



(English Translation)

Winbond Electronics Corporation (the "Company") Procedures for Endorsements and Guarantees ¹(The " Procedures ")

I. PURPOSE

To soundly manage endorsements and guarantees for others by the Company and to protect the assets and credit of the Company, the Company stipulates these Procedures as a basis for the execution of endorsements and guarantees.

II. OBJECTIVE

Execution of matters relative to endorsements and guarantees made by the Company for others shall be governed by these Procedures. Any matter not provided for in these Procedures shall be governed by the related laws and regulations to effectively manage endorsements and guarantees and to comply with the Company's goal of steady operation.

III. CONTENTS

Article 1:

The "endorsements/guarantees" referred to in these Procedures include following:

- (1) Endorsements/guarantees in connection with financing facilities, including:
 1. Financing facilities in connection with discounts on customers' check;
 2. Endorsements/guarantees provided in connection with financing facilities for other companies; and
 3. Instruments issued to non-financial enterprises as security in connection with the financing facilities for the Company.
- (2) Endorsements/guarantees in connection with customs duty, which mean endorsements /guarantees made for the Company or other companies with respect to matters involving customs duty;
- (3) Other endorsements/guarantees, which cannot be categorized in items (1) and (2) as mentioned above; and
- (4) When the Company creates a pledge or mortgage on its chattel or real property as security for the loans of another company, the Procedures shall apply.

Article 2: Parties for whom the Company may provide endorsement/guarantee

- (1) The Company may provide endorsement/guarantee for the following:
 1. A company who has business relationship with the Company.
 2. A company in which the Company directly and indirectly owns more than fifty

¹ This English translation is for reference only. In the event of discrepancy between the Chinese version and the English translation, the Chinese version shall prevail.

percent of the voting shares.

3. A company that directly and indirectly owns more than fifty percent of the voting shares of the Company.
- (2) The companies in which the Company directly and indirectly owns ninety percent or more of voting shares may provide endorsement/guarantee for one another; provided that, the amount of endorsement/guarantee provided by the Company may not exceed ten percent of the net value shown on the Company's latest financial report; provided further that, the endorsement/guarantee provided by a company which is directly and indirectly wholly owned by the Company to another company which is also directly and indirectly wholly owned by the Company is not subject to the restriction provided in the immediately preceding proviso.
- (3) Where the Company fulfills its contractual obligations by providing mutual endorsement/guarantee for another company in the same industry or the collaborative builders for purposes of undertaking a construction project, or where all the shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages, such endorsement/guarantee may be exempted from the restrictions under the preceding two paragraphs.
- (4) The investment as mentioned in the preceding paragraph means investment directly made by the Company or made through a company in which the Company owns one hundred percent of the voting shares.

Article 3: Ceiling amount for endorsement/guarantee

- (1) The limit on the aggregate amount of endorsements/guarantees

Either the aggregate amount of endorsements/guarantees made by the Company itself, or the aggregate amount of endorsements/guarantees made by the Company and its subsidiaries together, shall not exceed fifty percent of the Company's net assets shown on the Company's latest financial report.

- (2) The limit on the total amount of endorsements/guarantees for any single entity
The total amount of endorsements/guarantees made by either the Company or the Company and its subsidiaries altogether for a single corporation shall not exceed thirty percent of the Company's net worth shown on the Company's latest financial report, or 1.5 times the net worth of such endorsee/guarantee company, whichever is lower.

If the Company engages in endorsements/guarantees because of its business relations, in addition to the aforesaid restriction, the aggregate amount of endorsements/guarantees provided by the Company to any single corporation shall not exceed the total trading amount between the Company and such endorsee/guarantee company in the most recent year. The trading amount referred to above means the higher of the total purchase amount or the total sales amount.

The restriction on the amount of endorsements/guarantees that the Company may provide to any single corporation and the restriction relating to the net worth of the endorsee/guarantee company need not apply to the Company's endorsements/guarantees for its 100% owned subsidiaries.

- (3) Where the Company needs to exceed the limits set out in these Procedures to satisfy its business needs, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors against losses that may be caused to the Company by the excess endorsement/guarantee provided that the conditions set out in these Procedures are complied with. It shall also amend the operating procedures for endorsements/guarantees accordingly and submit the same to the shareholders' meeting

for its ratification. If the shareholders' meeting does not approve, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where there are independent directors on the board, when the Company submits the operating procedures for endorsements/guarantees to the board meetings for discussion in accordance with the above provisions, it shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting opinion.

- (4) Where changes in circumstances of the Company result in that the entity for which the Company provides endorsement/guarantee ceases to be a qualified entity under Article 2 of these Procedures, or the amount endorsed/guaranteed exceeds the ceiling due to changes in the calculation base for the ceiling, the Company shall adopt rectification plans, submit the relevant rectification plans to the independent directors and the audit committee and complete the rectification on schedule.

Article 4: Corporate Chops for Endorsements and Guarantees

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees.

When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 5: Custody of Corporate Chops and Notes for Endorsements and Guarantees

The corporate chops and notes for endorsements/guarantees shall be kept in the custody of a designated person (the "Custodian") approved by the board of directors and may be used to chop or issue negotiable instruments only in prescribed procedures. The Company shall submit the Custodian of the chops for endorsements/guarantees to and for approval by the board of directors. The same shall apply to any amendments to the Regulations.

Article 6: Operation Procedures of Making Endorsements and Guarantees and Review Process

Before making an endorsement or guarantee for others, the Company shall carefully evaluate whether the endorsement or guarantee is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies promulgated by the securities regulator and handle and review the following matters in accordance with these Procedures.

- (1) The guarantee company shall provide detailed financial information to the Finance Division of the Company.
- (2) The Finance Division shall prepare a report specifically stating the financial information of the guarantee company, examining the necessity and reasonableness of endorsements/guarantees, credit status and risk assessment of the entity for which the endorsement/guarantee is made and the impact on the Company's operational risks, financial condition and shareholders' equity. Such report shall be submitted to the chairman of the board of directors for approval.
- (3) If necessary, the ceiling on the amount of endorsements/guarantees proposed to be decided by the board of directors may be decided by the chairman of the board of directors provided the amount is within ten percent of the Company's net worth shown on the Company's latest financial report and then be reported to the upcoming

board of directors for ratification. Where there are independent directors in the board, when making an endorsement or guarantee for others, the Company shall take into full consideration each independent director's opinions, which shall be included in the minutes of the board meetings, regardless of whether it was assenting or dissenting opinion.

- (4) The chairman of the board of directors may approve the endorsement/guarantee made for the guarantee company within the ceiling decided by the board of directors and refer to the Finance Division for execution.
- (5) The endorsement/guarantee may be made by the Finance Division after receiving the guarantee notes of the same term and same amount and collaterals where necessary. Appraisal of the collateral shall be done carefully by the Finance Division. However, where the subsidiaries are one hundred percent invested directly and indirectly by the Company, receipt of guarantee notes and collaterals can exempt.
- (6) The Finance Division shall periodically prepare and report the statement of details of guarantees for the purpose of controlling and monitoring the financial conditions and usage of fund of the guarantee company. Should any significant change regarding the aforementioned matters arise, the Finance Division shall immediately report to the chairman of the board of directors and appropriate measures shall be taken in accordance with the instructions.
- (7) The Finance Division shall prepare a memorandum book and truthfully record the following information: entities for which the approved endorsements/guarantees are made, amount, date of approval by the board of directors or the chairman of the board of directors, endorsement/guarantee date, and matters to be carefully evaluated under paragraph (2) of this Article.
- (8) Prior approval of the Company's board of directors is required to provide endorsement/guarantee for the subsidiaries that the Company directly and indirectly owns ninety percent or more of the shares pursuant to Paragraph (2) of Article 2; provided that, the endorsement/guarantee provided by a company which is directly and indirectly wholly owned by the Company for another company which is also directly and indirectly wholly owned by the Company is not subject to the restriction provided above in this paragraph.
- (9) The Finance Division shall examine the net worth of the company for which the Company provides endorsement/guarantee at the end of each month. If the net worth of such company is lower than 1/2 of its paid-in capital, the Finance Division shall prepare a valuation report and submit such report to the chairman in order to determine whether to continue to provide endorsement/guarantee to such company. If the Company will continue to provide endorsement/guarantee for such company, the Finance Division shall obtain a negotiable instrument guaranteed by another person with the issuing amount equivalent to the amount of endorsement/guarantee or other security; provided that, no guaranteed negotiable instrument or security is required if the company for which the Company provides the endorsement/guarantee is directly and indirectly wholly owned by the Company.
- (10) In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital calculation pursuant to Paragraph 9 of this Article shall be the share capital plus premium for issuance of shares above par value.

Material endorsement or provision of guarantee by the Company shall be approved by at least one half of all audit committee members and submitted to the Board of Directors for resolution. If approval of the majority of all audit committee members is not obtained,

such fund loaning may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" in paragraph 3 and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.

Article 7: Renewal of Endorsements/Guarantees

Renewal of endorsements/guarantees shall be in accordance with Article 6.

Article 8: Cancellation of Endorsement and Guarantee Record

When the extinguishment of endorsements/guarantees is asked by the guarantee company or the Company, the Finance Division shall process it in accordance with the following procedures:

- (1) It shall be confirmed that the guarantee company has cancelled the record of the liability of guarantee.
- (2) A copy of cancellation of the guarantee notes by the guarantee company shall be obtained.

Article 9: Internal Audit

The Company's internal auditors shall at least quarterly audit these Procedures and the implementation thereof and prepare written records accordingly. They shall promptly notify the independent directors the audit committee in writing of any material violation found.

Article 10: Procedures of Announcement and Report

- (1) The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
- (2) If the balance of endorsement/guarantee reaches any of the following thresholds, the Company shall announce and report within two days from the date of occurrence. The date of occurrence referred to above means the date of execution of the contract, date of payment, date of board resolutions, or other dates that may confirm the guaranteed/endorsed party and the monetary amount of the guarantee/endorsement, whichever date is earlier.
 1. The balance of endorsement/guarantee of the Company and its subsidiaries reaches fifty percent or more of the net worth of the Company as stated in its latest financial statement.
 2. The balance of endorsement/guarantee of the Company and its subsidiaries provided for a single entity reaches twenty percent or more of the net worth of the Company as stated in its latest financial statement.
 3. The balance of endorsement/guarantee of the Company and its subsidiaries provided for a single entity reaches NTD 10 million or more, and the aggregate balance of endorsement/guarantee provided for, the book value of investments under the equity method in and funds lending to, such entity reaches thirty

percent or more of the net worth of the Company as stated in its latest financial statements.

4. The amount of new endorsement/guarantee provided by the Company or its subsidiaries reaches NTD 30 million and reaches five percent of the net worth of the Company as stated in its latest financial statement.
- (3) Where any subsidiary of the Company is not a domestic public offering company, the Company shall make the required announcement and report on behalf of such subsidiary if the situation prescribed in the preceding Item 4 occurs.
- (4) The Company shall evaluate or record the contingent loss for endorsements/guarantees and shall adequately disclose information on endorsements/guarantees in its financial reports and provide relevant information to the certified public accountants for them to carry out necessary audit procedures.
- (5) "Net worth" as set forth in these Procedures means the equity attributable to owners of the parent company on the balance sheet under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- (6) "Subsidiary" and "parent company" as set forth in these Procedures shall be determined as per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 11: Penalty

In order to prevent managers or personnel in charge from taking advantage of their offices to engage in illegal endorsements/guarantees, when managers or personnel in charge violate these Procedures or the related laws and regulations, the Human Resource Department shall make a proposal for penalty to be approved by the responsible supervisor according to the seriousness of such violation based on the evidence provided by the division in charge or audit division. Penalty imposed on managers shall be submitted to the compensation committee and the board of directors for resolution.

In the event of unrecoverable losses incurred from violation of these Procedures or the related laws and regulations with intent or by negligence, suspension may be imposed on personnel in charge after being approved by the responsible supervisor.

The aforementioned managers shall mean the ones set up in accordance with the ruling issued by the Securities and Futures Commission dated March 27, 2003 (Ref. No.: Tai-Tsai-Jen-(3)-0920001301) and the aforementioned personnel in charge shall mean personnel involved and relevant supervisors in charge of review and approval of execution.

Article 12: Control procedure to subsidiaries in providing endorsement /guarantee

The Company shall require all of its subsidiaries to formulate their own Procedures for Endorsement and Guarantee in accordance with the Regulations Governing Lending Funds and Providing Endorsement and Guarantee by Public Offering Companies promulgated by the competent authorities and the Procedures for Endorsement and Guarantee of the Company. Any endorsement/guarantee provided by the subsidiaries shall comply with their own Procedures for Endorsement and Guarantee, and the internal audit department of the

Company shall be responsible for reviewing all self-assessment reports prepared by all subsidiaries.

IV. VALIDATION AND AMENDMENTS

These Procedures shall be approved by at least one half of all the audit committee members and then submitted to the Board of Directors for resolution. After approved by the Board of Directors, these Procedures shall be submitted to the shareholders' meeting for approval. Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the audit committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. When the Procedures are submitted by the Company to the Board of Directors for discussion in accordance with relevant rules, the Board of Directors shall take into full consideration each independent director's opinions; any dissent from or qualification by the independent directors (if any) shall be included in the minutes of the Board of Directors' meetings.

If approval of the majority of all audit committee members as required in the preceding paragraph is not obtained, the Procedures or any amendment hereto may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. The terms "all audit committee members" and "all directors" in this paragraph shall be counted as the actual number of persons currently holding those positions.