

DIODES INC /DEL/
Form DEF 14A
April 12, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

DIODES INCORPORATED

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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DIODES INCORPORATED

Notice of Annual Meeting of Stockholders

To Be Held May 22, 2012

Notice is hereby given that the annual meeting (the Meeting) of the stockholders of Diodes Incorporated (the Company) will be held at the Company's executive offices, located at 4949 Hedgecoxe Road, Suite 200, Plano, Texas 75024, on Tuesday, May 22, 2012, at 10:00 a.m. (Central Time) for the following purposes:

1. **Election of Directors.** To elect seven persons to the Board of Directors of the Company, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board of Directors' nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Raymond Soong, John M. Stich and Michael K.C. Tsai.
2. **Executive Compensation.** To approve the Company's executive compensation.
3. **Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the year ending December 31, 2012.
4. **Other Business.** To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Only persons who were stockholders of record at the close of business on March 30, 2012 are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

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

We have elected to provide access to our proxy materials by notifying you of the availability of our proxy statement and our fiscal 2011 Annual Report to Stockholders over the Internet at www.proxyvote.com. Stockholders may also obtain a printed copy of the proxy materials free of charge by following the instructions provided in the Notice of Internet Availability of Proxy Materials that will be mailed to stockholders on or about April 12, 2012 or in the enclosed proxy statement.

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

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

Dated at Plano, Texas, this 12th day of April, 2012.

By Order of the Board of Directors,

DIODES INCORPORATED

Richard D. White,

Secretary

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Diodes Incorporated

4949 Hedgcoxe Road, Suite 200

Plano, Texas 75024

(972) 987-3900

PROXY STATEMENT

ANNUAL MEETING: MAY 22, 2012

GENERAL INFORMATION

This proxy statement (**Proxy Statement**) is furnished in connection with the solicitation of proxies by the Board of Directors (the **Board**) of Diodes Incorporated (the **Company**) for use at the annual meeting (the **Meeting**) of the stockholders of the Company to be held on Tuesday, May 22, 2012, at the Company's executive offices, located at 4949 Hedgcoxe Road, Suite 200, Plano, Texas 75024, at 10:00 a.m. (Central Time), and at any adjournment or postponement thereof. Only stockholders at the close of business on March 30, 2012 (the **Record Date**) are entitled to notice of and to vote, in person or by proxy, at the Meeting or any adjournment or postponement thereof.

Matters to be Considered at the Meeting:

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

- 1. Election of Directors.** To elect seven persons to the Board, each to serve until the next annual meeting of stockholders and until their respective successors have been elected and qualified. The Board's nominees are: C.H. Chen, Michael R. Giordano, L.P. Hsu, Keh-Shew Lu, Raymond Soong, John M. Stich and Michael K.C. Tsai.
- 2. Executive Compensation.** To approve the Company's executive compensation.
- 3. Ratification of Appointment of Independent Registered Public Accounting Firm.** To ratify the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for the year ending December 31, 2012.
- 4. Other Business.** To transact such other business as properly may come before the Meeting or any adjournment or postponement thereof.

Voting Recommendations of the Board

Our Board recommends that you vote your shares **FOR** each of the nominees to the Board, **FOR** the approval of executive compensation, and **FOR** the ratification of the appointment of Moss Adams LLP.

Important Changes to Voting Shares Held in Street Name

There have been important changes in how your shares held in street name by a brokerage firm may be voted in the election of directors or on executive compensation. Previously, if you were the beneficial owner of shares held in street name by a brokerage firm, bank, broker-dealer, or other similar organization, and you failed to instruct the organization as to how to vote such shares, the organization could, in its discretion, vote such shares in the election of directors or on executive compensation. Brokerage firms who are members of the New York Stock Exchange are no longer allowed to vote your shares held in street name in the election of directors or on executive compensation, if you fail to instruct the organization how to vote such shares. Therefore, it is very important that you provide instructions on how to vote any shares beneficially owned by you in street name.

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Internet Access to Proxy Materials

Under rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials over the Internet at www.proxyvote.com. Stockholders will not receive printed copies of the proxy materials unless they request them.

On or about April 12, 2012, a Notice of Internet Availability of Proxy Materials (the Notice) was sent to our stockholders of record and beneficial owners.

The Notice provides you with instructions regarding how to:

View our proxy materials for the Meeting on the Internet;

Request a printed copy of the proxy materials; and

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

The proxy materials include:

Notice of Annual Meeting of Stockholders;

This Proxy Statement; and

The 2011 Annual Report to Stockholders, which includes our audited consolidated financial statements. If you request printed copies of the proxy materials by mail, these materials will also include a proxy card.

How to Vote

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

If you are a stockholder of record, you may attend the Meeting and vote in person. You will be provided with a ballot at the Meeting.

If you do not wish to attend the Meeting and vote in person, you may vote by proxy. There are three ways to vote by proxy. You may vote by telephone by calling (800) 690-6903 and following the instructions provided. You may vote over the Internet at www.proxyvote.com by following the instructions provided. If you request and receive a printed copy of the proxy materials by mail, you can vote by mail by signing and dating the enclosed proxy card and either mailing it in the postage-paid envelope provided to the address stated on the proxy card or transmitting it by facsimile to the Inspector of Elections at 972-731-3510.

Telephone and Internet voting facilities for stockholders will be available 24 hours a day and will close at 11:59 p.m. (Eastern Time) on May 21, 2012. If a proxy is properly submitted and is not revoked, the proxy will be voted at the Meeting in accordance with the stockholder's instructions indicated on the proxy. If no instructions are indicated on the proxy, the proxy will be voted FOR the election of the Board's nominees, FOR the

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approval of executive compensation, FOR ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012, and in accordance with the recommendations of the Board as to any other matter that may properly be brought before the Meeting or any adjournment or postponement thereof.

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

Even if you plan to attend the Meeting, we recommend that you also submit your proxy or voting instructions so that your vote will be counted if you later decide not to attend the Meeting.

How to Change or Revoke Your Vote

You may change your vote at any time before the vote at the Meeting. If you are a stockholder of record, you may change your vote by voting again by proxy over the Internet or telephone on a later date (only your last Internet or telephone proxy will be counted), or by filing a written revocation, or a duly executed proxy card bearing a later date, with the Company's Secretary at the Meeting or at our offices located at 4949 Hedgcoxe Road, Suite 200, Plano, Texas 75024 prior to the vote at the Meeting. You may also change your vote by attending the Meeting and voting in person. Attending the Meeting in person will not automatically revoke a previously granted proxy unless you vote again at the Meeting or file a written revocation with the Company's Secretary at or before the Meeting.

If you are a beneficial owner of shares held in street name, you may change your vote by submitting new voting instructions to the brokerage firm, bank, broker-dealer or other organization holding your shares by following the instructions they provided or, if you obtained a proxy in your favor from that organization, by attending the Meeting and voting in person.

Voting Rights

The authorized capital of the Company consists of (i) 70,000,000 shares of common stock, par value \$0.66-2/3 per share (Common Stock), of which 45,501,984 shares were issued and outstanding on the Record Date and (ii) 1,000,000 shares of Preferred Stock, par value \$1.00 per share (Preferred Stock), none of which were issued and outstanding on the Record Date. The Common Stock and the Preferred Stock are collectively referred to as the Stock.

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

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

In the election of directors, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected. Passage of the proposal to approve executive compensation requires that the number of votes FOR approval of executive compensation must exceed the number of votes AGAINST approval. Each proposal described in this Proxy Statement, other than the election of directors and the approval of the Company's executive compensation, requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal at the Meeting. Abstentions and broker non-votes will have no effect with respect to the election of directors or the approval of the Company's executive compensation. With respect to all other proposals submitted to the stockholders, abstentions will be included in the number of votes present and entitled to vote on that proposal and, accordingly, will have the effect of a vote AGAINST the proposal. However, broker non-votes with respect to any other such proposal submitted to the stockholders will not be counted as shares present and entitled to vote on that proposal and, accordingly, will not have any effect with respect to the approval of that proposal (other than to reduce the number of affirmative votes required to approve the proposal). The vote with respect to executive compensation is not binding on the Company, the Board or the Compensation Committee. However, the Board and the Compensation Committee will review the results of this vote and take it into consideration when making future decisions regarding executive

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compensation.

Of the shares of Common Stock outstanding on the Record Date, 8,365,778 (or approximately 18.4%) were held in the name of Lite-On Semiconductor Corporation. See Security Ownership of Certain Beneficial Owners and Management and Corporate Governance Certain Relationships and Related Transactions, for additional information about Lite-On Semiconductor Corporation and its subsidiaries and affiliates (LSC). On the Record Date, an additional 1,529,233 shares (or approximately 3.4%) were owned by directors and executive officers of the Company. LSC and each of the directors and executive officers have informed the Company that they will vote FOR the election of the nominees to the Board identified herein, FOR the approval of executive compensation, and FOR ratification of the appointment of Moss Adams LLP as the Company s independent registered public accounting firm.

Organizations holding Common Stock in street name who are members of a stock exchange are required by the rules of the exchange to transmit the proxy materials to the beneficial owner of the Common Stock and to solicit voting instructions with respect to the matters submitted to the stockholders. If the organization has not received instructions from the beneficial owner by the date specified in the statement accompanying such proxy materials, the organization may give or authorize the giving of a proxy to vote the Common Stock in its discretion as to some matters, but not as to certain other proposals, without specific instructions from the beneficial owner. When an organization is unable to vote a client s shares on a proposal, the missing votes are referred to as broker non-votes. If you hold Common Stock in street name and you fail to instruct the organization that holds your shares as to how to vote such shares, that organization may, in its discretion, vote such Common Stock

FOR ratification of the appointment of Moss Adams LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2012, but not with respect to the election of the nominees to the Board or with respect to the approval of the Company s executive compensation.

Cost of Proxy Solicitation

This proxy solicitation is made by the Board, and the Company will bear the costs of this solicitation, including the expense of preparing, assembling, printing and mailing this Proxy Statement and any other material used in this proxy solicitation. If it should appear desirable to do so to ensure adequate representation at the Meeting, officers and regular employees may communicate with stockholders of record, beneficial owners, banks, brokerage houses, custodians, nominees and others, by telephone, facsimile transmissions, telegraph, email or in person to request that the proxies be furnished. No additional compensation will be paid for these services to officers or employees of the Company. The Company will reimburse banks, brokerage houses, and other custodians, nominees and fiduciaries, for their reasonable expenses in forwarding proxy materials to their principals. The estimated cost for this proxy solicitation is approximately \$50,000.

Other Business

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

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

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ⁽²⁾
Lite-On Semiconductor Corporation (LSC)		
9F. No. 233-2, Pao-Chiao Road, Hsin-Tien, Taipei-hsien 23115, Taiwan, R.O.C.	8,365,778 ⁽³⁾	18.4%
FMR LLC		
82 Devonshire Street, Boston, Massachusetts 02109	5,925,638 ⁽⁴⁾	13.0%
Brown Capital Management, LLC		
1201 N. Calvert Street, Baltimore, Maryland 21202	4,111,005 ⁽⁵⁾	9.0%
BlackRock Inc.		
40 East 52nd Street, New York, New York 10022	2,604,527 ⁽⁶⁾	5.7%
T. Rowe Price Associates, Inc. (Price Associates)		
100 E. Pratt Street, Baltimore, Maryland 21202	2,457,562 ⁽⁷⁾	5.4%
Lord, Abbett & Co. LLC (Lord Abbett)		
90 Hudson Street, Jersey City, New Jersey 07302	2,324,900 ⁽⁸⁾	5.1%

- (1) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated below.
- (2) Percentage of Class is based on 45,501,894 shares outstanding as of the Record Date.
- (3) LSC is a public company listed on the Taiwan Stock Exchange Corporation and a member of the Lite-On Group of companies. See Corporate Governance Certain Relationships and Related Transactions for a discussion of the relationship among LSC, the Company and certain directors and executive officers of the Company.
- (4) Based solely on information provided by FMR LLC in a Schedule 13G/A filed with the SEC on February 14, 2012 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, neither FMR LLC, which is a parent holding company, nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Fidelity Funds Board of Trustees. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity Management & Research Company, and the funds each has sole power to dispose of the 5,925,638 shares owned by the Fidelity Funds.
- (5) Based solely on information provided by Brown Capital Management, LLC in a Schedule 13G/A filed with the SEC on February 13, 2012 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, Brown Capital Management, LLC has sole voting power with respect to 2,521,287 shares, has sole dispositive power with respect to 4,111,005 shares and has neither shared voting power nor shared dispositive power with respect to any shares.
- (6) Based solely on information provided by BlackRock Inc. in a Schedule 13G/A filed with the SEC on February 13, 2012, reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G/A, BlackRock Inc. has sole voting power with respect to 2,604,527 shares, has sole dispositive power with respect to 2,604,527 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

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- (7) Based solely on information provided by Price Associates, including a Schedule 13G filed with the SEC on February 14, 2012 reporting beneficial ownership of the Company's Common Stock, which are owned by various individual and institutional investors. According to the Schedule 13G, Price Associates has sole voting power with respect to 304,900 shares, has sole dispositive power with respect to 2,457,562 shares and has neither shared voting power nor shared dispositive power with respect to any shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of the Company's Common Stock as reported in the Schedule 13G; however, Price Associates expressly disclaims that it is, in fact, the beneficial ownership of such Company's Common Stock as reported in the Schedule 13G.
- (8) Based solely on information provided by Lord Abbett in a Schedule 13G filed with the SEC on February 14, 2012 reporting beneficial ownership of the Company's Common Stock. According to the Schedule 13G, Lord Abbett has sole voting power with respect to 2,030,100 shares, has sole dispositive power with respect to 2,324,900 shares and has neither shared voting power nor shared dispositive power with respect to any shares.

The following table sets forth the beneficial ownership of Common Stock of the Company as of the Record Date by (i) each director and nominee of the Company, (ii) each Named Executive Officer (NEO) of the Company (as defined below), and (iii) all directors, nominees and executive officers of the Company as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ^{(2) (3)}
Directors		
Raymond Soong	652,813 ⁽⁴⁾	1.4%
C.H. Chen	475,292 ⁽⁴⁾	1.0%
Michael R. Giordano	122,563 ⁽⁴⁾	*
L.P. Hsu	18,363 ⁽⁴⁾	*
Keh-Shew Lu ⁽⁵⁾	1,548,033 ⁽⁴⁾⁽⁶⁾⁽⁷⁾	3.4%
John M. Stich	96,863 ⁽⁴⁾⁽⁸⁾	*
Michael K.C. Tsai	3,975 ⁽⁴⁾	*
Executive Officers		
Richard D. White	134,595 ⁽⁴⁾	*
Mark A. King	233,725 ⁽⁴⁾	*
Joseph Liu	399,724 ⁽⁴⁾	*
Edmund Tang	96,956 ⁽⁴⁾	*
All directors, nominees and executive officers of the Company as a group (16 individuals including those named above)	3,939,572 ⁽⁷⁾⁽⁹⁾⁽¹⁰⁾	8.0%

* Less than 1%.

- (1) The named stockholder has sole voting power and investment power with respect to the shares listed, except as indicated and subject to community property laws where applicable.

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- (2) Under Rule 13d-3 of the Securities Exchange Act of 1934 (the Exchange Act), certain shares may be deemed to be beneficially owned by more than one person (for example, if a person shares the power to vote or the power to dispose of the shares). In addition, under Rule 13d-3(d)(1) of the Exchange Act, shares which the person (or group) has the right to acquire within sixty (60) days after the Record Date are deemed to be outstanding in calculating the beneficial ownership and the percentage ownership of the person (or group) but are not deemed to be outstanding as to any other person or group. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership of voting power with respect to the number of shares of Common Stock actually outstanding at the Record Date.
- (3) Percentage of Class is based on 45,501,894 shares of the Common Stock of the Company outstanding as of the Record Date.
- (4) Includes the following shares of Common Stock that the named individual has the right to acquire within sixty (60) days after the Record Date by exercising stock options or the vesting of restricted stock units or restricted stock awards: