Article 1  Purpose
To efficiently manage the income and expenses, assets and liabilities of Macronix International Co. Ltd. (“the Company”) and to reduce the financial risks resulting from the volatility of the price of financial products (i.e. exchange rate and interest rate) and to enhance the competitiveness of the Company and to manage each derivatives transaction, the Company enacts the Procedures.
In accordance with Article 36 of Securities Exchanges Act and other securities competent authority, the Company enacts the Procedures in order to execute derivatives transactions.

Article 2  Definition of the subsidiary
"Subsidiary": As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3  Trade principle and policy
1. Trade Kind
The term "derivatives" herein is defined as forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts and compound contracts combining the above products, whose value is derived from the underlying assets, interest rates, exchange rates, indices or other interests.
The term "Forward Contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.
2. Strategy of Operating and Hedge
The main economic substantial purpose to engage in derivatives transactions should be for hedging purposes. The Company should choose the derivatives transaction, which may hedge the risk resulting from the operation of the Company. To avoid the risk of default, credit risk should be considered when choosing counter party. The goal is to choose among the financial institutions with higher credit rating and having a solid working relation with the Company and capable of providing professional knowledge to the Company. Before engaging in exchange rate and interest rate transactions, the Company should clearly classify whether such transaction comply with the condition of hedging accounting and hedging relations in advance for booking and evaluating purposes.
3. Separation of Powers and Obligations
Capital Management Department should be responsible for risk-assessment, risk-supervision, and risk-control and auditing of the remaining balance. It shall report to the high-level chiefs who are not involved with trading or its relevant position policy implementation.
4. Performance
4-1 Capital Management Department should set up the goal of the loss or gain on exchange depending on the positions of foreign currency; the goal must be included in the performance review and examined regularly.
Capital Management Department should assess the net income per month, and make the report for the financial department's management.

5. Trade aggregate amount of trading agreement
   5-1 Hedge amount:
   The maximum amount of derivatives transaction in which the Company engages in should not exceed 2/3 of the foreign currency's position each month.
   5-2 Finance trade amount:
   The maximum amount of derivatives transaction in which the Company engages in should not exceed 1/3 of the foreign currency's position each month.

6. The maximum amount of acceptable loss for each contract of securities transaction.
   The maximum amount of acceptable loss for each contract of securities transaction does not exceed 300,000 U.S. dollars; the maximum amount of acceptable loss for all contract of securities transaction does not exceed 3 million U.S. dollars, or equivalent foreign currency for principle of assessing.

Article 4 Operation Procedures
Capital Management Department should evaluate the financial institution with better condition, and engage in derivative trading 3 within the agreement after getting the approval of president and chairman.

Article 5 Procedures of Public Announcement
1. The Company should make announcements in accordance with Articles 25 and 26 of "Procedures for Handling Acquisition or Disposal of Properties" of the Company.
2. The Company should make announcements within 2 days from its occurrence when the loss from derivative reaches the upper limit by the aggregate or single agreement specified in this guidelines.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph.
4. The Company should re-announce all the items within 2 days from its occurrence when mistakes or omissions occur in the announcement.
5. The Company should maintain relevant agreement, agenda, the book for reference for at least five years.

Article 6 Accounting Method
The accounting of derivatives transactions entered into by the Company shall be processed pursuant to the Statements of Financial Accounting Standards No. 34 "Accounting for Financial Instruments" and No. 36 "Disclosure and Presentation of Financial Instruments".

Article 7 Risk management
1. Range of management of risk
   1-1 Risk management of credit: Among the financial institutions with lower credit risk, the counterparty should have a good working relationship with the Company, as well as being able to provide professional information.
   1-2 Risk management of market: The transaction should be engaged in publicly traded market.
   1-3 Risk management of liquidity: To ensure the market liquidity, the Company must obtain an understanding of derivatives liquidity and diversify it's instruments for hedging.
   1-4 Risk management of the cash flow: The relevant personnel shall not only comply with the
related procedures, but also need to pay attention to cash flows of the Company’s foreign currency from time to time, in order to reserve enough cash positions for settlement.

1-5 Risk management of the operating: The Company shall comply with the authorized trading amount and the rules of operating process in order to avoid the operating risk.

1-6 Risk management of legal: Any document that the Company executes with banks shall be reviewed by internal legal personnel or professional lawyers before the formal execution in order to avoid the legal risk.

2. Internal Control
   2-1 The respective functions of confirmation/settlement and trading shall be performed by different personnel.
   2-2 The measurement of the risk, supervision, and control personnel should be different from the previous department and should report to the board of directors or high-level management who is not responsible for trading or making position decision.
   2-3 Trading personnel should hand over trade evidences or the contract to confirming personnel to records details.
   2-4 Confirming personnel should reconcile account or ask account balance with the correspondent bank regularly.
   2-5 Trading and confirming personnel should always comply with regulation and check whether the aggregate trading amount has exceeded foreign currency assets, debt and trading position.
   2-6 Trading personnel receives market evaluation and makes report to financial center manager at of each month.

3. The company should set up the reference book for all derivative transaction including type, amount, date of the board of director approved, and the evaluation item which is for internal control and board supervision and management.

Article 8 Internal Audit
The internal auditor should check periodically whether the internal control is proper or not. In addition, the internal auditor shall examine monthly whether the trading department complies with the Procedures or not and make an audit report. Once finding any material violation, the internal auditor shall give written notice to the supervisors.

Article 9 Evaluations
The positions of derivatives shall be evaluated once a week, however, for business requirement and hedging purpose, the positions shall be evaluated twice a month, and the evaluation report shall be submitted to the relevant management authorized by board of directors.

Article 10 Supervision and management
1. The board of directors should really supervise and manage in accordance with the following principles:
   1-1 Appoint the high-level officer in charge to pay attention to the supervision and control of the derivative trading risk from time to time.
   1-2 Assess whether the performance engaged in the derivative goods trade accords with the set management tactics and risk undertaken and is within the capability of the Company.
2. The high-level management in charge that the board of directors authorizes should assess regularly whether the risk control measure used at present is proper and really implement in conformity with the Procedures. And shall report the execution result to the soonest meeting of the board of directors.
Article 11  Abnormal instance management
The high-level officer in charge who the board of directors authorizes should supervise the trade and income situation, if finding that there is an abnormal instance, should take the essential process, and inform to the board of directors immediately. Where the position of independent director has been established in accordance with the provisions of the Act, the independent director should present and express an opinion in the board of directors.

Article 12  Supplementary
The procedure is subject to the approval of the board of directors, and shall submit it to supervisors and to shareholders meeting approval, any amendment is subject to the same procedures.
Where a director expresses dissent and it is contain in the minutes or a written statement, the company shall submit the director’s opinion to each supervisor.
Where the position of independent director has been established in accordance with the provisions of the Act, when the procedure is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
Where an audit committee has been established, any amendment or revision to the procedure shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.
If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.
The terms "all audit committee members" in paragraph 4 and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.

Article 13  The Company shall comply with the regulations, where another act provides otherwise, the provisions of such act shall prevail.