

**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**

Date of Report (Date of earliest event reported): August 29, 2005

**DIODES INCORPORATED**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

1-5740  
(Commission File Number)

95-2039518  
(I.R.S. Employer Identification No.)

3050 East Hillcrest Drive  
Westlake Village, California  
(Address of principal executive offices)

91362  
(Zip Code)

(805) 446-4800  
(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On August 29, 2005, Diodes Incorporated (the "Company") entered into employment agreements with Dr. Keh-Shew Lu (President and Chief Executive Officer), Joseph Liu (Senior Vice President-Operations), Mark A. King (Senior Vice President-Sales and Marketing) and Carl C. Wertz (Chief Financial Officer), pursuant to which they are entitled to (i) receive an annual base salary (subject to increase from time to time in the discretion of the Company's Board of Directors) of \$300,000, \$208,000, \$177,000, and \$146,000, respectively, (ii) participate in any executive bonus plan of the Company, (iii) receive reimbursement for all reasonable and documented business expenses, (iv) paid vacation in accordance with the Company's vacation policy for employees generally, (v) participate in all plans provided to employees in general, (vi) receive a life insurance policy in the amount in effect on the date of the agreement, and (vii) receive a disability policy in the maximum insurable amount. Employment is at will and may be terminated by either the Company or the employee at any time. The employee is prohibited from disclosing trade secrets of the Company, engaging in any "competitive activity" (as defined) or soliciting current or, in some cases, former employees or independent contractors of the Company, during his employment and for the two years following the beginning of the leave of absence described below if his employment is terminated without "cause" (as defined), and acknowledges that all tangible items related to the Company are the exclusive property of the Company.

In the event employment is terminated by the Company without "cause" (as defined), the employee either may (a) commence a one year paid leave of absence or (b) forego such leave of absence and the benefits associated therewith. During the leave of absence, the employee will continue as a full-time employee of the Company, entitled to receive the benefits described above (other than the bonus described in clause (ii), which will be prorated to the beginning of the leave of absence). During the leave of absence, the employee will not be obligated to perform any services for the Company, but will have all other obligations provided by the agreement. At the end of the leave of absence, neither the Company nor the employee shall have any further duties under these agreement, except that (i) the Company shall continue to pay to the employee, or his estate, the annual base salary for one year, (ii) all stock-based compensation previously granted shall continue to vest and shall remain exercisable for the full term thereof, determined without regard to the termination of employment, and (iii) the employee shall continue to be bound by the trade secrets, noncompetition and non-solicitation provisions of the agreement for one year after the end of the leave of absence. In addition, all stock-based compensation will vest immediately upon a "change in control" (as defined) of the Company.

In addition, the Company has entered into an indemnification agreement with each of these employees that may require the Company to indemnify the employee against liabilities that may arise by reason of his status or service with the Company.

The foregoing summary is qualified in its entirety by reference to the copies of the employment agreements and the form of indemnification agreement attached as exhibits to this Report.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
10.1*	Employment Agreement dated as of August 29, 2005, between the Company and Keh-Shew Lu.
10.2*	Employment Agreement dated as of August 29, 2005, between the Company and Mark A. King.
10.3*	Employment Agreement dated as of August 29, 2005, between the Company and Joseph Liu.
10.4*	Employment Agreement dated as of August 29, 2005, between the Company and Carl C. Wertz.
10.5*	Form of Indemnification Agreement between the Company and its directors and executive officers.

\* Management contract or compensatory plan or arrangement.

**SIGNATURES**

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

DIODES INCORPORATED

Date: August 30, 2005

By: /s/ Carl C. Wertz

\_\_\_\_\_  
Carl C. Wertz,  
Chief Financial Officer

**EXHIBIT INDEX**

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10.5*	Form of Indemnification Agreement between the Company and its directors and executive officers.

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\* Management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and effective as of the 29th day of August 2005, by and between Diodes Incorporated, a Delaware corporation (the "Company"), and DR. KEH-SHEW LU (the "Employee"), with respect to the following facts:

The Company desires to be assured of the continued association and services of the Employee in order to take advantage of his experience, knowledge and abilities in the Company's business, and is willing to employ the Employee, and the Employee desires to be so employed, on the terms and conditions set forth in this Agreement.

ACCORDINGLY, on the basis of the representations, warranties and covenants contained herein, the parties hereto agree as follows:

1. EMPLOYMENT

1.1 Employment. The Company hereby employs the Employee as President and Chief Executive Officer, and the Employee hereby accepts such employment, on the terms and conditions set forth below, to perform during the term of this Agreement such services as are required hereunder.

1.2 Duties. The Employee shall render such services to the Company, and shall perform such duties and acts, as reasonably may be required by the Company's Board of Directors in connection with any aspect of the Company's business.

1.3 Performance of Duty. The Employee shall devote such reasonable time, ability and attention to his duties hereunder as may be necessary to discharge such duties in a professional and businesslike manner.

1.4 Indemnification. The Company shall, to the maximum extent permitted by applicable law, indemnify, defend and hold harmless the Employee from, against and in respect of any and all payments, damages, claims, demands, losses, expenses, costs, obligations and liabilities (including, but not limited to, attorney's fees and costs and the costs of investigation and preparation ) which, directly or indirectly, arise or result from or are related to the fact that the Employee is or was an employee, officer, director or agent of the Company. By way of evidencing such obligation and not limitation, the Company and Employee have previously entered into an Indemnification Agreement, a copy of which is attached hereto as Exhibit A.

1.5 Trade Secrets. The Employee shall not, without the prior written consent of the Company's Board of Directors, disclose or use in any way, either during his employment by the Company or thereafter, except as required in the course of such employment, any confidential business or technical information or trade secret of the Company acquired in the course of such employment, whether or not patentable, copyrightable or otherwise protected by law, and whether or not conceived of or prepared by him (collectively, the "Trade Secrets"), including, without limitation, any confidential information concerning customer lists, products, procedures, operations, investments, financing, costs, employees, purchasing, accounting, marketing, merchandising, sales, salaries, pricing, profits and plans for future development, the identity, requirements, preferences, practices and methods of doing business of specific parties with whom the Company transacts business, and all other information which is related to any product, service or business of the Company, other than information which is (or becomes, other than as a result of the breach hereof by the Employee) generally known in the industry in which the Company transacts business or is or may be acquired from public sources; all of which Trade Secrets are the exclusive and valuable property of the Company.

1.6 Noncompetition.

(a) As used in this Agreement, the term "Competitive Activity" shall mean any participation in, assistance of, employment by, ownership of any interest in, acceptance of business from or assistance, promotion or organization of any person, partnership, corporation, firm, association or other business organization, entity or enterprise which, directly or indirectly, is engaged in, or hereinafter engages in, the development, production, marketing or selling of any product which is the same as or in competition with any line of business in which the Company is engaged, whether as an agent, consultant, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity, but excluding the holding for investment of less than five percent (5%) of the outstanding securities of any corporation which are regularly traded on a recognized stock exchange. Competitive Activity shall not be deemed to include personal investment (including venture capital) activities of the Employee.

(b) During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall refrain, without the prior written consent of the Company in each instance, from engaging in any Competitive Activity which would be reasonably likely, as determined by the Company in its reasonable discretion, to result in the disclosure or use of any Trade Secrets.

1.7 Tangible Items. All files, accounts, records, documents, books, forms, notes, reports, memoranda, studies, compilations of information, correspondence and all copies, abstracts and summaries of the foregoing, and all other physical items related to the Company, other than a merely personal item, whether of a public nature or not, and whether prepared by the Employee or not, are and shall remain the exclusive property of the Company and shall not be removed from the premises of the Company, except as required in the course of employment by the Company, without the prior written consent of the Company's Board of Directors in each instance, and upon the request of the Company the same shall be promptly returned to the Company by the Employee on the expiration or termination of his employment by the Company or at any time prior thereto upon the request of the Company.

1.8 Solicitation of Employees. During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall not, directly or indirectly, either for his own benefit or purposes or the benefit or purposes of any other person, employ or offer to employ, call on, solicit, interfere with or attempt to divert or entice away any employee or independent contractor of the Company (or any person whose employment or status as an independent contractor has terminated within the six (6) months preceding the date of such solicitation) in any capacity if that person possesses or has knowledge of any Trade Secrets of the Company.

1.9 Injunctive Relief. The Employee hereby acknowledges and agrees that it would be difficult to fully compensate the Company for damages resulting from the breach or threatened breach of Sections 1.5, 1.6, 1.7 or 1.8 and, accordingly, that the Company shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief shall not, however, diminish the Company's right to claim and recover damages.

## 2. COMPENSATION

2.1 Compensation. As the total consideration for the services which the Employee renders hereunder, the Employee shall be entitled to the following:

(i) an annual base salary of Three Hundred Thousand Dollars (\$300,000.00), subject to such periodic increases, if any, as the Board of Directors may determine, less any applicable deduction therefrom for income tax or other applicable withholdings, payable in accordance with the Company's standard practices and procedures;

(ii) participation in any executive bonus plan sponsored by the Company;

(iii) prompt reimbursement of any and all reasonable and documented expenses (including, but not limited to, air fare, car rental, lodging, meals, business telephone and related travel expenses) incurred by the Employee from time to time in the performance of his duties hereunder, which reimbursement shall be made in accordance with the Company's policies and procedures as the same may be amended from time to time;

(iv) such paid vacation as may be provided in accordance with the vacation policy of the company applicable to Employees in general, as the same may be amended from time to time;

(v) participation in all plans or programs sponsored by the Company for employees in general, including, but not limited to, participation in any group health plan, medical reimbursement plan, life insurance plan, pension and profit sharing plan, or stock option plan;

(vi) a life insurance policy with a death benefit in an amount equal to that existing on the date of this Agreement, payable as directed by the Employee;

(vii) a disability insurance policy in the maximum insurable amount as defined by the policy.

2.2 Illness. If the Employee shall be unable to render the services required hereunder on account of personal injuries or physical or mental illness, he shall continue to receive all payments provided in this Agreement; provided, however, that any such payment may, at the sole option of the Company, be reduced by any amount that the Employee receives for the period covered by such payments as disability compensation under insurance policies, if any, maintained by the Company or under government programs.

3. TERM AND TERMINATION

3.1 At will Relationship.

(a) The Employee and the Company each hereby acknowledges and agrees that, except as expressly set forth in this Article 3, (i) the Employee's relationship with the Company under this Agreement is AT WILL and can be terminated at the option of either the Employee or the Company in his or its sole and absolute discretion, for any or no reason whatsoever, with or without cause, (ii) no representations, warranties or assurances have been made concerning the length of such relationship or the aggregate amount of compensation to be received by the Employee and (iii) after the termination of his employment by the Company, the Employee shall have no right, title or interest in or claim to any revenues received by the Company from any person for any goods sold or services rendered by the Company to such person, whether or not the Employee was the cause, in whole or in part, for such person to purchase such goods from the Company or to retain the Company to perform such services.

(b) The term "cause" shall mean:

(i) the willful and continued refusal of the Employee to substantially perform his duties in accordance with this Agreement (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed such duties and the Employee shall have had a reasonable opportunity to remedy the same; or

(ii) the conviction of, or a plea of nolo contendere by, the Employee to a felony; or

(iii) a charge or indictment of a felony, the defense of which renders the Employee substantially unable to perform his duties under this Agreement.

3.2 Duties Upon Termination. In the event that the Employee's employment under this Agreement is terminated by the Company without "cause" (as defined above), or the Company breaches the provisions of this Agreement, the Employee shall either (at the option of the Employee) immediately begin a one year paid leave of absence (the "LOA") or the Employee may forego the LOA and other benefits set forth in this Section 3.2 and terminate this Agreement in its entirety. During the LOA, Employee shall continue as a full time employee of the Company and shall continue to receive the salary, benefits and other compensation (except for the benefits set forth in Section 2.1(ii) above, which shall terminate at the beginning of the LOA) being received by the Employee immediately prior to the beginning of the LOA. Any benefits under Section 2.1(ii) shall be prorated as of the beginning of the LOA. During the LOA, the Employee shall not be required to perform any services for the Company, but shall have all other obligations (such as the duty of loyalty) owed by an employee to an employer, including those duties imposed by Sections 1.5, 1.6, 1.7, and 1.8 of this Agreement. The Company shall have no obligation to grant new stock options to the Employee during the LOA. At the expiration of the LOA, neither the Company nor the Employee shall have any remaining duties or obligations hereunder, except that (i) the Company shall continue to pay or provide to the Employee, or his estate, the amount specified in Section 2.1(i) during the period commencing on the expiration of the LOA and ending on the first anniversary of such expiration (ii) all stock-based compensation previously granted to the Employee (including, but not limited to, all stock options, stock appreciation rights, bonus units and stock grants) shall continue to vest pursuant to the vesting schedule in effect when the stock based compensation was granted and shall remain fully exercisable for the full term thereof determined, both as to vesting and exercisability, without regard to the termination of employment and (iii) the Employee shall continue to be bound by Sections 1.5, 1.6, 1.7 and 1.8. Notwithstanding the foregoing, all such stock based compensation granted to Employee shall vest immediately (and be exercisable for the full term thereof) upon the occurrence of a Change in Control (as defined below) of the Company. As used herein, the term Change in Control shall have the same meaning as set forth in Section 2 of the Diodes Incorporated 2001 Omnibus Equity Incentive Plan. To the extent necessary to conform to this Section 3.3, the Company shall amend its 1993 Incentive Stock Option Plan (as amended and restated) and its 2001 Omnibus Equity Incentive Plan.



3.3 Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Employee may qualify, nor shall anything herein limit or otherwise affect such rights as the Employee may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Employee otherwise is entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement except as explicitly modified by this Agreement.

3.4 Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others; provided, however, that in the event the Employee shall obtain employment within one year from the date of termination, any amount payable by the Company to the Employee under Section 3.2 shall be reduced by any amount received by the Employee during such one year in connection with such other employment. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any provision of this Agreement.

4. MISCELLANEOUS

4.1 Severable Provisions. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

4.2 Successors and Assigns.

(a) All of the terms, provisions and obligations of this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. Notwithstanding the foregoing, this Agreement is personal to the Employee, and neither this Agreement nor any rights hereunder shall be assigned, pledged, hypothecated or otherwise transferred by the Employee (other than by will or the laws of descent and distribution) without the prior written consent of the Company in each instance.

(b) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

4.3 Governing Law. The validity, construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of California applicable to contracts made and to be performed wholly within that State.

4.4 Headings. Section and subsection headings are not to be considered part of this Agreement and are included solely for convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

4.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, relating to the subject matter of this Agreement. No supplement, modification, waiver or termination of this Agreement shall be valid unless executed by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

4.6 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given (i) if personally delivered, when so delivered, (ii) if mailed, one (1) week after having been placed in the United States mail, registered or certified, postage prepaid, addressed to the party to whom it is directed at the address set forth below or (iii) if given by e-mail or telecopier, when such notice or other communication is transmitted to the e-mail or telecopier number specified below and the appropriate answerback or telephonic confirmation is received. Either party may change the address to which such notices are to be addressed by giving the other party notice in the manner herein set forth.

4.7 Mediation. The parties agree to mediate any dispute or claim between them arising out of this Agreement before resulting to court action. The mediation fees, if any, shall be divided equally among the parties and each side shall bear their own attorney's fees.

4.8 Attorneys' Fees. In the event any party takes legal action to enforce any of the terms of this Agreement, the unsuccessful party to such action shall pay the successful party's expenses, including attorneys' fees and expenses, incurred in such action.

4.9 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the Company or the Employee any rights or remedies under or by reason of this Agreement.

4.10 Termination of Prior Agreements. The rights and obligations of the Company and the Employee, if any, under any and all prior agreements, understandings and arrangements in respect of the Employee's employment by the Company ("Prior Agreements") hereby are terminated effective as of the date hereof. From and after the date hereof, neither the Company nor the Employee shall have any further rights or obligations whatsoever under the Prior Agreements.

4.11 Consent to Jurisdiction. Each party hereto, to the fullest extent it may effectively do so under applicable law, irrevocably (i) submits to the exclusive jurisdiction of any court of the State of California or the United States of America sitting in the City of Los Angeles over any suit, action or proceeding arising out of or relating to this Agreement, (ii) waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the establishment of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (iii) agrees that a judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of the United States of America or the State of California (or any other courts to the jurisdiction of which such party is or may be subject) by a suit upon such judgment and (iv) consents to process being served in any such suit, action or proceeding by mailing a copy thereof by registered or certified air mail, postage prepaid, return receipt requested, to the address of such party specified in or designated pursuant to Section 4.6. Each party agrees that such service (i) shall be deemed in every respect effective service of process upon such party in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such party.

4.12 Construction. This Agreement was reviewed by legal counsel for each party hereto and is the product of informed negotiations between the parties hereto. If any part of this Agreement is deemed to be unclear or ambiguous, it shall be construed as if it were drafted jointly by the parties. Each party hereto acknowledges that no party was in a superior bargaining position regarding the substantive terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first set forth above.

Company:

DIODES INCORPORATED

By: /s/ Carl Wertz

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Authorized Representative  
CARL WERTZ,  
Chief Financial Officer

Employee:

By: /s/ Dr. Keh-Shew Lu

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DR. KEH-SHEW LU



EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and effective as of the 29th day of August 2005, by and between Diodes Incorporated, a Delaware corporation (the "Company"), and MARK KING (the "Employee"), with respect to the following facts:

The Company desires to be assured of the continued association and services of the Employee in order to take advantage of his experience, knowledge and abilities in the Company's business, and is willing to employ the Employee, and the Employee desires to be so employed, on the terms and conditions set forth in this Agreement.

ACCORDINGLY, on the basis of the representations, warranties and covenants contained herein, the parties hereto agree as follows:

1. EMPLOYMENT

1.1 Employment. The Company hereby employs the Employee as Senior Vice President of Sales and Marketing, and the Employee hereby accepts such employment, on the terms and conditions set forth below, to perform during the term of this Agreement such services as are required hereunder.

1.2 Duties. The Employee shall render such services to the Company, and shall perform such duties and acts, as reasonably may be required by the Company's Chief Executive Officer in connection with any aspect of the Company's business.

1.3 Performance of Duty. The Employee shall devote such reasonable time, ability and attention to his duties hereunder as may be necessary to discharge such duties in a professional and businesslike manner.

1.4 Indemnification. The Company shall, to the maximum extent permitted by applicable law, indemnify, defend and hold harmless the Employee from, against and in respect of any and all payments, damages, claims, demands, losses, expenses, costs, obligations and liabilities (including, but not limited to, attorney's fees and costs and the costs of investigation and preparation ) which, directly or indirectly, arise or result from or are related to the fact that the Employee is or was an employee, officer, director or agent of the Company. By way of evidencing such obligation and not limitation, the Company and Employee have previously entered into an Indemnification Agreement, a copy of which is attached hereto as Exhibit A.

1.5 Trade Secrets. The Employee shall not, without the prior written consent of the Company's Board of Directors, disclose or use in any way, either during his employment by the Company or thereafter, except as required in the course of such employment, any confidential business or technical information or trade secret of the Company acquired in the course of such employment, whether or not patentable, copyrightable or otherwise protected by law, and whether or not conceived of or prepared by him (collectively, the "Trade Secrets"), including, without limitation, any confidential information concerning customer lists, products, procedures, operations, investments, financing, costs, employees, purchasing, accounting, marketing, merchandising, sales, salaries, pricing, profits and plans for future development, the identity, requirements, preferences, practices and methods of doing business of specific parties with whom the Company transacts business, and all other information which is related to any product, service or business of the Company, other than information which is (or becomes, other than as a result of the breach hereof by the Employee) generally known in the industry in which the Company transacts business or is or may be acquired from public sources; all of which Trade Secrets are the exclusive and valuable property of the Company.

1.6 Noncompetition.

(a) As used in this Agreement, the term "Competitive Activity" shall mean any participation in, assistance of, employment by, ownership of any interest in, acceptance of business from or assistance, promotion or organization of any person, partnership, corporation, firm, association or other business organization, entity or enterprise which, directly or indirectly, is engaged in, or hereinafter engages in, the development, production, marketing or selling of any product which is the same as or in competition with any line of business in which the Company is engaged, whether as an agent, consultant, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity, but excluding the holding for investment of less than five percent (5%) of the outstanding securities of any corporation which are regularly traded on a recognized stock exchange. Competitive Activity shall not be deemed to include personal investment (including venture capital) activities of the Employee.

(b) During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall refrain, without the prior written consent of the Company in each instance, from engaging in any Competitive Activity which would be reasonably likely, as determined by the Company in its reasonable discretion, to result in the disclosure or use of any Trade Secrets.

1.7 Tangible Items. All files, accounts, records, documents, books, forms, notes, reports, memoranda, studies, compilations of information, correspondence and all copies, abstracts and summaries of the foregoing, and all other physical items related to the Company, other than a merely personal item, whether of a public nature or not, and whether prepared by the Employee or not, are and shall remain the exclusive property of the Company and shall not be removed from the premises of the Company, except as required in the course of employment by the Company, without the prior written consent of the Company's Board of Directors in each instance, and upon the request of the Company the same shall be promptly returned to the Company by the Employee on the expiration or termination of his employment by the Company or at any time prior thereto upon the request of the Company.

1.8 Solicitation of Employees. During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall not, directly or indirectly, either for his own benefit or purposes or the benefit or purposes of any other person, employ or offer to employ, call on, solicit, interfere with or attempt to divert or entice away any employee or independent contractor of the Company (or any person whose employment or status as an independent contractor has terminated within the six (6) months preceding the date of such solicitation) in any capacity if that person possesses or has knowledge of any Trade Secrets of the Company.

1.9 Injunctive Relief. The Employee hereby acknowledges and agrees that it would be difficult to fully compensate the Company for damages resulting from the breach or threatened breach of Sections 1.5, 1.6, 1.7 or 1.8 and, accordingly, that the Company shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief shall not, however, diminish the Company's right to claim and recover damages.

## 2. COMPENSATION

2.1 Compensation. As the total consideration for the services which the Employee renders hereunder, the Employee shall be entitled to the following:

(i) an annual base salary of One Hundred Seventy-seven Thousand Dollars (\$177,000.00), subject to such periodic increases, if any, as the Board of Directors may determine, less any applicable deduction therefrom for income tax or other applicable withholdings, payable in accordance with the Company's standard practices and procedures;

(ii) participation in any executive bonus plan sponsored by the Company;

(iii) prompt reimbursement of any and all reasonable and documented expenses (including, but not limited to, air fare, car rental, lodging, meals, business telephone and related travel expenses) incurred by the Employee from time to time in the performance of his duties hereunder, which reimbursement shall be made in accordance with the Company's policies and procedures as the same may be amended from time to time;

(iv) such paid vacation as may be provided in accordance with the vacation policy of the company applicable to Employees in general, as the same may be amended from time to time;

(v) participation in all plans or programs sponsored by the Company for employees in general, including, but not limited to, participation in any group health plan, medical reimbursement plan, life insurance plan, pension and profit sharing plan, or stock option plan;

(vi) a life insurance policy with a death benefit in an amount equal to that existing on the date of this Agreement, payable as directed by the Employee;

(vii) a disability insurance policy in the maximum insurable amount as defined by the policy.

2.2 Illness. If the Employee shall be unable to render the services required hereunder on account of personal injuries or physical or mental illness, he shall continue to receive all payments provided in this Agreement; provided, however, that any such payment may, at the sole option of the Company, be reduced by any amount that the Employee receives for the period covered by such payments as disability compensation under insurance policies, if any, maintained by the Company or under government programs.



3. TERM AND TERMINATION

3.1 At will Relationship.

(a) The Employee and the Company each hereby acknowledges and agrees that, except as expressly set forth in this Article 3, (i) the Employee's relationship with the Company under this Agreement is AT WILL and can be terminated at the option of either the Employee or the Company in his or its sole and absolute discretion, for any or no reason whatsoever, with or without cause, (ii) no representations, warranties or assurances have been made concerning the length of such relationship or the aggregate amount of compensation to be received by the Employee and (iii) after the termination of his employment by the Company, the Employee shall have no right, title or interest in or claim to any revenues received by the Company from any person for any goods sold or services rendered by the Company to such person, whether or not the Employee was the cause, in whole or in part, for such person to purchase such goods from the Company or to retain the Company to perform such services.

(b) The term "cause" shall mean:

(i) the willful and continued refusal of the Employee to substantially perform his duties in accordance with this Agreement (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed such duties and the Employee shall have had a reasonable opportunity to remedy the same; or

(ii) the conviction of, or a plea of nolo contendere by, the Employee to a felony; or

(iii) a charge or indictment of a felony, the defense of which renders the Employee substantially unable to perform his duties under this Agreement.

3.2 Duties Upon Termination. In the event that the Employee's employment under this Agreement is terminated by the Company without "cause" (as defined above), or the Company breaches the provisions of this Agreement, the Employee shall either (at the option of the Employee) immediately begin a one year paid leave of absence (the "LOA") or the Employee may forego the LOA and other benefits set forth in this Section 3.2 and terminate this Agreement in its entirety. During the LOA, Employee shall continue as a full time employee of the Company and shall continue to receive the salary, benefits and other compensation (except for the benefits set forth in Section 2.1(ii) above, which shall terminate at the beginning of the LOA) being received by the Employee immediately prior to the beginning of the LOA. Any benefits under Section 2.1(ii) shall be prorated as of the beginning of the LOA. During the LOA, the Employee shall not be required to perform any services for the Company, but shall have all other obligations (such as the duty of loyalty) owed by an employee to an employer, including those duties imposed by Sections 1.5, 1.6, 1.7, and 1.8 of this Agreement. The Company shall have no obligation to grant new stock options to the Employee during the LOA. At the expiration of the LOA, neither the Company nor the Employee shall have any remaining duties or obligations hereunder, except that (i) the Company shall continue to pay or provide to the Employee, or his estate, the amount specified in Section 2.1(i) during the period commencing on the expiration of the LOA and ending on the first anniversary of such expiration (ii) all stock-based compensation previously granted to the Employee (including, but not limited to, all stock options, stock appreciation rights, bonus units and stock grants) shall continue to vest pursuant to the vesting schedule in effect when the stock based compensation was granted and shall remain fully exercisable for the full term thereof determined, both as to vesting and exercisability, without regard to the termination of employment and (iii) the Employee shall continue to be bound by Sections 1.5, 1.6, 1.7 and 1.8. Notwithstanding the foregoing, all such stock based compensation granted to Employee shall vest immediately (and be exercisable for the full term thereof) upon the occurrence of a Change in Control (as defined below) of the Company. As used herein, the term Change in Control shall have the same meaning as set forth in Section 2 of the Diodes Incorporated 2001 Omnibus Equity Incentive Plan. To the extent necessary to conform to this Section 3.3, the Company shall amend its 1993 Incentive Stock Option Plan (as amended and restated) and its 2001 Omnibus Equity Incentive Plan.

3.3 Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Employee may qualify, nor shall anything herein limit or otherwise affect such rights as the Employee may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Employee otherwise is entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement except as explicitly modified by this Agreement.

3.4 Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others; provided, however, that in the event the Employee shall obtain employment within one year from the date of termination, any amount payable by the Company to the Employee under Section 3.2 shall be reduced by any amount received by the Employee during such one year in connection with such other employment. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any provision of this Agreement.

4. MISCELLANEOUS

4.1 Severable Provisions. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

4.2 Successors and Assigns.

(a) All of the terms, provisions and obligations of this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. Notwithstanding the foregoing, this Agreement is personal to the Employee, and neither this Agreement nor any rights hereunder shall be assigned, pledged, hypothecated or otherwise transferred by the Employee (other than by will or the laws of descent and distribution) without the prior written consent of the Company in each instance.

(b) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

4.3 Governing Law. The validity, construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of California applicable to contracts made and to be performed wholly within that State.

4.4 Headings. Section and subsection headings are not to be considered part of this Agreement and are included solely for convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

4.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, relating to the subject matter of this Agreement. No supplement, modification, waiver or termination of this Agreement shall be valid unless executed by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

4.6 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given (i) if personally delivered, when so delivered, (ii) if mailed, one (1) week after having been placed in the United States mail, registered or certified, postage prepaid, addressed to the party to whom it is directed at the address set forth below or (iii) if given by e-mail or telecopier, when such notice or other communication is transmitted to the e-mail or telecopier number specified below and the appropriate answerback or telephonic confirmation is received. Either party may change the address to which such notices are to be addressed by giving the other party notice in the manner herein set forth.

4.7 Mediation. The parties agree to mediate any dispute or claim between them arising out of this Agreement before resulting to court action. The mediation fees, if any, shall be divided equally among the parties and each side shall bear their own attorney's fees.

4.8 Attorneys' Fees. In the event any party takes legal action to enforce any of the terms of this Agreement, the unsuccessful party to such action shall pay the successful party's expenses, including attorneys' fees and expenses, incurred in such action.

4.9 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the Company or the Employee any rights or remedies under or by reason of this Agreement.

4.10 Termination of Prior Agreements. The rights and obligations of the Company and the Employee, if any, under any and all prior agreements, understandings and arrangements in respect of the Employee's employment by the Company ("Prior Agreements") hereby are terminated effective as of the date hereof. From and after the date hereof, neither the Company nor the Employee shall have any further rights or obligations whatsoever under the Prior Agreements.

4.11 Consent to Jurisdiction. Each party hereto, to the fullest extent it may effectively do so under applicable law, irrevocably (i) submits to the exclusive jurisdiction of any court of the State of California or the United States of America sitting in the City of Los Angeles over any suit, action or proceeding arising out of or relating to this Agreement, (ii) waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the establishment of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (iii) agrees that a judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of the United States of America or the State of California (or any other courts to the jurisdiction of which such party is or may be subject) by a suit upon such judgment and (iv) consents to process being served in any such suit, action or proceeding by mailing a copy thereof by registered or certified air mail, postage prepaid, return receipt requested, to the address of such party specified in or designated pursuant to Section 4.6. Each party agrees that such service (i) shall be deemed in every respect effective service of process upon such party in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such party.

4.12 Construction. This Agreement was reviewed by legal counsel for each party hereto and is the product of informed negotiations between the parties hereto. If any part of this Agreement is deemed to be unclear or ambiguous, it shall be construed as if it were drafted jointly by the parties. Each party hereto acknowledges that no party was in a superior bargaining position regarding the substantive terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first set forth above.

Company:

DIODES INCORPORATED

By:           /s/ Dr. Keh-Shew Lu          

Authorized Representative  
DR. KEH-SHEW LU  
President and CEO

Employee:

By:           /s/ Mark King          

MARK KING



EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and effective as of the 29th day of August 2005, by and between Diodes Incorporated, a Delaware corporation (the "Company"), and JOSEPH LIU (the "Employee"), with respect to the following facts:

The Company desires to be assured of the continued association and services of the Employee in order to take advantage of his experience, knowledge and abilities in the Company's business, and is willing to employ the Employee, and the Employee desires to be so employed, on the terms and conditions set forth in this Agreement.

ACCORDINGLY, on the basis of the representations, warranties and covenants contained herein, the parties hereto agree as follows:

1. EMPLOYMENT

1.1 Employment. The Company hereby employs the Employee as Senior Vice President of Operations, and the Employee hereby accepts such employment, on the terms and conditions set forth below, to perform during the term of this Agreement such services as are required hereunder.

1.2 Duties. The Employee shall render such services to the Company, and shall perform such duties and acts, as reasonably may be required by the Company's Chief Executive Officer in connection with any aspect of the Company's business.

1.3 Performance of Duty. The Employee shall devote such reasonable time, ability and attention to his duties hereunder as may be necessary to discharge such duties in a professional and businesslike manner.

1.4 Indemnification. The Company shall, to the maximum extent permitted by applicable law, indemnify, defend and hold harmless the Employee from, against and in respect of any and all payments, damages, claims, demands, losses, expenses, costs, obligations and liabilities (including, but not limited to, attorney's fees and costs and the costs of investigation and preparation ) which, directly or indirectly, arise or result from or are related to the fact that the Employee is or was an employee, officer, director or agent of the Company. By way of evidencing such obligation and not limitation, the Company and Employee have previously entered into an Indemnification Agreement, a copy of which is attached hereto as Exhibit A.

1.5 Trade Secrets. The Employee shall not, without the prior written consent of the Company's Board of Directors, disclose or use in any way, either during his employment by the Company or thereafter, except as required in the course of such employment, any confidential business or technical information or trade secret of the Company acquired in the course of such employment, whether or not patentable, copyrightable or otherwise protected by law, and whether or not conceived of or prepared by him (collectively, the "Trade Secrets"), including, without limitation, any confidential information concerning customer lists, products, procedures, operations, investments, financing, costs, employees, purchasing, accounting, marketing, merchandising, sales, salaries, pricing, profits and plans for future development, the identity, requirements, preferences, practices and methods of doing business of specific parties with whom the Company transacts business, and all other information which is related to any product, service or business of the Company, other than information which is (or becomes, other than as a result of the breach hereof by the Employee) generally known in the industry in which the Company transacts business or is or may be acquired from public sources; all of which Trade Secrets are the exclusive and valuable property of the Company.

1.6 Noncompetition.

(a) As used in this Agreement, the term "Competitive Activity" shall mean any participation in, assistance of, employment by, ownership of any interest in, acceptance of business from or assistance, promotion or organization of any person, partnership, corporation, firm, association or other business organization, entity or enterprise which, directly or indirectly, is engaged in, or hereinafter engages in, the development, production, marketing or selling of any product which is the same as or in competition with any line of business in which the Company is engaged, whether as an agent, consultant, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity, but excluding the holding for investment of less than five percent (5%) of the outstanding securities of any corporation which are regularly traded on a recognized stock exchange. Competitive Activity shall not be deemed to include personal investment (including venture capital) activities of the Employee.

(b) During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall refrain, without the prior written consent of the Company in each instance, from engaging in any Competitive Activity which would be reasonably likely, as determined by the Company in its reasonable discretion, to result in the disclosure or use of any Trade Secrets.

1.7 Tangible Items. All files, accounts, records, documents, books, forms, notes, reports, memoranda, studies, compilations of information, correspondence and all copies, abstracts and summaries of the foregoing, and all other physical items related to the Company, other than a merely personal item, whether of a public nature or not, and whether prepared by the Employee or not, are and shall remain the exclusive property of the Company and shall not be removed from the premises of the Company, except as required in the course of employment by the Company, without the prior written consent of the Company's Board of Directors in each instance, and upon the request of the Company the same shall be promptly returned to the Company by the Employee on the expiration or termination of his employment by the Company or at any time prior thereto upon the request of the Company.

1.8 Solicitation of Employees. During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall not, directly or indirectly, either for his own benefit or purposes or the benefit or purposes of any other person, employ or offer to employ, call on, solicit, interfere with or attempt to divert or entice away any employee or independent contractor of the Company (or any person whose employment or status as an independent contractor has terminated within the six (6) months preceding the date of such solicitation) in any capacity if that person possesses or has knowledge of any Trade Secrets of the Company.



1.9 Injunctive Relief. The Employee hereby acknowledges and agrees that it would be difficult to fully compensate the Company for damages resulting from the breach or threatened breach of Sections 1.5, 1.6, 1.7 or 1.8 and, accordingly, that the Company shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief shall not, however, diminish the Company's right to claim and recover damages.

## 2. COMPENSATION

2.1 Compensation. As the total consideration for the services which the Employee renders hereunder, the Employee shall be entitled to the following:

(i) an annual base salary of Two Hundred Eight Thousand Dollars (\$208,000.00), subject to such periodic increases, if any, as the Board of Directors may determine, less any applicable deduction therefrom for income tax or other applicable withholdings, payable in accordance with the Company's standard practices and procedures;

(ii) participation in any executive bonus plan sponsored by the Company;

(iii) prompt reimbursement of any and all reasonable and documented expenses (including, but not limited to, air fare, car rental, lodging, meals, business telephone and related travel expenses) incurred by the Employee from time to time in the performance of his duties hereunder, which reimbursement shall be made in accordance with the Company's policies and procedures as the same may be amended from time to time;

(iv) such paid vacation as may be provided in accordance with the vacation policy of the company applicable to Employees in general, as the same may be amended from time to time;

(v) participation in all plans or programs sponsored by the Company for employees in general, including, but not limited to, participation in any group health plan, medical reimbursement plan, life insurance plan, pension and profit sharing plan, or stock option plan;

(vi) a life insurance policy with a death benefit in an amount equal to that existing on the date of this Agreement, payable as directed by the Employee;

(vii) a disability insurance policy in the maximum insurable amount as defined by the policy.

2.2 Illness. If the Employee shall be unable to render the services required hereunder on account of personal injuries or physical or mental illness, he shall continue to receive all payments provided in this Agreement; provided, however, that any such payment may, at the sole option of the Company, be reduced by any amount that the Employee receives for the period covered by such payments as disability compensation under insurance policies, if any, maintained by the Company or under government programs.

3. TERM AND TERMINATION

3.1 At will Relationship.

(a) The Employee and the Company each hereby acknowledges and agrees that, except as expressly set forth in this Article 3, (i) the Employee's relationship with the Company under this Agreement is AT WILL and can be terminated at the option of either the Employee or the Company in his or its sole and absolute discretion, for any or no reason whatsoever, with or without cause, (ii) no representations, warranties or assurances have been made concerning the length of such relationship or the aggregate amount of compensation to be received by the Employee and (iii) after the termination of his employment by the Company, the Employee shall have no right, title or interest in or claim to any revenues received by the Company from any person for any goods sold or services rendered by the Company to such person, whether or not the Employee was the cause, in whole or in part, for such person to purchase such goods from the Company or to retain the Company to perform such services.

(b) The term "cause" shall mean:

(i) the willful and continued refusal of the Employee to substantially perform his duties in accordance with this Agreement (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed such duties and the Employee shall have had a reasonable opportunity to remedy the same; or

(ii) the conviction of, or a plea of nolo contendere by, the Employee to a felony; or

(iii) a charge or indictment of a felony, the defense of which renders the Employee substantially unable to perform his duties under this Agreement.

3.2 Duties Upon Termination. In the event that the Employee's employment under this Agreement is terminated by the Company without "cause" (as defined above), or the Company breaches the provisions of this Agreement, the Employee shall either (at the option of the Employee) immediately begin a one year paid leave of absence (the "LOA") or the Employee may forego the LOA and other benefits set forth in this Section 3.2 and terminate this Agreement in its entirety. During the LOA, Employee shall continue as a full time employee of the Company and shall continue to receive the salary, benefits and other compensation (except for the benefits set forth in Section 2.1(ii) above, which shall terminate at the beginning of the LOA) being received by the Employee immediately prior to the beginning of the LOA. Any benefits under Section 2.1(ii) shall be prorated as of the beginning of the LOA. During the LOA, the Employee shall not be required to perform any services for the Company, but shall have all other obligations (such as the duty of loyalty) owed by an employee to an employer, including those duties imposed by Sections 1.5, 1.6, 1.7, and 1.8 of this Agreement. The Company shall have no obligation to grant new stock options to the Employee during the LOA. At the expiration of the LOA, neither the Company nor the Employee shall have any remaining duties or obligations hereunder, except that (i) the Company shall continue to pay or provide to the Employee, or his estate, the amount specified in Section 2.1(i) during the period commencing on the expiration of the LOA and ending on the first anniversary of such expiration (ii) all stock-based compensation previously granted to the Employee (including, but not limited to, all stock options, stock appreciation rights, bonus units and stock grants) shall continue to vest pursuant to the vesting schedule in effect when the stock based compensation was granted and shall remain fully exercisable for the full term thereof determined, both as to vesting and exercisability, without regard to the termination of employment and (iii) the Employee shall continue to be bound by Sections 1.5, 1.6, 1.7 and 1.8. Notwithstanding the foregoing, all such stock based compensation granted to Employee shall vest immediately (and be exercisable for the full term thereof) upon the occurrence of a Change in Control (as defined below) of the Company. As used herein, the term Change in Control shall have the same meaning as set forth in Section 2 of the Diodes Incorporated 2001 Omnibus Equity Incentive Plan. To the extent necessary to conform to this Section 3.3, the Company shall amend its 1993 Incentive Stock Option Plan (as amended and restated) and its 2001 Omnibus Equity Incentive Plan.

3.3 Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Employee may qualify, nor shall anything herein limit or otherwise affect such rights as the Employee may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Employee otherwise is entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement except as explicitly modified by this Agreement.

3.4 Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others; provided, however, that in the event the Employee shall obtain employment within one year from the date of termination, any amount payable by the Company to the Employee under Section 3.2 shall be reduced by any amount received by the Employee during such one year in connection with such other employment. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any provision of this Agreement.

4. MISCELLANEOUS

4.1 Severable Provisions. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

4.2 Successors and Assigns.

(a) All of the terms, provisions and obligations of this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. Notwithstanding the foregoing, this Agreement is personal to the Employee, and neither this Agreement nor any rights hereunder shall be assigned, pledged, hypothecated or otherwise transferred by the Employee (other than by will or the laws of descent and distribution) without the prior written consent of the Company in each instance.

(b) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

4.3 Governing Law. The validity, construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of California applicable to contracts made and to be performed wholly within that State.

4.4 Headings. Section and subsection headings are not to be considered part of this Agreement and are included solely for convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

4.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, relating to the subject matter of this Agreement. No supplement, modification, waiver or termination of this Agreement shall be valid unless executed by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

4.6 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given (i) if personally delivered, when so delivered, (ii) if mailed, one (1) week after having been placed in the United States mail, registered or certified, postage prepaid, addressed to the party to whom it is directed at the address set forth below or (iii) if given by e-mail or telecopier, when such notice or other communication is transmitted to the e-mail or telecopier number specified below and the appropriate answerback or telephonic confirmation is received. Either party may change the address to which such notices are to be addressed by giving the other party notice in the manner herein set forth.

4.7 Mediation. The parties agree to mediate any dispute or claim between them arising out of this Agreement before resulting to court action. The mediation fees, if any, shall be divided equally among the parties and each side shall bear their own attorney's fees.

4.8 Attorneys' Fees. In the event any party takes legal action to enforce any of the terms of this Agreement, the unsuccessful party to such action shall pay the successful party's expenses, including attorneys' fees and expenses, incurred in such action.

4.9 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the Company or the Employee any rights or remedies under or by reason of this Agreement.

4.10 Termination of Prior Agreements. The rights and obligations of the Company and the Employee, if any, under any and all prior agreements, understandings and arrangements in respect of the Employee's employment by the Company ("Prior Agreements") hereby are terminated effective as of the date hereof. From and after the date hereof, neither the Company nor the Employee shall have any further rights or obligations whatsoever under the Prior Agreements.

4.11 Consent to Jurisdiction. Each party hereto, to the fullest extent it may effectively do so under applicable law, irrevocably (i) submits to the exclusive jurisdiction of any court of the State of California or the United States of America sitting in the City of Los Angeles over any suit, action or proceeding arising out of or relating to this Agreement, (ii) waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the establishment of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (iii) agrees that a judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of the United States of America or the State of California (or any other courts to the jurisdiction of which such party is or may be subject) by a suit upon such judgment and (iv) consents to process being served in any such suit, action or proceeding by mailing a copy thereof by registered or certified air mail, postage prepaid, return receipt requested, to the address of such party specified in or designated pursuant to Section 4.6. Each party agrees that such service (i) shall be deemed in every respect effective service of process upon such party in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such party.

4.12 Construction. This Agreement was reviewed by legal counsel for each party hereto and is the product of informed negotiations between the parties hereto. If any part of this Agreement is deemed to be unclear or ambiguous, it shall be construed as if it were drafted jointly by the parties. Each party hereto acknowledges that no party was in a superior bargaining position regarding the substantive terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first set forth above.

Company:

DIODES INCORPORATED

By:                   /s/ Dr. Keh-Shew Lu

Authorized Representative  
DR. KEH-SHEW LU  
President and CEO

Employee:

By:                   /s/ Joseph Liu

JOSEPH LIU



EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and effective as of the 29th day of August 2005, by and between Diodes Incorporated, a Delaware corporation (the "Company"), and CARL WERTZ (the "Employee"), with respect to the following facts:

The Company desires to be assured of the continued association and services of the Employee in order to take advantage of his experience, knowledge and abilities in the Company's business, and is willing to employ the Employee, and the Employee desires to be so employed, on the terms and conditions set forth in this Agreement.

ACCORDINGLY, on the basis of the representations, warranties and covenants contained herein, the parties hereto agree as follows:

1. EMPLOYMENT

1.1 Employment. The Company hereby employs the Employee as Chief Financial Officer, Secretary and Treasurer, and the Employee hereby accepts such employment, on the terms and conditions set forth below, to perform during the term of this Agreement such services as are required hereunder.

1.2 Duties. The Employee shall render such services to the Company, and shall perform such duties and acts, as reasonably may be required by the Company's Chief Executive Officer in connection with any aspect of the Company's business.

1.3 Performance of Duty. The Employee shall devote such reasonable time, ability and attention to his duties hereunder as may be necessary to discharge such duties in a professional and businesslike manner.

1.4 Indemnification. The Company shall, to the maximum extent permitted by applicable law, indemnify, defend and hold harmless the Employee from, against and in respect of any and all payments, damages, claims, demands, losses, expenses, costs, obligations and liabilities (including, but not limited to, attorney's fees and costs and the costs of investigation and preparation ) which, directly or indirectly, arise or result from or are related to the fact that the Employee is or was an employee, officer, director or agent of the Company. By way of evidencing such obligation and not limitation, the Company and Employee have previously entered into an Indemnification Agreement, a copy of which is attached hereto as Exhibit A.

1.5 Trade Secrets. The Employee shall not, without the prior written consent of the Company's Board of Directors, disclose or use in any way, either during his employment by the Company or thereafter, except as required in the course of such employment, any confidential business or technical information or trade secret of the Company acquired in the course of such employment, whether or not patentable, copyrightable or otherwise protected by law, and whether or not conceived of or prepared by him (collectively, the "Trade Secrets"), including, without limitation, any confidential information concerning customer lists, products, procedures, operations, investments, financing, costs, employees, purchasing, accounting, marketing, merchandising, sales, salaries, pricing, profits and plans for future development, the identity, requirements, preferences, practices and methods of doing business of specific parties with whom the Company transacts business, and all other information which is related to any product, service or business of the Company, other than information which is (or becomes, other than as a result of the breach hereof by the Employee) generally known in the industry in which the Company transacts business or is or may be acquired from public sources; all of which Trade Secrets are the exclusive and valuable property of the Company.



1.6 Noncompetition.

(a) As used in this Agreement, the term "Competitive Activity" shall mean any participation in, assistance of, employment by, ownership of any interest in, acceptance of business from or assistance, promotion or organization of any person, partnership, corporation, firm, association or other business organization, entity or enterprise which, directly or indirectly, is engaged in, or hereinafter engages in, the development, production, marketing or selling of any product which is the same as or in competition with any line of business in which the Company is engaged, whether as an agent, consultant, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity, but excluding the holding for investment of less than five percent (5%) of the outstanding securities of any corporation which are regularly traded on a recognized stock exchange. Competitive Activity shall not be deemed to include personal investment (including venture capital) activities of the Employee.

(b) During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall refrain, without the prior written consent of the Company in each instance, from engaging in any Competitive Activity which would be reasonably likely, as determined by the Company in its reasonable discretion, to result in the disclosure or use of any Trade Secrets.

1.7 Tangible Items. All files, accounts, records, documents, books, forms, notes, reports, memoranda, studies, compilations of information, correspondence and all copies, abstracts and summaries of the foregoing, and all other physical items related to the Company, other than a merely personal item, whether of a public nature or not, and whether prepared by the Employee or not, are and shall remain the exclusive property of the Company and shall not be removed from the premises of the Company, except as required in the course of employment by the Company, without the prior written consent of the Company's Board of Directors in each instance, and upon the request of the Company the same shall be promptly returned to the Company by the Employee on the expiration or termination of his employment by the Company or at any time prior thereto upon the request of the Company.

1.8 Solicitation of Employees. During his employment by the Company and for two (2) years from the beginning of the LOA (as set forth in Section 3.2 hereof), the Employee shall not, directly or indirectly, either for his own benefit or purposes or the benefit or purposes of any other person, employ or offer to employ, call on, solicit, interfere with or attempt to divert or entice away any employee or independent contractor of the Company (or any person whose employment or status as an independent contractor has terminated within the six (6) months preceding the date of such solicitation) in any capacity if that person possesses or has knowledge of any Trade Secrets of the Company.

1.9 Injunctive Relief. The Employee hereby acknowledges and agrees that it would be difficult to fully compensate the Company for damages resulting from the breach or threatened breach of Sections 1.5, 1.6, 1.7 or 1.8 and, accordingly, that the Company shall be entitled to temporary and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief shall not, however, diminish the Company's right to claim and recover damages.

## 2. COMPENSATION

2.1 Compensation. As the total consideration for the services which the Employee renders hereunder, the Employee shall be entitled to the following:

(i) an annual base salary of One Hundred Forty-six Thousand Dollars (\$146,000.00), subject to such periodic increases, if any, as the Board of Directors may determine, less any applicable deduction therefrom for income tax or other applicable withholdings, payable in accordance with the Company's standard practices and procedures;

(ii) participation in any executive bonus plan sponsored by the Company;

(iii) prompt reimbursement of any and all reasonable and documented expenses (including, but not limited to, air fare, car rental, lodging, meals, business telephone and related travel expenses) incurred by the Employee from time to time in the performance of his duties hereunder, which reimbursement shall be made in accordance with the Company's policies and procedures as the same may be amended from time to time;

(iv) such paid vacation as may be provided in accordance with the vacation policy of the company applicable to Employees in general, as the same may be amended from time to time;

(v) participation in all plans or programs sponsored by the Company for employees in general, including, but not limited to, participation in any group health plan, medical reimbursement plan, life insurance plan, pension and profit sharing plan, or stock option plan;

(vi) a life insurance policy with a death benefit in an amount equal to that existing on the date of this Agreement, payable as directed by the Employee;

(vii) a disability insurance policy in the maximum insurable amount as defined by the policy.

2.2 Illness. If the Employee shall be unable to render the services required hereunder on account of personal injuries or physical or mental illness, he shall continue to receive all payments provided in this Agreement; provided, however, that any such payment may, at the sole option of the Company, be reduced by any amount that the Employee receives for the period covered by such payments as disability compensation under insurance policies, if any, maintained by the Company or under government programs.

3. TERM AND TERMINATION

3.1 At will Relationship.

(a) The Employee and the Company each hereby acknowledges and agrees that, except as expressly set forth in this Article 3, (i) the Employee's relationship with the Company under this Agreement is AT WILL and can be terminated at the option of either the Employee or the Company in his or its sole and absolute discretion, for any or no reason whatsoever, with or without cause, (ii) no representations, warranties or assurances have been made concerning the length of such relationship or the aggregate amount of compensation to be received by the Employee and (iii) after the termination of his employment by the Company, the Employee shall have no right, title or interest in or claim to any revenues received by the Company from any person for any goods sold or services rendered by the Company to such person, whether or not the Employee was the cause, in whole or in part, for such person to purchase such goods from the Company or to retain the Company to perform such services.

(b) The term "cause" shall mean:

(i) the willful and continued refusal of the Employee to substantially perform his duties in accordance with this Agreement (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes that the Employee has not substantially performed such duties and the Employee shall have had a reasonable opportunity to remedy the same; or

(ii) the conviction of, or a plea of nolo contendere by, the Employee to a felony; or

(iii) a charge or indictment of a felony, the defense of which renders the Employee substantially unable to perform his duties under this Agreement.

3.2 Duties Upon Termination. In the event that the Employee's employment under this Agreement is terminated by the Company without "cause" (as defined above), or the Company breaches the provisions of this Agreement, the Employee shall either (at the option of the Employee) immediately begin a one year paid leave of absence (the "LOA") or the Employee may forego the LOA and other benefits set forth in this Section 3.2 and terminate this Agreement in its entirety. During the LOA, Employee shall continue as a full time employee of the Company and shall continue to receive the salary, benefits and other compensation (except for the benefits set forth in Section 2.1(ii) above, which shall terminate at the beginning of the LOA) being received by the Employee immediately prior to the beginning of the LOA. Any benefits under Section 2.1(ii) shall be prorated as of the beginning of the LOA. During the LOA, the Employee shall not be required to perform any services for the Company, but shall have all other obligations (such as the duty of loyalty) owed by an employee to an employer, including those duties imposed by Sections 1.5, 1.6, 1.7, and 1.8 of this Agreement. The Company shall have no obligation to grant new stock options to the Employee during the LOA. At the expiration of the LOA, neither the Company nor the Employee shall have any remaining duties or obligations hereunder, except that (i) the Company shall continue to pay or provide to the Employee, or his estate, the amount specified in Section 2.1(i) during the period commencing on the expiration of the LOA and ending on the first anniversary of such expiration (ii) all stock-based compensation previously granted to the Employee (including, but not limited to, all stock options, stock appreciation rights, bonus units and stock grants) shall continue to vest pursuant to the vesting schedule in effect when the stock based compensation was granted and shall remain fully exercisable for the full term thereof determined, both as to vesting and exercisability, without regard to the termination of employment and (iii) the Employee shall continue to be bound by Sections 1.5, 1.6, 1.7 and 1.8. Notwithstanding the foregoing, all such stock based compensation granted to Employee shall vest immediately (and be exercisable for the full term thereof) upon the occurrence of a Change in Control (as defined below) of the Company. As used herein, the term Change in Control shall have the same meaning as set forth in Section 2 of the Diodes Incorporated 2001 Omnibus Equity Incentive Plan. To the extent necessary to conform to this Section 3.3, the Company shall amend its 1993 Incentive Stock Option Plan (as amended and restated) and its 2001 Omnibus Equity Incentive Plan.

3.3 Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Employee may qualify, nor shall anything herein limit or otherwise affect such rights as the Employee may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Employee otherwise is entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement except as explicitly modified by this Agreement.

3.4 Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Employee or others; provided, however, that in the event the Employee shall obtain employment within one year from the date of termination, any amount payable by the Company to the Employee under Section 3.2 shall be reduced by any amount received by the Employee during such one year in connection with such other employment. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any provision of this Agreement.

4. MISCELLANEOUS

4.1 Severable Provisions. The provisions of this Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

4.2 Successors and Assigns.

(a) All of the terms, provisions and obligations of this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. Notwithstanding the foregoing, this Agreement is personal to the Employee, and neither this Agreement nor any rights hereunder shall be assigned, pledged, hypothecated or otherwise transferred by the Employee (other than by will or the laws of descent and distribution) without the prior written consent of the Company in each instance.

(b) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

4.3 Governing Law. The validity, construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of California applicable to contracts made and to be performed wholly within that State.

4.4 Headings. Section and subsection headings are not to be considered part of this Agreement and are included solely for convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

4.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, relating to the subject matter of this Agreement. No supplement, modification, waiver or termination of this Agreement shall be valid unless executed by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

4.6 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given (i) if personally delivered, when so delivered, (ii) if mailed, one (1) week after having been placed in the United States mail, registered or certified, postage prepaid, addressed to the party to whom it is directed at the address set forth below or (iii) if given by e-mail or telecopier, when such notice or other communication is transmitted to the e-mail or telecopier number specified below and the appropriate answerback or telephonic confirmation is received. Either party may change the address to which such notices are to be addressed by giving the other party notice in the manner herein set forth.

4.7 Mediation. The parties agree to mediate any dispute or claim between them arising out of this Agreement before resulting to court action. The mediation fees, if any, shall be divided equally among the parties and each side shall bear their own attorney's fees.

4.8 Attorneys' Fees. In the event any party takes legal action to enforce any of the terms of this Agreement, the unsuccessful party to such action shall pay the successful party's expenses, including attorneys' fees and expenses, incurred in such action.

4.9 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the Company or the Employee any rights or remedies under or by reason of this Agreement.

4.10 Termination of Prior Agreements. The rights and obligations of the Company and the Employee, if any, under any and all prior agreements, understandings and arrangements in respect of the Employee's employment by the Company ("Prior Agreements") hereby are terminated effective as of the date hereof. From and after the date hereof, neither the Company nor the Employee shall have any further rights or obligations whatsoever under the Prior Agreements.

4.11 Consent to Jurisdiction. Each party hereto, to the fullest extent it may effectively do so under applicable law, irrevocably (i) submits to the exclusive jurisdiction of any court of the State of California or the United States of America sitting in the City of Los Angeles over any suit, action or proceeding arising out of or relating to this Agreement, (ii) waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the establishment of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, (iii) agrees that a judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon such party and may be enforced in the courts of the United States of America or the State of California (or any other courts to the jurisdiction of which such party is or may be subject) by a suit upon such judgment and (iv) consents to process being served in any such suit, action or proceeding by mailing a copy thereof by registered or certified air mail, postage prepaid, return receipt requested, to the address of such party specified in or designated pursuant to Section 4.6. Each party agrees that such service (i) shall be deemed in every respect effective service of process upon such party in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such party.

4.12 Construction. This Agreement was reviewed by legal counsel for each party hereto and is the product of informed negotiations between the parties hereto. If any part of this Agreement is deemed to be unclear or ambiguous, it shall be construed as if it were drafted jointly by the parties. Each party hereto acknowledges that no party was in a superior bargaining position regarding the substantive terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first set forth above.

Company:

DIODES INCORPORATED

By:           /s/ Dr. Keh-Shew Lu          

Authorized Representative  
DR. KEH-SHEW LU  
President and CEO

Employee:

By:           /s/ Carl Wertz          

CARL WERTZ





DIODES, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is entered into and made effective on September \_\_, 2000, by and between Diodes, Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_ ("Indemnitee").

A. It is essential to the Company to retain and attract as directors and officers the most capable persons available.

B. Indemnitee is a director and/or officer of the Company.

C. Both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations.

D. In recognition of Indemnitee's need for substantial protection against personal liability based on an inducement to provide effective services to the Company as a director and/or officer, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted under Delaware law and as set forth in this Agreement, and, to the extent insurance is maintained, to provide for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises, the representations, warranties and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Definitions.

1.1. "Board" means the Board of Directors of the Company.

1.2. "Affiliate" means any corporation or other person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the party specified.

1.3. "Expenses" means any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, and all other costs and obligations, paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

1.4. "Indemnifiable Event" means any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or officer of the Company, or while a director or officer is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

1.5. "Proceeding" means any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

1.6. "Reviewing Party" means the person or body appointed in accordance with Section 3.

## 2. Indemnification.

2.1. By the Company. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Certificate of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

2.2. Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director or officer of the Company unless (a) the Company has joined in or the Board has consented to the initiation of such Proceeding; or (b) the Proceeding is one to enforce, assert or interpret Indemnitee's rights under this Agreement.

2.3. Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten (10) business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, (a) such an Expense Advance shall

be made only upon delivery to the Company of a written undertaking by or on behalf of Indemnitee to repay the amount thereof if it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, and (b) if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company will be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company under such circumstances) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in accordance with Section 13 to secure a determination that Indemnitee should be indemnified under applicable law as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding, and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

2.4. Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

2.5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

2.6. Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. The "Reviewing Party" shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification. The Reviewing Party shall determine all matters concerning the rights of Indemnitee to receive indemnity payments and Expense Advances under this Agreement, any other agreement, under applicable law or the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events. The Company agrees to pay the reasonable fees of the Reviewing Party and to indemnify fully such the Reviewing Party against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to the Reviewing Party's actions under this Agreement.

4. Indemnification Process and Appeal.

4.1. Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after the Company receives Indemnitee's written demand for indemnification (including any supporting documentation that the Company may request), unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

4.2. Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty (30) days after the receipt by the Company of Indemnitee's written demand in accordance with Section 4.1, Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in the state and federal courts located in Ventura County or Los Angeles County, State of California seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. Each of Indemnitee and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee at law or in equity.

4.3. Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required written undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its stockholders) to have made a determination, prior to the commencement of such action by Indemnitee, that indemnification of Indemnitee is proper under the circumstances because Indemnitee has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its stockholders) that Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief, or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for:

(a) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(b) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2.3.

6. Notification and Defense of Proceeding.

6.1. Notice. Promptly after receipt by Indemnitee of written notice of the commencement of any Proceeding, Indemnitee shall, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve the Company from any liability that it may have to Indemnitee, except as provided in Section 6.3.

6.2. Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense; provided, however, that the Company shall not be entitled to assume the defense of any Proceeding and will bear the Expenses of the Proceeding in the event of the following: (a) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, or (b) the Company shall not in fact have employed counsel to assume the defense of such Proceeding.

6.3. Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, such consent not to be unreasonably withheld. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. The Company shall not be liable to indemnify Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such

action; the Company's liability hereunder shall not be excused if participation in or the defense of a Proceeding by the Company was barred by this Agreement.

7. Term. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of the Company) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 5 hereof), whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Certificate of Incorporation, Bylaws, applicable law, or otherwise; provided, however, that this Agreement shall supersede any prior indemnification agreement between the Company and Indemnitee. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under the Company's Certificate of Incorporation, Bylaws, applicable law or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. The Company shall not be liable under this Agreement to make any payment of Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

10. Subrogation. In the event of payment to Indemnitee by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who hereby agrees to execute all documents and perform all actions requested by the Company that may be appropriate or necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

11. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, agreement, or otherwise) of the amounts otherwise indemnifiable hereunder.

12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

13. Governing Law; Forum. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California without giving effect to its conflict of laws principles. Any action arising out of or relating to this Agreement or the interpretation of this Agreement shall be brought in the state and federal courts located in Ventura County and Los Angeles County, California, and the parties hereby submit to the jurisdiction of such courts. The parties agree that any and all process directly to any of them in any such litigation may be served outside the State of California with the same force and effect as if the service had been made within the State of California and that service of process may be effected in accordance with Section 14 hereof.

14. Notices. Any notice required or permitted to be given by either party under this Agreement shall be in writing and shall be personally delivered, sent by certified or registered U.S. mail, first class postage prepaid, or sent by a nation-wide courier service, to the other party at its address set forth below the signature of such party, or such new address as may from time to time be supplied by the parties hereto in accordance with this Section 14. If personally delivered, notices will be deemed delivered on the date of personal delivery. If mailed, notices will be deemed delivered and effective three (3) business days after deposit in the mail. If delivered by a nation-wide courier service, then notices will be deemed delivered and effective on the date of receipt, but in no event later than two (2) business days after the date of dispatch.

15. Modification. No alteration, amendment, waiver, cancellation or any other change in any term or condition of this Agreement shall be valid or binding on either party unless the same shall have been mutually assented to in writing by both parties.

16. Waiver. The failure of either party to enforce at any time any of the provisions of this Agreement, or the failure to require at any time performance by the other party of any of the provisions of this Agreement, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the right of either party to enforce each and every such provision thereafter. The express waiver by either party of any provision, condition or requirement of this Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

17. Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

18. Entire Agreement. The terms and conditions of this Agreement, the Exhibits hereto and the agreements referenced herein constitute the entire agreement between the parties and supersede all previous agreements and understandings, whether oral or written, between the parties hereto with respect to the subject matter hereof.

19. Captions and Headings. The captions or headings of the Sections of this Agreement are for reference only and are not to be construed in any way as part of this Agreement.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. A party may deliver this Agreement by transmitting a facsimile of this Agreement signed by such party to the other party or parties, which facsimile signature shall be deemed an original.

[Signatures on Next Page]



IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Indemnification Agreement as of the day first set forth above.

"Company"

**DIODES, INC.,**  
a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: 3050 E. Hillcrest Drive  
Westlake Village, CA 91362

"Indemnitee"

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Address: \_\_\_\_\_  
\_\_\_\_\_