

NetApp, Inc.
Form SD
May 29, 2015

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

FORM SD
SPECIALIZED DISCLOSURE REPORT

NetApp, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

000-27130
(Commission

File Number)
495 East Java Drive

Sunnyvale, CA 94089

77-0307520
(IRS. Employer

Identification No.)

(Address of principal executive offices)

Matthew K. Fawcett

Senior Vice President, General Counsel and Secretary

(408) 822-6000

(Name and telephone number, including area code, of the person to contact in connection with this report.)

Check the appropriate box to indicate the rule pursuant to which this form is being filed, and provide the period to which the information in this form applies:

- Rule 13p-1 under the Securities Exchange Act (17 CFR 240.13p-1) for the reporting period from January 1 to December 31, 2014.

Section 1 - Conflict Minerals Disclosure

Item 1.01 and 1.02 Conflict Minerals Disclosure and Report; Exhibit

A copy of NetApp, Inc.'s Conflict Minerals Report is provided as Exhibit 1.01 to this Form SD and is available at the following address:

<http://investors.netapp.com/sec.cfm>.

Section 2 - Exhibits

Item 2.01 Exhibits

Exhibit No.	Description
1.01	Conflict Minerals Report as required by Items 1.01 and 1.02 of this Form.

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 duly authorized undersigned.

NETAPP, INC.

/s/ Matthew K. Fawcett

By: Matthew K. Fawcett

Its: Senior Vice President, General Counsel & Secretary

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May 29, 2015

—

2.6

Other

12.3

9.4

21.7

Total

16.7

9.4

26.1

Year ended December 31, 2014:

Singapore

9.7

—

9.7

U.S. Federal and State

0.8

—

0.8

Other

18.8

(26.7

)

(7.9

)

Total

29.3

(26.7

)

2.6

Year ended December 31, 2013:

U.S. Federal

1.6

15.2

16.8

U.S. State

1.3

(0.1

)

1.2

Non-U.S.

17.8

8.2

26.0

Total

20.7

23.3

44.0

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

15. INCOME TAXES (Continued)

Effective Tax Rate

Income tax expense (benefit) for 2015, 2014 and 2013 differed from the amounts computed by applying the Singapore income tax rate of 17% to loss before income taxes and noncontrolling interests as follows:

	For the Year Ended		
	December 31,		
	2015	2014	2013
Income tax at statutory rate	(17.0)%	(17.0)%	(17.0)%
Increase (reduction) in income taxes:			
Effect of international operations ⁽¹⁾	5.2	75.3	377.4
Non-U.S. incentives	(0.3)	(0.4)	(19.5)
Tax authority positions, net	(3.0)	8.5	—
Valuation allowance	11.1	(62.4)	48.2
Restructuring	23.5	—	—
Other, net	4.2	(1.0)	0.3
Effective tax expense rate	23.7 %	3.0 %	389.4 %

The Company determines the adjustment for taxes on international operations based on the difference between the ⁽¹⁾ statutory tax rate applicable to earnings in each non-U.S. jurisdiction and the enacted rate of 17%, 17%, and 17% at December 31, 2015, 2014, and 2013, respectively.

The 2015 net tax expense is primarily the result of the geographical pre-tax earnings from current operations taxed at various rates, changes in valuation allowances, and a net decrease to the reserve for uncertain tax positions. The income tax expense for the year ended December 31, 2014 was primarily the result of the \$62.7 million of tax expense associated with a favorable settlement of a polysilicon supply agreement with a subsidiary of SunEdison, a \$7.5 million increase to the reserve for uncertain tax positions related to taxable income adjustments attributable to non-U.S. operations, and taxes imposed on certain profitable operations in various non-U.S. jurisdictions. This expense has been largely offset by the reduction of the valuation allowance of \$86.9 million on certain deferred tax assets due to our ability to realize those benefits in the future. The 2013 net expense is primarily the result of the geographical mix of earnings from operations taxed at various rates.

Our Taiwan subsidiary has been granted a concessionary tax rate of zero percent on all qualifying income for periods of up to five years based on investments in certain plant and equipment and other development and expansion activities, resulting in a tax benefit for 2015, 2014 and 2013 of \$0.3 million, \$0.4 million, and \$2.2 million, respectively. The income tax rate for qualifying income under the incentive programs will be taxed at an incentive tax rate lower than the corporate tax rate. The Company is in compliance with the qualifying conditions of the tax incentives. The last of these incentives will expire in 2017.

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

15. INCOME TAXES (Continued)

SunEdison's U.S. operations are currently under examination by the IRS for the 2011 and 2012 tax years. We do not believe the finalization of this exam will result in any material adjustments to our tax positions. We also have statutes open for examination by certain international tax jurisdictions for tax years ranging between 2008 and 2014. We believe it is reasonably possible that examinations could be completed within the next twelve months and have recorded amounts in the financial statements that are reflective of the current status of open examinations.

We are domiciled in Singapore. Management has reviewed its repatriation policy during 2015 and 2014 with respect to our planned legal structure. Recognition of Singapore or local withholding taxes on undistributed non-Singapore earnings would be triggered by a management decision to repatriate those earnings, although there is no current intention to do so. We plan non-Singapore remittance amounts based on projected cash flow needs as well as the working capital and long-term investment requirements of our worldwide subsidiaries and operations, and after considering whether such remittances can be done in a tax-efficient manner. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. For the year ended December 31, 2013, management reviewed its policy for repatriation of all our subsidiaries in view of the restructuring announcement made in December 2011 and determined that the undistributed earnings of all our non-U.S. subsidiaries were not expected to be remitted to the U.S. in the foreseeable future.

Uncertain Tax Positions

A reconciliation of the beginning and ending balances of gross unrecognized tax benefits is as follows:

	For the year ended December 31, 2015 2014 US\$ US\$ (In millions)	
Beginning of year	8.7	1.4
Additions based on tax positions related to the current year	0.3	7.5
Reductions for tax positions of prior years	(3.4)	(0.2)
End of year	5.6	8.7

We had \$5.6 million, \$8.9 million, and \$1.6 million as of December 31, 2015, 2014, and 2013, respectively, of unrecognized tax benefits, net of local deductions, associated with open tax years for which we are subject to audit in various U.S. federal, state, and non-U.S. jurisdictions. This also includes estimated interest and penalties. The change to the reserve for uncertain tax positions from December 31, 2014 to December 31, 2015 includes a net decrease of \$3.4 million primarily related to the closure of a foreign tax examination and new information on positions previously taken for non-U.S. operations. All of our unrecognized tax benefits as of December 31, 2015 and 2014 would favorably affect our effective tax rate if recognized. We are subject to examination in various jurisdictions for the 2008 through 2014 tax years. The Company recognized an immaterial amount in interest and penalties for the periods ended December 31, 2015, 2014, and 2013 and had \$0.2 million accrued at December 31, 2014 for the payment of

interest and penalties.

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

15. INCOME TAXES (Continued)

Deferred Taxes

The tax effects of the major items recorded as deferred tax assets and liabilities are:

	As of	
	December	
	31,	
	2015	2014
	US\$	US\$
	(In millions)	
Deferred tax assets:		
Inventories	8.6	4.8
Restructuring liabilities	15.4	5.2
Expense accruals	6.2	10.5
Property, plant, and equipment	—	7.0
Pension and other post-employment benefits	15.5	17.5
Net operating loss carryforwards	64.6	67.0
Tax credits	9.9	11.5
Intellectual property	6.2	—
Other	1.3	6.3
Total deferred tax assets	127.7	129.8
Valuation allowance	(92.2)	(81.8)
Net deferred tax assets	35.5	48.0
Deferred tax liabilities:		
Property, plant, and equipment	(2.0)	—
Other	(3.2)	(5.0)
Total deferred tax liabilities	(5.2)	(5.0)
Net deferred tax assets	30.3	43.0

Our deferred tax assets and liabilities, netted by taxing location, are in the following captions in the consolidated balance sheet:

	As of	
	December	
	31,	
	2015	2014
	US\$	US\$
	(In millions)	
Current deferred tax assets, net (recorded in deferred tax asset and accrued liabilities)	—	26.6
Non-current deferred tax assets, net (recorded in other assets and other liabilities)	30.3	16.4
Total	30.3	43.0

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

15. INCOME TAXES (Continued)

The FASB issued ASU No. 2015-17 which requires entities with a classified balance sheet to present all deferred tax assets and liabilities as noncurrent. The new standard is effective for us on January 1, 2016, with early adoption permitted. As of December 31, 2015, we adopted this standard prospectively, therefore all deferred tax assets and liabilities are presented as noncurrent.

Our net deferred tax assets totalled \$30.3 million as of December 31, 2015, compared to \$43.0 million as of December 31, 2014. The decrease of \$12.7 million in net deferred tax assets in 2015 is primarily attributable to the increase of the valuation allowance on certain deferred tax assets due to our inability to realize those benefits in the future, partially offset by a reduction in deferred tax assets associated with property, plant, and equipment. We have valuation allowances of \$92.2 million as of December 31, 2015. We believe that it is more likely than not, based on our projections of future taxable income in certain non-U.S. jurisdictions, that we will generate sufficient taxable income to realize the benefits of the net deferred tax assets of \$30.3 million.

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

16. RELATED PARTY TRANSACTIONS

Corporate Allocations

Refer to Note 1 for discussion on corporate expense allocations.

Transactions with Affiliates

As of and after the closing of the secondary offering on July 1, 2015, in which SunEdison sold all of its shares in the Company, transactions with SunEdison are no longer considered related party transactions. See Note 3 for additional discussion regarding the secondary offering. On June 23, 2015, prior to the closing of the secondary offering on July 1, 2015, the Company and SunEdison entered into a letter agreement regarding granular polysilicon supply matters (the "Agreement"). The Agreement provides for a long-term supply by SunEdison of the Company's granular semiconductor grade polysilicon needs.

We sell intermediate products such as trichlorosilane gas, ingots, scrap wafers, and other inventory items to SunEdison's subsidiaries in the U.S., Europe, and Asia for use in their operations. We also provide limited services to SunEdison as outlined in the post-IPO transition services agreement. Net sales to SunEdison were \$0.8 million for the six month period ended June 30, 2015 that were still considered affiliate transactions. Net sales to SunEdison were \$2.4 million and \$9.1 million for the years ended December 31, 2014 and 2013 respectively. Accounts receivable, affiliate were \$4.3 million as of December 31, 2014.

We purchase products, primarily polysilicon, from SunEdison and its subsidiaries. SunEdison had in the past also performed financing, cash management, treasury, and other services for us on a centralized basis as outlined in a transition services agreement. Accounts payable, affiliate were \$9.4 million as of December 31, 2014.

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

16. RELATED PARTY TRANSACTIONS (Continued)

In connection with our IPO, \$62.4 million of accounts payable, affiliate was settled through a cash payment to SunEdison, after offsetting certain accounts receivable, affiliate and notes receivable, affiliate balances against accounts payable, affiliate balances with certain SunEdison subsidiaries. The amounts included in the offsetting transactions included \$26.3 million of accounts receivable, affiliate and \$3.8 million of notes receivable, affiliate balances that were outstanding as of March 31, 2014. The \$26.3 million and \$3.8 million non-cash transactions outlined above are excluded from the consolidated statements of cash flows.

Notes Receivable - Affiliate

We settled \$15.0 million of notes receivable, affiliate from certain SunEdison subsidiaries by offsetting a portion of those amounts against accounts payable, affiliate we have with certain other SunEdison subsidiaries during the year ended December 31, 2014. Of the \$15.0 million in settlements of notes receivable, affiliate balances, \$12.0 million are non-cash transactions which are excluded from the consolidated statements of cash flows. The remaining \$3.8 million in intercompany notes between SunEdison and SunEdison Semiconductor were settled in connection with our IPO, as previously discussed, by offsetting a portion of the intercompany loans against accounts payable, affiliate balances with certain SunEdison subsidiaries.

Interest income on intercompany notes receivable and interest expense on intercompany borrowings is recorded as interest, net - affiliates in the consolidated statements of operations.

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

17. GEOGRAPHIC SEGMENTS

We are engaged in one reportable segment that includes the development, production, and marketing of semiconductor wafers with a wide variety of features satisfying numerous product specifications to meet our customers' exacting requirements, which wafers are utilized in the manufacture of semiconductor devices.

Net sales to non-affiliates (see Note 16 for discussion of sales to affiliates):

For the Year
Ended December
31,
2015 2014 2013
US\$ US\$ US\$
(In millions)

Singapore	43.6	57.6	63.1
Foreign	733.1	780.1	848.4
Total	776.7	837.7	911.5

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

17. GEOGRAPHIC SEGMENTS (Continued)

Foreign sales to non-affiliates were derived from sales to the following countries:

	For the Year Ended December 31, 2015 2014 2013 US\$ US\$ US\$ (In millions)		
Taiwan	166.6	215.3	219.2
South Korea	166.0	171.3	217.6
U.S.	126.4	123.0	130.3
China	57.7	43.2	40.1
Germany	55.3	67.4	62.4
Italy	34.1	33.0	36.7
France	29.5	32.1	38.2
Netherlands	20.4	19.2	16.4
Malaysia	18.1	14.3	14.6
Other foreign countries	59.0	61.3	72.9
Total	733.1	780.1	848.4

Net sales are attributed to countries based on the location of the customer.

Property, plant, and equipment, net of accumulated depreciation:

	As of December 31, 2015 2014 US\$ US\$ (In millions)	
Taiwan	183.2	195.2
South Korea	96.1	111.4
United States	86.7	68.1
Italy	65.5	67.2
Japan	58.5	61.6
Malaysia	40.7	95.2
Other countries	0.1	0.1
Total	530.8	598.8

Credit Concentration

Our customers include semiconductor device manufacturers and are located in various geographic regions including North America, Europe, and the Asia-Pacific region. Our customers are generally well capitalized, our concentration

of credit risk is considered minimal. Sales to specific non-affiliate customers exceeding 10% of net sales for the years ended December 31, 2015, 2014, and 2013 were as follows:

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SunEdison Semiconductor Limited and Subsidiaries
 Notes to Consolidated Financial Statements

17. GEOGRAPHIC SEGMENTS (Continued)

US\$ in millions, except for percentages	For the Year Ended December 31,					
	2015		2014		2013	
	Net Sales	Percent	Net Sales	Percent	Net Sales	Percent
Customer A	\$163.5	21.1%	\$160.5	19.2%	\$191.2	21.0%
Customer B	\$107.0	13.8%	\$154.1	18.4%	\$144.4	15.8%
Customer C	\$83.7	10.8%	\$87.9	10.5%	\$100.8	11.1%

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SunEdison Semiconductor Limited and Subsidiaries
Notes to Consolidated Financial Statements

18. UNAUDITED QUARTERLY FINANCIAL INFORMATION

Quarterly financial information for 2015 and 2014 is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	US\$	US\$	US\$	US\$
	(In millions, except per share amounts)			
2015				
Net sales	199.4	207.4	189.0	181.7
Gross profit	17.2	23.5	21.3	15.1
Net loss	(9.3)	(15.5)	(80.8)	(31.1)
Net income attributable to non controlling interests	—	—	—	—
Net loss attributable to SunEdison Semiconductor Limited	(9.3)	(15.5)	(80.8)	(31.1)
Basic loss per share	(0.22)	(0.37)	(1.93)	(0.76)
Diluted loss per share	(0.22)	(0.37)	(1.93)	(0.76)
Market close share prices:				
High	27.14	26.46	18.14	11.59
Low	15.19	17.27	10.05	7.61
2014				
Net sales	206.1	214.9	213.2	205.9
Gross profit	8.3	20.4	26.8	23.5
Net (loss) income	(15.2)	14.1	(79.4)	(10.5)
Net income attributable to non controlling interests	0.6	0.2	—	—
Net (loss) income attributable to SunEdison Semiconductor Limited	(14.6)	14.3	(79.4)	(10.5)
Basic loss per share	(0.35)	0.34	(1.91)	(0.25)
Diluted loss per share	(0.35)	0.34	(1.91)	(0.25)
Market close share prices:				
High	N/A	17.76	19.35	19.76
Low	N/A	15.00	15.51	16.12

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Supplementary Financial Information of
SunEdison Semiconductor Limited
Balance Sheet

Balance Sheet

	As of December 31, 2015 US\$'000	As of December 31, 2014 US\$'000
Assets		
Current assets:		
Cash and cash equivalents	21,296	18,185
Accounts receivable, net	33,311	43,919
Amounts due from subsidiaries	163,938	310,579
Amounts due from affiliates	—	3,254
Inventories	8,180	3,783
Other current assets	3,418	942
Total current assets	230,143	380,662
Assets under construction	53	64
Intangible assets	3,145	3,994
Investment in subsidiaries	975,521	1,161,038
Note receivable from subsidiary	143,326	144,432
Total assets	1,352,188	1,690,190
Liabilities and Shareholders' Equity		
Current liabilities:		
Account payables	19,862	2,057
Amounts due to subsidiaries	361,289	549,738
Amounts due to affiliates	—	7,338
Notes payable to subsidiaries	158,047	254,775
Other current liabilities	8,396	11,453
Total current liabilities	547,594	825,361
Long-term debt	267,613	174,503
Total liabilities	815,207	999,864
Shareholders' equity:		
Ordinary shares, no par value; 41,970,857 issued as of December 31, 2015	957,219	943,272
Accumulated deficit	(215,345)	(78,801)
Accumulated other comprehensive loss	(204,893)	(174,145)
Total shareholders' equity	536,981	690,326
Total liabilities and shareholders' equity	1,352,188	1,690,190

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

1. DOMICILE AND ACTIVITIES

SunEdison Semiconductor Limited (the "Parent", "Company", "we", "us", and "our"), registration number 201334164H, is a company incorporated in the Republic of Singapore on 20 December 2013. The address of the Parent's registered office is 11, Lorong 3 Toa Payoh, Block B Jackson Square, 4th Floor, Singapore, 319579.

The principal activities of the Parent are those relating to investment holding and the trading of wafers to the semiconductor industry. The Parent, together with its direct and indirect subsidiaries (collectively the "Group"), is a global leader in the development, manufacture and sale of silicon wafers to the semiconductor industry. Silicon wafers are used as the base substrate for nearly all semiconductor devices, which in turn provide the foundation for the entire electronics industry.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

In order to comply with the requirements of the Singapore Companies Act ('the Act'), the Parent must present the supplementary balance sheet above. This balance sheet is comprised solely from the standalone accounts of SunEdison Semiconductor Limited, the Parent company. This balance sheet is prepared in accordance with accounting principles generally accepted in United States of America ("US GAAP"), other than as noted in the paragraph entitled "Investment in subsidiaries".

Functional and presentation currency

This supplementary financial information is presented in United States (US) dollars which is the Parent's functional currency.

Use of Estimates

The Parent uses estimates and assumptions in preparing the supplementary financial information that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, amortization, impairments, leases, inventory valuation, accrued liabilities including restructuring, warranties, and employee benefits, derivatives, stock-based compensation, and income taxes and asset recoverability, including allowances, among others. These estimates and assumptions are based on current facts, historical experience, and various other factors which we deem to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Future results of operations would be affected to the extent there are material differences between the estimates and actual results.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less from original dates of purchase are carried at cost, which approximates fair market value, and are considered to be cash equivalents. Cash and cash equivalents is comprised entirely of cash deposited in bank accounts.

Notes and receivables

Notes and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, notes and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Notes and receivables comprise accounts receivable, amounts due from subsidiaries and affiliates, note receivable from subsidiary, other current assets and cash and cash equivalents.

Inventories

Inventories consist of finished goods. Finished goods are stated at standard cost, as adjusted for variances, which approximates weighted-average actual cost. The valuation of inventory requires estimates used to value excess and slow moving inventory. The determination of the value of excess and slow moving inventory is based upon assumptions regarding future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

Investment in subsidiaries

Investment in subsidiaries is accounted for using the equity method. Under this method, the Parent's investment in subsidiaries is reported as a separate item on the Parent's balance sheet. U.S. GAAP requires that these investments be consolidated rather than reported using the equity method.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Parent becomes a party to the contractual provisions of the instrument.

The Parent derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Parent has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Parent classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise accounts payable, amounts due to subsidiaries and affiliates, notes payable to subsidiaries, other current liabilities and long-term debt.

Derivative Financial Instruments and Hedging Activities

The Parent utilizes currency forward contracts to mitigate financial market risks of fluctuations in currency exchange rates. The Parent does not use derivative financial instruments for speculative or trading purposes. All derivative instruments are recorded in the balance sheet at fair value. The Parent has not designated any derivatives as hedge accounting. Derivatives not designated as hedge accounting and used to hedge foreign currency-denominated balance sheet items are reported directly in earnings along with offsetting transaction gains and losses on the items being hedged.

Income Taxes

Deferred income taxes arise primarily because of differences in the bases of assets or liabilities between financial accounting and tax accounting which are known as temporary differences. The Parent records the tax effect of these temporary differences as deferred tax assets (generally items that can be used as a tax deduction or credit in future periods) and deferred tax liabilities (generally items for which the Parent receives a tax deduction, but have not yet been recorded in the consolidated statement of operations). The Parent regularly reviews deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income (losses), projected future pre-tax and taxable income (losses) and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in operations in the period that includes the enactment date. Valuation allowances are established when management determines that it is more likely than not that some portion, or all of the deferred tax asset, will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

Tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation

The supplementary financial information includes certain expenses of SunEdison, Inc. that were allocated for stock-based compensation, as well as stock-based compensation expense for the Parent's stock. Stock-based compensation expense for all share-based payment awards is based on the estimated grant-date fair value. These compensation costs are recognized net of an estimated forfeiture rate for only those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Compensation costs, for ratable awards, are recognized for all grants on a straight-line basis over the requisite service period of the entire award. Forfeiture rates are estimated by taking into consideration the historical experience of SunEdison during the preceding four fiscal years.

The assumptions used are routinely examined in estimating the fair value of employee options granted. It was determined as part of this assessment, that the historical stock price volatility of guideline companies and the historical pattern of SunEdison option exercises are appropriate indicators of expected volatility and expected term since the Group did not have its own stock trading history prior to the Offering. The interest rate is determined based on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of the award. The Black-Scholes option-pricing model is used to estimate the fair value of ratable and cliff vesting options. The grant date fair value was calculated for market condition awards using a probabilistic approach under a Monte Carlo simulation taking into consideration volatility, interest rates and expected term.

Contingencies

The Parent is involved in conditions, situations, or circumstances in the ordinary course of business with possible gain or loss contingencies that will ultimately be resolved when one or more future events occur or fail to occur. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount will be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range will be accrued. The Parent continually evaluates uncertainties associated with loss contingencies and record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (ii) the loss or range of loss can be reasonably estimated. Legal costs are expensed when incurred. Gain contingencies are not recorded until realized or realizable.

Fair Value Measurements

Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, and are based on market data obtained from sources independent of the Parent. Unobservable inputs reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the reliability of inputs as follows:

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Parent has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Valuations for Level 2 are prepared on an individual instrument basis using data obtained from recent transactions for identical securities in inactive markets or pricing data from similar instruments in active and inactive markets.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Parent maintains various financial instruments recorded at cost in the balance sheets that are not required to be recorded at fair value. For these instruments, the Parent used the following methods and assumptions to estimate the fair value:

Cash equivalents, accounts receivable and payable, amounts due from and due to subsidiaries, amounts due to affiliates, notes receivable from and payable to subsidiaries, and other current liabilities are valued at cost, which approximates fair value because of the short maturity period; and

Long-term note payable to subsidiaries - fair value is based on the amount of future cash flows associated with each debt instrument discounted at a current estimated borrowing rate for similar debt instruments of comparable terms.

There were no transfers into or out of Level 1, Level 2, or Level 3 financial instruments during the year/period ended December 31, 2015 and December 31, 2014.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

3. INVENTORIES

Inventories consist of finished goods. As of December 31, 2015, \$8,180,000 (2014: \$3,783,000) of finished goods were held on consignment.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

4. NOTES RECEIVABLE/PAYABLE FROM/TO SUBSIDIARIES

Notes receivable/payable from/to subsidiaries consist of the following:

As of December 31, 2015

Total principal	Current and short-term	Long-term
US\$'000	US\$'000	US\$'000

Receivable	143,326	—	143,326
Payables	(425,660)	(158,047)	(267,613)

As of December 31, 2014

Total principal	Current and short-term	Long-term
US\$'000	US\$'000	US\$'000

Receivable	144,432	—	144,432
Payables	(429,278)	(254,775)	(174,503)

The note receivable from subsidiary is unsecured and bears interest at a rate of 3% (2014: 3%) per annum.

The notes payable to subsidiaries are unsecured and bear interest at rates ranging from 2% to 7% (2014: 2% to 3%) per annum.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

5. STOCKHOLDERS' EQUITY

Ordinary Shares

Holders of our ordinary shares are entitled to one vote for each share held on all matters submitted to a vote of shareholders. Subject to any preferential rights of holders of any outstanding preference shares, holders of our ordinary shares will be entitled to receive dividends and other distributions in cash, stock, or property as may be declared by our Company from time to time. In the event of our liquidation, dissolution or winding up, the liquidator may, with the authority of a special resolution, divide amongst all shareholders in specie or in kind the whole or any part of our assets and may for such purpose set such value as the liquidator thinks fair upon any one or more classes of property to be divided as between the shareholders or between different classes of shareholders. The declaration and payment of future dividends on our ordinary shares, if any, will be at the sole discretion of the Board of Directors and is subject to restrictions contained in our debt agreements, Singapore law, and our articles of association. There were no dividends declared or paid during the year ended December 31, 2015 (2014: Nil).

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

5. STOCKHOLDERS' EQUITY (Continued)

Ordinary Shares (continued)

The Company and SunEdison, Inc agreed, effective concurrently with the secondary public offering on January 20, 2015, to replace 25% of the equity-based compensation awards relating to SunEdison, Inc stock that were unvested and held by our employees (including our non-US employees, subject to applicable local laws) with adjusted stock options and restricted stock units ("RSUs"), as applicable, for the Company's ordinary shares, each of which generally preserved the value of the original awards. The balance of the awards (75%) will be maintained by SunEdison, Inc. The Company issued options to purchase an aggregate of 442,790 ordinary shares with a weighted-average exercise price of \$5.19 per share and an aggregate of 170,115 RSUs, in each case based on applicable SunEdison, Inc equity awards outstanding, and the Company's and SunEdison, Inc's share prices, as of market close on January 20, 2015. Each of the foregoing replacement awards was issued pursuant to the SunEdison Semiconductor Limited 2014 Long-Term Incentive Plan. The remaining 75% of the unvested SunEdison, Inc options and RSUs, as well as all vested SunEdison, Inc options, will continue to vest in accordance with their terms, with employment by us to be deemed employment by SunEdison, Inc. We have included the stock-based compensation expense related to these awards granted to our employees in our consolidated financial statements.

Stock-Based Compensation

We have equity incentive plans that provide for the award of non-qualified stock options, performance shares, and restricted stock units ("RSUs") to employees and non-employee directors. We filed a registration statement on Form S-8 on June 10, 2014 to register an aggregate of 11.0 million ordinary shares reserved for issuance under the equity incentive plans we adopted in connection with the Offering. There were 5.7 million shares remaining available for future grant under these plans as of December 31, 2015.

Options to employees are generally granted upon hire and annually or semi-annually, usually with four-year ratable vesting. Certain shares of non-employee directors have a one year vesting period. No option has a term of more than ten years. The exercise price of stock options granted equals the market price on the date of the grant.

The following table presents information regarding outstanding stock options as of December 31, 2015 and 2014, and changes during the year/period ended December 31, 2015 and 2014 for the Company and its subsidiaries:

	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life (years)
		US\$	US\$'000	
Outstanding at December 31, 2014	1,726,354	15.77		
Granted	1,419,497	15.40		
Exercised	(62,492)	4.72		
Forfeited	(150,745)	15.93		
Expired	—	—		
Outstanding at December 31, 2015	2,932,614	15.83	1,100	8.5
Options exercisable at December 31, 2015	698,040	11.66	900	7.6

SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

5. STOCKHOLDERS' EQUITY (Continued)

Stock-Based Compensation (continued)

The weighted-average assumptions are as follows:

	2015
Risk-free interest rate	1.0%
Expected stock price volatility	26.3%
Expected term until exercise (years)	4
Expected dividends	Nil

The weighted-average grant-date fair value per share of options granted was \$5.95 (2014: \$5.15) for the year ended December 31, 2015. There were 1,895 (2014: 3,530) options granted to employees of the Company, excluding amounts granted to subsidiary employees for the period ended December 31, 2015. Total unrecognized compensation cost related to these stock options was less than \$0.1 million (2014: less than \$0.1 million) as of December 31, 2015.

RSUs represent the right to receive a share of our stock at a designated time in the future, provided the stock unit is vested at the time. Recipients of RSUs do not pay any cash consideration for the RSUs or the underlying shares, and do not have the right to vote or have any other rights of a shareholder until the RSU has vested and the underlying shares of stock are distributed. RSUs granted to employees and non-employee directors usually have a four-year ratable vesting schedule, and certain grants are subject to performance conditions established at the time of grant.

The following table presents information regarding outstanding RSUs as of December 31, 2015, and changes during the period ended December 31, 2015:

	Restricted Stock Units	Aggregate Weighted-Average	
		Intrinsic Value US\$'000	Remaining Contractual Life (years)
Outstanding at December 31, 2014	1,561,412		
Granted	839,787		
Converted	(470,451)		
Forfeited	(115,791)		
Outstanding at December 31, 2015	1,814,957	14,200	1.7

The weighted-average fair value of RSUs on the date of grant was \$17.53 (2014: \$16.93) for the year ended December 31, 2015. There were 57,923 (2014: 109,977) RSUs granted to employees and non-employee directors of the Company excluding amounts granted to subsidiary employees, for the year ended December 31, 2015. Total unrecognized compensation cost related to these RSUs of \$1.2 million (2014: \$1.5 million) is expected to be recognized as of December 31, 2015 over a weighted-average period of approximately 1.09 years (2014: 2.75 years).

SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

5. STOCKHOLDERS' EQUITY (Continued)

Stock-Based Compensation (continued)

There was approximately \$1.0 million (2014: \$0.4 million) in stock-based compensation expense recorded in marketing and administration on the Statement of Operations for the year ended December 31, 2015 related to grants for Company employees and non-employee directors. This does not include expense related to grants to subsidiary employees.

The amount of stock-based compensation cost capitalized into inventory and fixed assets was not material for the year/period ended December 31, 2015. Further, the recognition of excess tax benefits from share-based payment arrangements was not material for the year/period ended December 31, 2015.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

6. ACCUMULATED OTHER COMPREHENSIVE LOSS

Comprehensive loss represents a measure of all changes in equity that result from recognized transactions and economic events other than transactions with owners in their capacity as owners. Other comprehensive loss from the Parent includes foreign currency translation and pension adjustments.

The following table presents the changes in each component of accumulated other comprehensive loss, net of tax:

	Year Ended December 31, 2015 (US\$'000)	Year Ended December 31, 2014 (US\$'000)
Currency Translation Adjustments		
Beginning balance	(174,145)	—
Other comprehensive loss before reclassifications	(30,748)	(174,145)
Amounts reclassified from accumulated other comprehensive loss	—	—
Ending balance	(204,893)	(174,145)

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

7. EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Parent makes contributions into a separate entity for the benefit of employees and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

7. EMPLOYEE BENEFITS (Continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or incentive plans if the Parent has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognized if, as a result of a past event, the Parent has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

8. DERIVATIVES AND HEDGING INSTRUMENTS

The Parent's derivatives and hedging activities consist of:

Balance Sheet Location	Assets (Liabilities)	Assets (Liabilities)
	Fair Value	Fair Value
	As of	As of
	December	December
	31, 2015	31, 2014
	(US\$'000)	(US\$'000)
Derivatives not designated as hedging:		
Currency forward contracts ⁽¹⁾	Other Assets / Accrued liabilities 314	(103)

(1)

(1) Currency forward contracts are recorded in the balance sheet at fair value using Level 1 inputs.

The Parent utilizes currency forward contracts to mitigate financial market risks of fluctuations in currency exchange rates. The Parent does not use derivative financial instruments for speculative or trading purposes. Gains and losses on these non-U.S. currency exposures are generally offset by corresponding losses and gains on the related hedging instruments, reducing the net exposure to the Parent. A substantial portion of revenue and capital spending is transacted in the U.S. dollar. However, the Parent enters into transactions in other currencies, primarily the Japanese yen, euro, and South Korean won. The Parent has established transaction-based hedging programs to protect against reductions in value and volatility of future cash flows caused by changes in currency exchange rates. Hedging programs reduce, but do not always eliminate, the impact of currency exchange rate movements. The Parent may have outstanding contracts with several major financial institutions for these hedging transactions at any point in time. The maximum credit risk loss with these institutions is limited to any gain on our outstanding contracts. These currency forward contracts had net notional amounts of \$46.6 million (2014: \$22.2 million) as of December 31, 2015 and are accounted for as economic hedges, for which hedge accounting was not applied.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

9. COMMITMENTS AND CONTINGENCIES

Indemnification

We have agreed to indemnify some of our semiconductor customers against claims of infringement of the intellectual property rights of others in our sales contracts with these customers. Historically, we have not paid any claims under these indemnification obligations, and we do not have any pending indemnification claims as of December 31, 2015 and 2014.

Legal Proceedings

We are involved in various legal proceedings, claims, investigations and other legal matters which arise in the ordinary course of business. Although it is not possible to predict the outcome of these matters, we believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

10. INCOME TAXES

There was no current income tax expense during 2015 since the Parent incurred a pre-tax loss for the period.

Deferred Taxes

Tax effects of the major items recorded as deferred tax assets and liabilities are:

	Year Ended December 31, 2015 US\$'000	Year Ended December 31, 2014 US\$'000
Deferred tax assets:		
Net operating loss carry forwards	19,648	11,426
Unabsorbed capital allowance carry forwards	10,488	—
Other	—	30
Total deferred tax assets	30,136	11,456
Valuation allowance	(28,772)	(11,048)
Net deferred tax assets	1,364	408
Deferred tax liabilities:		
Unremitted interest income	(851)	(408)
Other	(513)	—
Total deferred tax liabilities	(1,364)	(408)
Net deferred tax	—	—

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

11. RELATED PARTY TRANSACTIONS

Transactions with Affiliates

We sell intermediate products such as polysilicon, trichlorosilane gas, ingots, scrap wafers, and other inventory items to SunEdison's subsidiaries in the United States, Europe, and Asia for use in their operations.

For the purpose of the supplementary financial information, parties are considered to be related to the Parent if the Parent has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Parent and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Intercompany Transactions

We executed the settlement of a polysilicon supply agreement with one of our indirect subsidiaries during 2014. This resulted in us obtaining an intercompany long term note receivable valued at EUR 111.9 million at the date of the settlement in exchange for an equivalent EUR 111.9 million account payable to our subsidiary at the contract termination date. These represent non-cash transactions and did not have an impact on our statement of operations for the current period.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

11. RELATED PARTY TRANSACTIONS (Continued)

Other related party transaction

Other than disclosed elsewhere in the supplementary financial information, transactions with related parties are as follows:

	2015	2014
	US\$'000	US\$'000
Subsidiaries		
- Sale of goods	386,392	351,133
- Purchase of goods	613,504	675,236
- Commission expense	1,890	1,829
- Management service and information technology fees	52,433	56,169
- Interest expense	12,569	7,966
- Royalty income	11,162	12,291
Affiliate		
- Purchase of goods	34,877	11,950

The Parent engages in a variety of transactions with related corporations in the normal course of business. Such transactions include but are not limited to purchases of various raw materials. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

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SunEdison Semiconductor Limited
Notes to Supplementary Financial Information

12. Subsequent Events

This subsequent event disclosure is contained within the Supplementary Financial Information of SunEdison Semiconductor Limited only. During the third quarter of 2015, we entered into a definitive agreement to sell approximately 30% of our SMP, Ltd. ("SMP") investment for \$35.0 million to SunEdison, Inc. ("SunEdison"), which was subject to a third party consent. In March 2016, we received the third party consent to complete the partial sale of our SMP investment, representing approximately 8.56% of SMP's total shares outstanding. We will record a loss of \$6.1 million on this sale in our 2016 financial statements because the carrying amount of the SMP shares sold, including the effects of currency translation adjustments, exceeded the proceeds from the sale.

On May 3, 2016, SMP filed an application for rehabilitation under Korean law, which is similar to a reorganization under U.S. bankruptcy law, due to liquidity issues. The uncertainties resulting from this filing and the filing by SMP's largest shareholder and customer, SunEdison, for Chapter 11 bankruptcy protection in the United States Bankruptcy Court, Southern District of New York on April 21, 2016, triggered an interim impairment analysis, resulting in the recording of an \$86.9 million other-than-temporary impairment charge, net of tax, in our 2016 financial statements. The impairment charge was measured based on the amount by which the carrying value of this investment exceeded its estimated fair value based on management's level 3 assumptions.

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Preliminary Copy

VOTE BY INTERNET -

www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

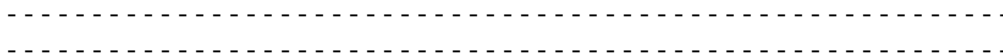
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E11985-P81106 KEEP THIS PORTION FOR YOUR RECORDS



DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

SUNEDISON
SEMICONDUCTOR LIMITED

The Board of Directors
recommends you vote FOR the
following:

1 Election of
Directors

Nominees: For Against Abstain

1a.	Antonio R. Alvarez	o	o	o	The Board of Directors recommends you vote FOR proposals 2 through 6.	For Against Abstain
1b.	Gideon Argov	o	o	o	2. To approve the re-appointment of KPMG LLP as our independent registered public accounting firm and independent Singapore auditor for the year ending December 31, 2016, and to authorize the Audit Committee of the Board of Directors to fix KPMG LLP's remuneration for services provided through the date of our 2017 Annual General Meeting of Shareholders (the "2017 AGM").	o o o
1c.	Michael F. Bartholomeusz	o	o	o		
1d.	Jeffrey A. Beck	o	o	o		
1e.	Justine F. Lien	o	o	o		
1f.	Shaker Sadasivam	o	o	o	3. To consider as an ordinary resolution approval of the cash compensation to be paid to members of the Board of Directors from the date of the 2016 AGM through the	o o o
1g.	Abdul Jabbar Bin Karam Din	o	o	o		

date the 2017 AGM is held and for each approximately 12-month period thereafter.

4.To consider as an ordinary resolution authorization of the Board to allot and issue shares of the Company.

5.To consider as an ordinary resolution authorization of the Board to repurchase shares of the Company.

YesNo <input type="radio"/> <input type="radio"/>	6.To consider as a special resolution an amendment to our Constitution to eliminate the corporate opportunity exclusion for our former parent company. <input type="radio"/> <input type="radio"/> <input type="radio"/>
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Please indicate if you plan to attend this meeting.

NOTE: To transact such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature
 [PLEASE SIGN Date
 WITHIN BOX]

Signature (Joint Date
 Owners)

Preliminary Copy

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

E11986-P81106

SUNEDISON SEMICONDUCTOR LIMITED
Annual Meeting of Shareholders
August 3, 2016 7:00 AM CDT
This proxy is solicited by the Board of Directors

The shareholder hereby appoints Shaker Sadasivam, Jeffrey Hall and Sally Townsley, or either of them, as proxies, each with the power to appoint his/her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the ordinary shares of SUNEDISON SEMICONDUCTOR LIMITED that the shareholder is entitled to vote at the Annual Meeting of Shareholders to be held at 7:00 AM, CDT on August 3, 2016, at the Embassy Suites Hotel, 2 Convention Center Plaza, St. Charles, Missouri 63303, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side