Knowles Corp
Form 424B3
June 30, 2015
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-204291

OFFER TO EXCHANGE

Each Outstanding Share of Common Stock of

AUDIENCE, INC.

for

$2.51 in Cash and $2.50 in Fair Market Value of Shares of Common Stock of

KNOWLES CORPORATION

(subject to the adjustment procedures and collar as described in this

prospectus/offer to exchange and the related letter of transmittal)

made by

ORANGE SUBSIDIARY, INC.,

a wholly owned subsidiary of Knowles Corporation

THE OFFER COMMENCED ON TUESDAY, MAY 19, 2015. THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), EASTERN TIME, ON TUESDAY, JUNE 30, 2015, UNLESS THE OFFER IS EXTENDED.

Pursuant to an Agreement and Plan of Merger, dated as of April 29, 2015, as amended from time to time (the merger agreement), by and among Knowles Corporation, a Delaware corporation (Knowles), Orange Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Knowles (the Purchaser), and Audience, Inc., a Delaware corporation (Audience), Purchaser is offering to purchase each outstanding share of common stock, $0.001 par value per share, of Audience, for consideration (the offer consideration) consisting of:

$2.51 in cash, without interest, and

a number of shares of Knowles common stock, par value $0.01 per share, equal to the amount obtained by dividing $2.50 by the volume weighted average of the sale prices for Knowles common stock as reported on the New York Stock Exchange for each of the 10 consecutive trading days ending on and including the second trading day prior to the final expiration date of the offer,

subject in each case to the adjustment procedures and collar described in this prospectus/offer to exchange and the related letter of transmittal (which, together with any amendments or supplements hereto or thereto, collectively constitute the offer described herein).

The offer is the first step in Knowles plan to acquire all of the outstanding equity interests of Audience. Following the purchase by Purchaser of shares of Audience common stock sufficient to satisfy the requirements under Delaware law to effect a short-form merger, and subject to the satisfaction or waiver of each of the conditions to such merger set forth in the merger agreement, Purchaser will be merged with and into Audience (the merger), with Audience surviving the merger as a wholly owned subsidiary of Knowles. As a result of the merger, each then-outstanding share of Audience common stock held by persons other than Knowles or Purchaser and their subsidiaries, and stockholders of Audience who have properly preserved their appraisal rights, if any, under applicable law, will be converted into the right to receive the merger consideration described herein. For a discussion of the treatment of Audience common stock, stock options and other rights to acquire Audience common stock in the merger, please carefully read The Offer beginning on page 52 of this prospectus/offer to exchange.

See Risk Factors beginning on page 14 of this prospectus/offer to exchange for a discussion of certain factors that you should consider in connection with the offer to exchange your shares of Audience common stock for the consideration described herein.

Knowles common stock is traded on the New York Stock Exchange under the symbol KN and Audience common stock is traded on the NASDAQ Global Select Market under the symbol ADNC. You are encouraged to obtain current market quotations for Knowles common stock and Audience common stock in connection with your decision whether to tender your shares for exchange. Please carefully review the entire prospectus/offer to exchange, including the merger agreement attached as Annex A to this prospectus/offer to exchange.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.

THE DATE OF THIS PROSPECTUS/OFFER TO EXCHANGE IS JUNE 30, 2015

Table of Contents

On April 29, 2015, the Audience board of directors, by the unanimous vote of the Audience directors present at the meeting, (i) determined that the merger agreement and the transactions contemplated thereby, including the offer and the merger, are advisable and in the best interests of Audience and Audience s stockholders, (ii) approved and authorized the merger agreement and the transactions contemplated thereby, including the offer and the merger, and (iii) recommended that Audience s stockholders accept the offer and tender their shares of Audience common stock pursuant to the offer. Accordingly, the Audience board of directors recommends that the stockholders of Audience accept the offer and tender their shares of Audience common stock pursuant to the offer. The factors considered by the Audience board of directors in making the determinations and the recommendation described above are described in Audience s Solicitation/Recommendation Statement on Schedule 14D-9, which has been filed with the SEC and is being mailed to you and other Audience stockholders together with this prospectus/offer to exchange. Audience stockholders are encouraged to review carefully the Schedule 14D-9, together with this prospectus/offer to exchange.

The offer is conditioned upon, among other things, there being validly tendered and not validly withdrawn prior to the expiration time of the offer (as it may be extended) shares of Audience common stock that, together with any shares of Audience common stock then owned by Knowles and its subsidiaries, including Purchaser, represent more than 50% of the sum of (x) the aggregate number of shares of Audience common stock outstanding immediately prior to the acceptance of shares of Audience common stock for exchange pursuant to the offer, including shares of Audience common stock subject to Audience restricted stock units or deemed issued pursuant to Audience s employee stock purchase plan plus (y) the aggregate number of shares of Audience common stock issuable to holders of Audience stock options from which Audience has received notices of exercise immediately prior to the acceptance of shares of Audience common stock for exchange pursuant to the offer (and as to which shares of Audience common stock have not yet been issued to such exercising holders of Audience stock options), but excluding shares of Audience common stock that have been tendered in the offer pursuant to guaranteed delivery procedures (the foregoing condition is referred to as the minimum condition or the short-form merger threshold in this prospectus/offer to exchange). The offer is also subject to other conditions described under The Offer Conditions to the Offer beginning on page 62 of this prospectus/offer to exchange.

IMPORTANT INFORMATION

Purchaser is not asking you for a proxy and you are requested not to send Purchaser a proxy. Any solicitation of proxies following the acceptance for exchange of Audience common stock pursuant to the offer will be made pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Any Audience stockholder who desires to tender all or any portion of such stockholder s shares of Audience common stock to Purchaser in the offer should either:

complete and sign the letter of transmittal (or a photocopy of it) for the offer, which is enclosed with this prospectus/offer to exchange, in accordance with the instructions contained in the letter of transmittal (having such stockholder s signature on the letter of transmittal guaranteed if required by Instructions 1 and 5 to the letter of transmittal), mail or deliver the letter of transmittal (or a photocopy of it) and any other required documents to the depositary for the offer, Computershare (the Depositary), which will serve as the Exchange Agent (as defined in the merger agreement) for the offer, and either deliver the certificates representing such shares to the Depositary along with the letter of transmittal (or a photocopy of it) or tender such shares by book-entry transfer by following the procedures described under The Offer Procedures for Tendering Shares of Audience Common Stock in the Offer beginning on page 55 of this prospectus/offer to exchange, in each case prior to the expiration time (as defined in this prospectus/offer to exchange) of the offer; or

request such stockholder s broker, dealer, bank, trust company or other nominee to effect the transaction for such stockholder. Any Audience stockholder with shares of Audience common stock registered in the name of a broker, dealer, bank, trust company or other nominee must contact that institution in order to tender such shares to Purchaser in the offer.

Any Audience stockholder who desires to tender shares of Audience common stock to Purchaser in the offer and whose certificates representing such shares are not immediately available, or who cannot comply in a timely manner with the procedures for tendering shares by book-entry transfer, or who cannot deliver all required documents to the Depositary prior to the expiration time of the offer, may tender such shares to Purchaser in the offer by following the procedures for guaranteed delivery described under The Offer Procedures for Tendering Shares of Audience Common Stock in the Offer of this prospectus/offer to exchange.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Each of Knowles and Audience file annual, quarterly and current reports, proxy statements and other information with the SEC. This prospectus/offer to exchange incorporates important business and financial information about Knowles and Audience from documents that are filed with the SEC but are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You may read and copy any reports, statements or information that the companies file at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the Public Reference Room. Knowles and Audience s SEC filings are also available to the public from commercial document retrieval services and at the Internet web site maintained by the SEC at www.sec.gov. You may also obtain copies of this information from Knowles website, www.knowles.com, or by sending a request to Knowles Corporation, Attention: Corporate Secretary, 1151 Maplewood Drive, Itasca, Illinois 60143, or from Audience s website, www.audience.com, as applicable. Information contained on Knowles or Audience s respective websites does not constitute part of this prospectus/offer to exchange.

You may also request copies of these documents from Purchaser, without charge, excluding all exhibits, unless Purchaser has specifically incorporated by reference an exhibit in this prospectus/offer to exchange. You may obtain documents incorporated by reference in this prospectus/offer to exchange by requesting them in writing or by telephone from Georgeson Inc. (the Information Agent) at the address set forth below. You can also contact the Information Agent at its address and telephone number listed below for answers to your questions regarding the transaction.

Georgeson Inc.

480 Washington Blvd., 26th Floor

Jersey City, NJ 07310

All Stockholders Call Toll-Free: (888) 497-9677

In order to receive timely delivery of any SEC filings or documents incorporated by reference, you must make your request no later than June 23, 2015.

You should rely only on the information contained in, or incorporated by reference into, this prospectus/offer to exchange and the Schedule 14D-9 of Audience that has been mailed to you together with this prospectus/offer to exchange in deciding whether to tender your shares of Audience common stock in the offer. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this prospectus/offer to exchange or the Schedule 14D-9. You should not assume that the information contained in, or incorporated by reference into, this prospectus/offer to exchange is accurate as of any date other than the date of this prospectus/offer to exchange.

Table of Contents

QUESTIONS AND ANSWERS REGARDING THE TRANSACTION

For the purposes of this section, Questions and Answers Regarding the Transaction, the terms we and our refer to Orange Subsidiary, Inc. The following are some of the questions you, as an Audience stockholder, may have about the offer and the merger and our answers to those questions. This section provides important and material information about the offer and the merger that is described in more detail elsewhere in this prospectus/offer to exchange, but this section and the Summary may not include all of the information about the offer and the merger that is important to you. We urge you to carefully read the remainder of this prospectus/offer to exchange and the letter of transmittal for the offer because the information in this section and the Summary is not complete. We have included cross-references in this section to other sections of this prospectus/offer to exchange to direct you to the sections of this prospectus/offer to exchange in which a more complete description of the topics covered in this section appear.

Who is offering to buy my Audience shares? (Page 94)

Our name is Orange Subsidiary, Inc., a Delaware corporation (Purchaser), and we are offering to buy your shares of common stock of Audience, Inc., a Delaware corporation (Audience). We were organized as a wholly owned subsidiary of Knowles Corporation, a Delaware corporation (Knowles), for the sole purpose of making an offer to purchase all of the outstanding shares of common stock of Audience. The offer is being made pursuant to an Agreement and Plan of Merger, dated as of April 29, 2015, by and among Knowles, us and Audience (the merger agreement). Our principal executive offices are located at 1151 Maplewood Drive, Itasca, Illinois 60143.

Knowles is market leader and global supplier of advanced micro-acoustic solutions and specialty components serving the mobile communications, consumer electronics, medical technology, military, aerospace and industrial markets. It has a leading position in micro-electro-mechanical systems microphones, speakers and receivers which are used in smartphones, tablets and mobile handsets. It is also a leading manufacturer of transducers used in hearing aids and other medical devices and has a strong position in oscillators (timing devices) and capacitor components which enable various types of communication. Knowles focus on the customer, combined with unique technology, rigorous testing and global scale, helps to deliver innovative solutions and consistently dependable and precise products. Knowles was incorporated as a Delaware corporation in June 2013. It became an independent, publicly traded company as a result of a spin-off from Dover Corporation in February 2014. Knowles principal executive offices are located at 1151 Maplewood Drive, Itasca, Illinois 60143, and its telephone number is (630) 250-5100. See Information Relating to Knowles and Purchaser.

Who is Audience? (Page 92)

Audience is a leading provider of intelligent voice and audio solutions that improve voice quality and the user experience in mobile devices. Its technologies, based in auditory neuroscience, improve the mobile voice experience, as well as enhance speech-based services and audio quality for multimedia. Audience s products have been shipped in more than 500 million devices worldwide. Audience has developed purpose-built processors that combine science and technology to function like human hearing and sensing. Its low power, hardware-accelerated digital signal processors and audio codecs and associated algorithms substantially improve user experience through interpretation of sound, motion and other sensor types. Audience was incorporated in July 2000 in the State of California under the name Applied Neurosystems Corporation and reincorporated as a Delaware corporation under the name Audience, Inc. in June 2011. Audience completed its initial public offering in May 2012. Audience s principal executive offices are located at 331 Fairchild Drive, Mountain View, California 94043, and its telephone number is (650) 254-2800. See Information Relating to Audience.

How many shares of Audience common stock are you offering to purchase and how much are you offering to pay? (Page 52)

We are making an offer to purchase all of the outstanding shares of Audience common stock, $0.001 par value per share. We are offering to pay, for each share of Audience common stock that is validly tendered and not validly withdrawn, consideration consisting of (i) $2.51 in cash, without interest, and (ii) a number of shares of Knowles common stock, par value $0.01 per share, equal to the amount obtained by dividing $2.50 by the volume weighted average of the sale prices for Knowles common stock as reported on the New York Stock Exchange for each of the 10 consecutive trading days ending on and including the second trading day prior to the final expiration date of the offer (the closing date average price), in each case subject to the adjustment procedures as described in this prospectus/offer to exchange and the related letter of transmittal. Notwithstanding the foregoing, the closing date average price shall be no greater than $23.35 and no less than $18.16. Please see The Offer Sample Calculations of the Offer Consideration on page 53 for illustrative calculations of the offer consideration.

Audience stockholders who otherwise would be entitled to receive a fractional share of Knowles common stock will instead receive an amount in cash (without interest) equal to the amount of such fraction multiplied by the closing date average price.

Between the date of the merger agreement and the date of consummation of the merger, if the number of outstanding shares of Audience or Knowles common stock are changed into a different number or class of shares by reason of any reclassification, stock split (including a reverse stock split), recapitalization, split-up, combination, exchange of shares, readjustment or other similar transaction, or a stock dividend or stock distribution thereon is declared with a record date within said period, then the offer consideration will be appropriately adjusted to achieve the same economic effect as contemplated by the merger agreement prior to such event.

How has the offer changed since you commenced the offer on May 19, 2015?

On June 17, 2015, Knowles announced that it extended the expiration time of the offer to 12:00 midnight (one minute after 11:59 p.m.), Eastern Time, on June 30, 2015. In order to facilitate a third quarter closing and to avoid the practical difficulties associated with completing the acquisition prior to the end of the second quarter, Knowles increased the cash portion of the offer consideration to $2.51 per share and extended the offer by ten business days, the minimum extension required by SEC regulations, in anticipation of a closing on July 1, 2015. All other terms and conditions of the offer remain unchanged.

If I have already tendered my shares in the offer, do I need to do anything to tender into the offer for the increased offer consideration?

If you have already tendered your shares of Audience common stock in the offer, you do not need to do anything to tender into the offer as amended. Shares of Audience common stock validly tendered and not validly withdrawn prior to the date of this prospectus/offer to exchange will automatically be considered to have been tendered pursuant to the revised terms of the offer set forth in this prospectus/offer to exchange. All Audience stockholders will receive the highest consideration received by Audience stockholders whose shares of Audience common stock are tendered and accepted for exchange in the offer. Therefore, if you have already tendered your shares, including if you did so with the letter of transmittal previously circulated with the prospectus/offer to exchange dated May 19, 2015, you do not have to take any action to be entitled to receive the increased offer consideration described in this prospectus/offer to exchange if your shares are accepted for exchange and exchanged pursuant to the offer.

Will I have to pay any fees or commissions if my shares are accepted for exchange in the offer? (Page 53)

If you are the record owner of your shares and you tender them to us in the offer, you will not have to pay any brokerage fees or similar expenses. If you own your shares through a broker, dealer, bank, trust company or other nominee, and your broker, dealer, bank, trust company or other nominee tenders your shares in the offer on your behalf, your broker, dealer, bank, trust company or other nominee may charge you a fee for doing so. You should consult your broker, dealer, bank, trust company or other nominee to determine whether it will charge you a fee for tendering your shares in the offer.

Table of Contents

What are your plans if you successfully complete the offer but do not acquire all of the outstanding shares of Audience common stock in the offer? (Page 60)

If we consummate the offer, we intend to merge with and into Audience (the merger) as soon as practicable following the consummation of the offer. As a result of the merger, Audience will become a wholly owned subsidiary of Knowles. Our obligation to merge with Audience following the consummation of the offer is conditioned on, among other things, no order or injunction preventing the consummation of the merger having been issued by any court and remaining in effect and there being no legal requirement making consummation of the merger illegal. If we successfully consummate the offer, we expect to hold a sufficient number of shares of Audience common stock to ensure the completion of the merger. No vote of Audience s stockholders will be necessary for us to complete the merger if we consummate the offer.

Has the Audience board of directors approved the offer and the merger? (Page 34)

Yes. On April 29, 2015, the members of the Audience board of directors, by unanimous vote of the Audience directors present at the meeting:

- determined that the merger agreement and the transactions contemplated thereby, including the offer and the merger, are advisable and in the best interests of Audience and Audience s stockholders;
- approved and authorized the merger agreement and the transactions contemplated thereby, including the offer and the merger; and
- recommended that Audience s stockholders accept the offer and tender their shares of Audience common stock pursuant to the offer.

Accordingly, the Audience board of directors recommends that you accept the offer and tender your shares of Audience common stock.

The factors considered by the Audience board of directors in making the determinations and the recommendation described above are described in Audience s Solicitation/Recommendation Statement on Schedule 14D-9, which has been filed with the SEC and is being mailed to you and other Audience stockholders together with this prospectus/offer to exchange. The Schedule 14D-9 is also available on the SEC s website at www.sec.gov and on Audience s website at www.audience.com. We urge all Audience stockholders to review carefully the Schedule 14D-9 and this prospectus/offer to exchange.

Are Knowles business, prospects and financial condition relevant to my decision to tender my shares in the offer?

Yes. Shares of Audience common stock accepted for exchange in the offer will be exchanged in part for shares of Knowles common stock; therefore, you should consider Knowles business and financial condition before you decide to tender your shares of Audience common stock in the offer. In considering Knowles business and financial condition, you should review the documents incorporated by reference in this prospectus/offer to exchange because they contain detailed business, financial and other information about Knowles.

How long do I have to tender my shares of Audience common stock in the offer? (Page 54)

Unless we extend the offer, you will have until 12:00 midnight (one minute after 11:59 p.m.), Eastern Time, on June 30, 2015 to tender your shares of Audience common stock in the offer. If you cannot deliver everything that is required to tender your shares by that time, you may be able to use a guaranteed delivery procedure to tender your shares.

How long will it take to consummate the offer and the merger?

The offer is scheduled to expire at 12:00 midnight (one minute after 11:59 p.m.), Eastern Time, on June 30, 2015. We hope to consummate the offer by the end of the day on July 1, 2015, the business day after the initial expiration date. However, we may decide, or be required, to extend the offer if certain conditions to the offer have not been satisfied by the initial expiration date.

Table of Contents

We expect to complete the merger on the same day as we consummate the offer. Because consummation of the offer and the merger is subject to various conditions, we cannot predict the exact timing of consummation of the offer or the merger or whether the offer or the merger will be completed at all.

Under what circumstances must you extend the offer beyond its original expiration time? (Page 54)

Subject to Knowles (and Audience s) termination rights under the merger agreement: (1) if, at any time as of which the offer is scheduled to expire, any condition to the offer has not been satisfied or waived, we are required to extend the offer on one or more occasions for additional successive periods of up to 10 business days per extension (but not beyond July 31, 2015, as such date may be extended to September 1, 2015 in certain circumstances); and (2) we are required to extend the offer at any time or from time to time for any period required by any rule, regulation, interpretation or position of the SEC or the staff of the SEC applicable to the offer. If we extend the offer, we will inform the Depositary and will publicly announce the extension not later than 9:00 a.m., Eastern Time, on the business day after the day on which the offer was previously scheduled to expire.

What are the most significant conditions to the offer? (Page 62)

We are not obligated to purchase any shares of Audience common stock that are tendered in the offer unless, prior to the expiration time of the offer, the number of shares validly tendered and not validly withdrawn, together with any shares of Audience common stock then owned by Knowles and its subsidiaries, including us, immediately prior to the acceptance for exchange of shares pursuant to the offer, represent more than 50% of the sum of (x) the aggregate number of shares of Audience common stock then outstanding, including shares of Audience common stock subject to Audience restricted stock units or deemed issued pursuant to Audience s employee stock purchase plan plus (y) the aggregate number of shares of Audience common stock issuable to holders of Audience stock options from which Audience has received notices of exercise immediately prior to the acceptance of shares of Audience common stock for exchange pursuant to the offer (and as to which shares of Audience common stock have not yet been issued to such exercising holders of Audience stock options), but excluding shares of Audience common stock that have been tendered in the offer pursuant to guaranteed delivery procedures. The offer is also subject to other conditions described under The Offer Conditions to the Offer.

The offer is not subject to any financing condition, but it is subject to a number of other conditions, including conditions with respect to the accuracy of Audience s representations and warranties in the merger agreement, Audience s compliance with its covenants set forth in the merger agreement, no material adverse effect with respect to Audience having occurred and be continuing, the receipt of all necessary approvals, authorizations and consents of any governmental entity, the absence of any order or injunction preventing the acquisition of or payment for Audience common stock pursuant to the offer or consummation of the merger having been issued by any court and remaining in effect, there being no legal requirement making the acquisition of, or payment for, Audience common stock pursuant to the offer or consummation of the merger illegal, the absence of any legal proceeding by a governmental body challenging or seeking to restrain or prohibit the acquisition of, or payment for, shares of Audience common stock pursuant to the offer or consummation of the merger, at least five of the six employment arrangements with Audience employees being in full force and effect, the effectiveness of the registration statement of which this prospectus/offer to exchange is a part and the shares of Knowles common stock to be issued as part of the offer consideration being approved for listing on the New York Stock Exchange (see The Offer Conditions to the Offer).

Subject to applicable law, we can waive any condition to the offer without Audience s consent, other than the minimum condition, the effectiveness of the registration statement and the approval of the Knowles common stock for listing on the New York Stock Exchange.

How do I tender my shares of Audience common stock for exchange in the offer? (Page 55)

To tender all or any portion of your shares of Audience common stock for exchange in the offer, you must either deliver the certificate or certificates representing your tendered shares, together with the letter of transmittal (or a photocopy of it) enclosed with this prospectus/offer to exchange, properly completed and duly executed, together with any required signature guarantees, and any other required documents, to the Depositary, or tender your shares using the book-entry procedure described herein prior to the expiration time of the offer.

If you hold your shares of Audience common stock in street name through a broker, dealer, bank, trust company or other nominee and you wish to tender all or any portion of your shares of Audience common stock in the offer, the broker, dealer, bank, trust company or other nominee that holds your shares must tender them to us on your behalf through the Depositary.

If you cannot deliver an item that is required to be delivered to the Depositary by the expiration time of the offer, you may obtain up to three additional trading days to do so by having a broker, bank or other fiduciary that is a member of the Securities Transfer Agent s Medallion Program, the Stock Exchanges Medallion Program or other eligible institution guarantee that the missing items will be received by the Depositary within three New York Stock Exchange trading days. You may use the Notice of Guaranteed Delivery enclosed with this prospectus/offer to exchange for this purpose. To tender shares of Audience common stock in this manner, however, the Depositary must receive the missing items within this three trading day period.

Can I withdraw shares that I previously tendered in the offer? (Page 58)

Yes. You can withdraw any of the shares of Audience common stock that you previously tendered in the offer at any time until the expiration time of the offer, as it may be extended. Further, if we have not accepted your shares for exchange by July 18, 2015, you can withdraw them at any time after that date. Once we accept your tendered shares for exchange upon the expiration of the offer, however, you will no longer be able to withdraw them.

To withdraw any shares of Audience common stock that you previously tendered in the offer, you (or, if your shares are held in street name, the broker, dealer, bank, trust company or other nominee that holds your shares) must deliver a written notice of withdrawal (or a photocopy of one), with the required information, to the Depositary while you still have the right to withdraw your shares.

Have any stockholders of Audience already agreed to tender their shares in the offer? (Page 91)

Yes. As inducement to Knowles to enter into the merger agreement, each member of the Audience board of directors, certain members of Audience s senior management and funds associated with Tallwood Venture Capital, a venture capital firm affiliated with one of Audience s directors, have signed a Tender and Support Agreement, covering all of the shares of Audience common stock beneficially owned by such persons, as well as any additional shares of which such persons may become the beneficial owner. These Tender and Support Agreements provide that the signatories thereof will tender their Audience common stock in the offer and, if necessary, will vote any remaining shares that they own for the merger. In addition, under the terms of the Tender and Support Agreements, each such person has also agreed to certain restrictions on the transferability of its shares and the transferability of certain voting rights. As of May 15, 2015, the persons who executed the Tender and Support Agreements beneficially owned in the aggregate 7,318,614 shares of Audience common stock (including shares issuable upon the exercise of stock options and restricted stock units beneficially owned by such persons). Of such shares, an aggregate of 4,991,854 shares are currently outstanding and therefore subject to the Tender and Support Agreements. The shares subject to the Tender and Support Agreements represent approximately 21.1% of the shares of Audience common stock outstanding as of May 15, 2015. See Other Agreements Related to the Transaction.

The depositary of the offer has advised Knowles that, as of 4:00 p.m., Eastern Time, on June 16, 2015, a total of approximately 10,691,607 shares of Audience common stock were validly tendered and not validly withdrawn in the offer, representing approximately 45.3% of the shares of Audience common stock outstanding as of May 15, 2015.

Table of Contents

Do the officers and members of the board of directors of Audience have interests in the offer and the merger that are different from stockholders generally? (Page 72)

You should be aware that some of the officers and directors of Audience may be deemed to have interests in the merger that are different from, or in addition to, your interests as an Audience stockholder. These interests may be deemed to exist because of agreements that the officers have previously entered into with Audience that provide for severance payments and the acceleration of stock options and restricted stock units in the event of a change in control, which would be triggered by the offer as well as the merger. In addition, certain of Audience s officers will be employed by Knowles following the merger. See also Item 3 Past Contacts, Transactions, Negotiations and Agreements in Audience s Solicitation/Recommendation Statement on Schedule 14D-9, which has been filed with the SEC and is being mailed to you and other stockholders of Audience together with this prospectus/offer to exchange.

If I decide not to tender my shares of Audience common stock in the offer, how will the consummation of the merger affect my shares? (Page 75)

If we obtain ownership of shares of Audience common stock representing the short-form merger threshold and we consummate the merger, each then-outstanding share of Audience common stock held by persons other than Knowles or us and our respective subsidiaries, and stockholders of Audience who have properly preserved their appraisal rights, if any, under applicable law, will be converted into the right to receive the merger consideration described under The Merger Agreement What Audience Stockholders will Receive in the Merger, which will be equivalent to the consideration provided to those Audience stockholders who participate in the offer. The effects of the merger on outstanding Audience stock options and restricted stock units are described under The Merger Agreement Treatment of Audience Stock Options and Restricted Stock Units.

Are dissenters or appraisal rights available in either the offer or the merger? (Page 61)

No appraisal rights are available to the holders of Audience shares in connection with the offer. However, if the merger is consummated, the holders of Audience shares immediately prior to the effective time of the merger who (1) did not tender Audience shares in the offer; (2) follow the procedures set forth in Section 262 of the Delaware General Corporation Law (the DGCL); and (3) do not thereafter withdraw their demand for appraisal of such shares or otherwise lose their appraisal rights, in each case in accordance with the DGCL, will be entitled to have their shares appraised by the court and receive payment of the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, as determined by such court.

The fair value of any Audience shares could be based upon considerations other than, or in addition to, the price paid in the offer and the market value of such shares. You should recognize that the value so determined could be higher or lower than, or the same as, the consideration payable in the offer and the merger. You should also be aware that the opinion of an investment banking firm as to the fairness from a financial point of view of the consideration payable in a sale transaction, such as the offer and the merger, are not opinions as to fair value under applicable Delaware law.

Why does the cover page state that this offer may be changed and that the shares of Knowles common stock may not be sold until the registration statement filed with the SEC is effective? Does this mean that the offer has not commenced?

No. Completion of this prospectus/offer to exchange and effectiveness of the registration statement are not necessary for the offer to commence. The offer commenced on May 19, 2015. However, we will not be entitled to accept for exchange and to deliver consideration for shares of Audience common stock tendered pursuant to the offer until the registration statement has been declared effective by the SEC, among other conditions to the consummation of the offer.

Table of Contents

What are the United States federal income tax consequences of having my shares of Audience common stock accepted for exchange in the offer or converted in the merger? (Page 69)

The receipt of shares of Knowles common stock and cash for shares of Audience common stock pursuant to the offer or the merger generally will be a fully taxable transaction for U.S. federal income tax purposes. In general, a beneficial owner of Audience common stock who receives shares of Knowles common stock and cash in exchange for shares of Audience common stock in the offer or merger will recognize gain or loss equal to the difference, if any, between (a) the sum of (i) the fair market value of the shares of Knowles common stock received (determined at the time the offer is consummated or the merger is effective, as the case may be) and (ii) the amount of cash received and (b) the holder s adjusted tax basis in the shares of Audience common stock exchanged for the right to receive shares of Knowles common stock and cash in the offer or merger. Gain or loss will be determined separately for each block of shares of Audience common stock (that is, shares acquired for the same cost in a single transaction).

You should read the discussion under Material United States Federal Income Tax Consequences and should consult your own tax advisor for a full understanding of the tax consequences of the offer and the merger to you.

Why did you structure the acquisition of Audience as a tender offer followed by a short-form merger?

The offer is the first step in Knowles plan to acquire all of the outstanding equity interests of Audience. If, as a result of the offer, Purchaser acquires a number of shares of Audience common stock sufficient to satisfy the requirements under Delaware law to effect a short-form merger, and subject to the satisfaction or waiver of each of the conditions to such merger set forth in the merger agreement, Purchaser will be merged with and into Audience, with Audience surviving the merger as a wholly owned subsidiary of Knowles. As a result of the merger, each then-outstanding share of Audience common stock held by persons other than Knowles or Purchaser and their subsidiaries, and stockholders of Audience who have properly preserved their appraisal rights, if any, under applicable law, will be converted into the right to receive the merger consideration, which will be equivalent to the consideration provided to Audience stockholders who participate in the offer.

We believe that the two-step structure described above provides several advantages compared to a traditional long-form merger structure, the accelerated timing of the acquisition being the primary benefit. As permitted by the rules and the regulations of the SEC, we launched the offer on the same day that we filed the registration statement, of which this prospectus/offer to exchange forms a part, with the SEC, and the offer and subsequent short-form merger may be completed as soon as 20 business days after the initial filing. In contrast, a traditional merger structure would require us to file a proxy statement with the SEC, which would be subject to review and comment by the SEC, and Audience would then be required to call a special meeting of its stockholders to approve the merger, all of which we believe would result in additional time and expense.

We believe that speed of completion of the acquisition will result in several benefits. First, we can deliver consideration to Audience s stockholders faster than we would be able to do in a traditional merger structure. Second, we believe that an accelerated acquisition process will reduce the effects of disruption in the businesses of Knowles and Audience from the offer and the merger, including disruption in relationships with business partners and employees, which may reduce the likelihood of loss of revenue and employee attrition. In addition, Knowles can begin to capture expected synergies from the acquisition more quickly than it would otherwise be able to do in an extended acquisition process.

What is the market value of my shares of Audience common stock? (Page 107)

On April 29, 2015, the last trading day before Knowles and Audience announced that they had entered into the merger agreement, the last sales price of Audience common stock reported on the NASDAQ Global Select Market was $5.49 per share; therefore, the offer consideration valued at $5.01 per share represents a discount of approximately 9% on the last closing price of shares of Audience common stock prior to announcement of the merger agreement. On May 15, 2015, the last practicable day prior to the commencement of the offer, the last sales price of Audience common stock reported on the NASDAQ Global Select Market was $4.80 per share. We advise you to obtain recent quotations for shares of Audience common stock and shares of Knowles common stock when deciding whether to tender your shares in the offer. In addition, you should also consider Knowles financial condition by reviewing the sections of this prospectus/offer to exchange entitled Summary Selected Consolidated Historical Financial Data of Knowles and Risk Factors and the documents incorporated by reference into this prospectus/offer to exchange because they contain detailed business, financial and other information about Knowles.

Are there any regulatory clearances or approvals required to complete the offer? (Page 64)

Yes. Our acceptance of the tendered shares of Audience common stock in the offer and consummation of the offer and the merger is subject to approval under the Monopoly Regulation and Fair Trade Act as enforced by the Korea Fair Trade Commission. On June 10, 2015, Knowles received notification from the Korea Fair Trade Commission concluding that the offer and the merger do not violate the Korean Antitrust Laws. In addition, the SEC must declare the registration statement, of which this prospectus/offer to exchange is a part, effective.

Whom can I contact if I have questions about the offer or the merger? (Page 120)

You should contact the Information Agent for the offer at the address and telephone number listed below if you have any questions about the offer or the merger.

Georgeson Inc.

480 Washington Blvd., 26th Floor

Jersey City, NJ 07310

All Stockholders Call Toll-Free: (888) 497-9677

In addition, please see Where You Can Find Additional Information beginning on page 120 of this prospectus/offer to exchange for instructions on how to obtain additional information about Knowles, Audience, the offer and the merger.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus/offer to exchange are, and statements in other material filed or to be filed with the SEC (as well as information included in oral statements or other written statements made or to be made by Knowles) will be, forward-looking within the meaning of the Securities Act and the Exchange Act. These forward-looking statements include, but are not limited to, statements regarding Knowles plans to acquire Audience, its financing of such acquisition, its expected future performance (including expected results of operations and financial guidance), and the combined company s future financial condition, operating results, strategy and plans. Generally, the words will, may, should, continue, believe, expect, intend, anticipate or similar expressi forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management s good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

You should understand that the following important factors, in addition to those discussed under Risk Factors and in the documents that are incorporated herein by reference, could affect the future results of Knowles, Audience and the combined company following the consummation of the offer and the merger and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements:

- uncertainties as to the timing of the offer and the merger;
- uncertainties as to how many of the holders of shares of common stock of Audience will tender their shares into the offer;
- the possibility that various closing conditions for the offer or the proposed merger may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the offer or the merger;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the effects of disruption from the offer or the proposed merger making it more difficult for Knowles to maintain relationships with employees (including potential difficulties in employee retention), collaboration parties, other business partners or governmental entities;
- legal proceedings that may be instituted against Knowles and others following announcement of the business combination;

- other business effects, including the effects of industrial, legal, regulatory, economic or political conditions outside of Knowles control;
- the amount of the costs, fees, expenses and charges related to the offer and the merger;
- the inherent uncertainty associated with financial or other projections; and
- business expansion or cost savings expected to result from the proposed acquisition may not be fully realized or realized within the expected time-frame.

Forward-looking statements speak only as of the date the statements were made and, except as required by law, including Rule 14d-3(b)(1) under the Exchange Act, Knowles assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information.

Table of Contents

SUMMARY

This section summarizes material information presented in greater detail elsewhere in this prospectus/offer to exchange. However, this summary does not contain all of the information that may be important to Audience stockholders. Audience stockholders are urged to read carefully the entire prospectus/offer to exchange and the other documents referred to and incorporated by reference in this prospectus/offer to exchange to fully understand the offer and the merger. In particular, Audience stockholders should read the merger agreement, which is attached as Annex A. You may obtain the information incorporated by reference into this prospectus/offer to exchange by following the instructions in the section entitled Where You Can Find Additional Information beginning on page 120.

The Offer (Page 52)

Purchaser, Knowles and Audience entered into an Agreement and Plan of Merger on April 29, 2015 (the merger agreement), pursuant to which Purchaser, a wholly owned subsidiary of Knowles, is offering to exchange cash and shares of Knowles common stock for all of the outstanding shares of Audience common stock. Each share of Audience common stock validly tendered and not validly withdrawn in the offer will be exchanged for consideration (the offer consideration) in the form of (i) $2.51 in cash, without interest, and (ii) a number of shares of Knowles common stock, par value $0.01 per share, equal to the amount obtained by dividing $2.50 by the volume weighted average of the sale prices for Knowles common stock as reported on the New York Stock Exchange for each of the 10 consecutive trading days ending on and including the second trading day prior to the final expiration date of the offer (the closing date average price), in each case, subject to adjustment as described in this prospectus/offer to exchange and the related letter of transmittal. Notwithstanding the foregoing, the closing date average price shall be no greater than $23.35 and no less than $18.16. Please see The Offer Sample Calculations of the Offer Consideration on page 53 for illustrative calculations of the offer consideration. The effects of the merger on options to acquire Audience common stock and Audience restricted stock units are discussed elsewhere in this prospectus/offer to exchange (see The Merger Agreement Treatment of Audience Stock Options and Restricted Stock Units beginning on page 76).

Audience has informed Knowles and Purchaser that, as of May 15, 2015, there were issued and outstanding 23,603,003 shares of Audience common stock, par value $0.001 per share. Based on this number and assuming for illustration that no additional shares of Audience common stock are issued and no Audience stock options, no Audience restricted stock units and no other rights to acquire Audience common stock vest after May 15, 2015, then as of May 15, 2015, the minimum condition would be satisfied if at least 11,801,502 shares of Audience common stock are validly tendered and not validly withdrawn prior to the expiration time of the offer. This figure includes the shares of Audience common stock held by the persons who agreed to tender their shares pursuant to the Tender and Support Agreements, as more fully described below (see Other Agreements Related to the Transaction on page 91).

The initial expiration date for the offer was June 17, 2015. On June 17, 2015, Knowles extended the expiration date for the offer to June 30, 2015. In certain circumstances, Knowles is required to or may extend the offer beyond this date.

Purpose of the Offer (Page 60)

The purpose of the offer is for Knowles to acquire control of, and ultimately the entire equity interest in, Audience. The offer is the first step in Knowles plan to acquire all of the outstanding equity interests of Audience.

1

Table of Contents

The Merger (Page 74)

Following the purchase by Purchaser of shares of Audience common stock sufficient to satisfy the requirements under Delaware law to effect a short-form merger, and subject to the satisfaction or waiver of each of the conditions to such merger set forth in the merger agreement, Purchaser will be merged with and into Audience, with Audience surviving the merger as a wholly owned subsidiary of Knowles.

The merger agreement provides that, upon consummation of the merger, each then-outstanding share of Audience common stock held by persons other than Knowles or Purchaser and their subsidiaries, and stockholders of Audience who have properly preserved their appraisal rights, if any, under applicable law, will be converted into the right to receive the merger consideration described under The Merger Agreement What Audience Stockholders will Receive in the Merger, which will be equivalent to the consideration provided to those Audience stockholders who participate in the offer. The effects of the merger on outstanding Audience stock options and restricted stock units are described under The Merger Agreement Treatment of Audience Stock Options and Restricted Stock Units. Such merger will not require a vote or any further action by the holders of shares of Audience common stock.

Tender and Support Agreements (Page 91)

As inducement to Knowles to enter into the merger agreement, each member of the Audience board of directors, certain members of Audience s senior management and funds associated with Tallwood Venture Capital, a venture capital firm affiliated with one of Audience s directors, have signed a Tender and Support Agreement, covering all of the shares of Audience common stock beneficially owned by such persons, as well as any additional shares of which such persons may become the beneficial owner. These Tender and Support Agreements provide that the signatories thereof will tender their Audience common stock in the offer and, if necessary, will vote any remaining shares that they own for the merger. In addition, under the terms of the Tender and Support Agreements, each such person has also agreed to certain restrictions on the transferability of its shares and the transferability of certain voting rights. As of May 15, 2015, the persons who executed the Tender and Support Agreements beneficially owned in the aggregate 7,318,614 shares of Audience common stock (including shares issuable upon the exercise of stock options and restricted stock units beneficially owned by such persons). Of such shares, an aggregate of 4,991,854 shares are currently outstanding and therefore subject to the Tender and Support Agreements. The shares subject to the Tender and Support Agreements represent approximately 21.1% of the shares of Audience common stock outstanding as of May 15, 2015.

Information Relating to Knowles and Purchaser (Page 94)

Knowles Corporation

1151 Maplewood Drive

Itasca, Illinois 60143

(630) 250-5100

Knowles is market leader and global supplier of advanced micro-acoustic solutions and specialty components serving the mobile communications, consumer electronics, medical technology, military, aerospace and industrial markets. It has a leading position in micro-electro-mechanical systems microphones, speakers and receivers which are used in smartphones, tablets and mobile handsets. It is also a leading manufacturer of transducers used in hearing aids and other medical devices and has a strong position in oscillators (timing devices) and capacitor components which enable various types of communication. Knowles focus on the customer, combined with unique technology, rigorous testing and global scale, helps to deliver innovative solutions and consistently dependable and precise products. Knowles was incorporated as a Delaware corporation in June 2013. It became an independent, publicly traded company as a result of a spin-off from Dover Corporation in February 2014. Knowles principal executive offices are located at 1151 Maplewood Drive, Itasca, Illinois 60143, and its telephone number is (630) 250-5100.

Table of Contents

Orange Subsidiary, Inc.

c/o Knowles Corporation

1151 Maplewood Drive

Itasca, Illinois 60143

(630) 250-5100

Purchaser is a direct wholly owned subsidiary of Knowles and was incorporated on April 24, 2015 in the State of Delaware. Purchaser has not engaged in any operations and exists solely to make the offer and otherwise facilitate the transaction.

Information Relating to Audience (Page 92)

Audience, Inc.

331 Fairchild Drive

Mountain View, California 94043

(650) 254-2800

Audience is a leading provider of intelligent voice and audio solutions that improve voice quality and the user experience in mobile devices. Its technologies, based in auditory neuroscience, improve the mobile voice experience, as well as enhance speech-based services and audio quality for multimedia. Audience s products have been shipped in more than 500 million devices worldwide. Audience has developed purpose-built processors that combine science and technology to function like human hearing and sensing. Its low power, hardware-accelerated digital signal processors and audio codecs and associated algorithms substantially improve user experience through interpretation of sound, motion and other sensor types. Audience was incorporated in July 2000 in the State of California under the name Applied Neurosystems Corporation and reincorporated as a Delaware corporation under the name Audience, Inc. in June 2011. Audience completed its initial public offering in May 2012. Audience s principal executive offices are located at 331 Fairchild Drive, Mountain View, California 94043, and its telephone number is (650) 254-2800.

Timing of the Offer; Extension (Page 54)

The offer commenced on May 19, 2015 and is currently scheduled to expire on June 30, 2015, but may be extended under the circumstances described below.

Subject to the terms of the merger agreement, the offer shall be extended by Purchaser for a period or periods not to exceed 10 business days each (but not beyond July 31, 2015, as such date may be extended to September 1, 2015 in certain circumstances) if any of the conditions to the offer shall not have been satisfied or waived, or if and to the extent required by the SEC or any other applicable law.

During an extension, all shares of Audience common stock previously tendered and not validly withdrawn will remain subject to the offer, subject to each Audience stockholder s right to withdraw its shares of Audience common stock. Under certain circumstances, if the offer has not been consummated by July 31, 2015, Audience or Knowles may terminate the merger agreement.

No subsequent offering period will be available pursuant to the offer.

Withdrawal Rights (Page 58)

Shares of Audience common stock tendered pursuant to the offer may be withdrawn at any time prior to the expiration date of the offer, as it may be extended.

Procedures for Tendering Shares of Audience Common Stock in the Offer (Page 55)

For an Audience stockholder to validly tender shares of Audience common stock pursuant to the offer, a properly completed and duly executed letter of transmittal or manually executed copy of that document, along with any required signature guarantees, or an agent s message in connection with a book-entry transfer, and any other required documents, must be transmitted to and received by Computershare, the Depositary, at one of the addresses indicated on the letter of transmittal.

In addition, certificates for tendered shares of Audience common stock must be received by the Depositary, or the shares of Audience common stock must be tendered pursuant to the procedures for book-entry tender, in each case before the expiration date of the offer.

Acceptance for Exchange of Audience Stock; Delivery of Cash and Knowles Common Stock (Page 59)

Upon the terms of, and subject to the conditions to, the offer, including the terms and conditions of any extension or amendment, Knowles is required to accept for exchange, and to deliver cash and shares of Knowles common stock in exchange for, shares of Audience common stock validly tendered and not validly withdrawn, promptly after the expiration date of the offer.

Interests of Certain Persons (Page 72)

When you consider the recommendation of the Audience board of directors that Audience stockholders tender their shares in the offer, you should be aware that some of Audience s officers and directors may have interests in the transaction that are different from, or in addition to, yours. These interests are described more fully in the section entitled Interests of Certain Persons in the Transaction.

Regulatory Matters (Page 64)

Under the Korean Monopoly Regulation and Fair Trade Act (the Korean Antitrust Laws), the offer and the merger cannot be completed until Knowles receives the required approvals thereunder. Pursuant to the requirements of the Korean Antitrust Laws, Knowles filed a Business Combination Report with the Korea Fair Trade Commission on May 12, 2015. On June 10, 2015, Knowles received notification from the Korea Fair Trade Commission concluding that the offer and the merger do not violate the Korean Antitrust Laws.

At any time before or after consummation of the merger, notwithstanding the termination or expiration of the waiting period under the Korean Antitrust Laws, the Korea Fair Trade Commission could take such action under as it deems necessary under the applicable statutes, including seeking to enjoin the completion of the merger, seeking divestiture of substantial assets of the parties, or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. At any time before or after the completion of the merger, and notwithstanding the termination or expiration of the waiting period under the Korean Antitrust Laws, any state or foreign regulatory body could take such action under the antitrust laws as it deems necessary. Such action could include seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of the parties, or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

There can be no assurance that a challenge to the offer on antitrust grounds will not be made, or if such a challenge is made, what the result will be.

Table of Contents

Source and Amount of Funds (Page 72)

The offer and merger are not conditioned upon any financing arrangements or contingencies. Knowles intends to use borrowings under its existing credit facilities and cash on hand to finance the cash portion of the offer and the merger, the costs and expenses related to the offer and the merger and the ongoing working capital and other general corporate requirements of the combined organization after consummation of the merger. Knowles expects that the funds available pursuant to the arrangements described above will be sufficient to complete the offer and the merger.

Dissenters and Appraisal Rights (Page 61)

Audience stockholders are not entitled to dissenters or appraisal rights in connection with the offer. If you choose not to tender your shares of Audience common stock in the offer, however, and we purchase shares of Audience common stock in the offer, appraisal rights will be available to you at the time we complete the merger. If you choose to exercise appraisal rights in connection with the merger, and you comply with the applicable requirements under Delaware law (which include not voting in favor of the approval of the principal terms of the merger agreement or the merger, in the event that a stockholder vote is necessary), you will be entitled to have your shares appraised by the court and to receive payment of the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, as determined by such court. The fair value may be greater than, less than or the same as the consideration payable in the offer or payable in the merger (which is equivalent in amount to the consideration payable in the offer). These procedures are described more fully in the section entitled The Offer Purpose of the Transaction; Plans for Audience; The Merger; Appraisal Rights Appraisal Rights.

You are urged to read the appraisal rights provisions of the Delaware General Corporation Law, which are attached as Annex D to this prospectus/offer to exchange.

Comparison of Knowles Stockholders Rights and Audience Stockholder Rights (Page 109)

After the offer and the merger, Audience stockholders who receive shares of Knowles common stock in the offer and merger will become Knowles stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of Knowles. There are a number of differences between the certificate of incorporation and bylaws of Knowles and Audience. These differences are discussed under the section entitled Comparison of Rights of Knowles Stockholders and Audience Stockholders.

Material United States Federal Income Tax Consequences (Page 69)

The receipt of shares of Knowles common stock and cash for shares of Audience common stock pursuant to the offer or the merger generally will be a fully taxable transaction for U.S. federal income tax purposes. In general, a beneficial owner of Audience common stock who receives shares of Knowles common stock and cash in exchange for shares of Audience common stock in the offer or merger will recognize gain or loss equal to the difference, if any, between (a) the sum of (i) the fair market value of the shares of Knowles common stock received (determined at the time the offer is consummated or the merger is effective, as the case may be) and (ii) the amount of cash received and (b) the holder s adjusted tax basis in the shares of Audience common stock exchanged for the right to receive shares of Knowles common stock and cash in the offer or merger. Gain or loss will be determined separately for each block of shares of Audience common stock (that is, shares acquired for the same cost in a single transaction).

Each Audience stockholder should read the discussion under Material United States Federal Income Tax Consequences and should consult its own tax advisor for a full understanding of the tax consequences of the offer and the merger to such Audience stockholder.

Table of Contents

Accounting Treatment (Page 68)

In accordance with accounting principles generally accepted in the United States, Knowles will account for the acquisition of shares of Audience common stock in the transaction under the acquisition method of accounting for business combinations.

Comparative Market Price Data (Page 107)

Knowles common stock trades on the New York Stock Exchange under the symbol KN. Audience common stock trades on the NASDAQ Global Select Market under the symbol ADNC.

The following table contains historical closing prices per share for Knowles common stock and Audience common stock on April 29, 2015, the last full trading day before the public announcement of Knowles proposal to acquire Audience, and May 15, 2015, the last practicable day before the commencement of the offer. The implied value per share of the Audience common stock consideration in the offer on each of the specified dates represents (i) $2.51 plus (ii) the closing sales price of a share of Knowles common stock on that date multiplied by the fraction obtained by dividing $2.50 by the volume weighted average of the sale prices for Knowles common stock as reported on the New York Stock Exchange for each of the 10 consecutive trading days ending on and including that