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

FORM 8-K

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

November 8, 2010
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 2.02 Results of Operations and Financial Condition.

On November 8, 2010, Diodes Incorporated (the “Company”) issued a press release announcing its third quarter 2010 financial results. A copy of the press release is attached as Exhibit 99.1.

On November 8, 2010, the Company hosted a conference call to discuss its third 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 November 8, 2010, Dr. Keh-Shew Lu, President and Chief Executive Officer of the Company, as well as Richard D. White, Chief Financial Officer, Mark King, Senior Vice President of Sales and Marketing and Laura Mehrl, Director of Investor Relations made additional comments during a question and answer session. A copy of the transcript is attached as Exhibit 99.3.

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

Item 7.01 Regulation FD Disclosure.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index.

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

SIGNATURES

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

Dated: November 12, 2010	DIODES INCORPORATED
	By /s/ Richard D. White
	RICHARD D. WHITE
	Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated November 8, 2010
99.2	Conference call script dated November 8, 2010
99.3	Question and answer transcript dated November 8, 2010

Exhibit 99.1

Diodes Incorporated Reports Third Quarter 2010 Financial Results

Achieves Record Net Income, Gross Margin and Revenue

Dallas, Texas — November 8, 2010 — 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 financial results for the third quarter ended September 30, 2010.

Third Quarter Highlights

- Achieved sixth consecutive quarter of sequential revenue growth;
- Revenue was a record $163.1 million, an increase of 33.6 percent over the $122.1 million in the third quarter of 2009 and a sequential increase of 9.4 percent over the $149.2 million in the second quarter of 2010;
- Gross profit was a record $61.0 million, an increase of 62.2 percent over the $37.6 million in the third quarter of 2009 and a sequential increase of 14.0 percent over the $53.5 million in the second quarter of 2010;
- Gross margin was a record 37.4 percent, compared to 30.8 percent in the third quarter of 2009 and 35.8 percent in the second quarter of 2010;
- Income before income taxes and noncontrolling interest was a record $27.4 million, compared to $7.2 million in the third quarter of 2009 and $20.6 million in the second quarter of 2010;
- GAAP net income was a record $21.2 million, or $0.46 per diluted share, compared to $7.0 million, or $0.16 per diluted share, in the third quarter of 2009 and $16.6 million, or $0.37 per diluted share, in the second quarter of 2010;
- Non-GAAP adjusted net income was $23.2 million, or $0.51 per diluted share, compared to $9.1 million, or $0.21 per diluted share, in the third quarter of 2009 and $18.7 million, or $0.41 per diluted share, in the second quarter of 2010;
- 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 $43.1 million cash flow from operations, $18.2 million net cash flow and $17.8 million free cash flow.

Revenue for the third quarter of 2010 was a record $163.1 million, an increase of 33.6 percent over the $122.1 million in the third quarter of 2009 and a sequential increase of 9.4 percent over the $149.2 million in the second quarter of 2010. Revenue increased in the quarter due to strong demand for products across all of the Company's worldwide markets. The successful capturing of Zetex product synergies has allowed the Company to take advantage of European and North American market strength, which has resulted in higher revenue growth in those regions.

Gross profit for the third quarter of 2010 was a record $61.0 million, an increase of 62.2 percent over the $37.6 million in the third quarter of 2009 and a sequential increase of 14.0 percent over the $53.5 million in the second quarter of 2010. Gross margin in the third quarter of 2010 was a record 37.4 percent, compared to 30.8 percent in the third quarter of 2009 and 35.8 percent in the second quarter of 2010. Gross margin improved in the quarter due to a favorable mix of higher margin products, generally stable ASP's, another quarterly record of output at our packaging facilities and continued high utilization at the Company's wafer fabs.

Commenting on the quarter, Dr. Keh-Shew Lu, President and Chief Executive Officer of Diodes Incorporated, stated, "The third quarter represents the Company's sixth consecutive quarter of sequential revenue growth and was complemented by our achievement of record net income in the quarter. Over that time, we have consistently executed on our new product development plans and expanded our design wins, which have contributed to our market share gains at key customers and record results. Additionally, the capital investments that we made to expand capacity at our packaging facilities over the last twelve months have enabled us to achieve record output during this year. Although capacity remains tight, we have proactively shifted our product mix toward higher margin products to achieve the highest gross margin in the Company's history. These results reflect Diodes' continued commitment to grow faster than our addressable markets as we secure greater market share in key end-equipment, launch additional products in new markets and leverage our broadened product portfolio to maintain a higher level of design wins."

Third quarter of 2010 GAAP net income was $21.2 million, or $0.46 per diluted share, compared to third quarter of 2009 of $7.0 million, or $0.16 per diluted share, and second quarter of 2010 of $16.6 million, or $0.37 per diluted share.

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

GAAP net income	**$ 21,162**
GAAP diluted earnings per share	**$ 0.46**
Adjustments to reconcile net income to adjusted net income:	
Amortization of debt discount	**1,277**
Amortization of acquisition related intangible assets	**790**
Non-GAAP adjusted net income	**$ 23,229**
Non-GAAP adjusted diluted earnings per share	**$ 0.51**

See tables below for further details of the reconciliation.

Included in the third quarter of 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 share.

As of September 30, 2010, Diodes had approximately $264 million in cash and cash equivalents and $130 million in long-term debt primarily related to its Convertible Senior Notes.

Business Outlook

Dr. Lu concluded, "With the market supply shortage easing as well as supply and demand becoming more balanced, we expect to return to more seasonal trends for the fourth quarter. We believe we will further expand our market share as a result of our continued focus on design wins, new products and customer expansion. In terms of fourth quarter guidance, revenue is anticipated to range between $160 million and $168 million, or between a decrease of 2 percent and an increase of 3 percent sequentially. Gross margin is expected to be comparable to the third quarter level. Operating expenses are anticipated to be comparable to third quarter levels on a percent of revenue basis. We expect our income tax rate for the fourth quarter to range between 17 and 23 percent. Shares used to calculate GAAP EPS for the fourth quarter are anticipated to be approximately 46.3 million."

Conference Call

Diodes will host a conference call on Monday, November 8, 2010 at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) to discuss its third quarter 2010 financial results. Investors and analysts may join the conference call by dialing 1-800-901-5213 and providing the confirmation code 92825783. International callers may join the teleconference by dialing 1-617-786-2962. A telephone replay of the conference call will be available approximately two hours after the conference call and will be available until November 11, 2010 at midnight Central Time. The replay dial-in number is 1-888-286-8010, and the pass code is 18355966. 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: the successful capturing of Zetex product synergies has allowed the Company to take advantage of European and North American market strength, which has resulted in higher revenue growth in those regions; the capital investments that we made to expand capacity at our packaging facilities over the last twelve months have enabled us to achieve record output during this year; although capacity remains tight, we have proactively shifted our product mix toward higher margin products to achieve the highest gross margin in the Company's history; these results reflect Diodes' continued commitment to grow faster than our addressable markets as we secure greater market share in key end-equipment, launch additional products in new markets and leverage our broadened product portfolio to maintain a higher level of design wins; with the market supply shortage easing as well as supply and demand becoming more balanced, we expect to return to more seasonal trends for the fourth quarter; we believe we will further expand our market share as a result of our continued focus on design wins, new products and customer expansion; in terms of fourth quarter guidance, revenue is anticipated to range between $160 million and $168 million, or between a decrease of 2 percent and an increase of 3 percent sequentially; gross margin is expected to be comparable to the third quarter level; operating expenses are anticipated to be comparable to third quarter levels on a percent of revenue basis; we expect our income tax rate for the fourth quarter to range between 17 and 23 percent; and shares used to calculate GAAP EPS for the fourth 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 and loadings in our manufacturing facilities; risks of domestic and foreign operations; 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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Company Contact:
Diodes Incorporated
Laura Mehrl
Director of Investor Relations
P: (972) 385-4492
E: laura_mehrl@diodes.com

Investor Contact:
Shelton Group
Leanne K. Sievers
EVP, Investor Relations
P: (949) 224-3874
E: lsievers@sheltongroup.com

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
NET SALES	$163,120	$122,122	$ 449,120	$ 304,070
COST OF GOODS SOLD	102,143	84,547	286,893	224,632
Gross profit	60,977	37,575	162,227	79,438
OPERATING EXPENSES				
Selling, general and administrative	22,837	19,079	65,822	50,375
Research and development	7,212	6,284	20,403	16,944
Amortization of acquisition related intangible assets	1,098	1,271	3,304	3,480
Restructuring	—	(291)	—	(440)
Total operating expenses	31,147	26,343	89,529	70,359
Income from operations	29,830	11,232	72,698	9,079
OTHER INCOME (EXPENSES)				
Interest income	279	805	2,587	3,907
Interest expense	(939)	(1,784)	(4,317)	(5,709)
Amortization of debt discount	(2,006)	(1,981)	(5,713)	(6,471)
Other	251	(1,062)	1,749	(1,074)
Total other expenses	(2,415)	(4,022)	(5,694)	(9,347)
Income (loss) before income taxes and noncontrolling interest	27,415	7,210	67,004	(268)
INCOME TAX PROVISION (BENEFIT)	5,346	(629)	11,705	4,924
NET INCOME (LOSS)	22,069	7,839	55,299	(5,192)
Less: NET INCOME attributable to noncontrolling interest	(907)	(819)	(2,532)	(1,507)
NET INCOME (LOSS) attributable to common stockholders	$ 21,162	$ 7,020	$ 52,767	$ (6,699)
EARNINGS (LOSS) PER SHARE attributable to common stockholders				
Basic	$ 0.48	$ 0.17	$ 1.20	$ (0.16)
Diluted	$ 0.46	$ 0.16	$ 1.16	$ (0.16)
Number of shares used in computation				
Basic	44,346	42,533	44,031	41,761
Diluted	45,673	44,013	45,418	41,761

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

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

For the three months ended September 30, 2010:

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

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

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

For the three months ended September 30, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				**$ 7,020**
Earnings per share (Per-GAAP)				
Diluted				**$ 0.16**
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	1,271	—	(356)	**915**
Restructuring	(291)	—	111	**(180)**
Loss on extinguishment of debt	—	161	(63)	**98**
Amortization of debt discount	—	1,981	(773)	**1,208**
Adjusted (Non-GAAP)				**$ 9,061**
Diluted shares used in computing earnings per share				**44,013**
Adjusted earnings per share (Non-GAAP)				
Diluted				**$ 0.21**

Note: Included in GAAP and non-GAAP adjusted net loss was approximately $1.8 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 $0.04 per share.

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

For the nine months ended September 30, 2010:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				$ 52,767
Earnings per share (Per-GAAP)				
Diluted				$ 1.16
Adjustments to reconcile net income to adjusted net income:				
Amortization of acquisition related intangible assets	3,304	—	(926)	2,378
Gain on sale of assets	—	(1,837)	661	(1,176)
Impairment of long-lived assets	—	144	(55)	89
Amortization of debt discount	—	5,713	(2,175)	3,538
Adjusted (Non-GAAP)				$ 57,596
Diluted shares used in computing earnings per share				45,418
Adjusted earnings per share (Non-GAAP)				
Diluted				$ 1.27

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

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

For the nine months ended September 30, 2009:

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income (Loss)
Per-GAAP				$ **(6,699)**
Loss per share (Per-GAAP)				
Diluted				$ **(0.16)**
Adjustments to reconcile net loss to adjusted net income:				
Amortization of acquisition related intangible assets	3,480	—	(977)	**2,503**
Restructuring	(440)	—	(85)	**(525)**
Gain on extinguishment of debt	—	(1,192)	465	**(727)**
Forgiveness of debt	—	(1,501)	188	**(1,313)**
Taxes on repatriation of earnings	—	—	10,631	**10,631**
Amortization of debt discount	—	6,471	(2,526)	**3,945**
Adjusted (Non-GAAP)				$ **7,815**
Diluted shares used in computing earnings per share				**42,967**
Adjusted earnings per share (Non-GAAP)				
Diluted				$ **0.18**

Note: Included in GAAP and non-GAAP adjusted net income was approximately $4.9 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 $0.12 per share.

ADJUSTED NET INCOME

This measure consists of generally accepted accounting principles ("GAAP") net income (loss), 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 (loss) 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 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. As such, 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 gain 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 in the second quarter of 2009. 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 (loss) 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, 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 $17.8 million for the third quarter of 2010 is a non-GAAP financial measure, which is calculated by taking cash flow from operations less capital expenditures ($43.1 million less (-) $25.3 million). FCF represents the cash and cash equivalents that we are able to generate after taking into account cash outlays required to maintain or expand property, plant and equipment. FCF is important because it allows us to pursue opportunities to develop new products, make acquisitions and reduce debt.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED RECONCILIATION OF NET INCOME (LOSS) 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 (loss) to EBITDA *(in thousands, unaudited):*

	Three Months Ended September 30,	
	2010	**2009**
Net income (per-GAAP)	$ 21,162	$ 7,020
Plus:		
Interest expense, net (1)	2,666	2,960
Income tax provision (benefit)	5,346	(629)
Depreciation and amortization	13,090	12,092
EBITDA (Non-GAAP)	$ 42,264	$ 21,443

	Nine Months Ended September 30,	
	2010	**2009**
Net income (loss) (per-GAAP)	$ 52,767	$(6,699)
Plus:		
Interest expense, net (2)	7,443	8,273
Income tax provision	11,705	4,924
Depreciation and amortization	37,760	35,079
EBITDA (Non-GAAP)	$109,675	$41,577

(1) Includes $2.0 million for both the three months ended September 30, 2010 and 2009, of amortization of debt discount.

(2) Includes $5.7 million and $6.5 million for the nine months ended September 30, 2010 and 2009, respectively, of amortization of debt discount.

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS
(in thousands)

	September 30, 2010 (unaudited)	December 31, 2009
CURRENT ASSETS		
Cash and cash equivalents	$ 263,807	$ 241,953
Short-term investment securities	—	296,600
Accounts receivable, net	123,493	99,074
Inventories	113,069	89,652
Deferred income taxes, current	9,257	7,834
Prepaid expenses and other	10,207	11,591
Total current assets	519,833	746,704
PROPERTY, PLANT AND EQUIPMENT, net	199,098	162,988
OTHER ASSETS		
Goodwill	67,668	68,075
Intangible assets, net	29,949	34,892
Other	5,836	5,324
Total assets	$ 822,384	$1,017,983

DIODES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

LIABILITIES AND EQUITY
(in thousands, except share data)

	September 30, 2010 (unaudited)	December 31, 2009
CURRENT LIABILITIES		
Lines of credit and short-term debt	$ —	$ 299,414
Accounts payable	74,766	62,448
Accrued liabilities	46,337	27,236
Income tax payable	3,919	2,641
Current portion of long-term debt	384	373
Current portion of capital lease obligations	288	283
Total current liabilities	125,694	392,395
LONG-TERM DEBT, net of current portion		
Convertible senior notes	126,318	121,333
Long-term borrowings	3,263	3,464
CAPITAL LEASE OBLIGATIONS, net of current portion	1,441	1,669
DEFERRED INCOME TAXES, non-current	10,360	7,743
OTHER LONG-TERM LIABILITIES	44,929	40,455
Total liabilities	312,005	567,059
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; 44,360,466 and 43,729,304 issued and outstanding at September 30, 2010 and December 31, 2009, respectively	29,574	29,153
Additional paid-in capital	223,745	211,618
Retained earnings	300,941	248,174
Accumulated other comprehensive loss	(55,930)	(48,311)
Total Diodes Incorporated stockholders' equity	498,330	440,634
Noncontrolling interest	12,049	10,290
Total equity	510,379	450,924
Total liabilities and equity	$ 822,384	$1,017,983

Exhibit 99.2

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

Operator:

Good afternoon and welcome to Diodes Incorporated's third quarter 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, Monday, November 8, 2010. I would now like to turn the call to Leanne Sievers of Shelton Group Investor Relations. Leanne, please go ahead.

Introduction: Leanne Sievers, EVP of Shelton Group

Good afternoon and welcome to Diodes' third quarter 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, November 8, 2010.** 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 very pleased to report Diodes' achievement of our sixth consecutive quarter of sequential revenue growth, which established another quarterly record for revenue and was complemented by our achievement of record gross margin and record net income in the third quarter. Revenue increased in the quarter due to strong demand for our products across all of our worldwide markets. The successful capturing of Zetex product synergies has allowed us to take advantage of European and North American market strength which has resulted in higher revenue growth in those regions. The improvement in gross margin was due to a favorable mix of higher margin products combined with generally stable ASPs. Over the past six quarters, we have consistently executed on our new product development plans and expanded our design wins, which have contributed to market share gains at key customers. In addition, the capital investments we made to expand capacity at our packaging facilities over the last twelve months enabled us to achieve record output in the third quarter and have positioned us well for the remainder of the year. Also during the quarter in support of our profitable growth vision, we announced an investment agreement with the Management Committee of the Chengdu Hi-Tech Industrial Development Zone to establish a manufacturing facility for component assembly and testing. This is a long-term, multi-year project that will provide the next assembly/test site once we have reached maximum production capacity at our Shanghai site in the next few years.

As we look to the fourth quarter, the market supply shortage appears to be easing and supply and demand are becoming more balanced. As such, we expect to return to more seasonal trends for the fourth quarter. Our consistent execution and record quarterly results reflect Diodes' continued commitment to growing faster than our addressable markets as we secure greater market share in key-end equipment, launch additional products in new markets and leverage our broadened product portfolio to maintain a high level of design wins. For example, our recent entry into the standard logic market has expanded our addressable market and provides the opportunity to drive additional revenue growth in 2011 and beyond.

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

Rick White, CFO

Thanks, Dr. Lu, and good afternoon everyone.

As Dr. Lu mentioned, **Revenue** for the third quarter was a record $163.1 million, an increase of 33.6 percent over the $122.1 million in the third quarter of 2009 and a sequential increase of 9.4 percent over the $149.2 million in the second quarter of 2010.

Gross profit for the third quarter of 2010 was a record $61.0 million, or 37.4 percent of revenue, compared to $37.6 million, or 30.8 percent of revenue, in the third quarter of 2009 and $53.5 million, or 35.8 percent of revenue, in the second quarter of 2010. Gross margin improved in the quarter due to a favorable mix of higher margin products, generally stable ASP's, another quarterly record output at our packaging facilities and continued high utilization at the Company's wafer fabs. In addition to our wafer fabs being fully loaded, we also maintained operational performance at very high levels. During the quarter, our packaging capacity output from our China facilities increased 8 percent sequentially to 6.1 billion units. We expect output capacity to increase between 6 to 10 percent in the fourth quarter.

Total **operating expenses** were $31.1 million, or 19.1 percent of revenue, an improvement from the 19.8 percent of revenue last quarter and better than our model rate of 20 percent of revenue.

Looking specifically at **Selling, General and Administrative** expenses for the third quarter, SG&A was approximately $22.8 million, an increase over last quarter, but improved on a percent of revenue basis at 14.0 percent compared to 14.4 percent in the second quarter.

Investment in Research and Development for the third quarter was $7.2 million, or 4.4 percent of revenue, compared to $6.8 million, or 4.6 percent of revenue, in the second quarter.

Total Other Expense amounted to $2.4 million for the third quarter.

Looking at interest income and expense, we had approximately $300,000 of interest income, which is a significant reduction from the second quarter due to our Auction Rate Securities being put back to UBS under our previously disclosed settlement. Interest expense was approximately $900,000 primarily related to our Convertible Senior Notes and was lower than the second quarter due to our "no net cost" loan being paid off upon settlement of our Auction Rate Securities.

During the third quarter of 2010, we recorded approximately $2.0 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

$400,000 of income from our joint venture and other miscellaneous income, partially offset by a foreign currency exchange loss of approximately $200,000.

Income Before Income Taxes and Noncontrolling Interest in the third quarter amounted to $27.4 million, compared to income of $7.2 million in the third quarter of 2009 and income of $20.6 million in the second quarter of 2010.

Turning to **income taxes**, our effective income tax rate in the third quarter was 19.5 percent.

Third quarter **GAAP net income** was $21.2 million, or $0.46 per diluted share, compared to third quarter of 2009 net income of $7.0 million, or $0.16 per diluted share, and second quarter of 2010 net income of $16.6 million, or $0.37 per diluted share. The share count used to compute GAAP diluted earnings per share for the third quarter was 45.7 million shares.

Non-GAAP adjusted net income was $23.2 million, or $0.51 per diluted share, which excluded, net of tax, $1.3 million of non-cash interest expense related to the amortization of debt discount on the Convertible Senior Notes and $0.8 million of non-cash acquisition related intangible asset amortization costs. We have included in our earnings release a reconciliation of GAAP net income to non-GAAP adjusted net income, which provides additional details. Included in third quarter GAAP and non-GAAP adjusted net income was approximately $2.1 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 third quarter was $43.1 million, net cash flow was $18.2 million and free cash flow was $17.8 million. For the nine months of 2010, cash flow from operations was $90.0 million; net cash flow was $21.9 million and free cash flow was $23.7 million.

Turning to the **balance sheet**, at the end of the third quarter, we had $264 million in cash. Our working capital at quarter-end was approximately $394 million and long-term debt, including the Convertible Senior Notes, which are redeemable in October 2011, was approximately $130 million.

At the end of the third quarter, inventory was approximately $113 million, an increase of $11 million from the second quarter. This increase was due to a $13 million increase in Raw Materials and Work in Process, partially offset by a $2 million reduction in Finished Goods. Inventory days were 95, compared to 92 days in the second quarter of 2010.

Accounts receivable was approximately $124 million and A/R days were 66.

Capital expenditures were $24.8 million during the third quarter, or 15.2 percent of revenue, compared to 15.1 percent of revenue in the second quarter. For the nine months of 2010, CapEx totaled $72.2 million, or 16.1 percent of revenue

Depreciation and amortization expense for the third quarter was $13.1 million.

Turning to our Outlook...

In terms of fourth quarter guidance, revenue is anticipated to range between $160 million and $168 million, or between a decrease of 2 percent and an increase of 3 percent sequentially. Gross margin is expected to be comparable to the third quarter level. Operating expenses are anticipated to be comparable to third quarter levels on a percent of revenue basis. We expect our income tax rate for the fourth quarter to range between 17 and 23 percent. Shares used to calculate GAAP EPS for the fourth 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.

Diodes' record results this quarter were driven by broad growth in all regions, where both Diodes and Zetex-branded products once again reached record levels. Global POS was up 17 percent and distributor inventory increased, but in line with market demand. During the quarter, we launched approximately 150 new products across our analog, logic and discrete product families, including DIODESTAR™, our platform for a new line of high voltage rectifiers. Design activity remained at record levels with approximately 400 design wins across all market segments.

With our focus on new product development and design wins, combined with the ongoing support of our loyal customer base, we continue to gain market share as we further capitalize on our expanded offerings and Zetex cross-selling synergies.

In terms of end market breakout, consumer represented 31 percent of revenue, computing 27 percent, industrial 21 percent, communications 18 percent, and automotive 3 percent.

Asia represented 72 percent of total revenue. Sales increased 7 percent sequentially led by strength in consumer portables and smartphones, coupled with modest gains in DC fans, notebooks, notebook power supply as well as adapters. Mobile phones were relatively flat, while LCD/LED TV and panels decreased in the quarter. Distributor POS grew 7 percent, and inventory for the period increased due to lower demand and represents slightly over 2 months.

In **North America**, third quarter sales represented 17 percent of total revenue, and sales increased 22 percent sequentially. OEM sales were up 28 percent with increases at most OEMs across a variety of segments. We achieved solid growth in the consumer segment including set-top boxes, smartphones and audio; and in the industrial segment with smart electronic metering, power supply, touch screen technology and solar applications. Distributor POS continued to strengthen across a broad customer base and grew 14 percent in the quarter, once again outpacing POP. In the first nine months of 2010, we surpassed total 2009 POS by 15 percent and expect to close the year up 75 percent, which positions us for continued growth in 2011.

To support internal wafer demand, we continued to reduce external foundry wafer sales, which decreased 50 percent quarter-over-quarter.

Sales in **Europe** accounted for 11 percent of total revenue and increased 9 percent sequentially. OEM sales increased 8 percent sequentially, mainly driven by 40 percent growth at industrial customers. Sales to consumer accounts improved another 5 percent. Distributor POS continued to gain traction and was up 13 percent for the quarter. The available inventory in the channel remains at a healthy level. We enter the fourth quarter with a very strong customer backlog in Europe and expect further growth despite typical seasonality.

Now turning to **new products** - On the discrete side, we released 28 new products during the third quarter across 6 product families. Most notably, we announced the development of a proprietary process platform for the manufacture of next generation high voltage rectifiers, called DIODESTAR™. The process developed at our wafer fabrication facility in Oldham draws on our expertise in both bipolar and MOSFET semiconductor technologies and is characterized by high voltage handling and high efficiency. We have released our first device and will use the DIODESTAR™ process to support a wide range of high voltage rectifier products that meet the Energy Star requirements for a variety of end applications, including LCD-LED TVs, notebook and desktop computers.

We also introduced the first of four products in our proprietary DIOFETTM process that monolithically integrates a power MOSFET and Schottky diode into a single die. These products improve the efficiency of POL converters used in high volume applications, including notebook and netbook computers, as well as telecom and industrial.

In terms of analog new product introductions, we had a solid quarter in which we released 118 new devices across 7 product families, including LED backlight drivers for portable consumer products, as well as further expanding our growing portfolio of devices for general illumination. Our AL8805 is a simple yet elegant solution for driving MR16 lamps that combines power density in a very small footprint and requires only 4 external components. Other analog product releases include a major expansion of our CMOS LDO line with a new family of 300mA and 600mA LDO devices that provide power saving benefits in low power and battery-operated products, including portable consumer products, set-top boxes, routers and LCD monitors.

We made significant progress on the next phase of our new Logic product line roll-out, and we are very pleased with our progress. We have been receiving strong market acceptance in terms of in-process design activity and orders. Major customers have expressed interest in our single-gate products as well as our future product roadmap.

In terms of **global design wins**, we had another strong quarter for design win activity across a broad range of product lines and end equipment. We had several key wins in the consumer market, specifically LED TVs and set-top boxes. Our new family of MOSFET devices has been designed into every model of a major LED TV manufacturer for next year. These design wins are in parallel to the adoption of our CMOS LDOs in these same LED TV models. We also secured additional wins for our USB power switches in both LED TVs and set-top boxes, while our bi-polar transistors also continued to gain momentum in LED TV.

There was also significant design activity for our products in the portable consumer electronics market with major SBR ® and MOSFET design wins in handheld media players, tablet PCs and smartphones. Hall sensor adoption was strong in the cell phone and notebook PC market, and we also had significant SBR® and standard linear product wins in several power adapters for handheld consumer products.

In the industrial market, we experienced strong initial wins for our new high frequency DC-DC converters in security and surveillance; for our SBR ® and Schottky diodes in the expanding solar power market; our Hall sensor-based motor controllers in DC brushless fans; and we secured solid wins in the LED lighting market for our LED drivers and standard linear product lines in several general illumination applications, , LED flashlight and street lighting.

In summary, I believe that Diodes will continue our trend of growing faster than our addressable markets as we continue to execute on our new product initiatives and maintain a high level of design wins resulting from our expanded product portfolio. We also continue to recognize sales synergies from our Zetex acquisition as we provide more products to customers and expand our content within the same end-equipment. We entered the fourth quarter with positive momentum and are well positioned to benefit from multiple growth opportunities in the coming year.

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

DIOD — 3Q10 Q&A TRANSCRIPT

QUESTION AND ANSWER

Operator

(Operator Instructions) Shawn Harrison, Longbow Research.

Shawn Harrison *- Longbow Research - Analyst*

Mark, maybe just a clarification. What was the point of sale again? Then I guess with that number, I guess you're seeing some — maybe a little bit of destocking in Asia but continued strength in North America and Europe. What does that portend in terms of typical seasonality for the March quarter? Are you going to still see potential destocking in Asia distributors?

Mark King *- Diodes Incorporated - SVP, Sales and Marketing*

Actually, I think the POS was up 17% globally and I think the inventory actually increased a little bit in the quarter but pretty much in range with the POS. I think it's in line to support the POS we required.

I don't think you are going to see — I think you will probably see an inventory flat to slightly up going into the March quarter and we'll position — we generally grow a little bit of inventory in the first quarter and then we level it off in the second quarter in Asia.

Shawn Harrison *- Longbow Research - Analyst*

Okay and then as a follow-up to that, maybe for you or for Dr. Lu, with the supply and demand environment coming in more of equilibrium, what is the risk to the pricing environment? How quickly could it roll away or is it — we are not a situation where things are that free that you are going to see abnormal pricing pressure as you get into kind of a seasonally weaker period?

Keh-Shew Lu *- Diodes Incorporated - President and CEO*

Let me answer that first and then I'll let Mark King edit. In third quarter, our what we call mix independent which means the same product going from one quarter to the other quarter at the same product, we see some slightly ASP decrease. So we will see the same trend going to the fourth quarter.

But fortunately is we take opportunity to change the product mix. So if you look at our ASP, we say it's very stable and even going up slightly, but not really because we raised the price and it's not really just due to the support and demand and supply out of balance.

We do not really go to raise the price. What we do is we take this opportunity when you get shortage, we change the product mix. And in addition on that product mix, we have a lot of new products coming out a better profit margin, gross margin, which again helps the GPM percent.

So, going to the fourth quarter, yes, we would see, we already anticipate the ASP could be a little bit more aggressively more but in our guidance, we said with all the new product, with the price mix, we're hoping we can get the GPM percent flat we will not expect another big increase like from Q2 to Q3 but our guidance we say would be flat Q3 to Q4.

Mark King *- Diodes Incorporated - SVP, Sales and Marketing*

Just in general, the ASP climate in the marketplaces, I think we'll see some things, that we'll see a little bit of pressure since there has been really very little pressure on the downside all year. But I don't think it's going to be anything dramatic.

I think it will be typical. there was some slight changes in Q4 and maybe a little bit moving into Q1, but I don't think we're going to see any major changes.

There's still a lot of product areas that still seem — seeing some tight supply and I think customers are being relatively careful and vendors are being relatively conservative in making changes.

Shawn Harrison *- Longbow Research - Analyst*

Thank you for the insights, everyone, and congrats on a good quarter again.

Keh-Shew Lu *- Diodes Incorporated - President and CEO*

Thank you.

Operator

Harsh Kumar, Morgan Keegan.

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

First of all, let me also add my congratulations; tremendous execution all around — gross margin, OpEx, everything. Having said that, maybe a question for Mark King.

Can you talk about how you are feeling about your computer and your consumer business? And then I have one more follow-up. I'm talking about the fourth quarter specifically, how you feel about those two lines.

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

I think — you know, actually, I think we pretty feel pretty good about our consumer business. In Asia have we see some opportunity for some expansion or to at least hold our position and I think really in the computer area, we're seeing some down in panels but notebook kind of goes back to somewhere between flat to up, and we have some new content in some of our product lines in there. So I think we're relatively comfortable that we're in our guidance range in those categories.

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

Okay, okay. And I think your industrial and comm business shot up very hard. You alluded in your commentary to some explanation on what might've driven that.

Is this — is any of this coming from Zetex or all of it? Or also is this simply a function of you guys getting more settled into Europe or is there something else also that's going on there?

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

You'll see — clearly, our Europe numbers have been strong. And as I mentioned in here, I'd say Europe is probably the strongest market going into Q4. It's predominantly a small amount of consumer and a strong industrial.

Industrial in Europe was up 40% quarter over quarter. So we think the industrial business in Europe is responding later to all of this and that these customers — some of them are just getting hot at this point.

We also had a very strong North American number as well as our SBR products and power supply are driving some pretty good numbers in Asia. So I think all along, we've got some good strength in the industrial segment.

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

Got it. Last if I can, just a housekeeping question. Tax rate, should we think of 20% as a next year kind of a tax rate or 17.5%? Any kind of color that you guys can give us would be helpful.

Rick White - ***Diodes Incorporated - CFO, Secretary and Treasurer***

Yes, this is Rick. I think next year you could assume that it would be similar to what we have in the fourth quarter.

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

Okay, thanks. Thank you.

Operator

Steve Smigie, Raymond James.

Steve Smigie - ***Raymond James & Associates - Analyst***

Wanted to also add my congratulations on some great performance. Just if you could talk a little bit more about the facility in Chengdu and how soon does the Shanghai facility fill up? When do you need to start ramping there? Will there be extra CapEx and what sort of competitive advantages does that facility give you?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Well the Shanghai facility still has several years. I don't know if you visit there or not recently, we're building the second and the second building is bigger or actually 2x size of the first building and we still have several floors to go in the second building.

And then, after that, if we need it, then we'll add one more floor on both buildings and then we can move our warehouse to outside. So we probably in the probably depending on how fast we grow, I think our outlook can be probably almost double before we fill up.

So depending on how we grow, but we now — I think Rick's number, we're talking about 6.4 billion units (multiple speakers) in third quarter. So we are talking about another 6 to 8% growth in fourth quarter. And you know, we are talking about almost double that output if we do everything we can and that facility will be full.

So you can see it probably still has several years ago. But we don't want to wait that long, so we started looking in Chengdu and we'll eventually build it up.

So, you will not see a major CapEx expenditure. It will be just part of — in our business model talking about 10 to 12%. Now this year is a little higher because we underexpanded last year.

So this year we are about a little bit higher than last year. But we're going to be still within our business model to 10 to 12%. And you will not really see a major expenditure — major capital expenditure for that.

The reason we really go to Chengdu is really for the risk reductions. Most of our output is from Shanghai and we really need to have another site to spread out the risk and that's why we are now moving to Chengdu to build up the Chengdu facility. Did that answer your question?

Steve Smigie - ***Raymond James & Associates - Analyst***

Yeah, that was great. Thank you, I appreciate that. Dr. Lu, you also mentioned we're in an environment where we're returning more to more normal seasonality.

What would you guys — I'm not saying that you would necessarily do seasonality in Q1, but what would you consider a seasonal Q1 quarter at this point? Down 5% or something?

And similarly on the gross margin, you guided flat for Q4, but if pricing softens a little bit as we return to a more normal environment and maybe you have some of the consumer and PC products start to pick up again relative to your nice industrial, would that also suggest that we should be a little cautious and maybe there's a little bit of gross margin returning to more normal levels as we look forward?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Let's talk then about next year, Q1. We don't give the focus on Diodes alone. But in general, in semiconductor seasonality, Q1 typically is 5 to 10% down and 5 to 10% down depends on actually Christmas sales.

If you have very good Christmas sales, then you need to back fill with Shelf then Q1 typically will be low drop. But then if you have — you do too much of a quarter for Christmas and the Christmas sales is not as good, then you have a lot of inventory left over, then Q1 typically will be low.

But now with China starting to get stronger, which is the Chinese New Year and this year, the Chinese New Year is at the beginning of February, then you'll be struggling in the December and January to build up for Chinese New Year. Therefore again, Q1 at two months is post Chinese New Year, then you have more risk of down. So it plays between US Christmas and the Chinese New Year. But typically we're talking about 5 to 10% negative.

And then, we are talking about ASP, I think we already gave the guidance on Q4. So we already consider the ASP going to be dropped, but then we will try to improve by the mix. So we're hoping our ASP in Q4 will be flat from Q3.

You won't see the improvement and we will see some flat.

Steve Smigie - ***Raymond James & Associates - Analyst***

If I could just sneak one more in. You guys obviously are pretty good in diodes. There has been some talk recently as we're getting a lot more power efficiency concerns out there that there's going to be some more use of silicon carbide to accomplish some of the tasks that Diodes typically accomplished.

How much do you guys do there? I would kind of think not a ton yet? Of is that an area you'd guys would be interested in or not so much using silicon carbide for the diodes or even transistors for that matter?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Number one, I'm not really interested in getting into silicon carbide. And second thing, I don't really think that's a big threat to us. And our costs are so low other steps want to depress the diodes and ASP is so low, it's not that easy.

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

Steve, you know, in my speech and some of the announcements recently, we have talked about DIODESTAR. That is definitely right there to kind of challenge that efficiency but at a very cost effective way.

I mean, it's really the manufacturable general solution to the requirements of what people are talking about for efficiency. So I think we're going to drive that technology and I think we're going to be able to make it propagate to many more applications than say the costly silicon carbide.

Operator

Ramesh Misra, Brigantine Advisors.

Ramesh Misra - ***Brigantine Adivsors - Analyst***

First question for Rick. In Q2 you had suffered some foreign exchange losses. Did you have corresponding foreign exchange gains in Q3 or what is happening on the Forex side?

Rick White - ***Diodes Incorporated - CFO, Secretary and Treasurer***

No, as I mentioned in the speech, we only had about $200,000 of foreign exchange loss in the third quarter. So those were significantly reduced. The currencies basically stabilized and we didn't have that issue in the third quarter.

Ramesh Misra - ***Brigantine Adivsors - Analyst***

Okay, are you doing anything more aggressive on a hedging standpoint in that regard or not really?

Rick White - ***Diodes Incorporated - CFO, Secretary and Treasurer***

No, not really.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

I think if you remember, we talked about that before. It's a natural hedge for us because our operation in Oldham is using euro and then — our price and our revenue, most of our revenue in Europe is using the euro. So it's a natural hedge.

It just moved from GPM line and up and down to the SG&A. But the reality is go to the bottom line, they wash out each other.

Ramesh Misra - ***Brigantine Adivsors - Analyst***

Okay, great. And then Dr. Lu, in regards to commodity pricing, are you seeing any worrying trends over there? Things like metallization prices or other packaging materials?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

You are talking about ASP?

Ramesh Misra - ***Brigantine Adivsors - Analyst***

No, pricing of some of the raw materials; things like copper, aluminum —

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Well actually, the most — the biggest item to affect us is the gold price. We use a lot of gold and gold prices have been going up tremendously.

So what affects us the most is the gold price. Fortunately, we are aggressive to convert gold to copper wire or reduce the dimension of diameter of the gold wires and both give us enough cost reduction to offset all the material increase.

So for us, we don't have — the total material won't affect us that much.

Ramesh Misra ***- Brigantine Adivsors - Analyst***

Okay, great. One final question for Mark. You did talk quite a bit and have been talking a little bit about the general lighting market from an LED standpoint, Mark. How significant is it for you at this point and when do you see that portion of your business really beginning to become that a fair — let's say a 5% or 10% portion of your business?

Mark King ***- Diodes Incorporated - SVP, Sales and Marketing***

I don't know if I'm really ready to get into that with the numbers in front of me. I'm kind of sitting in Europe and I don't have all my books with me.

But in reality, I think — every quarter our business grows in that marketplace and I think the application horizon for general lighting in our LED drivers grows. So I think were making steady — regular and steady progress. And as we continue to release more products, we are seeing more options for our product [mostly] in the industrial segment as well as in the automotive segment for those products.

Keh-Shew Lu ***- Diodes Incorporated - President and CEO***

LED Lighting actually we are more in the backlighting, like LED TV backlighting or the handheld instrumentation backlighting. We have more of that product or revenue from that area than the general illuminations. And general lighting is a major area we are focused on but the revenue from that side is still not significant at all.

Operator

John Vinh, Collins Stewart.

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

First question for Dr. Lu. You keep downplaying at least on past calls kind of your ability to expand margins above kind of 35%. Obviously with guidance into Q4, this would be kind of three quarters in a row where you have meaningfully exceeded that 35% gross margin rate. Should we be thinking about kind of a new sustainable higher gross margin rate for you or should we still be thinking about kind of 35% over the longer term at this point?

Keh-Shew Lu ***- Diodes Incorporated - President and CEO***

Well, you know, my business model is 35% and we kind of said 35% is what we targeted, but we don't mind to take opportunity to — if we can get higher gross margin, we don't mind to take it. And yes, we are now probably looking for somewhere around probably say 35 to 37%.

But I still don't want to put the focus on the GPM percent. I still prefer we grow — we don't want to lose business because gross margin is too small. We still try to put the growth as our number one priority, GPM dollar is more important than GPM percent.

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

Got it, got it. Just to follow up to that, you also had talked about your ability to kind of change mix to drive higher gross margins to offset some of the pricing pressures that you guys have seen.

With supply coming in balance with demand, how sustainable is that? Is there still an ability for you to kind of drive higher mix going forward over the next couple of quarters or how do you see that playing out?

Keh-Shew Lu ***- Diodes Incorporated - President and CEO***

I think looking forward, you're probably going to see the mix will be offset — the mix improvement will be offset by the ASP reductions. Now that's several quarter.

Mix are weighting the ASP reduction, therefore we can get the GPM improvement or GPM percent improvement. Move forward, I was thinking ASP drop will be — start to getting more significant and that will be probably balance out by a mix change and therefore that's why I said probably you're going to start to see somewhere 35 to 37% and you probably won't see continued that GPM from 35.8% in Q2 to 37.4%.

We are saying now fourth quarter probably 37.4% and then move to — later on it might start to drop. Now I do — as Mark King already said, we won't see a major drop from that GPM percent because we have the product mix to offset that.

But when the ASPs start getting really aggressive, we're going to see some GPM percent drop. As soon as they're better than my business model, I would just keep the business and do the growth instead of keep up the business and drop the revenue.

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

Great, thank you. Then just last one for me, you had mentioned earlier that you expect your back-end capacity unit volume to increase by 6 to 10% in Q4.

Wondering if you could kind of reconcile that against kind of the midpoint of your guidance which is kind of flat to slightly up. Is that mix, ASP, maybe a greater mix of OEM. If you could give me some color, that would be great.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Well, you know, when we increase the back-end capacity, if the business is not there, I think we give the business guidance. Now that business guidance, some of that was due to the ASP drop but the mix will be covered, and so we put GPM percent about the same.

But, the volume, it will be increased some but that — what we really want to do is give us a little bit of breath room such as that. If the business pick it up, we will not be — we will not lose the revenue opportunity.

If you remember, the whole focus is profitable growth. As long as the GPM is better than 35%, I really don't want to lose the opportunity just because the capacity constraint. Therefore I'm trying to build a little bit more capacity in case the revenue of business is there.

Operator

Gary Mobley, Benchmark.

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

Could you share with us by how much your production lead times shrunk throughout the third quarter? And could you have done any more revenue in the third quarter if you weren't perhaps overutilized in the early part of the quarter?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Well, I think in our business model, we don't have that much leadtime issue because our product — wafer cost is not high; patient cost is high, much higher. Therefore we always build up the wafer inventory to support the packaging need.

The packaging leadtime is only probably two weeks. Therefore we really don't see that much of the leadtime issues.

When you get capacity, we just say yes, we can support it, no we cannot support it. We can see it and we really do not play with the leadtime.

If we can support it, we take an order. If we cannot support it, we just say no, we cannot. Because we can very clearly see our capacity and that's why — the reason we don't see that much of double ordering because basically we know the leadtime is two to three weeks.

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

Okay, and could you have done more revenue in the third quarter if you had a bit more capacity?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

In the third quarter?

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

That's correct.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

We probably at the beginning, yes, so —

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

If I could take that, Dr. Lu. I think we probably could have done a little bit more commodity product in the early part of the quarter and maybe even in the latter part of the quarter. But really I don't think it would be overly material.

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

Okay, my next question relates to your foray into the standard logic market. Could you give us an update there on the timing of perhaps some revenue and when it might become material?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

We don't separate our revenue by analog, discrete or logic. What I can say is this. Our discrete product comes in at the right time when our customers cannot get support from other vendors.

So they're very welcome on our logic product and we see a lot of good design wins, but we don't really separate. Again, those kind of revenue now at the beginning of stage is not really significant to our total revenues.

This is really a growth driver for probably 2012 to be really significant enough. Mark, do you want to add it?

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

No, I think that's probably on track. I think if you looked at the thing, the progress of the program, I think we have had distributor acceptance and we've positioned reasonable stock levels to support the product line across our distributor channel.

I think we've got some very exciting interest from some of our key OEMs in the product line and I think actually everything is going quite well in the product area. The revenue, we do have revenue and we have our first orders and so forth that are beyond distributor stocking. But again, it's going to take some period to get the right mix with the right customers and start to get into the production, major production cycles with these customers.

Operator

Tristan Gerra, Robert Baird.

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

How much wafer capacity do you think you would have added year over year and in 2010? And also, you had said earlier this year you had booked capacity for both Q3 and Q4 on the basis of your visibility for demand. Are you booking capacity for Q1 at this point?

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Well, wafer capacity —When we typically — our model is if we reach about 80 to 85%, we consider that it's full because our capacity is not very big in Oldham fab, so we still have one of the kind equipment and therefore we really play in about 80 to 85% we consider as full. And at this time, Oldham fab is running about that rate.

Now, if necessary, then we will probably put some capital equipment for redundancy purposes and then that that will increase that 80 to 85% to 100%. So that's in the Oldham fab.

In Kansas City, again, we do have use in that to support some foundry business. And we are now running somewhere around again probably 75 to 80%. But we still have the room to increase and then if necessary, we will start to squeeze out the foundry business to be used by internally. Therefore, I don't think wafer capacity will be that much of a concern of me.

Operator

Brian Piccioni, BMO Capital Markets.

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

I was kind of worried I wasn't going to be able to get in under the wire there. First, congratulations on great results.

You have obviously answered most of the questions I would've asked. But just as a follow-on, you had discussed earlier in the call on a few occasions issues like inventory at customers and stuff like that.

Would you characterize yourself as being very confident that there isn't possibly excess buffer inventory being maintained at your end customers or at some point in between?

Keh-Shew Lu *- Diodes Incorporated - President and CEO*

Well I can tell you we're very confident on that and the reason is since we are — our leadtime is not really that long because like I mentioned, we put in wafer inventory. So our leadtime is very short.

Second is we really support the customers, so we don't really — let the customer double ordering and they know we have big capacity to support them. For the important customer, they know they have enough wait, they probably just don't even want to waste their time or waste their money to put the inventory in their site. So basically, I don't feel that concerned about our customer build up their own inventory.

Brian Piccioni *- BMO Capital Markets - Analyst*

Okay, that's great. As a follow-on to an earlier question, with respect to raw material, you answered the question of gold of course. But you have other raw materials like molding compound, the stuff that goes into your lead frames and stuff like that. Would you characterize that pricing environment as being stable or declining or rising?

Keh-Shew Lu *- Diodes Incorporated - President and CEO*

Well actually, from the wafer — wafer is our next big one because we bought another wafer from somewhere else. So wafer is another big one other than gold wire.

And we do have the wafer price up in third quarter and even in second quarter. But we don't see they've continued up anymore, so we started going to asking for price down.

So from a wafer point of view, which is our next major expenditure, I think fourth quarter or even that Q1 we will start to see some decrease. Basically Q3 is the hardest one, Q4 will probably equal to Q3 but we started negotiating with our vendor trying to win the wafer price down. But we definitely don't see any increase anymore because wafer demand has been easing up and that's our second one.

Now the rest of the years, they're up but they won't be our major cost. Gold wire is our number one cost and wafer we are buying from our support — our foundry or some other foundry is our second larger cost.

Operator

Stephen Chin, UBS.

Stephen Chin *- UBS - Analyst*

I had a couple questions related to the industrial market and the products that you guys are currently selling in there. I guess first of all in terms of the demand that you're seeing from Europe and the Americas for the industrial market, is the demand in Q4, is that considered seasonal or is it still better than seasonal

Mark King *- Diodes Incorporated - SVP, Sales and Marketing*

The seasonality is generally driven by Asia. So in our picture, it's not so clear. But I think the demand is relatively — is consistent.

And frankly the fourth quarter in North America and Europe is new from two years of relatively soft periods. So I think that it's hard to tell. I think we're going to have to just keep going. But it looks very consistent and the rates look very consistent, are growing from third to fourth quarter.

Stephen Chin *- UBS - Analyst*

Okay, in terms of the products that you are selling to the industrial market, I assume a lot of the favorable mix shift towards higher margin products, I assume that's going into the industrial markets.

Any color on the leadtimes for those products, the higher margin products? Are they primarily being produced out of the Oldham fab as opposed to Kansas City?

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

I would say they would be produced out of all different fab areas, the different products and so forth. And I think you can always see — we tend to see on our higher margin products and so forth are generally — we try to keep our leadtimes the shortest.

So we make a major effort to capture anything we possibly can in those product areas. But where we stretch our leadtimes generally is in the commodity area so we can control the input to our factory.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Another thing is that we have transferred the technology from Oldham to Kansas City which is much bigger fab. And for example, we transferred our transistor, bipolar transistor which originally was produced to OFAB, we've now transferred that technology to Kansas City.

So in case other product had demand increase such as that, Oldham fab is full, then we can offload some of bipolar transistors which originally generated in OFAB can be started to generate by the Kansas City fab. So we do a lot of stuff such that we can have a dual source in case we get some upside from one area, we still can support it.

Obviously Zetex product which give us a better margin is one of the products — is the product we're going to put more support for it.

Stephen Chin - ***UBS - Analyst***

I guess I'd just follow up one more up time on that. These higher margin products, are they typically a high trend type product or is it somewhat proprietary where your customers would have to book a quarter in advance at least in order to get them or —?

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

I would say both and I don't think you are — whether they book in a quarter in advance and so forth, generally our own customers, we know their buy rates pretty regularly. So we have generally decent issues on it and we can generally jump to — jump up support as required. So I think we have a pretty good capability to turn these products relatively quickly.

Stephen Chin - ***UBS - Analyst***

Last question I had was just on the — in terms of order momentum for the computing and consumer markets. If you could offer a little color on how those growth trends are today relative to exiting — steady from Q3, is it a little better, a little worse? That would be helpful.

Mark King - ***Diodes Incorporated - SVP, Sales and Marketing***

I think it's pretty consistent with our guidance. It's right around in that same area, maybe a little stronger on the consumer.

Stephen Chin - ***UBS - Analyst***

Okay, wonderful. Thanks again and nice job on the quarter.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

Thank you.

Operator

At this time, I'd like to turn the call back to Dr. Lu for closing remarks.

Keh-Shew Lu - ***Diodes Incorporated - President and CEO***

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

Operator

We thank you for your participation in today's conference. This does conclude your presentation. You may now disconnect and have a great day.