



## **Meeting Notice of Annual General Shareholders' Meeting (Summary Translation)**

The 2014 Annual General Shareholders' Meeting (“AGM”) of Macronix International Co., Ltd. will be convened at Room101, Association of Industries in Science Parks (No. 2, Prosperity Rd. 1, Hsinchu Science Park) at 9:00 a.m., June 18, 2014.

1. The agenda for the Meeting is as follows:

### I. Report Items

- (1) 2013 Business Report
- (2) Audit Committee’s Report of 2013
- (3) Others

### II. Ratification and Discussion Items

- (1) Adoption of 2013 Business Report and Financial Statements
- (2) Adoption of the proposed 2013 deficit compensation
- (3) Approval of amending internal rules
  - A. Procedures for Acquisition or Disposal of Assets
  - B. Procedures for Financial Derivatives Transactions
- (4) Approval of public offering and/or private placement of securities
- (5) Approval of issuance of new shares for employee Restricted Stock Awards
- (6) Approval for removing the competition restrictions of the directors

### III. Others and Motions

2. 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, 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)”). For issuance of the private placement of convertible bonds, the number of common shares can be converted within the limit of 1.5 billion common shares shall be calculated in accordance with the conversion price determined at the time of issuance of the privately placed convertible bonds. It is also hereby proposed to submit 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(s) taking into consideration then market conditions and/or the Company’s needs. The major items of the private placement are as follow:

#### (1) The private placement of common shares

- A. The basis and rationality of the private placement price: The price of the private placement shares shall be no less than 80 percent of the higher of the following:
  - a. The averaged closing price of the Company's common shares for one, three, or five business days immediately preceding its price determination date, and adjusted by the

applicable stock dividends, cash dividends and/or capital reduction.

- b. The averaged closing price of the Company's common shares for the thirty business days immediately preceding its price determination date, and adjusted by the applicable stock dividends, cash dividends, and/or capital reduction.

It is hereby proposed to AGM to authorize the Board of Directors to determine the price based on the resolution of the AGM and then market conditions. 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.

- B. 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. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customers relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- C. 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 may be adopted as a fund raising mechanizes. If the private placement is for the strategic investors, it is to maintain long-term relations with such strategic investors through the transfer restriction of shares subscribed. Also, the use of proceeds thereof shall be for the Company's business operation and/or development; and it shall be for the steadily operation of the Company as well as the interests of the shareholders.

(2) The private placement of domestic and/or overseas convertible bonds

- A. The term of the privately placed convertible bonds shall not be more than seven years.
- B. It is hereby proposed to AGM for authorizing the Board of Directors to determine the coupon rate of the privately placed convertible bonds.
- C. The basis and rationality of the private placement price: The issuance price of the privately placed convertible bonds shall be no less than 80% of the theoretical price and that the conversion price shall be no less than 80 percent of the higher of the following:
  - a. The averaged closing price of the Company's common shares for one, three, or five business days immediately preceding its price determination date, and adjusted by applicable stock dividends, cash dividends and/or capital reduction.
  - b. The averaged closing price of the Company's common shares for the thirty business days immediately preceding its price determination date, and adjusted by applicable stock dividends, cash dividends, and/or capital reduction.

It is hereby proposed to AGM to authorize the Board of Directors to determine the price based on the resolution of the AGM and then market conditions. Considering that the privately placed securities 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 conversion price setting arrangement shall be reasonable.

- D. 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. If a strategic investor is targeted, only those individual and/or legal entities which may help the Company in improving its technologies, developing products, reducing cost, enlarging market shares, and/or strengthen customer relationships, etc. will be selected to enhance the Company's competitiveness, business operation, and/or profitability through the strategic investors' experience, technology, knowledge, brand, or distribution channels.
- E. 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 may be adopted as a fund raising mechanizes. If the private placement is for the strategic investors, it is to maintain long-term relations with such strategic investors through the transfer restriction of shares subscribed. Also, the use of proceeds thereof shall be for the Company's business operation and/or development; and it shall be for the steadily operation of the Company as well as the interests of the shareholders.

(3) The issuance price ("Price")

- A. When the Price over the par value of the shares ("Par value"), the premium triggered by the difference between the issue price and the Par value will be transferred to capital surplus. When the Price under the Par value, the loss triggered by the difference between the Price and the Par value will be covered according to relevant regulations.
- B. The Price will be set according to relevant regulations (for example: the privately placed shares have a three-year transfer restriction as required by Securities and Exchange Act etc.) and the resolution of the AGM. Also, it shall be in consideration of the steadily operation of the Company, the urgency of the capital needs, as well as the feasibility of the fund raising, and the analysis of the significant impact to our shareholders. Therefore, the price setting is reasonable.

3. Approval of the issuance of new shares for employee Restricted Stock Awards ("RSA") The major items of the RSA are as follow:

- (1) Total numbers of shares: To the extent not exceeding 123,251,000 common shares.
- (2) Terms and conditions:
  - A. Price: NT\$0
  - B. Types of shares: Common shares of the Company
  - C. Vesting Conditions: Conditions precedents, such as seniority of employee, achievements, etc., as specified under the Offering Rules of the RSA.
  - D. Fail to meet the vesting conditions: The Company will redeem and cancel the RSA granted there under.
- (3) Qualifications of employees and the numbers of shares to be granted: The qualified employee of RSA is limited to those employees on such shares issuance date. The employees and shares granted will be in accordance with applicable laws and taking into consideration their respective position, performance, contribution(s) or achievement(s) to the Company, and/or others,.
- (4) The necessity of the RSA: In order to attract and retain employees required for the Company's development so as to enhance the competitiveness of the Company for the mutual interests of the Company and shareholders.

- (5) Approximated expenses, dilution of EPS and/or others which will affect the shareholders' interests: Based on the closing price of NT\$6.52 on March 14, 2014 (one business day prior to the Board of Directors) and the outstanding common shares of the Company (i.e. 3,521,473,020 shares), if the RSA were fully vested and issues, the approximated expenses from 2014 to 2018 will be around NTD\$803,597 thousand, and the dilution of the Company's EPS will be approximately NTD\$0.23, hence it shall not have material impacts to the shareholders.
4. 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". It is proposed to comply with Article 209 of Company Act to explain to the Company's shareholders the potential competitive works of the respective on board directors.
5. Voting Method/Sequence: Except for those proposals deemed adopted or resolved with no objection after the Chairman's consultation, the Chairman may hold certain and/or all votes of such proposals until the timing designated by the Chairman before the end of all agenda hereunder.
6. According to Article 165 of the Company Act, registration for stock transfer shall be suspended from April 20, 2014 to June 18, 2014.

Board of Directors  
Macronix International Co., Ltd.