per share (Non-GAAP)				
Diluted				$ 0.55

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

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME — Cont.
(in thousands, except per share data)
(unaudited)

For the three months ended December 31, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Benefit	Net Income
GAAP				**$ 14,212**
Earnings per share (GAAP)				
Diluted				**$ 0.32**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,185	—	(332)	**853**
Forgiveness of debt	—	64	(8)	**56**
Loss on extinguishment of debt	—	28	(11)	**17**
Amortization of debt discount	—	1,831	(714)	**1,117**
Adjusted (Non-GAAP)				**$ 16,255**
Diluted shares used in computing earnings per share				**45,053**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.36**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $2.2 million, net of tax, non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

ADJUSTED NET INCOME

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

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

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

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

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

Restructuring costs — The Company recorded various restructuring charges to reduce its cost structure in order to enhance operating effectiveness and improve profitability. These restructuring activities impacted various functional areas of the Company's operations in several locations and were undertaken to meet specific business objectives in light of the facts and circumstances at the time of each restructuring event. These restructuring charges are excluded from management's assessment of the Company's operating performance. The Company believes the exclusion of the restructuring charges provides investors an enhanced view of the cost structure of the Company's operations and facilitates comparisons with the results of other periods that may not reflect such charges or may reflect different levels of such charges.

Loss (gain) on extinguishment of debt — The Company excluded the loss (gain) from extinguishment of debt from the repurchase of its Notes. The loss (gain) was excluded from management's assessment of the Company's core operating performance. The Company believes the exclusion of the loss (gain) on extinguishment of debt provides investors an enhanced view of a loss (gain) the Company may incur from time to time and facilitates comparisons with results of other periods that may not reflect such losses (gains).

Forgiveness of debt — The Company excluded the forgiveness of debt related to one of its Asia subsidiaries. This forgiveness of debt is excluded from management's assessment of our operating performance. The Company believes the exclusion of the forgiveness of debt provides investors an enhanced view of the adjustment the Company may incur from time to time and facilitates comparisons with the results of other periods that may not reflect such charges.

Taxes on repatriation of foreign earnings — The Company excluded the non-cash income tax expense related to the repatriation of foreign earnings. During the first quarter of 2009, the Company repatriated approximately $28.5 million of accumulated earnings from one of its Chinese subsidiaries, resulting in additional non-cash federal and state income tax expense. The Company intends to permanently reinvest overseas all of its remaining earnings from its foreign subsidiaries. The Company believes the exclusion of the non-cash income tax expense related to the repatriation of foreign earnings provides investors an enhanced view of a one-time occurrence and facilitates comparisons with results of other periods that do not reflect such a non-cash income tax expense.

ADJUSTED EARNINGS PER SHARE

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

FREE CASH FLOW (FCF)

FCF of $29.2 million and $5.5 million for fiscal year 2010 and the fourth quarter of 2010, respectively, is a non-GAAP financial measure, which is calculated by subtracting capital expenditures from cash flow from operations. FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME TO EBITDA

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

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

	Three Months Ended December 31,	
	2010	**2009**
Net income (GAAP)	$ 23,967	$ 14,212
Plus:		
Interest expense, net (1)	2,601	2,629
Income tax provision (benefit)	6,134	(3,622)
Depreciation and amortization	14,036	12,093
EBITDA (Non-GAAP)	$ 46,738	$ 25,312

	Twelve Months Ended December 31,	
	2010	**2009**
Net income (GAAP)	$ 76,733	$ 7,513
Plus:		
Interest expense, net (2)	10,043	10,902
Income tax provision	17,839	1,302
Depreciation and amortization	51,796	47,172
EBITDA (Non-GAAP)	$156,411	$66,889

(1) Includes $2.0 million and $1.8 million for the three months ended December 31, 2010 and 2009, respectively, of amortization of debt discount.

(2) Includes $7.7 million and $8.3 million for the twelve months ended December 31, 2010 and 2009, respectively, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	December 31, 2010	December 31, 2009
CURRENT ASSETS		
Cash and cash equivalents	$ 270,901	$ 241,953
Short-term investment securities	—	296,600
Accounts receivable, net	129,207	102,989
Inventories	120,689	89,652
Deferred income taxes, current	8,276	7,834
Prepaid expenses and other	11,679	11,591
Total current assets	540,752	750,619
DEFFERRED INCOME TAXES, non current	1,574	—
PROPERTY, PLANT AND EQUIPMENT, net	200,745	162,988
OTHER ASSETS		
Goodwill	68,949	68,075
Intangible assets, net	28,770	34,892
Other	5,760	5,324
Total assets	$ 846,550	$1,021,898

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY

(in thousands, except share data)

	December 31, 2010	December 31, 2009
CURRENT LIABILITIES		
Lines of credit and short-term debt	$ —	$ 299,414
Accounts payable	70,057	62,448
Accrued liabilities	36,937	31,151
Income tax payable	15,412	2,641
Convertible senior notes	128,261	—
Current portion of long-term debt	418	373
Current portion of capital lease obligations	280	283
Total current liabilities	251,365	396,310
LONG-TERM DEBT, net of current portion		
Convertible senior notes	—	121,333
Long-term borrowings	3,393	3,464
CAPITAL LEASE OBLIGATIONS, net of current portion	1,380	1,669
DEFERRED INCOME TAXES, non-current	—	7,743
OTHER LONG-TERM LIABILITIES	37,520	40,455
Total liabilities	293,658	570,974
COMMITMENTS AND CONTINGENCIES	—	—
EQUITY		
Diodes Incorporated stockholders' equity		
Preferred stock — par value $1.00 per share; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock — par value $0.66 2/3 per share; 70,000,000 shares authorized; 44,662,796 and 43,729,304 issued and outstanding at December 31, 2010 and December 31, 2009, respectively	29,775	29,153
Additional paid-in capital	231,842	211,618
Retained earnings	324,907	248,174
Accumulated other comprehensive loss	(45,080)	(48,311)
Total Diodes Incorporated stockholders' equity	541,444	440,634
Noncontrolling interest	11,448	10,290
Total equity	552,892	450,924
Total liabilities and equity	$ 846,550	$1,021,898

Exhibit 99.2

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

Operator:

Good afternoon and welcome to Diodes Incorporated's fourth quarter and fiscal 2010 financial results conference call. At this time, all participants are in a listen only mode. At the conclusion of today's conference call, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference call, please press the star followed by the zero on your touchtone phone.

As a reminder, this conference call is being recorded today, Wednesday, February 9, 2011. I would now like to turn the call to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' fourth quarter and fiscal 2010 earnings conference call. I'm Leanne Sievers, executive vice president of Shelton Group, Diodes' investor relations firm.

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

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

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

In addition, any projections as to the Company's future performance represent management's estimates as of **today, February 9, 2011.** Diodes assumes no obligation to update these projections in the future as market conditions may or may not change.

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

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

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

Dr. Keh-Shew Lu, President and CEO

Thank you, Leanne.

Welcome everyone, and thank you for joining us today.

I am pleased to once again report another solid quarter and year of profitable growth for Diodes. We continued to experience strong demand for our products across all of our worldwide markets, driven by the continued ramp-up of previous design wins and customer acceptance of our new product portfolio. In 2010, we achieved record results which underscores the successful execution of our profitable growth model as we emerged from the 2009 downturn as a stronger company. This accomplishment was further highlighted by our seventh consecutive quarter of sequential revenue growth and our 20th consecutive year of profitability.

The diversity of our end markets and geographic exposure provides us the flexibility to shift our focus to the product areas or regions where we can maximize our growth and profits. For example, even though notebooks may be experiencing slower growth in the U.S., we also participate in the fast growing tablet market where we are achieving significant growth and market penetration. Additionally, while industry estimates indicate that the U.S. consumer and computing markets may be slowing, these end markets are experiencing higher growth rates in Asia, which is a region where we have over 70 percent of our revenues. Likewise, during the middle to late part of 2010 we were able to focus on the European and North American markets to take advantage of the relative strength in these regions, which contributed to our past revenue growth. I believe it is this flexibility and the diversity of our business model that has allowed us to achieve better than market growth rates and richer product mix. This strategy has been consistently successful for Diodes and our shareholders, and we plan to continue to execute on this strategy for years to come.

In regards to the fourth quarter, we generated record gross margin of 38.3 percent primarily due to the benefits of an improved product mix, our aggressive cost reductions, as well as efficiencies at our manufacturing facilities. As I have stated in the past, our model rate continues to be in the 35 percent range, but we always strive to improve our gross margins in support of our profitable growth strategy. We will always seek ways to gain more profit dollars when and where we can without sacrificing revenue growth.

Our accomplishments in 2010 have established a strong foundation for continued growth momentum into 2011. We remain positive on our outlook due to our strong design win traction, highly successful new product initiatives and additional opportunities to capitalize on Zetex cross-selling synergies. Although typically a seasonally slower period, our current environment appears to be exhibiting stronger seasonal demand than in previous first quarters. We are increasing assembly/test equipment capacity in the first quarter, but our manufacturing output is being affected by reduced equipment utilization caused by China labor shortages and fewer working days and the Chinese New Year in February. As such, we are guiding revenue for the first quarter of 2011 to be flat to down five percentage points with fourth quarter 2010.

In closing, I would like to emphasize that our record results and consistent execution reflect Diodes' continued commitment to achieve growth rates that exceed our addressable markets. Our future growth will be driven by securing greater market share in key-end equipment, launching additional products in new markets and leveraging our broadened product portfolio to maintain a high level of design wins, including an increasing contribution from our newly released standard logic products.

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

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

As Dr. Lu mentioned, **Revenue** for 2010 was a record $612.9 million, a 41.1 percent increase over the $434.4 million in 2009. For the fourth quarter, revenue was $163.8 million, an increase of 25.7 percent over the $130.3 million in the fourth quarter of 2009 and a moderate sequential increase over the $163.1 million in the third quarter of 2010.

Gross profit for 2010 was a record $225 million, increasing $104 million or 86 percent from 2009. Gross margin increased 880 basis points over 2009 to 36.7 percent, primarily due to benefits from our cost reduction initiatives, high operational performance and utilization at our wafer fabs, record output at our packaging facilities and favorable product mix related to our new product initiatives. For the fourth quarter, gross profit was $62.6 million, or 38.3 percent of revenue, compared to $41.8 million, or 32.1 percent of revenue, in the fourth quarter of 2009 and $61.0 million, or 37.4 percent of revenue, in the third quarter of 2010. Gross margin was above our model rate of 35 percent due to our factories running at maximum production and efficiency, as well as continued improvements in product mix. Packaging capacity from our China facilities increased 3 percent sequentially in the fourth quarter to 6.3 billion units. We expect equipment capacity to increase approximately 4 percent in the first quarter, but total output will be down approximately 9 percent due to reduced equipment utilization because of the recent China labor shortages in the coastal region coupled with fewer working days and the Chinese New Year Holiday in February.

Total **operating expenses** for the fourth quarter were $30.4 million, or 18.6 percent of revenue, an improvement from the 19.1 percent of revenue last quarter and in line with our expectations of a 50 to 100 basis point sequential decline.

Looking specifically at **Selling, General and Administrative** expenses for the fourth quarter, SG&A was approximately $23.1 million, or 14.1 percent of revenue, which is in line with $22.8 million, or 14.0 percent, last quarter.

Investment in Research and Development for the fourth quarter was $6.2 million, or 3.8 percent of revenue, compared to $7.2 million, or 4.4 percent of revenue, in the third quarter.

Total Other Expense amounted to $1.1 million for the fourth quarter.

Looking at interest income and expense, we had approximately $260,000 of interest income and approximately $900,000 of interest expense primarily related to our Convertible Senior Notes.

During the fourth quarter of 2010, we recorded approximately $1.9 million of non-cash, amortization of debt discount related to the U.S. GAAP requirement to separately account for a liability and equity component of our Convertible Senior Notes. Also included in Total Other Expense was approximately $1.0 million of income from forgiveness of debt from one of our Asia subsidiaries.

Income Before Income Taxes and Noncontrolling Interest in the fourth quarter amounted to $31.1 million, compared to income of $11.4 million in the fourth quarter of 2009 and income of $27.4 million in the third quarter of 2010.

Turning to **income taxes**, our effective income tax rate in the fourth quarter was 19.7 percent, which was at the low end of our revised guidance range of 20 to 24 percent.

GAAP net income for the full year of 2010 was $76.7 million, or $1.68 per diluted share, compared to $0.17 per diluted share last year, and as Dr. Lu mentioned represented our 20th consecutive year of profitability. Non-GAAP adjusted net income for the year was $1.82 per diluted share. For the fourth quarter, GAAP net income was $24.0 million, or $0.52 per diluted share, compared to fourth quarter of 2009 net income of $14.2 million, or $0.32 per diluted share, and third quarter of 2010 net income of $21.2 million, or $0.46 per diluted share. The share count used to compute GAAP diluted earnings per share for the fourth quarter was 45.9 million shares.

Fourth quarter **Non-GAAP adjusted net income** was $25.3 million, or $0.55 per diluted share, which excluded, net of tax, $1.5 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes, $0.9 million of income from forgiveness of debt and $0.8 million of non-cash acquisition related intangible asset amortization costs. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in fourth quarter GAAP and non-GAAP adjusted net income was approximately $2.1 million, net of tax, of non-cash share-based compensation expense. Excluding this expense, both GAAP and non-GAAP adjusted diluted EPS would have increased by an additional $0.05 per share.

Cash flow from operations for the fourth quarter was $28.0 million, net cash flow was $7.1 million and free cash flow was $5.5 million. For the year, cash flow from operations was $118.0 million; net cash flow was $28.9 million and free cash flow was $29.2 million.

Turning to the **balance sheet**, at the end of the fourth quarter, we had $271 million in cash. Our working capital at quarter-end was approximately $289 million. In the fourth quarter, our Convertible Senior Notes, which are redeemable in October 2011, were categorized on our balance sheet as a current liability and amount to approximately $128 million.

At the end of the fourth quarter, inventory was approximately $121 million, an increase of $8.0 million from the third quarter. This increase was due to a $2.0 million increase in Raw Materials, $4.0 million increase in Work in Process and a $2 million increase in Finished Goods. Inventory days were 104, compared to 95 days in the third quarter of 2010.

Accounts receivable was approximately $129 million and A/R days were 69.

Capital expenditures were $14.4 million during the fourth quarter, or 8.8 percent of revenue, compared to 15.2 percent of revenue in the third quarter. For the full year 2010, CapEx totaled $86.6 million, or 14.1 percent of revenue, which was above our model level of 12 percent due to reduced CapEx in 2009. Our investments in capacity expansion at our packaging facilities allowed us to achieve record output during the year, while also further supporting our growth in 2011. We expect CapEx for 2011 to be back to our targeted range of 10 to 12 percent of revenue.

Depreciation and amortization expense for the fourth quarter was $14.0 million.

Turning to our Outlook...

In terms of first quarter guidance, we are increasing assembly/test equipment capacity in first quarter, but our manufacturing output is being affected by reduced equipment utilization caused by China labor shortages and fewer working days and the Chinese New Year Holiday in February. As such, we expect revenue for the first quarter of 2011 to be flat to down five percentage points compared to fourth quarter 2010. In addition to the impact on revenue, equipment utilization is also affecting our gross margin which we expect to be 36.5 percent, plus or minus one percentage point. Gross margin will also be influenced by our China wage increases and start-up costs associated with our new Chengdu assembly facility. Operating expenses are expected to be comparable to the fourth quarter levels on a percent of revenue basis. We expect our income tax rate to range between 17 and 23 percent. Shares used to calculate GAAP EPS for the first quarter are anticipated to be approximately 46.3 million.

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

Mark King, Senior VP of Sales and Marketing

Thank you, Rick, and good afternoon.

As Dr. Lu was mentioning, our record results in 2010 demonstrate the scalability and sustainability of our profitable growth model. Both Diodes and Zetex-branded products reached record levels during the year as we continued to gain traction on both design wins and new product releases. From an industry perspective, we believe the market has normalized and returned to typical seasonal trends with a healthy environment and long-term outlook. Overall, we feel very positive about Diodes' position in the market and our opportunities for continued growth in 2011.

In terms of end market breakout, consumer represented 32 percent of revenue, computing 28 percent, industrial 20 percent, communications 17 percent, and automotive 3 percent.

Asia represented 73 percent of total revenue. Sales increased 2 percent sequentially led by strength in consumer portables, smartphones and tablets with notebook, notebook adapters and power supply relatively flat. Similar to last quarter, LCD/LED TV and panels decreased slightly during the quarter. Channel inventory rose to a traditional 3 months

In **North America**, fourth quarter sales represented 13 percent of total revenue. Sales decreased 27 percent sequentially, as compared to a huge Q3 where distributors took advantage of Diodes ability to ship, while competitors struggled to deliver products. As a result, distributor POP declined 33 percent from the third quarter, but Q3 and Q4 together averaged 22 percent higher than Q2. Distributor inventory is healthy and decreased in the fourth quarter. OEM sales declined at seasonal levels. For 2010, the North American region increased 86 percent year-over-year and distributor POS increased 73 percent and is positioned for continued growth in 2011.

To support internal wafer demand, we continued to reduce external foundry wafer sales, which decreased another 76 percent quarter-over-quarter and were down $7.5 million for the year. We have reached our goal to internalize our wafer production, and wafer revenue will not be material going forward.

Sales in **Europe** accounted for 14 percent of total revenue and increased 27 percent sequentially despite typical seasonality. Sales were driven by a 25 percent increase at industrial customers, 22 percent in automotive and a 17 percent increase with consumer customers. Distributor POS continued to gain traction and distributor inventory reached 3 months. Demand in the channel remains stable going into the first quarter.

Now turning to **new products** — It was a very active quarter for new product releases across all products lines.

During the quarter, we released 55 new **discrete** products across 8 product families. There were 3 key product release related to our MOSFET products. This includes the expansion of Diodes' IntelliFET® portfolio with the introduction of two single channel and one dual channel device. These self protected MOSFETs are well suited for automotive and industrial applications and ideal for switching inductive loads, such as motors, relays and lamps at low frequencies. Secondly, the Company's proprietary DIOFETTM process that integrates a power MOSFET and Schottky diode into a single die has been strengthened with the introduction of two devices targeting DC/DC conversion circuits in notebooks. And thirdly, Diodes introduced four MOSFETs packaged in the DFN1006, which deliver higher performance in a low profile package and are ideal for small consumer portables like smartphones, tablets as well as media players.

Also within our discrete side, we released 3 bipolar transistor devices targeting backlighting applications within the LED TV market, as well as 2 high performance devices: one a dedicated gate driver intended for the power supply market, and the other for automotive HID lighting applications.

In terms of **analog** new product introductions, we released 74 new devices across 8 product families, including the expansion of our LED backlight drivers. During the quarter, we introduced a multi-topology LED driver designed to increase the performance of high brightness automotive, industrial and commercial lighting systems. The ZXLD1374 LED driver is an integrated 60V power MOSFET switch that drives maximum LED current of 1.5A. This driver is capable of delivering the high current levels and tight inter-lamp luminance-matching required by high brightness LED systems.

We also introduced the AL8400 linear LED driver controller, which is designed to tightly regulate LED current via an external transistor across a wide variation of high brightness LEDs. This device has a very low current sensing voltage, which reduces operating voltage overhead and increases efficiency compared with traditional solutions.

We also continued to make progress on further expanding our logic product line, including the introduction of new versions of our CMOS logic families in DFN packages. These low power logic devices draw less than 1µA of supply current, making them ideal for use in battery powered products, including smartphones, tablets, notebooks, consumer portables and other high volume key end equipment. There continues to be a high level of interest from major customers for our single-gate products as well as our future product roadmap.

In terms of **global design wins**, we had another very strong quarter for design win activity across a broad range of product lines and end equipments. We saw three of our products, an SBR®, Schottky diode, and voltage regulator, adopted into power chargers for a major high volume manufacturer of MP3 players and tablet PCs. These devices combined high power efficiency with a very small form factor and reduced height, advantages that are highly valued in consumer charger applications.

In consumer products, we saw design wins for our Hall Sensor devices into 3 different notebook PC platforms, further increasing our share of notebook open/close sensor sockets. We had very healthy growth in our USB power switch adoption across a variety of computing products, including wins in notebooks, notebook gateways, docking stations, and optical disk drives. In addition, we also saw our USB power switches pushing further into the consumer products space with wins in set-top box and LED TV applications.

In the industrial space, we saw further gains from our line of cost-competitive LED drivers with three new wins for MR16 applications, including one multimillion unit per year opportunity. Our DIODESTARTM products also continued to achieve strong design-win momentum with industrial and telecom equipment wins that allowed us to expand our customer reach to new accounts.

In summary, I believe that Diodes remains well positioned for continued growth and will further benefit from the disciplined execution of our profitable growth strategy. This approach has allowed us to consistently grow faster than our addressable markets as we capitalize on driving revenue growth, benefiting from our operational efficiencies and further improving our product mix. Our continued success on new product initiatives and high level of design win activity will be key growth drivers in 2011 and beyond. We are leveraging our broadened product portfolio to gain more share at customers by expanding our content within the same end-equipment. We enter 2011 with momentum across all business segments, and we look forward to reporting our future successes as we achieve new milestones in our business.

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

Upon Completion of the Q&A...

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

Exhibit 99.3

DIODES 4Q10 EARNINGS CALL
QUESTION AND ANSWER

Operator

Your first question is from the line of Ramesh Misra from Brigantine Advisors.

Ramesh Misra - ***Brigantine Advisors — Analyst***

My first question was related to your logic product ramp. When does that become a meaningful product portion of your revenues? And if you can provide some degree of the acceleration through 2011? That would be great.

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

We are pretty consistent on the path that we have been talking about. We are starting to see reasonable revenues from that or measurable revenues from that in the second half of 2011.

The design activity is quite brisk, but the adoption takes a little bit of time. Most of this will be done in new design wins and new sockets. It takes awhile for those to get into production. But we feel pretty comfortable we are making good progress toward that goal.

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

When you start from zero business, even you double every quarter, it still takes a long time to be significant to our revenue. But I believe, when you say you say 2015? I think he is.

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

Second half of 2011.

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

Second half 2011, it really won't be a major effect to our revenue growth.

Ramesh Misra - ***Brigantine Advisors — Analyst***

Okay. Got it. In regards to the pricing environment, what are you seeing out there? Both at the end of Q4, and what are you seeing fanning out for Q1 and if you are getting any greater visibility then?

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

The price still fairly stable. You have seasonable slow-down and the price erosion, but typically is offset by our cost reduction. You see we still get very high on our gross margin.

And in fourth quarter, move forward to 1Q. We don't really see a major ASP degradation. We still see a normal season pattern, okay? And then you always try to offset by cost reduction. So we don't see any special difference from the past.

Ramesh Misra *- Brigantine Advisors — Analyst*

Got it. In regards to the labor shortages, Dr. Lu, this is actually the first time I think you have ever brought this up.

Are there any abnormal drivers for that? Or was it — is it mostly related to the, to the New Year holidays? And do you expect the labor issues to be resolved by Q2?

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

Okay, number one, to answer you, the problem should be resolved by Q2, yes. But the reason they are unusual than before, is China just announced this fifth so-called five-year plan. China's government always, every five years, they have this so-called five-year plan. They just announced the 12th, five-year plan.

And this five-year plan start to put a lot of emphasis in the inland economic or inland situation than the cost. So China want to push the development in the inland faster than the cost, such that their economics is much balanced than before.

And in the before, China put a lot of emphasis in the cost, such that the cost begins to go way up and then cause this inflation and this inflation caused a lot of embarrass between the richer and poorer.

So the government tried to stabilize the situation, and tried to push the development in the inland of China and therefore, you know, you get more emphasis, more money, developed in the inland area.

And that cause the labor, instead of go to coast, to take a job. The labors start to go back and don't come back. Okay?

In addition to that is the weather and the transportation problem. People go home for Chinese New Year sooner than before. And that is what happened to us. So all those things caused the labor shortage. But we are addressing that and we believe in the second quarter — actually, we start hiring more people. But don't forget, it take us six, eight week of training before they can be productive.

Ramesh Misra *- Brigantine Advisors — Analyst*

Right. Just very quickly, I guess all this kind of pushes you towards your ramping up your Chengdu facility.

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

You are right.

Ramesh Misra *- Brigantine Advisors — Analyst*

When does Chengdu ramp up? What's the time line for production to become meaningful at Chengdu?

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

We, from the long term, we just need to buy the land from the government, build the building, and then start to go to the — go to ramp up the production.

But temporarily, what we do is we lease a facility and that facility we just finish the layout and then we are going to start to install the equipment and then start to ramp.

But it will be not a high volume, until we have our own — then purchased, build our own building. So I'm looking at, for the long-term biggest growth, will be probably one year to 18 months. But we are ramping up our leased facility to get people trained, to get engineering, the crew did.

So we do have so-called initial production, and supposed to be equipment to come in after Chinese New Years. So there is total equipment now, and probably one quarter from today, we can start to do some limited production.

Ramesh Misra - ***Brigantine Advisors — Analyst***

Okay, thanks very much. And congratulations.

Operator

Your next question is from the line of Steve Smigie with Raymond James.

Steve Smigie - ***Raymond James — Analyst***

Great, thank you. And congratulations on the nice result, the nice guidance.

Something to talk a little bit about CapEx strategy for this year. You guys accelerated the capital spending last year and I think that resulted in some pretty significant share gains.

Sounds like you are going back to your more normal CapEx plans. How does that fit in with continuing to capture market share? Could you maybe reaccelerate it later or is this going to be plenty of capital added, at this point?

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

If you look at our CHEI in the past, eight to ten years, we are running with our CHEIs, about 20- something percent. 23%, 25%. If we want to keep in that kind of rate — we 10% to 12% would be okay. Okay?

And the reason, last year we spend 14% is we actually underspending in 2009 and in 2010 we grow 41%. That — to support that 41%, you really need to increase and that's what happens.

But move forward. I think we will be keeping to our business model, which is 14%.

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

12%.

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

No, 12% . 10% to 12%. Now, we would start to consider Chengdu and see how aggressively we want to grow up Chengdu. Okay? And that, if we grow up like our regular, then 10% to 12% can cover that. But at the beginning, we might need a little bit higher to cover the Chengdu start.

Steve Smigie - ***Raymond James — Analyst***

Okay, great. And then I guess, just similarly, you guys have done a couple of very successful acquisitions, Zetex and — actually, more than a couple. Several successful acquisitions really ramped up your growth. Gives you some good cross-selling opportunities. Been a little while since the last major one.

Does it make sense to start looking at another one here?

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

Yes, it always makes sense to do the M&A. The only problem is, in several pockets, I want to buy them — they think my offer is too low. If I can get to some kind of agreement, we will have some M&A activity.

But at this moment, I do not have the one I can talking about yet. Always my responsibility and is always in my consideration and always watch out for that opportunity.

Steve Smigie - ***Raymond James — Analyst***

Okay. Last question is just with regard to gross margin. Sounds like you are getting some of the labor issues fixed up. I know your models are only 35% right now.

Seems like maybe pricing is a little bit more favorable than usual. As we start to look back at June, is it likely — as it gets into June, September, that that gross margin trends more back toward that 38%? Or is that going to be too aggressive?

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

Well, it would probably be too aggressive. You know, our strategy always, if I can grow, then I choose to grow, instead of limit the growth and that is why I improved the gross margin.

What I really looking is in GPM dollar. I think you know that. That really as long as give me the base of GPM dollar, I don't care it coming from revenue or coming from GPM percent.

The reason we take the opportunity is due to, we do not have enough equipment capacity, even we grow — we put 14% of CapEx in there, we still kind of capacity limited, equipment capacity limited.

And because of that, you take the opportunity, since you cannot produce more units, then you might take opportunity by changing the product mix and get GPM percent higher to get more GPM dollars.

Now, if I get the capacity, install it fast enough such that I can get in the market share and revenue instead of just growth rates and GPM percent. So our strategy always GPM dollar is what I'm focus on.

Steve Smigie - ***Raymond James — Analyst***

Right.

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

So when you play with the model, you can either play in revenue, but really target GPM dollar.

Steve Smigie - ***Raymond James — Analyst***

Right. Makes sense. Okay, thank you.

Operator

Your next question is from the line of John Vinh with Collins Stewart.

John Vinh - ***Collins Stewart — Analyst***

Thanks for taking my question. Just a follow-up question on the shortages. Obviously in your prepared commentaries you talked about demand being better than seasonal.

Obviously your CapEx capacity continues to expand in Q1. If you didn't have the shortages, sounds like revenues could have been up in Q1.

Is there any way you guys could quantify what the demand trends look like in Q1 in terms of either backlog or backlog coverage?

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

I don't know if we suppose we can do that or not. The two guys here, they are shaking heads. I cannot really talking about that. So probably we cannot talk about it.

But our market is better than traditional, because, typically, in our 1Q, you should be down 5% to 10% and I think your model, John, you show that too, right?

And even today, we show 0% to minus 5%. We still better than the seasonal down. But it's a lot of — some of the reason was really due to market manpower shortage.

John Vinh - ***Collins Stewart — Analyst***

I got it. Then my follow-up is, obviously on the labor shortage. I mean, this time of year, you guys typically see quite a bit of turnover in China.

Does your Chengdu facility give you some advantages in terms of a — do you think you get a lower turnover rate in Chengdu versus Shanghai? And also on wages, can you give us a sense — is there a wage differential? Do you get a cost benefit from shifting a little bit more capacity to Chengdu versus Shanghai?

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

I'm glad to answer that. Before I forget, don't forget our fourth quarter, when typically is 0% to 5% down, our fourth quarter is actually flat. So that is why we believe our — we continue gaining the market share. Okay? So that just finish what I'm talking about.

Talking about Chengdu, sure, Chengdu — the labor costs going to be always lower than Shanghai area. Because where our facilities is in Shanghai and Shanghai is most expensive from labor costs point of view.

So Chengdu going to be reduced, our costs. And from stability point of view, yes, again, Chengdu is a big inland city and they control a lot of working around Sichuan province and to working in there.

Chengdu going to be much easier to recruit the people than the Shanghai. Because, Shanghai, most labor you are counting on the labor coming from inland, working in the Shanghai area. So if they don't come back, or they stay in their hometown, then we in trouble.

John Vinh - ***Collins Stewart — Analyst***

Great. Thank you. And my last question is, Mark, you talked a lot about this call on a new LED driver products. Can you clarify? I think you mentioned TVs.

Do you guys have a product that supports the LED drivers for TVs? You have design wins at this point in time?

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

Are you talking about LED, TV?

John Vinh - ***Collins Stewart — Analyst***

Yes.

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

We have some drivers in small panel, okay? Nothing in large panel. And so, we focused in small panel, presently, in general illumination LED drivers and we released our first AC DC recently. I can't frankly remember if that was in December or in January. So, our 9910. We continue to expand and we consider that a very exciting opportunity for us, and a true growth driver going forward. So we're moving in a lot of different directions, in that product space.

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

Actually, this is two different strategy. For the larger TV, that is really backlighting strategy and for the one AC to DC, that is more in general a lighting driver strategy. They are completely different product family. Product strategy. John Vinh — Collins Stewart — Analyst: Great. Thank you.

Operator

Your next question is from the line of Shawn Harrison with Longbow Research.

Shawn Harrison - ***Longbow Research — Analyst***

Good evening, everyone, and congratulations.

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

Thank you, Shawn.

Shawn Harrison - ***Longbow Research — Analyst***

First question, just wanted to follow up more on the cost side of the capacity expansion in Chengdu. As you start to, I guess, do some of the initial production potentially in the June quarter and the back half of the year, is there going to be a step up in cost ahead of revenues that maybe we should model some margin degradation as you bring that facility online?

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

Don't forget, that facility start with very small quantities. So I think it — probably don't need to.

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

I think we have some in our startup costs in the first quarter.

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

In the first quarter we do, because we are putting the facility together, we're hiring people, finance people, planning people. We have hired some direct labor operators for training. So we are going to have expenses at least in the first quarter that aren't covered by any revenue.

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

And then other than that, the GPM should not be really affect that much.

Shawn Harrison - ***Longbow Research — Analyst***

Got you. In the first quarter, is it half a million dollars? Is it less than that? Just trying to get an idea.

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

It was probably in that neighborhood.

Shawn Harrison - ***Longbow Research — Analyst***

Okay. The second question I have is on North America, with, I guess, the adjustment that took place in the fourth quarter, particularly it sounds like in distribution.

Do you think everything is normalized now going into 2011? Or is there any chance of further normalization here during the first quarter?

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

Yes, I think we are in pretty good shape. As I mentioned the inventory is pretty healthy. Actually it went through last year very, very clean. They just kind of got ahead of themselves a little bit in the third quarter.

And actually, we wanted that to happen, because we wanted it to be our stock in place instead of other people's stock in place, when they started canceling orders.

So we got our stock in there, and we are — it's allowed us to maintain our POS run rate. And I think we are well positioned to grow our POS from our position today in first quarter and beyond.

I think we are in pretty good shape. I think the POP is still a little choppy, on the Distys. They don't really know. They do have a good inventory position across all their lines.

They're trying to decide whether they are going to be flat or they're going to be down 5% in the first quarter or if they're going to be up 20% for the year.

So I think that there is still a little — there is still a little hesitancy to reach out with great POP orders. But I think our inventory in first quarter will go down in the channel. But I think, all in all, it should just level into a good position.

Shawn Harrison - ***Longbow Research — Analyst***

I guess the other side of that may be Europe, where you saw very strong in demand. Is that continuing into the March quarter? And also it looks like in the fourth quarter you did see a little bit of inventory build. But seems like the end markets in Europe are still very much your friend.

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

Yes, the inventory build in Europe was very late, okay? And the market is going on — probably the strongest of all the markets we deal with.

So we were really a little bit surprised by the POP, by the strength of the POP, in December. Because European distributors have a tendency to turn off around the 10th and they were aggressively trying to get product in. And first quarter looks pretty solid so far, with POS. So I think that market is holding up better than we actually expected it going into the year.

Shawn Harrison - ***Longbow Research — Analyst***

Okay. Thank you very much.

Operator

Your next question is from the line of Gary Mobley with Benchmark.

Gary Mobley - ***The Benchmark Company — Analyst***

Hi, guys. I have a question for Rick to start out with. The R&D in the quarter was low, compared to your recent run rate. And I'm assuming it's going to stay low in the first quarter.

So I'm just hoping you can provide a better understanding, of what's going on there, on the R&D front?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Yes. In R&D, it was basically a compensation reserve adjustment that we made between the third and fourth quarter.

So we made some accruals in the third quarter, and we ultimately didn't spend that much money in the fourth quarter.

So we — the difference was about that amount. But you won't see that going forward, because those are — we'll get back to the more normal 2011 status.

Gary Mobley - ***The Benchmark Company — Analyst***

Normal, in the first quarter you mean?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Yes. Normal means basically accruing. And not reversing accruals.

Gary Mobley - ***The Benchmark Company — Analyst***

Got you. Okay. And with the debt being redeemable in October, you'll exit the year with what? Roughly $275 million in net cash? Should we think about all of that being available for acquisition? Or how much do you need for working capital requirements? And, as well, how much is offshore?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Well, we don't break down where the money is. I will say, that it's not all in the US, and we'll need to have some money in the US, to pay off those convertible notes. But we've brought money back in the past, and we'll do it again if we need to.

We will have to have some money for working capital. We're investing in Chengdu and we're going to continue to invest in CapEx and grow the output capacity. So you can say we need maybe $100 million, somewhere around that, for working capital to work with. And, other, on top of that, the rest of it is available, assuming that Keh-Shew doesn't do some M&A activity with it.

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

You have asked me how much money that available for M&A. You can take that $270 million, and minus $130 million for the convertible bond, and then say $100 million for working capital. Then we don't have that much money there for M&A. So if I look at some sizable M&A, then I may need to do something.

Gary Mobley - ***The Benchmark Company — Analyst***

Okay. I know you won't give me — won't be able to give me a precise number on this question. But for the 190 basis points sequential decline in gross margin for the first quarter, how much of that is attributable to lower fixed-cost coverage?

How much is attributable to chasing lower margin revenue? And then, how much is attributable to pay increase?

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

Okay. Number one, we cannot really break down that clearly. But number one, we do not have anything tracing for the lower margin, okay?

Like I say, we do not even have enough people to get the revenue we want to. We will not produce any product which produce much lower margins. So we — I don't have anything contribute into the lower margin product revenue.

Gary Mobley - ***The Benchmark Company — Analyst***

Okay.

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

And if you can look at it, our utilization actually went down to about almost 90%. Utilization, equipment utilization went —

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

No, 13%. Because we're —

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

13%, yes.

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

In the past it went up 4%.

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

I'll put down 9%. Utilization go to 13%.

And those kind of utilization, when you go down 13%, you are going to hurt quite a bit, right? And another thing for us, 2% GPM, you are only talking about $3 million, $4 million, okay?

So that is why the GPM percent changes so much is because our revenue base is not big, so when you go down just $3 million, $4 million, you affect 2%.

Gary Mobley - ***The Benchmark Company — Analyst***

All right, great. Thanks guys.

Operator

Your next question is from the line of Harsh Kumar with Morgan Keegan.

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

Hey, Dr. Lu and Mark. Congratulations. Very good guidance in the quarter. Maybe, Mark, you can help me on this. Usually March is always a tough, interesting quarter. I'm curious about your color, as you see your markets for the four or five different end markets that you are in.

Which you think will be strong, which you think will be weak, which you think will be normal or abnormal?

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

That's a big — every quarter is a challenge. (Laughter)March is no exception to anything.

Actually, again I think I mentioned in my speech, that we just kind of see a healthy business environment. I think we look — we are seeing in improvements in areas, going into the year, that have been soft for a period of time. We are starting to see some good action on LED, and LCD TVs coming out of Asia. I think there is some improvement there. I think some notebooks look strong.

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

Notebooks actually run into some problems, because Intel have put a stop, because they are — you know their issue on that, okay? But fortunately, it is a type of the — it's one offset and is not affect by Intel's stop shipment. Oh, no — not stop shipment, Intel's problem.

So therefore, if you put the notebook and the tablets together, for us, actually, like you say, it's up.

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

So consumer portables look pretty solid, as well as Smartphone. I think the automotive environment is quite healthy in European market and I think the industrial market continues to move forward.

So I think that when you come through the periods that have gone through, that we've gone through over the last couple of years, to be looking around the corner in the first quarter, and see a positive outlook and a healthy environment, I think is good enough for me.

I'm not so worried about the first quarter. I kind of worry about the next three quarters after the first quarter. We're kind of already there.

So I just think it's generally a healthy environment. We generally, in the long run, don't take — if the market grows, in mid to low single digits, then generally, we can perform pretty well as a company.

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

I guess, yes — no, that's really helpful, Mark. Maybe I can rephrase the question a little bit differently.

Are there any areas you think will be up sequentially in the March quarter? And what would those be?

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

I'd say the consumer portables and tablets.

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

Yes.

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

That's pretty healthy. And then a competitive-type question. A couple of the other companies have talked about issues in the industrial market, basically talking a lot of inventory. I'm not suggesting that you have that issue.

Your revenues were down slightly. Have you seen that issue? And if so, just maybe talk about it— inventory in the industrial markets specifically as you see it for Diodes?

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

In the industrial areas, I'm not seeing a great inventory problem. In the power supply market and the areas we play in, adapters and so forth, we are starting to see reasonably good demand.

Maybe it matches the end equipment that we play in, from the consumer portables area and so forth. So I can't quote to that issue.

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

Got it, very helpful. Thanks, guys, and congratulations.

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

Thank you.

Operator

Your next question is from the line of Vijay Rakesh with Stern Agee.

Vijay Rakesh - ***Stern, Agee & Leach — Analyst***

I was just looking at the — you mentioned 2011 was a pretty healthy environment. But when you look at this year, what do you think would be your key drivers? Where do you see growing upside among your markets? And also on the M&A side, what it is you are looking to fill on your portfolio? Where do you see some areas that are lacking there?

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

Well, when you are talking about our upside, you are talking about 1Q?

Vijay Rakesh - ***Stern, Agee & Leach — Analyst***

No, for the year. For the year.

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

Oh, for the year? I think we, actually, we are going to grow in almost everywhere. Okay? Our MOSFET has come out very, very strong. Our transistor and our analog so I cannot really tell you one area, because we are, in the 2010, we have been gaining market share everywhere. We grow 41%. Obviously we gain the market share. We just don't see anything that would slow us down, because by look at our design win activity, by look at our new products, we believe we will have another gaining market share year.

I don't really just in one area. We are able to take advantage of our product portfolio, our region, and move around the products such that whenever the area give us best GPM dollar, we move. Okay?

Vijay Rakesh - ***Stern, Agee & Leach — Analyst***

Okay.

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

What is your next — other question?

Vijay Rakesh - ***Stern, Agee & Leach — Analyst***

On the M&A side, what portfolio are you looking to fill? Already see you need to fill some products.

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

When I look at M&A, I have different regions, different opportunities. So I don't have anything, say, I'm going to buy something because I need to get into this product area. In the past I always say depend on where the opportunity. Then I look at what kind of synergy they can give to us. And as long as the synergy is good, and we can acquire this right away or within the twelve months and give me the good addition in something, then we will do it. So I happily say my M&A's target at which area of the product family, I don't have that in my mind.

Vijay Rakesh - ***Stern, Agee & Leach — Analyst***

And lastly, just a housekeeping question, the tax rate, is it still 20% for the year?

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

Yes, I think we give the taxes —

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Yes, 17% to 23% in the first quarter.

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

And for the year, about the same?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Approximately the same. We don't give guidance on the year. But you can look at 2010. It was about 20%.

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

Right.

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

Okay. Great. Thanks a lot, guys.

Operator

Your next question is from the line of Brian Piccioni with BMO Capital Markets.

Brian Piccioni - ***BMO Capital Markets — Analyst***

Of course, congratulations on a very strong year and a great outlook. Of course, most of my questions have already been asked and answered.

In prior calls, we talked about your efforts to reduce costs through things like replacement of gold bonding with copper bonding and package reduction, size reductions, and stuff like that.

Now we are talking about labor cost savings by shifting around. I was wondering if there were any other things that you were targeting to sort of sustain your ability to maintain good profit margins despite fairly significant pricing pressures in the market.

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

Well, number one, the goal convert to copper, copper wire conversion, gold is the highest cost today we have seen in our manufacturing. So we are not there yet.

We still have a long way to continue reduce our gold cost. Our gold wire cost. So we going to continue our cost reduction effort in the gold wire elimination and convert to copper wire.

Then another area we are doing cost reduction is by when we grow up the revenue, our wafer usage will continue increase. And so we will have — if this support from internally, then we'll continue able to reduce our wafer cost, because the volume or because the usage.

But at the same time now we are in a much better position to negotiate to get a low cost price of the wafer from our factory business.

Therefore, we just continue our effort of cost reduction, and I don't see anything will be slow down or say slow it down. We are no longer able to do any cost reduction. That's not the case.

We continue going to be able to knock that cost down, and to offset that labor cost at the same time, to offset ASP.

Another way we can reduce ASP effect — infection — actually impact is by changing the product mix aggressively, driving the new product. And you can see in the 2010, we have so many new product coming out, and obviously, the new product will give us a better GPM. And then to depress or reduce the effect by ASP reduction. So come on with a new product.

Come on with the wafer cost reduction, gold wire reduction. And we have so many things going on to reduce the cost the offset the ASP degradation and offset the labor shortage or labor cost increase.

Brian Piccioni - ***BMO Capital Markets — Analyst***

In other words, you are not running at a runway here. You can see clear to keeping ahead of that curve then. That's great.

Now, you had a question earlier about cash usage and everything else. I'll just come out and ask directly. Has there been a decision made with respect to how you deal with the convertible debt? Whether you simply pay it off? Or refinance it?

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

No decision made yet. Because it is still eight, nine months away from us. We just, number one, we get our money ready. So we do have our money ready so if we need to pay off, we pay it off. That is not an issue to us anymore. So just look at if I have an M&A target coming up, I need to do something to raise more money, then we'll do it. But if no target coming up, we have enough cash to pay for the convertible bond.

Brian Piccioni - ***BMO Capital Markets — Analyst***

Great. Okay. That's my questions. Thank you very much.

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

Thank you.

Operator

Your next question is from the line of Suji De Silva with Thinkequity.

Suji De Silva - ***Thinkequity — Analyst***

First of all, can you remind us what the 2Q seasonality is and if the constraints in the first quarter, as they come off, provide a tail wind for the second quarter?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Second quarter seasonality. How does that compare to where we are in the first quarter?

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

I think we are now — we believe now we back to the normal cycles — semiconduct cycles.

I think you just look at how, historically, second quarter versus first quarter in the semiconductor cycle, then you can look at the estimation over there.

Suji De Silva - ***Thinkequity — Analyst***

Okay. In line with semi's typical seasonal events. What's your target inventory level versus accrual level here? Just curious where you like to keep inventory for Diodes?

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

Am I back on?

Suji De Silva - ***Thinkequity — Analyst***

I'm sorry? Can you hear me?

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

Somebody is speaking in the background.

Suji De Silva - ***Thinkequity — Analyst***

Oh, sorry about that. Can you tell me where your target inventory levels are typically, versus where you are?

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

Yes, we are somewhere in the 90 to 100 days. If you look at where we've been historically, that's about where we are now.

Suji De Silva - ***Thinkequity — Analyst***

Okay.

Richard White - ***Diodes, Inc. — CFO, Secretary and Treasurer***

And we built up inventory for certain people. And if we increase our assembly test capacity, we have to increase raw materials and whip, so it will continue to go up, as we continue to grow.

Suji De Silva - ***Thinkequity — Analyst***

Okay. And then last question, it sounds like to a prior question you said ASPs are relatively stable. Do you still expect them to decline year-over- year, on a 3% to 7% basis, or do you expect them to stay stable going forward?

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

I think we are going to have some ASP declines. We are going to have some pricing pressure. I don't think it's been clear — clarified yet what those are going to be. But pricing pressure is something that we — I have been here for 20 years and we go through the same pricing pressure pretty much.

There are some periods that are a little stronger than others. But in our product lines there's always going to be pricing pressure.

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

Yes. All we need to do is put the pressure on the cost reduction and hoping the cost reduction can offset the ASP degradation and perhaps changing the product mix by doing the new quarter. We kind of know how to doing it, we just need to continue our effort to doing the same thing.

Suji De Silva - ***Thinkequity — Analyst***

Great, thanks guys.

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

Okay.

Operator

Next question here is from the line of Steven Chin with UBS.

Steven Chin - ***UBS — Analyst***

Great, thank you for squeezing me in here at the end. I want to ask about capacity, first or in general for the industry.

Just given some of the supply tightness at your competitors late last year and also given that, I think, in general, supply is still tight for a number of different types of products, what is your expectation for overall industry supply growth this year for both Discrete as well as Analog products that you play in currently?

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

I would say on the Analog side and the products we played last year, we didn't see a significant amount of shortage. We thought it was a really more normalized cycle in the commodity standard linear product area.

From a Discrete side, we think the shortage has eased off in Q4 based on most of our competitors and most of the industry being down in that period.

But we do see some shortage opportunities going into this year. And I think that it's possible that Discrete packaging stays relatively tight through the first half of the year.

Maybe a little bit of room in Q1 and I think maybe getting a little tighter. And I think in Q3, there is a possibility that it could be relatively tight again. Especially in certain product lines.

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

Especially you don't really see that many people putting the capacity for the commodity product or for the standard product.

Everybody putting the capacity for the newer more complicated device. So when you go to Discrete or even standard Analog, you just don't see that many people putting the CapEx in the packaging area that aggressively.

We probably the only few other companies aggressively putting capacity, 14% CapEx to address this market.

Steven Chin - *UBS — Analyst*

Okay. Got it. And then the other question I had was just in terms of products that you sell into either both the handset market, as well as into consumer portables, can you talk about any opportunities for increased product content in the semiconductor dollar content from the portfolio? Or maybe the ability to upsell higher margin products into some of those pockets that may be drivers for those two target areas this year?

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

I don't think I can get too specific. But I can tell you that our content is growing for our products and those product areas are growing every day. We have had a lot of expansion in our MOSFET product lines that are specifically targeted in those areas.

A lot of stuff in our bipolar arena, some — it is very consistent with our miniaturization strategy and so forth.

I think that you can look at all of our key end equipment that we're continuing try to add content in order to expand. That is a key part of our goal to sell more products to the same customers.

Steven Chin - *UBS — Analyst*

And, Mark, just a follow-up there, is it more Discrete content specifically or is it a combination Discrete and Analog content?

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

I think it's a content of both and then throw in logic. Single-gate logic solves all problems in design. So we think the positioning of our logic product is very much in line with what we are trying to accomplish in those end equipments with our Discrete and our Analog thing. Clearly, we can move much faster in Discrete, because the design time for a new product is much shorter. But there's still opportunities for both.

Steven Chin - *UBS — Analyst*

Okay. If I could squeeze one more in, just one last question on industrial market and perhaps Europe specifically.

In terms of the drivers of the industrial business, any thoughts as to how much longer that healthy demand will continue? And what's underpinning it? I know it's very broad-based. Is there potential for any positives?

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

I think that's hard for me to say. The one thing I can say is that our product addressing that marketplace continues to grow every day. We are getting more and more products that were — that we're going to make available to that marketplace with our SBR product line, as well as our DIODESTAR product line and our MOSFET product line.

A lot of the new product that we're coming out with are very, very focused into those particular marketplace. We have got a lot of new solar parts in both — in our SBR line and so on. I think maybe the industrial market's not as good as we say it is, but we just have more product to sell to it.

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

Especially after the Zetex acquisition. We are gaining to the industrial and automotive application, by expand Zetex product. It is really a good opportunity for us.

Steven Chin - ***UBS — Analyst***

Okay. Perfect. Thanks. And congratulations on solid results again.

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

Thank you.

Operator

Ladies and gentlemen, that is all the time we have for questions today. This concludes this portion of the call.

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

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

Operator

Once again, ladies and gentlemen, thank you for your participation today. You may now disconnect your lines and everyone have a great day.