



**MACRONIX
INTERNATIONAL Co., LTD.**

2010 Annual General Shareholders' Meeting

MEETING AGENDA

(Translation)

June 9, 2010

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MEETING AGENDA

Date : 9:30 a.m. ,June 9, 2010

Venue : Room101, Association of Industries in Science Parks

(No.2, Prosperity Rd.1, Science Park, Hsinchu, Taiwan, R.O.C.)

Chairman : Chairman of the board of directors , Miin Chyou Wu

I. Speech by Chairman

II. Report Items

1. 2009 Business Report
2. Audit Committee's Report of 2009
3. Others

III. Ratification Items

1. Ratification of 2009 Business Report and Financial Statements
2. Ratification of 2009 Earnings Distribution Plan

IV. Discussion and Election Items

1. Approval of amending internal policies and rules
 - A. Procedures for Lending Funds to Other Parties
 - B. Procedures for Endorsement and Guarantee
2. Approval of public offering and/or the private placement of securities
3. To elect the directors of the eighth term
4. Approval for removing the competition restrictions of the directors of the eighth term

V. Others and Motions

Report Items

ITEM 1 2009 Business Report (Attachment 1)

ITEM 2 Audit Committee's Report of 2009 (Attachment 2)

ITEM 3 Others : None

Ratification Items

ITEM 1 (Proposed by the Board of Directors)

Proposal : Ratification of 2009 Business Report and Financial Statements

Explanation : A. The 2009 Financial Statements and Consolidated Financial Statements have been audited by Deloitte & Touche, the Company's Independent Auditor, and audited by the Audit Committee. The Audit Committee's Report is as attached. (Attachment 2)

B. 2009 Business Report and Financial Statements is as attached. (Attachment 1)

Resolution :

ITEM 2 (Proposed by the Board of Directors)

Proposal : Ratification of 2009 Earnings Distribution Plan

Explanation : 1. The Company's net income after tax (as of December 31, 2009) is NT\$ 5,696,344,262, and the distributable earnings of the Company is NT\$5,929,105,067, i.e., the balance after deducting NT\$569,634,426 (the 10% legal reserve) plus NT\$802,395,231 (the undistributed retained earnings of previous years).

2. It is hereby proposed to distribute NT\$4,979,236,964 as cash dividend, and the shareholders will be entitled to receive NT\$1.5/per share. The actual amount paid to each shareholder will subtract the fractional, i.e. those less than one dollar. Such fractional amount will be saved and recorded as the Company's other income.
3. The total amount of the outstanding common shares may vary and the ultimate dividends to be distributed to each common share may need to be adjusted in the event that the Company subsequently redeems its common shares or issue new common shares to its employees as a result of their exercise of stock options. It is proposed to ask the Annual Shareholders Meeting ("AGM") for authorizing the Chairman to adjust the dollar amount/per share to be distributed based on the outstanding common shares on the distribution record date.
4. It is proposed to AGM for authorizing the Board of Directors to determine a record date for the distribution of cash dividend.
5. The proposal of 2009 earnings distribution is as attached. (Attachment 3)

Resolution :

Discussion and Election Items

ITEM 1 (Proposed by the Board of Directors)

Proposal : Approval of amending internal policies and rules pursuant to the amendments of the applicable laws and the Company's needs

Explanation : 1.The amended rules and the comparison chart of the Procedures for Lending Funds to Other Parties is as attached. (Attachment 4)
2. The amended rules and the comparison chart of the Procedures for Endorsement and Guarantee is as attached. (Attachment 5)

Resolution :

ITEM 2 (Proposed by the Board of Directors)

Proposal : Approval of fund raising by issuance of new shares, and/or issuance of overseas depositary receipts through cash capital increase, and/or the private placement of common shares, and/or the private placement of domestic or overseas convertible bonds ("Plan ").

Explanation : 1. For the Company's future business needs, it is hereby proposed for the capital increase, including domestic rights offering(s), the issuance of new shares for the depositary receipts through cash capital increase, and/or the private placement of common shares; and/or the private placement of domestic and/or overseas convertible bonds, to the extent of 1.5 billion common shares (collectively and/or individually "Offering(s)"). It shall also be proposed to the AGM for authorizing the Board of Directors to select any and/or all of the Offering(s), or mix certain of the Offering taking into consideration then market conditions and/or the Company's needs.

1-1 Cash capital increase by issuance of new shares

(1) Pursuant to the Article 267 of the Company Act, it is hereby proposed to reserve 10% of the offered shares for the subscription of employees, with the remaining to be offered in public in accordance with Article 28-1 of the Securities and Exchange Act and through public subscription or book building.

A. "Public Subscription" Approach: 10% of the newly offered shares ("Shares") will be through public offering, with the remaining 80% of the Shares to be subscribed by shareholders recorded on the record date of such Offering. The shareholders concerned may arrange for pooling together their fractional shares to form one share and register the share within 5 days after the record date of said Offering.

B. "Book Building" Approach : 90% of the Shares will be offered to the public, and therefore, existing shareholders shall waive their preemptive rights for the Shares.

- (2)The price of the Shares (“Price”) will be set in accordance with the “Self Discipline Rules of the Chinese Securities Association Governing Securities Underwriters for Offering and Issuance of Securities by Securities Issuers” (“Rule”)and relevant regulations of the authorities. It is hereby proposed to the AGM for authorizing the Chairman to negotiate with the underwriters and determine the Price taking into consideration of then current market conditions.
- (3)With respect to the shares not yet subscribed during the specified period, it is proposed to the AGM for authorizing the Chairman to approach and/or designate certain person for the subscription of such shares at the Price.
- (4)It is hereby proposed to the AGM for fully authorizing the Chairman to determine the record date of the Offering(s), the record date of the new shares issued, and fully authorized to handle related affairs after obtaining the approval from government authority.

1-2 Issuance of overseas depositary receipts through cash capital increase

- (1)Pursuant to Article 267 of the Company Act, it is hereby proposed to reserve 10% of the shares to be offered for the subscription of the employees, with the remaining 90% of the shares to be offered to public in accordance with Article 28-1 of the Securities and Exchange Act as the underlying common shares of overseas Depositary Receipts.
- (2)The price of the above overseas Depositary Receipts (“DR Price”) will be set in accordance with the Rule. It is hereby proposed to the AGM for authorizing the Chairman to negotiate with the underwriters and determine the DR Price taking into consideration of then current international market conditions, as well as the market price of common shares. (The basis of the above price setting arrangement is reasonable.)
- (3)Although shareholders’ interests will be diluted by the additional new shares issued, it shall have positive impacts to the shareholders since the capital increase may strengthen the financial structure of the Company or the costs of business operation, and/or respond in time to the changes of then current industry environment. In sum, the capital increase will enhance the Company's competitiveness and profit, and indirectly benefit the shareholders.
- (4)It is proposed to the AGM for authorizing the Chairman to approach and/or designate certain person for the subscription of the reserved shares for the employee not yet subscribed, and/or included such unsubscribed shares to the underlying common shares of the overseas depositary receipts taking into consideration of then current market conditions.
- (5)It is hereby proposed to the AGM for fully authorizing the Chairman or his designee to handle the related affairs and to represent the company to sign

any contract and/or related documents.

1-3 The private placement of common shares

(1)The basis and rationality of determining the price of the private placement :

The price of the privately placed shares shall be no less than 80 percent of the simple average closing price of the Company's common shares for either the one, three, or five business days immediately preceding the price setting date, with adjustment for any distribution of stock and cash dividends. It is hereby proposed to AGM for authorizing the Board of Directors to determine the price. (For example, the price would be NT\$14.23 per share, i.e. 80 percent of the simple average closing price of the Company's common shares for five business days immediately precedes the provisional price setting date, for example, Mar. 15, 2010.) Considering that the privately placed shares have a three-year transfer restriction as required by Securities and Exchange Act and that the price will be set by referring to the market price of common shares, the price setting arrangement shall be reasonable.

(2)The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act.

(3)The necessity of private placement: In consideration of market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement is hereby adopted as a fund raising mechanism. The use of proceeds of such private placement is for the Company operation and development. It is for benefit of the shareholders as well as steadily growth of the Company.

(4)Except for the transfer restriction as provided under Article 43-8 of Securities and Exchange Act, the rights and obligations of the privately placed common shares is the same as the outstanding common shares.

1-4 The private placement of domestic and/or overseas convertible bonds

(1)The amount of the private placement of domestic or overseas convertible bonds shall be calculated by the projected convertible shares and price.

(2)The basis and rationality of determining the price of the private placement :

The convertible price of the privately placed Convertible Bonds shall be no less than 80 percent of the simple average closing price of the Company's common shares for either the one, three, or five business days immediately preceding the price setting date, with adjustment for any distribution of stock and cash dividends. It is hereby proposed to AGM for authorizing the Board of Directors to determine the convertible price. (For example, the convertible price would be NT\$14.23 per share, i.e. 80 percent of the simple average closing price of the Company's common shares for five business days immediately precedes the provisional price setting date, for example Mar. 15,

2010.) Considering that the privately placed securities have a three-year restriction as required by Securities and Exchange Act and referring to the market price of common shares, the convertible price setting arrangement is reasonable.

(3)The method of selecting the specified subscribers : The Company will select the specified subscribers in accordance with Article 43-6 of Securities and Exchange Act.

(4)The necessity of private placement : In consideration of market conditions, fund raising efficiency, costs of the offering(s) as well as equity stabilizing, private placement is hereby adopted as a fund raising mechanism. The use of proceeds of such private placement is for the Company's operation and development. It is for the benefit of the shareholders as well as the steadily growth of the Company.

(5)The transfer restriction of the privately placed convertible bonds is in accordance with Article 43-8 of Securities and Exchange Act.

(6)It is hereby proposed to the AGM for fully authorizing the Chairman or his designee to handle and follow-up related affairs and to represent the company to sign any contract and/or related documents.

2. It is proposed to the AGM for authorizing the Board of Directors to determine the details of the offering(s), including the number of shares to be issued, the offering plan, the conversion rules, the projected items, the projected schedule for the use of proceeds, the projected results and related matters, in accordance with applicable rules taking into consideration then market conditions as well as the Company's business need.
3. It is hereby proposed to AGM for authorizing the Board of Directors with full rights to follow-up and/or handle any adjustment, revisions and/or amendments which may be triggered by the amendment of law, the opinion or comments of the authority, and/or then market conditions.

Resolution :

ITEM 3 (Proposed by the Board of Directors)

Proposal : To elect the directors of the eighth term

Explanation : 1. The tenure of the directors of the seventh term will be expired on June 28, 2010.

Considering the 2010 AGM will be held prior to its expiration, it is hereby proposed to elect all directors pursuant to Article 199-1 of the Company Act, and to establish the Audit Committee.

2. According to MXIC's Article of Incorporation, the Company shall have nine to fifteen directors (including three independent directors while the remaining directors are non-independent) to be elected by the shareholders from the candidates nomination list. The twentieth meeting of the 7th term of the Board of Directors resolved to elect fifteen directors (including three independent directors and twelve non-independent directors) at 2010 AGM.
3. The tenure of the directors of the eighth term shall begin from June 9, 2010 until June 8, 2013. The directors will on board immediately after the 2010 AGM is adjourned.
4. The information of director candidates approved by the twenty-first meeting of the 7th term of the Board of Directors is as attached. (Attachment 6)

Result :

ITEM 4 (Proposed by the Board of Directors)

Proposal : Approval for removing the competition restrictions of the directors of the eighth term

Explanation : 1. In compliance with Article 209 of Company Act, i.e. “A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such acts for the approval”.

2. In consideration of the re-election of the directors, it is proposed to comply with Article 209 of Company Act to explain to the shareholders of the Company the potential competitive works of the respective on board directors of the eighth term. The director candidates of the eighth term who serves a position which may be deemed as within the scope of the Company's business are as attached. (Attachment 7)

Resolution :

Others and Motions

Meeting Adjourned

Attachment 1

2009 Annual Business Report

Macronix' performance was outstanding in 2009. Not only did revenue grow 13% and profit jump 26%, but also we were the only company in the memory sector to be profitable in all four quarters, showing that Macronix can weather the global economic storm, and also maintain the profitability and growth in a difficult environment.

Under the strategy of pragmatic management, refined operations and continuous improvement of management quality, Macronix reached the goals of continuously improving manufacturing and product quality, lowering our cost structure, developing new business and strengthening our customer relations. Thanks to the hard work of all of our employees, the company's operating results were outstanding. In 2009 revenue was NT\$26.367 billion, growth of 13% vs. previous year; after taxes net profit was NT\$5.696 billion, up 26% on previous year; earnings per share were NT\$1.74, up 25% over last year; and ROE rose from 12% in 2008 to 15% in 2009. All the above shows that in business development, lowering of cost structure and expenditure control, our operating results compare favorably with leading international competitors.

Through the quick enhancement of our production technology and refinement of product design, our operating results grew each quarter. Annual average gross margin reached 42.5%, and operating margin was 24%. In particular, in the third quarter gross margin reached 46% and operating profit 29%, both of which are record high for the past 5 years. In 2009, cash from operating was NT\$10.817 billion, cash & equivalents was NT\$25.183 billion, debt ratio continued to decrease to 13%, inventory declined to NT\$2.849 billion, annual utilization rate was 96.7%, and book value per share was NT\$12.55, showing that our profitability is stable, and our financial structure is sound.

Macronix has continued to develop new products and technologies in order to ensure a solid ground for profitability. In 2009 we were granted 491 new patents, and now own an accumulated total of 3,573 patents. Focusing on R&D project management, besides assessing return on investment, and simultaneously working to meet customer requirements and deadlines, we ensure that company resources are effectively deployed, and that R&D results are commercialized at the right time, in order to build a competitive edge and advantages for growth for the company. Besides continuous investment in our own human capital, and other resources, Macronix also signed an agreement with IBM to continue our collaboration on high-density 'Phase Change Non-volatile Memory' technology, in order to maintain the leading position in the memory industry.

In the area of ROM, in 2009 fourth quarter, 65nm products contributed 33% of the ROM business, and this is expected to continue increasing in 2010. Through more advanced product design, high quality standards, and more comprehensive customer services, Macronix will come out with even higher density products, lowering costs and satisfying our customers' needs.

In NOR Flash segment, in the fourth quarter of 2009, 110nm products represented 10% of the NOR Flash revenue, and 75 nm production will be released in this year. Macronix had breakthrough development in high-density serial NOR flash, and we launched the world's first 256Mb serial NOR flash in the third quarter of 2009. We will provide a complete product line for our customers, and continue to improve our cost structure to increase profitability.

In terms of developing new customers, last year we added a total of 25 core chip vendors, and won 93 projects of core-chip design. Macronix also provides 24 hours rapid technical support services in order to quickly respond to and resolve customer problems, and keep our customers satisfied.

For the foundry services in our 6" Fab, we are continuously developing IP to provide higher added value. Besides, we are also developing analog and high-voltage process to increase gross margin, while also developing new products and business opportunities.

Macronix concentrates on the core technologies for non-volatile memory, and continuously develops new markets, new customers, new fields, and new end applications. At the same time, we also strengthen interactions with our customers to catch market trends and to provide customers with high performance products at competitive prices, creating win-win benefits for our customers and Macronix.

Macronix will continue to focus on manufacturing improvement. We have already started mass production of XtraROM[®] 65 nm products, and continue migrate to 45 nm geometry. In NOR flash we are developing 60 nm technology to further lower costs and result in new products. This year Macronix plans capital expenditure of NT\$1.82 billion, mainly for minor expansion of existing capacity and for improving production. Concerning the establishment of 12" production capacity, it is currently being aggressively carried out, and in the future according to the planned timeline, we will make the necessary substantial increase in capital investment and R&D.

Because of the impact of the financial crisis and the global economic downturn, Macronix has already taken many actions to improve its position such as asset revitalization, departmental reorganization, strengthening of products, upgrading of human resources, and R&D focus. Add to these our continuous profitability and stable financial structure, and Macronix can not only adapt in a time of fierce competition and rapid change, but can store up enough resources to maintain our steadily growth.

Looking ahead to a new year, the continuing uncertainty of the global economic situation, as well as some consolidation within the industry, is serious challenge for the management of Macronix. But it is also a pivotal moment for the company to undergo major expansion, and we believe that our excellent foundation and amassed resources will give us an outstanding competitive position. The

management of Macronix will proceed with an attitude of cautious optimism, moving carefully at each step, while weighing all considerations, to formulate the best possible strategies. Relying on the combined efforts and teamwork of all our employees, we will exert all of our strength, to pursue continuous growth and expansion for Macronix.

At the same time, Macronix also considers its obligation and responsibility to society and the environment. We have continued to win awards for social responsibility, energy saving and low carbon emission, environmental health and safety, and so on. When natural disaster struck, donations were made to society to help the disaster areas recover quickly. In closing, we thank all of our shareholders for the long-term supports and assure that management will do the best to create profits for all shareholders.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Macronix International Co., Ltd.

We have audited the accompanying balance sheets of Macronix International Co., Ltd. ("the Company") as of December 31, 2009 and 2008 and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain investees in which the Company's investments were accounted for by the use of the equity method. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such investees, is based solely on the reports of such other auditors. The carrying value of these equity-method investments as of December 31, 2009 and 2008 amounted to NT\$850,166 thousand and NT\$585,544 thousand, respectively. The related investment net loss for the years ended December 31, 2009 and 2008 amounted to NT\$404,132 thousand and NT\$393,063 thousand, respectively.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Macronix International Co., Ltd. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, effective January 1, 2009, the Company adopted the newly released Statement of Financial Accounting Standards No. 10 "Accounting for Inventories." In addition, effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," issued by the Accounting Research and Development Foundation of the Republic of China.

We have also audited the consolidated financial statements of Macronix International Co., Ltd. and subsidiaries as of and for the years ended December 31, 2009 and 2008, and have expressed an unqualified opinion with an explanatory paragraph in our report dated February 5, 2010.

February 5, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 25,182,658	53	\$ 18,638,127	44	Notes and accounts payable	\$ 1,642,947	3	\$ 1,108,653	2
Notes and accounts receivable, net (Notes 2 and 5)	2,908,579	6	1,219,935	3	Payables to related parties (Note 19)	124,112	-	100,353	-
Receivables from related parties, net (Notes 2 and 19)	1,162,991	2	878,616	2	Income tax payable (Notes 2 and 17)	119,701	-	-	-
Other receivables, net (Notes 2 and 19)	131,071	-	166,734	-	Accrued expenses	1,794,927	4	1,794,439	4
Inventories (Notes 2, 3 and 6)	2,848,984	6	5,268,160	12	Accrued bonuses to employees, directors and supervisors (Notes 2, 3 and 13)	977,291	2	688,352	2
Deferred income tax assets - current (Notes 2 and 17)	294,803	1	226,892	-	Current portion of long-term bank loans (Notes 11, 20 and 22)	229,100	1	910,101	2
Restricted assets - current (Note 20)	-	-	1,211,260	3	Other current liabilities	308,922	1	280,254	1
Other current assets (Notes 2 and 21)	222,840	1	281,234	1					
Total current assets	32,751,926	69	27,890,958	65	Total current liabilities	5,197,000	11	4,882,152	11
LONG-TERM INVESTMENTS (Notes 2, 7, 8, 9 and 22)					LONG-TERM LIABILITIES				
Investments accounted for using equity method	2,753,549	6	1,050,139	2	Long-term bank loans, net of current portion (Notes 11, 20 and 22)	407,569	1	636,669	2
Available-for-sale financial assets - noncurrent	719,757	2	402,630	1	Long-term notes payable	2,625	-	3,885	-
Financial assets carried at cost - noncurrent	162,718	-	212,111	1	Total long-term liabilities	410,194	1	640,554	2
Total long-term investments	3,636,024	8	1,664,880	4	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10, 19 and 20)					Accrued pension cost (Notes 2 and 12)	363,799	1	340,049	1
Cost					Other liabilities	7,028	-	8,442	-
Land	598,076	1	598,076	1	Total other liabilities	370,827	1	348,491	1
Buildings and structures	16,738,154	35	16,593,959	39	Total liabilities	5,978,021	13	5,871,197	14
Machinery equipment	54,823,490	116	54,590,764	128	SHAREHOLDERS' EQUITY (Notes 2, 13, 14 and 15)				
Research and development equipment	1,374,067	3	1,242,203	3	Capital stock, \$10 par value				
Transportation equipment	21,208	-	21,208	-	Authorized - 6,550,000 thousand shares				
Leasehold improvements	2,419	-	2,419	-	Issued - 3,303,028 thousand shares in 2009 and 3,126,775 thousand shares in 2008	33,030,279	70	31,267,757	73
Miscellaneous equipment	877,549	2	864,543	2	Capital surplus				
	74,434,963	157	73,913,172	173	Treasury stock transactions	45,700	-	4,193	-
Less: Accumulated depreciation	64,483,540	136	62,211,519	145	Donation	37	-	-	-
Construction in progress and prepayments for equipment	457,597	1	548,793	1	Long-term investments	166	-	80,635	-
Net property, plant and equipment	10,409,020	22	12,250,446	29	Employee stock options	183,647	-	219,817	1
INTANGIBLE ASSETS (Notes 2 and 19)					Retained earnings				
Software, net	56,913	-	48,943	-	Legal reserve	1,060,878	2	609,418	1
Deferred charges, net	2,506	-	80,788	-	Unappropriated earnings	6,498,739	14	4,691,721	11
Net intangible assets	59,419	-	129,731	-	Other adjustments				
OTHER ASSETS					Unrealized gains on financial instruments	675,669	1	140,996	-
Deferred income tax assets - noncurrent (Notes 2 and 17)	508,815	1	871,168	2	Cumulative translation adjustments	39,084	-	88,604	-
Other assets	4,651	-	3,082	-	Treasury stock (at cost) - 3,757 thousand shares in 2009 and 6,426 thousand shares in 2008	(142,365)	-	(164,073)	-
Total other assets	513,466	1	874,250	2	Total shareholders' equity	41,391,834	87	36,939,068	86
TOTAL	\$ 47,369,855	100	\$ 42,810,265	100	TOTAL	\$ 47,369,855	100	\$ 42,810,265	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES	\$ 26,507,885		\$ 23,338,722	
SALES RETURNS AND ALLOWANCES	<u>140,448</u>		<u>80,984</u>	
NET SALES (Notes 2 and 19)	26,367,437	100	23,257,738	100
COST OF SALES (Notes 2, 3, 6, 16 and 19)	<u>15,154,497</u>	<u>58</u>	<u>13,567,939</u>	<u>58</u>
GROSS PROFIT	11,212,940	42	9,689,799	42
REALIZED (UNREALIZED) INTERCOMPANY PROFIT (Note 2)	<u>(12,624)</u>	<u>-</u>	<u>57,189</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>11,200,316</u>	<u>42</u>	<u>9,746,988</u>	<u>42</u>
OPERATING EXPENSES (Notes 16 and 19)				
Sales and marketing	790,189	3	714,073	3
General and administrative	1,649,100	6	1,640,741	7
Research and development	<u>2,415,815</u>	<u>9</u>	<u>2,719,324</u>	<u>12</u>
Total operating expenses	<u>4,855,104</u>	<u>18</u>	<u>5,074,138</u>	<u>22</u>
INCOME FROM OPERATION	<u>6,345,212</u>	<u>24</u>	<u>4,672,850</u>	<u>20</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 22)	135,541	1	366,595	2
Gain on disposal of financial instruments, net (Note 2)	80,366	-	35,478	-
Dividend income (Note 2)	33,402	-	66,488	-
Gain on disposal of assets, net (Notes 2 and 19)	-	-	24,033	-
Foreign exchange gains, net (Note 2)	-	-	739,920	3
Reversal of allowance for doubtful receivables (Note 2)	-	-	19,068	-
Others (Notes 3 and 19)	<u>83,383</u>	<u>-</u>	<u>204,783</u>	<u>1</u>
Total non-operating income and gains	<u>332,692</u>	<u>1</u>	<u>1,456,365</u>	<u>6</u>
NON-OPERATING EXPENSES AND LOSSES				
Equity in losses of equity method investees, net (Notes 2 and 7)	354,831	1	1,212,795	6
Foreign exchange loss, net (Note 2)	98,386	1	-	-
Impairment loss (Notes 2 and 9)	31,680	-	37,924	-
Interest expense (Notes 10 and 22)	8,213	-	48,261	-

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
Loss on disposal of assets, net (Notes 2 and 19)	\$ 6,628	-	\$ -	-
Others	<u>51,524</u>	<u>-</u>	<u>19,956</u>	<u>-</u>
Total non-operating expenses and losses	<u>551,262</u>	<u>2</u>	<u>1,318,936</u>	<u>6</u>
INCOME BEFORE INCOME TAX	6,126,642	23	4,810,279	20
INCOME TAX EXPENSE (Notes 2 and 17)	<u>430,298</u>	<u>1</u>	<u>295,675</u>	<u>1</u>
NET INCOME	<u>\$ 5,696,344</u>	<u>22</u>	<u>\$ 4,514,604</u>	<u>19</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 18)				
Basic	<u>\$ 1.87</u>	<u>\$ 1.74</u>	<u>\$ 1.48</u>	<u>\$ 1.39</u>
Diluted	<u>\$ 1.82</u>	<u>\$ 1.69</u>	<u>\$ 1.44</u>	<u>\$ 1.35</u>

Certain pro forma information (after income tax) is shown as follows, based on the assumption that the Company's stock held by subsidiaries is treated as investment instead of treasury stock (Note 15):

	2009	2008
NET INCOME	<u>\$5,698,853</u>	<u>\$4,518,179</u>
EARNINGS PER SHARE		
Basic	<u>\$1.74</u>	<u>\$1.39</u>
Diluted	<u>\$1.69</u>	<u>\$1.35</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

(Concluded)

MACRONIX INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus				Retained Earnings		Other Adjustments			Total Shareholders' Equity
	Shares (In Thousands)	Aggregate Par Value	Treasury Stock Transactions	Donated Assets	Long-term Investments	Employee Stock Options	Legal Capital Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	
BALANCE, JANUARY 1, 2008	3,060,226	\$ 30,602,266	\$ 618	\$ -	\$ 119,147	\$ 223,218	\$ 144,051	\$ 4,689,009	\$ 342,176	\$ 97,409	\$ (142,365)	\$ 36,075,529
Appropriations of prior year's earnings												
Legal reserve	-	-	-	-	-	-	465,367	(465,367)	-	-	-	-
Cash dividends to shareholders - NT\$1.00 per share	-	-	-	-	-	-	-	(3,062,132)	-	-	-	(3,062,132)
Stock dividends to shareholders - NT\$0.10 per share	30,621	306,213	-	-	-	-	-	(306,213)	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(83,766)	-	-	-	(83,766)
Employees' profit sharing - in cash	-	-	-	-	-	-	-	(297,207)	-	-	-	(297,207)
Employees' profit sharing - in stock	29,721	297,207	-	-	-	-	-	(297,207)	-	-	-	-
Issuance of stock from exercising stock options	6,207	62,071	-	-	-	(3,401)	-	-	-	-	-	58,670
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	(38,512)	-	-	-	-	-	-	(38,512)
Net income for the year ended December 31, 2008	-	-	-	-	-	-	-	4,514,604	-	-	-	4,514,604
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(314,318)	-	-	(314,318)
Equity in the valuation gain on available-for-sale financial assets of equity method investees	-	-	-	-	-	-	-	-	113,138	-	-	113,138
Company's dividends received by its subsidiary	-	-	3,575	-	-	-	-	-	-	-	-	3,575
Acquisition of treasury stock - 2,813 thousand shares	-	-	-	-	-	-	-	-	-	-	(21,708)	(21,708)
Translation adjustments	-	-	-	-	-	-	-	-	-	(8,805)	-	(8,805)
BALANCE, DECEMBER 31, 2008	3,126,775	31,267,757	4,193	-	80,635	219,817	609,418	4,691,721	140,996	88,604	(164,073)	36,939,068
Appropriations of prior year's earnings(Note 13)												
Legal reserve	-	-	-	-	-	-	451,460	(451,460)	-	-	-	-
Cash dividends to shareholders - NT\$ 0.70 per share	-	-	-	-	-	-	-	(2,187,733)	-	-	-	(2,187,733)
Stock dividends to shareholders - NT\$0.40 per share	125,014	1,250,133	-	-	-	-	-	(1,250,133)	-	-	-	-
Issuance of stock from exercising stock options	54,052	540,519	-	-	-	(36,170)	-	-	-	-	-	504,349
Adjustment arising from changes in percentage of ownership in investees	-	-	32,576	-	(80,469)	-	-	-	-	-	-	(47,893)
Retirement of treasury stock	(2,813)	(28,130)	6,422	-	-	-	-	-	-	-	21,708	-
Net income for the year ended December 31, 2009	-	-	-	-	-	-	-	5,696,344	-	-	-	5,696,344
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	317,127	-	-	317,127
Equity in the valuation gain on available-for-sale financial assets of equity method investees	-	-	-	-	-	-	-	-	217,546	-	-	217,546
Company's dividends received by its subsidiary	-	-	2,509	-	-	-	-	-	-	-	-	2,509
Donations from shareholders	-	-	-	37	-	-	-	-	-	-	-	37
Translation adjustments	-	-	-	-	-	-	-	-	-	(49,520)	-	(49,520)
BALANCE, DECEMBER 31, 2009	3,303,028	\$ 33,030,279	\$ 45,700	\$ 37	\$ 166	\$ 183,647	\$ 1,060,878	\$ 6,498,739	\$ 675,669	\$ 39,084	\$ (142,365)	\$ 41,391,834

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,696,344	\$ 4,514,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,768,429	3,187,168
Amortization	41,260	50,865
Provision (reversal of allowance) for doubtful receivables	1,575	(19,068)
Gain on disposal of financial instruments, net	(41,951)	(4,606)
Loss (gain) on disposal of assets, net	6,628	(24,033)
Equity in losses of equity method investees, net	354,831	1,212,795
Impairment loss	31,680	37,924
Unrealized (realized) intercompany profit	12,624	(57,189)
Deferred income tax	294,442	267,335
Net changes in operating assets and liabilities:		
Notes and accounts receivable	(1,694,234)	805,638
Receivables from related parties	(280,360)	468,791
Other receivables	35,663	9,099
Inventories	2,428,000	(1,121,986)
Other current assets	121,809	146,988
Notes and accounts payable	533,034	(761,675)
Payables to related parties	23,759	(62,036)
Income tax payable	119,701	(849)
Accrued expenses	488	78,558
Accrued bonuses to employees, directors and supervisors	288,939	688,352
Other current liabilities	50,316	(15,794)
Accrued pension cost	23,750	(4,742)
Net cash provided by operating activities	<u>10,816,727</u>	<u>9,396,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in restricted assets	1,211,260	210,575
Acquisitions of available-for-sale financial assets	-	(1,200,000)
Proceeds from disposal of available-for-sale financial assets	-	1,204,606
Acquisitions of investments accounted for using equity method	(2,057,818)	(431,658)
Proceeds from disposal of investments accounted for using equity method	164,019	-
Proceeds from liquidation of financial assets carried at cost	17,714	-
Proceeds from disposal of financial assets carried at cost	150	-
Acquisitions of property, plant and equipment	(976,432)	(1,761,428)
Proceeds from disposal of property, plant and equipment	4,783	23,206
Increase in intangible assets	(43,187)	(108,669)
Proceeds from disposal of intangible assets	2,087	11,021
Decrease (increase) in other assets	(1,569)	13,982
Net cash used in investing activities	<u>(1,678,993)</u>	<u>(2,038,365)</u>

(Continued)

MACRONIX INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term bank loans	\$ -	\$ (217,996)
Repayment on long-term bank loans	(910,101)	(1,184,545)
Increase in guarantee deposits	245	411
Proceeds from exercise of employee stock options	504,349	58,670
Proceeds from disposal of treasury stocks	37	-
Cash bonus to employees, directors and supervisors	-	(380,973)
Cash dividends	(2,187,733)	(3,062,132)
Cash paid for acquisition of treasury stock	<u>-</u>	<u>(21,708)</u>
Net cash used in financing activities	<u>(2,593,203)</u>	<u>(4,808,273)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,544,531	2,549,501
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,638,127</u>	<u>16,088,626</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 25,182,658</u>	<u>\$ 18,638,127</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid (excluding capitalized interest)	<u>\$ 9,016</u>	<u>\$ 51,555</u>
Income tax paid	<u>\$ 16,125</u>	<u>\$ 45,000</u>
NON-CASH FINANCING ACTIVITIES:		
Current portion of long-term bank loans	<u>\$ 229,100</u>	<u>\$ 910,101</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisitions of property, plant and equipment	\$ 942,160	\$ 1,746,888
Net decrease in payables to contractors and equipment suppliers	<u>34,272</u>	<u>14,540</u>
Cash paid	<u>\$ 976,432</u>	<u>\$ 1,761,428</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Macronix International Co., Ltd.

We have audited the accompanying consolidated balance sheets of Macronix International Co., Ltd. and subsidiaries ("the Company") as of December 31, 2009 and 2008 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries and investees accounted for using equity method. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries and investees, is based solely on the reports of such other auditors. Such subsidiaries' financial statements reflect total assets of NT\$1,070,282 thousand and NT\$842,329 thousand, representing 2.25% and 1.90% of the Company's consolidated total assets as of December 31, 2009 and 2008, respectively, and also reflect net sales of NT\$246,525 thousand and NT\$653,143 thousand, representing 0.92% and 2.67% of the Company's consolidated net sales for the years then ended. The carrying value of the investments in such investees accounted for using equity method as of December 31, 2009 and 2008 was NT\$99,142 thousand and NT\$130,145 thousand, representing 0.21% and 0.29% of the Company's consolidated total assets, and the related investment loss was NT\$13,442 thousand and NT\$71,733 thousand, representing 0.22% and 1.55% of the Company's consolidated pretax income for the years then ended..

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Macronix International Co., Ltd. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, effective January 1, 2009, the Company adopted the newly released Statement of Financial Accounting Standards No. 10 “Accounting for Inventories.” In addition, effective January 1, 2008, the Company adopted Interpretation 2007-052, “Accounting for Bonuses to Employees, Directors and Supervisors,” issued by the Accounting Research and Development Foundation of the Republic of China.

February 5, 2010

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors’ report and consolidated financial statements shall prevail.

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 26,814,481	56	\$ 20,055,835	45	Short-term bank loans (Note 12)	\$ -	-	\$ 1,123,913	2
Notes and accounts receivable, net (Notes 2, 5 and 24)	3,369,098	7	1,414,203	3	Notes and accounts payable	1,736,459	4	1,165,868	3
Receivables from related parties, net (Notes 2 and 22)	669,837	1	780,910	2	Payables to related parties (Note 22)	68,807	-	50,901	-
Other receivables, net (Notes 2 and 22)	136,304	-	173,870	-	Income tax payable (Notes 2 and 20)	127,325	-	13,388	-
Inventories (Notes 2, 3 and 6)	2,913,752	6	5,319,668	12	Accrued expenses	1,881,967	4	1,926,208	4
Deferred income tax assets - current (Notes 2 and 20)	304,673	1	236,732	-	Accrued bonuses to employees, directors and supervisors (Notes 2, 3 and 16)	977,291	2	688,352	2
Restricted assets - current (Note 23)	3,153	-	1,214,358	3	Current portion of long-term bank loans (Notes 13, 23 and 25)	229,100	-	910,101	2
Other current assets (Notes 2 and 24)	269,822	1	334,944	1	Current portion of leases payable (Notes 2, 14 and 25)	15,840	-	24,000	-
Total current assets	34,481,120	72	29,530,520	66	Other current liabilities	315,892	1	312,718	1
					Total current liabilities	5,352,681	11	6,215,449	14
LONG-TERM INVESTMENTS (Notes 2, 7, 8, 9, 10 and 25)					LONG-TERM LIABILITIES				
Investments accounted for using equity method	99,142	-	130,145	-	Long-term bank loans, net of current portion (Notes 13, 23 and 25)	407,569	1	636,669	1
Financial assets at fair value through profit or loss - noncurrent	29,280	-	2,298	-	Long-term notes and account payable	2,625	-	25,089	-
Available-for-sale financial assets, noncurrent	1,134,651	2	450,731	1	Lease payable (Notes 2, 14 and 25)	-	-	15,840	-
Financial assets carried at cost - noncurrent	201,972	1	252,095	1	Total long-term liabilities	410,194	1	677,598	1
Total long-term investments	1,465,045	3	835,269	2	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 23)					Accrued pension cost (Notes 2 and 15)	363,799	1	340,049	1
Cost:					Others	13,393	-	6,673	-
Land	598,076	2	598,076	1	Total other liabilities	377,192	1	346,722	1
Buildings and structures	16,738,154	35	16,596,053	38	Total liabilities	6,140,067	13	7,239,769	16
Machinery equipment	54,823,490	115	54,603,800	123	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 2, 3, 16 and 18)				
Research and development equipment	1,522,696	3	1,318,372	3	Capital stock, \$10 par value				
Transportation equipment	25,747	-	26,542	-	Authorized - 6,550,000 thousand shares				
Leased assets	75,000	-	75,000	-	Issued - 3,303,028 thousand shares in 2009 and 3,126,775 thousand shares in 2008	33,030,279	69	31,267,757	70
Leasehold improvements	26,385	-	28,289	-	Capital surplus				
Miscellaneous equipment	961,479	2	951,312	2	Treasury stock transactions	45,700	-	4,193	-
	74,771,027	157	74,197,444	167	Donation	37	-	-	-
Less: Accumulated depreciation	64,641,571	135	62,333,128	140	Long-term investments	166	-	80,635	-
Construction in progress and prepayments for equipment	619,844	1	590,826	1	Employee stock option	183,647	1	219,817	1
Net property, plant and equipment	10,749,300	23	12,455,142	28	Retained earnings				
INTANGIBLE ASSETS (Note 2)					Legal reserve	1,060,878	2	609,418	1
Software, net	63,888	-	68,795	-	Unappropriated earnings	6,498,739	14	4,691,721	11
Deferred charges, net	70,450	-	222,921	1	Other adjustments				
Net intangible assets	134,338	-	291,716	1	Unrealized gains on financial instruments	675,669	1	140,996	-
OTHER ASSETS					Cumulative translation adjustments	39,084	-	88,604	-
Deferred income tax assets, noncurrent (Notes 2 and 20)	511,384	1	874,606	2	Treasury stock (at cost) - 3,757 thousand shares in 2009 and 6,426 thousand shares in 2008	(142,365)	-	(164,073)	-
Idle assets, net (Note 2)	308,343	1	314,073	1	Total equity attributable to shareholders of the parent	41,391,834	87	36,939,068	83
Other assets (Notes 23 and 24)	18,572	-	81,653	-	MINORITY INTERESTS (Note 2)				
Total other assets	838,299	2	1,270,332	3		136,201	-	204,142	1
TOTAL	\$ 47,668,102	100	\$ 44,382,979	100	Total shareholders' equity	41,528,035	87	37,143,210	84
					TOTAL	\$ 47,668,102	100	\$ 44,382,979	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES	\$ 26,989,380		\$ 24,595,399	
SALES RETURNS AND ALLOWANCES	<u>150,961</u>		<u>91,382</u>	
NET SALES (Notes 2 and 22)	26,838,419	100	24,504,017	100
COST OF SALES (Notes 2, 3, 6, 19 and 22)	<u>15,330,228</u>	<u>57</u>	<u>14,442,880</u>	<u>59</u>
GROSS PROFIT	11,508,191	43	10,061,137	41
REALIZED INTERCOMPANY PROFIT (Note 2)	<u>-</u>	<u>-</u>	<u>758</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>11,508,191</u>	<u>43</u>	<u>10,061,895</u>	<u>41</u>
OPERATING EXPENSES (Notes 19 and 22)				
Sales and marketing	910,907	3	753,005	3
General and administrative	1,842,396	7	1,980,494	8
Research and development	<u>2,828,274</u>	<u>11</u>	<u>3,227,729</u>	<u>13</u>
Total operating expenses	<u>5,581,577</u>	<u>21</u>	<u>5,961,228</u>	<u>24</u>
INCOME FROM OPERATION	<u>5,926,614</u>	<u>22</u>	<u>4,100,667</u>	<u>17</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 25)	145,450	1	390,627	2
Gain on disposal of financial instruments, net (Note 2)	80,366	1	37,457	-
Dividend income (Note 2)	36,819	-	69,420	-
Valuation gain on financial assets, net (Notes 2 and 8)	27,726	-	-	-
Foreign exchange gains, net (Note 2)	-	-	550,218	2
Gain on disposal of assets, net (Note 2)	-	-	19,209	-
Others (Notes 3 and 22)	<u>61,707</u>	<u>-</u>	<u>216,921</u>	<u>1</u>
Total non-operating income and gains	<u>352,068</u>	<u>2</u>	<u>1,283,852</u>	<u>5</u>
NON-OPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	121,711	1	-	-
Impairment loss (Notes 2, 9 and 10)	31,680	-	553,601	2
Equity in losses of equity method investee, net (Notes 2 and 7)	13,442	-	71,733	-
Interest expense (Notes 11 and 25)	10,683	-	71,800	1

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent											Minority Interest in Subsidiaries	Total Shareholders' Equity	
	Capital Stock		Treasury Stock Transactions	Capital Surplus			Retained Earnings		Other Adjustments					
	Shares (In Thousands)	Aggregate Par Value		Donated Assets	Long-term Investments	Employee Stock Options	Legal Capital Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock			Total
BALANCE, JANUARY 1, 2008	3,060,226	\$ 30,602,266	\$ 618	\$ -	\$ 119,147	\$ 223,218	\$ 144,051	\$ 4,689,009	\$ 342,176	\$ 97,409	\$ (142,365)	\$ 36,075,529	\$ 332,874	\$ 36,408,403
Appropriations of prior year's earnings														
Legal capital reserve	-	-	-	-	-	-	465,367	(465,367)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.00 per share	-	-	-	-	-	-	-	(3,062,132)	-	-	-	(3,062,132)	-	(3,062,132)
Stock dividends to shareholders - NT\$0.10 per share	30,621	306,213	-	-	-	-	-	(306,213)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(83,766)	-	-	-	(83,766)	-	(83,766)
Employees' profit sharing - in cash	-	-	-	-	-	-	-	(297,207)	-	-	-	(297,207)	-	(297,207)
Employees' profit sharing - in stock	29,721	297,207	-	-	-	-	-	(297,207)	-	-	-	-	-	-
Issuance of stock from exercising stock options	6,207	62,071	-	-	-	(3,401)	-	-	-	-	-	58,670	-	58,670
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	(38,512)	-	-	-	-	-	-	(38,512)	34,186	(4,326)
Consolidated net income for the year ended December 31, 2008	-	-	-	-	-	-	-	4,514,604	-	-	-	4,514,604	(169,950)	4,344,654
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(314,318)	-	-	(314,318)	-	(314,318)
Equity in the valuation gain on available-for-sale financial assets of equity method investees	-	-	-	-	-	-	-	-	113,138	-	-	113,138	-	113,138
Cash dividends received by a subsidiary from parent company	-	-	3,575	-	-	-	-	-	-	-	-	3,575	-	3,575
Acquisition of treasury stock - 2,813 thousand shares	-	-	-	-	-	-	-	-	-	-	(21,708)	(21,708)	-	(21,708)
Translation adjustments	-	-	-	-	-	-	-	-	-	(8,805)	-	(8,805)	809	(7,996)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	6,223	6,223
BALANCE, DECEMBER 31, 2008	3,126,775	31,267,757	4,193	-	80,635	219,817	609,418	4,691,721	140,996	88,604	(164,073)	36,939,068	204,142	37,143,210
Appropriations of prior year's earnings (Note 16)														
Legal capital reserve	-	-	-	-	-	-	451,460	(451,460)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$0.70 per share	-	-	-	-	-	-	-	(2,187,733)	-	-	-	(2,187,733)	-	(2,187,733)
Stock dividends to shareholders - NT\$0.40 per share	125,014	1,250,133	-	-	-	-	-	(1,250,133)	-	-	-	-	-	-
Issuance of stock from exercising stock options	54,052	540,519	-	-	-	(36,170)	-	-	-	-	-	504,349	-	504,349
Adjustment arising from changes in percentage of ownership in investees	-	-	32,576	-	(80,469)	-	-	-	-	-	-	(47,893)	26,253	(21,640)
Retirement of treasury stock	(2,813)	(28,130)	6,422	-	-	-	-	-	-	-	21,708	-	-	-
Consolidated net income for the year ended December 31, 2009	-	-	-	-	-	-	-	5,696,344	-	-	-	5,696,344	(110,496)	5,585,848
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	317,127	-	-	317,127	-	317,127
Equity in the valuation gain on available-for-sale financial assets of equity method investees	-	-	-	-	-	-	-	-	217,546	-	-	217,546	-	217,546
Cash dividends received by a subsidiary from parent company	-	-	2,509	-	-	-	-	-	-	-	-	2,509	-	2,509
Donations from shareholders	-	-	-	37	-	-	-	-	-	-	-	37	-	37
Translation adjustments	-	-	-	-	-	-	-	-	-	(49,520)	-	(49,520)	-	(49,520)
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	33,657	33,657
Effect of changes in consolidated entities	-	-	-	-	-	-	-	-	-	-	-	-	(17,355)	(17,355)
BALANCE, DECEMBER 31, 2009	<u>3,303,028</u>	<u>\$ 33,030,279</u>	<u>\$ 45,700</u>	<u>\$ 37</u>	<u>\$ 166</u>	<u>\$ 183,647</u>	<u>\$ 1,060,878</u>	<u>\$ 6,498,739</u>	<u>\$ 675,669</u>	<u>\$ 39,084</u>	<u>\$ (142,365)</u>	<u>\$ 41,391,834</u>	<u>\$ 136,201</u>	<u>\$ 41,528,035</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income attributable to shareholders of the parent	\$ 5,696,344	\$ 4,514,604
Net loss attributable to minority interests	(110,496)	(169,950)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,815,702	3,237,691
Amortization	103,670	140,950
Gain on disposal of financial instruments, net	(41,951)	(6,585)
Equity in losses of equity method investees, net	13,442	71,733
Loss (gain) on disposal of assets, net	10,588	(19,209)
Impairment loss	31,680	553,601
Valuation loss (gain) on financial assets, net	(27,726)	37,151
Realized intercompany profit	-	(758)
Deferred income tax	295,281	265,161
Net changes in operating assets and liabilities:		
Notes and accounts receivable	(1,937,786)	898,045
Receivables from related parties	107,794	278,888
Other receivables	52,308	(12,831)
Inventories	2,404,443	(927,146)
Other current assets	226,473	132,210
Notes and accounts payable	548,127	(794,226)
Payables to related parties	17,906	(59,233)
Income tax payable	113,937	(17,333)
Accrued expenses	(144,652)	79,369
Accrued bonuses to employees, directors and supervisors	288,939	688,352
Other current liabilities	(53,028)	(22,536)
Accrued pension cost	23,750	(5,043)
	<u>10,434,745</u>	<u>8,862,905</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in restricted assets	1,211,205	210,498
Acquisitions of available-for-sale financial assets	(150,132)	(1,717,200)
Proceeds from disposal of available-for-sale financial assets	-	1,723,785
Proceeds from liquidation of financial assets carried at cost	17,714	-
Proceeds from disposal of financial assets carried at cost	150	-
Proceeds from disposal of investments accounted for using equity method	150,523	-
Proceeds from liquidation of investments accounted for using equity method	15,291	-
Acquisitions of property, plant and equipment	(1,210,467)	(1,864,954)
Proceeds from disposal of property, plant and equipment	4,817	23,989
Increase in intangible assets	(65,849)	(224,142)
Proceeds from disposal of intangible assets	174	826

(Continued)

MACRONIX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
Decrease in refundable deposits	\$ 5,115	\$ 2,000
Decrease in other assets	<u>5,044</u>	<u>8,882</u>
Net cash used in investing activities	<u>(16,415)</u>	<u>(1,836,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term bank loans	(1,140,127)	(168,163)
Repayment on long-term bank loans	(910,101)	(1,184,545)
Increase in guarantee deposits	245	410
Proceeds from exercise of employee stock options	504,349	58,670
Proceeds from disposal of treasury stocks	37	-
Cash bonus to employees, directors and supervisors	-	(380,973)
Cash dividends	(2,071,522)	(3,058,557)
Cash paid for acquisition of treasury stock	-	(21,708)
Increase in minority interests	<u>33,657</u>	<u>6,223</u>
Net cash used in financing activities	<u>(3,583,462)</u>	<u>(4,748,643)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(12,912)</u>	<u>1,554</u>
EFFECT OF INCLUSION OR EXCLUSION FOR CONSOLIDATION OF CERTAIN SUBSIDIARIES	<u>(63,310)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,758,646	2,279,500
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,055,835</u>	<u>17,776,335</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 26,814,481</u>	<u>\$ 20,055,835</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid (excluding capitalized interest)	<u>\$ 9,080</u>	<u>\$ 75,980</u>
Income tax paid	<u>\$ 29,408</u>	<u>\$ 77,341</u>
NON-CASH FINANCING ACTIVITIES:		
Current portion of long-term bank loans	<u>\$ 229,100</u>	<u>\$ 910,101</u>
Current portion of lease payable	<u>\$ 15,840</u>	<u>\$ 24,000</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisitions of property, plant and equipment	\$ 1,137,648	\$ 1,810,397
Net decrease in payables to contractors and equipment suppliers and obligations under capital leases	<u>72,819</u>	<u>54,557</u>
Cash paid	<u>\$ 1,210,467</u>	<u>\$ 1,864,954</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated February 5, 2010)

(Concluded)

Attachment 2

Audit Committee's Report

To: 2010 General Shareholders Meeting of Macronix International Co., Ltd.

The 2009 financial statements of the Company and the consolidated financial statements have been audited by Deloitte & Touche, the Company's Independent Auditor. The aforesaid financial statements, the 2009 business report and the proposed 2009 earnings distribution have been review and determined to be correct and accurate by the undersigned. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, it is hereby submitted this report.

Audit Committee Convener: Chiang Kao

Dated: March 15, 2010

Attachment 3**MACRONIX INTERNATIONAL CO., LTD.****The proposal of 2009 earnings distribution**

Units : NT\$

Item	Amount
Net Income of 2009	5,696,344,262
Less : 10% Legal reserve	569,634,426
Plus : undistributed earnings of previous years	802,395,231
Distributable earnings	5,929,105,067
Distribution Items :	
Cash Dividends to Shareholders	4,979,236,964
Undistributed earnings	949,868,103
Note :	
Compensation for Directors and Supervisors : NT\$102,534,197	
Employee Bonus (in cash) : NT\$878,688,876	

Attachment 4

The comparison chart of the Procedures for Lending Funds to Other Parties

Article	Before Revision	After Revision
Article 7 paragraph 3	The procedures of reviewing process Fund loaning should be handled by the finance division after such report had been submitted to the chairman of the board of directors and approved by the board of directors.	The procedures of lending funds and reviewing process Lending funds should be conducted by the finance division after credit report have been submitted to the chairman of the board of directors and approved by the board of directors. <u>Between the Company and its subsidiaries, or between the subsidiaries the lending funds should be approved by the board of directors pursuant to the preceding paragraph, and the chairman of the board of directors can be authorized to deal the lending dividedly within one year in the certain amount for one party which be approved by the board of directors. The preceding paragraph called "certain amount", besides conforms to Article 2, -- 4, the amount of which the Company or its subsidiaries provide to any single party shall not exceed 10% of the lender's net worth as stated in its latest financial statement.</u>

Attachment 5

The comparison chart of the Procedures for Endorsement and Guarantee

Article	Before Revision	After Revision
Article 4 paragraph 2	<p>1. The Company may make endorsements/guarantees for the following companies:</p> <p>1-1 A company with which it does business.</p> <p>1-2 A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>1-3 A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>2. The subsidiaries, which the Company direct or indirect 100% owned, can endorse or guarantee by each other.</p>	<p>1. The Company may make endorsements/guarantees for the following companies:</p> <p>1-1 A company with which it does business.</p> <p>1-2 A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>1-3 A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>2. The subsidiaries, which the Company direct or indirect owned more than 90%, can endorse or guarantee by each other, <u>and its amount shall not exceed 10% of the Company's net worth . But the subsidiaries, which the Company direct or indirect 100% owned are not limited to the preceding amount.</u></p>
Article 5 paragraph 1	<p>The ceiling on the amount the Company is permitted to make in endorsements/guarantees</p> <p>1. The aggregate amount of endorsements/guarantees provided by the Company is limited to fifty percent (50%) of its net worth. For any one endorsee /guarantee company should not exceed thirty percent (30%) of the Company's net worth.</p>	<p>The ceiling on the amount the Company is permitted to make in endorsements/guarantees</p> <p>1. The aggregate amount of endorsements/guarantees provided by the Company is limited to fifty percent (50%) of its net worth. For any one endorsee /guarantee company should not exceed thirty percent (30%) of the Company's net worth. <u>The aggregate amount of endorsements/guarantees and for any one endorsee/guarantee provided by the Company and its subsidiaries are limited to the preceding amount.</u></p>
Article 7 paragraph 5	<p>(Revises and enlarges the article)</p>	<p><u>When the net worth of the subsidiary that the Company endorses/guarantees is lower than 50% of its paid-in capital, the Company shall evaluate the subsidiary business situation quarterly and report to the chairman of the board of directors.</u></p>
Article 10 paragraph 2 paragraph 3	<p>(Revises and enlarges the article) <u>(To change the original paragraph 2 to paragraph 3)</u></p>	<p><u>2. The subsidiaries, which the Company direct or indirect owned more than 90% doing the matters of endorsements/guarantees according to Article 4, --2, shall be approved by the Company's board of directors. But the subsidiaries, which the Company direct or indirect 100% owned, are not limited to this.</u></p> <p><u>3. (To change the original paragraph 2 to paragraph 3)</u></p>

Attachment 6**The information of director candidates of Macronix International Co., Ltd.****I. Director candidates**

Shareholders Account Number	Name of Candidate - Representative of Juristic Person	Education	Working Experience	Shareholdings
21	Miin Chyou Wu	M.S. degree in material science and engineering from Stanford University	<ul style="list-style-type: none"> • Director of Nan Shan Life Insurance Co., Ltd. • Managing Director of Eastern Electronics Co., Ltd. • Chairman & President of Macronix International Co., Ltd. 	19,314,427
45641	Chih-Yuan Lu	Ph.D. degree in physics from Columbia University	<ul style="list-style-type: none"> • Deputy General Director of Electronics Research Lab. of Industrial Technology Research Institute • President of Vanguard International Semiconductor Co. • Fellow of IEEE • Fellow of APS • Chairman of Ardentec Corporation • Senior Vice President of Macronix International Co., Ltd. 	1,450,265
777505	Shui Ying Investment - Takata Akira	B.S. degree in electronics engineering from Osaka University	<ul style="list-style-type: none"> • Minister of MegaChips Corporation 	71,976,583
2591	Hung Chih Investment Corporation - H. C. Chen	B.S. degree in economics from Soochow University	<ul style="list-style-type: none"> • Chairman of Chin Ho Fa Steel & Iron Co., Ltd. • Chairman of Technology Associates Corp. • Managing Director of Eastern Electronics Co., Ltd. • Chairman of Shiong Yek Steel Corporation • Supervisor of Taiwan Steel & Iron Industry Association 	1,645,009
3362	Champion Investment Corporation	-	-	1,260,007
239	Cheng-Yi Fang	B.S. degree in business administration	<ul style="list-style-type: none"> • Vice Chairman of Mercuries & Associates Ltd. 	677,809

Shareholders Account Number	Name of Candidate - Representative of Juristic Person	Education	Working Experience	Shareholdings
		department from National Taiwan University		
941249	Chung-Laung Liu	Ph.D.degree in electrical engineering from Massachusetts Institute of Technology	<ul style="list-style-type: none"> • Principal of National Tsing Hua University • Mong Man Wai Honorary Professor of National Tsing Hua University • Independent Director of Powerchip Semiconductor Corp. • Independent Director of Anpec Electronics Corporation • Independent Director of United Microelectronics Corp. • Chairman of DRAMeXchange Tech. Inc. 	106,851
1065570	Achi Capital Limited	-	-	1,169,836
810	Dang-Hsing Yiu	M.S. degree in electronic engineering from University of California, Berkeley	<ul style="list-style-type: none"> • Founder & President of Dynasty Technology Inc. • Senior Vice President of Macronix International Co., Ltd. • Director & President of Infomax Communication Co., Ltd. 	11,807,443
837	Ful-Long Ni	M.S. degree in electronic engineering from University of Michigan	<ul style="list-style-type: none"> • Vice President of Microelectronics and Memory Solution Group of Macronix International Co., Ltd. • Director of Infomax Communication Co., Ltd. 	1,265,155
41988	Wen-Sen Pan	Ph.D.degree in electronic engineering from Rensselaer Polytechnic Institute	<ul style="list-style-type: none"> • Vice President of Microelectronics and Memory Solution Group of Macronix International Co., Ltd. 	297,519
280338	Hui Ying Investment Ltd.	-	-	3,756,702

II. Independent Director candidates

Identification Number	Name of Candidate - Representative of Juristic Person	Education	Working Experience	Shareholdings
A100383701	Chiang Kao	Ph.D. degree in forest management from Oregon State University	<ul style="list-style-type: none"> • Professor of Department of Computer Science Southwest Texas State University • Principal of National Cheng Kung University 	-
E101280641	Yan-Kuin Su	Ph.D. degree in electrical engineering from National Cheng Kung University	<ul style="list-style-type: none"> • Professor of Department of Electrical Engineering of National Cheng Kung University 	-
A104470385	Ping-Tien Wu	Ph.D. degree in physics from University of Iowa	<ul style="list-style-type: none"> • Chairman of Global FortuneNet Technology Corporation • Chairman of Aero Win Technology Corporation • President of Showa Denko HD TRACE Corp. • President of ACHEM Technology Corporation • General Director of Material Research Lab. of Industrial Technology Research Institute 	-

Attachment 7

The director candidates of the eighth term who serves a position which may be deemed as within the scope of the Company's business

Name	Title of other company
Miin Chyou Wu	Macronix America, Inc. Director
	Macronix (Asia) Limited Korea Branch Nominee
	Macronix (Asia) Limited Japan Branch President
	MXB Inc. Director
	Macronix (BVI) Co., Ltd. Director
	Nan Shan Life Insurance Co., Ltd. Director
	Eastern Electronics Co., Ltd. Managing Director
	Macronix (Hong Kong) Co., Ltd. Director
	Dahong Investment Co., Ltd. Representative Director(Chairman)
	Macronix Microelectronics (Suzhou) Co., Ltd. Chairman
	Hui Ying Investment Ltd. Representative Director
	Run Hong Investment Ltd. Representative Director
	MaxRise Inc. Chairman
	MoDioTek Co., Ltd. Chairman
	Infomax Communication Co., Ltd. Chairman
Mxtran Inc. Chairman&President	
Magic Pixel Inc. Chairman	
Chih-Yuan Lu	Ardentec Singapore Pte. Ltd. Director
	Macronix America Inc. Chairman
	Macronix Europe NV. Director
	Ardentec Corporation Chairman
	Feng Chia University Director
	Sheng Tang Investment Co., Ltd. Representative Director(Chairman)
	Macronix (Hong Kong) Co., Ltd. Director
Shui Ying Investment Representative: Takata Akira	MegaChips Corporation Minister
Hung Chih Investment Corporation	Eastern Electronics Co., Ltd. Representative Director
	Technology Associates Corp. Representative Director
	Tech Alliance Corp. Representative Director
Representative: H. C. Chen	Chin Ho Fa Steel & Iron Co., Ltd. Chairman Technology Associates Corp. Representative Director(Chairman)

Name	Title of other company	
	Tech Alliance Corp. Eastern Electronics Co., Ltd. Technology Associates Development Corp. Shiong Yek Steel Corporation	Representative Director(Chairman) Representative Director Chairman Chairman
Champion Investment Corporation	ZyXEL Communications Corporation United Integrated Services Co., Ltd. ZOWIE Technology Corporation WEB POINT CO., LTD.	Director Supervisor Director Director
Cheng-Yi Fang	Avnet Asia Pte. Ltd.	Regional President
Chung-Laung Liu	DRAMeXchange Tech. Inc. United Microelectronics Corp. Anpec Electronics Corporation MediaTek Inc. Mototech Inc. Andes Technology Corporation CMSC, Inc. Powerchip Semiconductor Corp.	Representative Director(Chairman) Independent Director Independent Director Representative Supervisor Independent Director Supervisor Director Independent Director
Dang-Hsing Yiu	Macronix America, Inc. INFOMAX HOLDING CO., LTD. INFOMAX HOLDING COMPANY LIMITED INFOMAX COMMUNICATION (SUZHOU) CO., LTD. Da-Hong Investment Inc. Magic Pixel Inc. MoDio Tek Co., Ltd. Infomax Communication Co., Ltd. Mxtran Inc. MaxRise Inc.	Director Director Director Chairman&President Representative Director Representative Director Director&President Representative Director Representative Director
Ful-Long Ni	Macronix Europe, NV. Macronix Pte.Ltd. Infomax Communication Co., Ltd. Macronix (Hong Kong) Co., Ltd.	Chairman Director Representative Director Director
Wen-Sen Pan	Macronix Pte Ltd. Macronix (Hong Kong) Co., Ltd.	Chairman Director

Appendix 1

MACRONIX INTERNATIONAL CO., LTD. ARTICLES OF INCORPORATION

June 29, 2007
Revised by the regular shareholders' meeting of 2007

CHAPTER 1: GENERAL PROVISIONS

- Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Macronix International Co. Ltd."
- Article 2: The businesses engaged in by this Company shall be as follows:
The research & development, design, manufacture, testing, sale and consultation of the following products:
- I. Parts and modules for integrated circuit and semi-conductors, and system application products (including integrated circuit cards (boxes) and circuit modules, etc.)
 - (1) IC products for telecommunication systems;
 - (2) IC products for personal computers and peripheral devices;
 - (3) Products for consumable electronic systems;
 - (4) Multi-media computer products;
 - (5) Automatic electro-mechanical integrated products.
 - II. Light and electric components, parts and modules.
 - III. Design of software and process of computer data.
 - IV. To engage in the import and export trading business related to this Company's businesses.
- Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.
- Article 4: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad.
- Article 5: The total amount of investment made by this Company shall be exempted from the restriction provided in Article 13 of the Company Law.

CHAPTER 2: CAPITAL STOCKS

- Article 6: The Company's authorized capital is 65.5 billion NT dollars to be divided into 6.55 billion shares, with par value of NT\$10 per share; shares not yet issued will be issued pursuant to the decision of the Board of Directors.

650 million shares will be reserved from the above authorized capital for employee stock option to be issued pursuant to the decision of the Board of Directors.

Article 7: The share certificate of this Company shall be issued in registered form and signed by or affixed with the seal of at least three directors and numbered accordingly. The shares won't be effective until the authentication of the competent authority or the agencies of issuance and registration under their approval.

When issuing new shares, this Company may print collaborately the total amount of the issuance, but may be exempted from printing the share certificates, including the issuance of security other than shares.

Article 8: The handling of stock affairs of this Company shall be in accordance to the "Guidelines for Handling of Stock Affairs by Public Companies" and other relevant laws and regulations.

Article 9: For any new shares to be issued by the Company, except those set aside to be issued for purchase by employees and others pursuant to relevant laws and regulations, the shareholders shall have the preemptive right to subscribe to the new shares in proportion to their shareholdings.

CHAPTER 3: SHAREHOLDERS' MEETINGS

Article 10: Shareholders' meetings shall be convened as follows:

1. General shareholders' meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year except as otherwise approved by the competent authority for good cause shown.
2. Special shareholders' meetings may be convened according to the laws whenever it is necessary.

Article 11: The chairman of the board shall preside at shareholders' meetings if the shareholders' meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholders' meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 12: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholders' meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholders' meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 13: Except as otherwise provided by the laws and regulations, shareholders of the Company are entitled to one vote for each capital stock.

Article 14: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholders' meeting at which the

shareholders of a majority of issued and outstanding capital are present or by proxy.

Article 15: When a shareholder of the Company is unable to attend a shareholders' meeting for any reason, the shareholder may appoint a representative to attend such shareholders' meeting by presenting a written proxy form, which shall specify the scope of proxy. Where one person is acting as proxy for more than two shareholders, unless such person is engaged in the trust business or other proxy institutions of stock affairs approved by the competent authority, the votes exercised by such person shall not exceed three percent of all the issued and outstanding capital stocks, and the portion in excess thereof shall not be counted.

Article 16: The resolution adopted at the shareholders' meeting shall, pursuant to the laws, be recorded in the minutes of the meetings which shall be signed or sealed by the chairman of the board and kept forever at the Company during its existence. The roster of attendance and the written proxy forms shall be kept for at least a year; provided, however, that shareholder file a litigation in accordance with Article 189 of the Company Law, the minutes shall be kept till the end of such litigation.

Article 16-1: When Powerchip Semiconductor Corp. and its affiliates (individually and/or collectively "PSC") itself serves or designates others to serve the director of this company (individually and/or collectively "PSC Director"), neither PSC nor PSC Director shall use information of this company on matters other than the operation of this company, or disclose such information to any third party. The transaction between this company and each PSC ("Transaction") shall obtain the prior approval of more than one half of the shareholders (other than PSC) attending the shareholders' meeting of this company. However, in the event the Transaction merely grants rights to this company, it can be proceeded if more than one half of the directors of this company (other than PSC Director) approve said Transaction and its details are reported to the following shareholders' meeting. The president of this company shall report the progress of the Transaction to the supervisor from time to time, and the negotiation and conclusion of any and all Transaction shall be represented by non-PSC supervisor(s) of this company. The Transaction is invalid if the foregoing is violated.

CHAPTER 4: DIRECTORS, SUPERVISORS AND MANAGERS

Article 17: The Company shall have nine to fifteen directors (including three independent directors while the remaining directors are non-independent) to be elected by the Shareholders from nomination list, with a term of three-year and renewable upon re-election. Corporate shareholders may appoint representative to serve the directorship and may appoint new representative to take over as director for the remaining term of the directorship. Compensation for the chairman, non-independent directors and independent directors shall be determined by the Board of Directors in accordance with their respective participation and contribution to the operations of the business, and the domestic and

international business standards. The Company shall purchase liability insurance for the directors (including independent and non-independent).

Article 18: The Company shall have three to four supervisors to be elected by the shareholders from a nomination list, with a term of three-year and renewable upon re-election. In the event an audit committee, i.e., a committee to be formed by at least three independent directors with at least one independent director specialized in accounting or finance) is established, the Company is not required to elect supervisor. In the case that supervisors have been elected, they will be terminated immediately upon the formation of the audit committee and the provisions relating to Supervisor hereof shall become void.

Compensation for supervisors shall be determined in accordance with their participation and value of contribution, and the domestic and international business standards. The Company shall purchase liability insurance for the supervisors. Corporate shareholders may appoint representative to be elected as supervisors and may appoint new representatives or supervisor to take over as supervisors for the remaining term.

Article 19: The Directors shall elect from among themselves a board chair acting as the representative of the Company, by a majority in a meeting attended by over two-thirds of the Directors.

Article 20: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority.

If the directors' meeting is conducted in a manner of digital videoconference, the directors who participate in such conference via digital video shall be deemed be present in person.

Article 21: The notice of directors' meeting shall specify the purposes for which the meeting is convened and the agenda. Notice shall be provided to the directors and supervisors at least seven (7) days prior to a directors' meeting, provided, however, that a special directors' meeting and a managing directors' meeting may be convened without any notice in written form as deemed necessary.

Article 22: The chairman of the board shall preside at directors' or managing directors' meeting. The chairman of the board shall appoint a managing director as proxy to preside at such meetings when the chairman of the board is unable to preside. In the absence of such appointment, the managing directors or directors shall elect one from amongst themselves.

Article 23: When passing upon any resolution, each director shall have one vote. Unless the laws, regulations or articles of incorporation specifically provide otherwise, a directors' meeting at which a resolution is adopted shall be attended by a majority of the directors and a majority of those present votes in favor of such a resolution. Minutes of directors' meetings shall be prepared to record the businesses transacted at a directors' meeting.

Article 24: Responsibility of the Board of Directors.

1. Approve the operation directives and the long term as well as short term development plans.
2. Review, implement and supervise the annual business plan.
3. Approve the budget and annual financial report.
4. Propose the increase and decrease of capital.
5. Propose distributions of earning and/or offset of losses.
6. Discuss and approve material agreements.
7. Approve the purchase and disposal of material assets.
8. Approve the distributions for technology shares.
9. Propose amendments to these Articles of incorporation.
10. Approve bylaws and internal rules.
11. Approve establishment, restructure or dissolution of branch offices.
12. Approve material capital expenditure.
13. Hiring and dismissing managers.
14. Convene shareholders meeting and report on the operations of the business.
15. Establish functional committees and approve rules regarding said committee.
16. Other authority imposed by law or shareholders' meeting.

Article 25: In the event the supervisor ship is established, the responsibility of such supervisor are as the following:

1. Investigate the business and financial status of the Company.
2. Audit company documents.
3. Supervise business implementations.
4. Other authority imposed by law or by shareholders' meeting.

Article 26: This Company shall have several managers. The appointment, removal and remuneration of such managers shall be determined by a resolution of a directors' meeting which is attended by a majority of directors and where a majority of those present votes are in favor of such a resolution.

Article 27: The manager of this Company, within his powers and authorities, shall have the authority to manage the affairs of this Company and to sign on behalf of the said Company. The relevant authorization measures shall be stipulated by the board of directors.

Article 28: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 29: At the end of the year, the Board of Directors shall deliver the following documents to the annual shareholders' meeting for approval in accordance with applicable laws, and submitted to the relevant government agency:

1. Business reports.
2. Financial statements.
3. Plan to distribute surplus or to appropriate fund in case of loss.

CHAPTER 5: ACCOUNTING

Article 30: In the case that the annual final audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from the previous year; 10% of the surplus shall then be appropriated for the legal reserve (except where legal reserve has exceeded total capital) and to reserve certain surplus in accordance with applicable laws. 2% of the balance will be distributed in cash as compensation for directors and supervisors. The remaining shall be added to the undistributed surplus from previous year and distributed in the following manner: 1) 85% as shareholder dividends; 2) 15% for employee bonus. The employee bonus can be distributed in form, i.e., cash or dividend, similar to shareholders' dividend.

The aforementioned dividends (including shareholder dividends and employee bonus) may be reserved in whole or in part as undistributed surplus to be distributed in the subsequent year.

Distributions shall be made in cash dividends or in stock dividends. Shareholders' dividend and employee bonus shall first be issued in cash dividends, however, the Company may, if necessitated by financial, business, or administrative needs, issue stock dividends, to the extent it does not exceed 50% of the current year's distribution. Employees eligible to receive stock dividends may include employees from the affiliated companies if they meet the criteria set by the Board of Directors.

Article 31: Dividends and bonuses to shareholders shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

Article 32: Any rules or measures related to the articles of incorporation shall be stipulated separately by the board of directors.

SECTION 6: SUPPLEMENTARY PROVISIONS

Article 33: Matters not provided for in this articles of incorporation shall be undertaken in accordance with relevant laws and regulations.

Article 34: This chapter is first enacted on August 21st, 1989; first revised on April 21st, 1990; second revision on September 9th, 1990; third revision on April 27th, 1991; fourth revision on November 9th, 1991; fifth revision on July 18th, 1992; sixth revision on June 19th, 1993; 7th revision on November 27th, 1993; eighth revision on May 28th,

1994; ninth revision on June 5th, 1995; tenth revision on January 24th, 1996; eleventh revision on June 22nd, 1996; twelfth revision on May 31st, 1997; thirteenth revision on June 29th, 1998; fourteenth revision on May 3rd, 2000; sixteenth revision and seventeen revisions on May 30th, 2002; eighteenth revision on June 27th, 2003; nineteenth revision on June 18th, 2004; twentieth revision on June 30th, 2006; twenty-first and twenty-second revision on June 29th, 2007.