



United Microelectronics Corporation

2010 General Shareholders' Meeting

Meeting Minute

Date: June 15, 2010

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United Microelectronics Corporation 2010 Regular Shareholder's Meeting Minute

Date: Tuesday, June 15, 2010 9:00 am

Location: UMC Recreation Center No.9, Li-Hsin 3rd Rd., Hsinchu Science Park, Taiwan, R.O.C.

Attendants: All Shareholders and their proxy holders, representing 10,301,494,176 shares, or 82.74% of the total 12,449,924,578 outstanding shares

Chairperson: Stan Hung, Chairman

Minute Recorder: Dylan lee

1. Chairman announced commencement
2. Chairman's Address
3. Status Reports:
 - (1) 2009 business operation
Acknowledged
 - (2) Audit Committee's Report on reviewing 2009 audited financial reports
Acknowledged
 - (3) Acquisition or disposal of assets with related parties in 2009
Acknowledged
 - (4) The Issuance of the Corporate Bonds in 2009
Acknowledged
 - (5) The status of 14th shares buyback program
Acknowledged
 - (6) Amendment of the Company's Procedure of Transfer Repurchased Shares to Employees Phase XIII and Phase XIV
Acknowledged
 - (7) Amendment of the 6th Employee Stock Option Plan
Acknowledged
 - (8) Status of the acquisition of total shares of He Jian Technology (Suzhou) Co., Ltd. through merging with the holding companies
The Company continuously communicates with government authorities regarding to this case. There is still no specific timetable for filing application yet.
4. Approving Items
 - (1) To accept 2009 business report and financial statements
Explanation: The Company's 2009 business report and financial statements have been approved by the 11th meeting of the board of directors, 6th term, and reviewed by Audit Committee. The Audit Committee's report was issued accordingly.
Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(2) To approve 2009 Surplus Earning Distribution Chart

Explanation: The Company’s 2009 Surplus Earning Distribution Chart has been approved by the 11th meeting of the board of directors, 6th term, and reviewed by Audit Committee. The Audit Committee’s report was issued accordingly.

Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

5. Discussion Items

(1) To amend the Company’s "Financial Derivatives Transaction Procedure"

Explanation:

A. The amendment is based on business requirements and on hedging foreign currency assets.

B. Table below sets for amended articles in Financial Derivatives Transaction Procedure.

Article No.	Current provision	Amended Provision
3	<p>4) Transaction amount & restriction:</p> <p>A. FX position: based on the needs of each currency position, the policy is set to natural hedge. The authorization for each type of transaction is as follows:</p> <p>i. Forward FX transaction: The authorized FX trader will begin transaction after a discussion with FIN 1st level manager on the Company’s daily FX position. The transaction pricing range will be determined on the Company’s FX assets & liabilities book-in cost. And the settlement of such transaction should be in accordance with the Company’s operational needs. Except for the extension for forward FX, which is required for controlling monthly cash flow of foreign currency, not affecting the company’s risk. (.....)</p> <p>C. Maximum Contract Size & Loss Limit The total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts. The upper limit of total losses from derivative contracts is US\$ 10 million (or NT\$ equivalent). The upper limit of losses for single derivative contract is 5% of such contract amount. When losses exceed such upper limits, the authorized FX trader shall provide documentation, stating both impacts to the Company and solutions to decrease such losses, after a discussion with FIN 1st level manager. After the approval from CFO and Chairman, the authorized FX trader shall take such solutions and report to Audit Committee the Board afterwards.</p> <p>i. Forward FX transaction is not subjected to the above loss limit restriction, if there are</p>	<p>4) Transaction amount & restriction:</p> <p>A. FX position: based on the needs of each <u>net</u> currency position <u>and the forecasted cash flows</u>, the policy is set to natural hedge. The authorization for each type of transaction is as follows:</p> <p>i. Forward FX transaction: The authorized FX trader will begin transaction after a discussion with FIN 1st level manager on the Company’s daily FX position. The transaction pricing range will be determined on <u>both</u> the Company’s FX assets & liabilities book-in cost <u>and the forecasted cash flows</u>. And the settlement of such transaction should be in accordance with the Company’s operational needs. Except for the extension for forward FX, which is required for controlling monthly cash flow of foreign currency, not affecting the company’s risk. (.....)</p> <p>C. Maximum Contract Size & Loss Limit The total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts. The upper limit of total losses from derivative contracts is US\$ 10 million (or NT\$ equivalent). The upper limit of losses for single derivative contract is 5% of such contract amount. When losses exceed such upper limits, the authorized FX trader shall provide documentation, stating both impacts to the Company and solutions to decrease such losses, after a discussion with FIN 1st level manager. After the approval from CFO and Chairman, the authorized FX trader shall take such solutions and report to Audit Committee the Board afterwards.</p>

	<p>such amount of foreign currency assets <u>or</u> liabilities under hedging purpose in our books.</p> <p>ii. If the transaction is used to hedge the exchange rate risk or interest rate risk associated with issuing equities such as ADR or GDR, or domestic or foreign bonds such as ECB, EB or domestic corporate bond, or long-term bank loan, the transaction amount is limited to the outstanding amount of such issuance. The loss is excluding to the above loss limit due to the equivalent amount of FX assets or liabilities.</p>	<p>i. Forward FX transaction is not subjected to the above loss limit restriction, if there are such amount of foreign currency assets/liabilities <u>and the forecasted cash flows</u> under hedging purpose in our books.</p> <p>ii. If the transaction is used to hedge the exchange rate risk or interest rate risk associated with issuing equities such as ADR or GDR, or domestic or foreign bonds such as ECB, EB or domestic corporate bond, or long-term bank loan, the transaction amount is limited to the outstanding amount of such issuance. The loss is excluding to the above loss limit due to the equivalent amount of FX assets or liabilities.</p>
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Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(2) To amend the Company's "Acquisition or Disposal of Assets Procedure"

Explanation:

A. The amendment of Article 13 and 18 is based on business requirements and requirements for Audit Committee's practices.

B. Table below sets for amended articles in Acquisition or Disposal of Assets Procedure.

Article No.	Current provision	Amended Provision
13	<p>The restrictions of total amount and individual amount for the Company's and its Subsidiary's transactions in real estate for non-operational purposes, marketable securities, and investments in a single marketable security are as follows:</p> <p>1) The purchase of real estate for non-operational purpose shall not exceed 30% of the Company's paid-in capital.</p> <p>2) The total amount of investment of the Company as another company's shareholder with limited liability shall not exceed 100% of the shareholder's equity in the Company's latest quarter's financial report. For subsidiary companies specialized in investment, the limit is 150%.</p> <p>3) The total amount of investment in marketable securities after the deduction of the balance of item 2 above must not exceed 30% of the total assets of the Company in its latest quarter's financial report.</p> <p>4) The investment in a single marketable security shall not exceed <u>50%</u> of the total assets as listed in the latest quarter's financial report.</p>	<p>The restrictions of total amount and individual amount for the Company's and its Subsidiary's transactions in real estate for non-operational purposes, marketable securities, and investments in a single marketable security are as follows:</p> <p>1) The purchase of real estate for non-operational purpose shall not exceed 30% of the Company's paid-in capital.</p> <p>2) The total amount of investment of the Company as another company's shareholder with limited liability shall not exceed 100% of the shareholder's equity in the Company's latest quarter's financial report. For subsidiary companies specialized in investment, the limit is 150%.</p> <p>3) The total amount of investment in marketable securities after the deduction of the balance of item 2 above must not exceed 30% of the total assets of the Company in its latest quarter's financial report.</p> <p>4) The investment in a single marketable security shall not exceed <u>80%</u> of the total assets as listed in the latest quarter's financial report, <u>except for the subsidiaries that are holding companies.</u></p>
18	<p>If the outcome of evaluation of the real estate acquired from the related parties is lower than the transaction price, the following measures shall be taken.</p> <p>1) The special reserve shall be appropriated</p>	<p>If the outcome of evaluation of the real estate acquired from the related parties is lower than the transaction price, the following measures shall be taken.</p> <p>1) The special reserve shall be appropriated</p>

<p>according to the Section 1 of Article 41 of the Securities Exchange Law for the price difference between the transaction price and the assessment and shall not be distributed or used for capital increase.</p> <p>2) The <u>supervisor</u> shall take measures according to the Article 218 of the Company Law.</p> <p>3) The measures taken according to section 1 and section 2 shall be reported to the meeting of shareholders and the detailed content of the transaction shall be disclosed in the annual report and prospectus.</p> <p>The special reserve appropriated shall be used only when the loss of price fall of the assets bought at high price has been acknowledged, the assets disposed, original state restored, or there exist any other evidence to ensure the reasonableness and when the FSC has approved it.</p> <p>If there exists evidence showing that the transaction of the Company to acquire real estate from related parties is not conformity with the business practice, the preceding two sections shall govern.</p>	<p>according to the Section 1 of Article 41 of the Securities Exchange Law for the price difference between the transaction price and the assessment and shall not be distributed or used for capital increase.</p> <p>2) The <u>independent director members of Audit Committee</u> shall take measures according to the Article 218 of the Company Law <u>and Item 4, Article 14-4 of the Security and Exchange Act.</u></p> <p>3) The measures taken according to section 1 and section 2 shall be reported to the meeting of shareholders and the detailed content of the transaction shall be disclosed in the annual report and prospectus.</p> <p>The special reserve appropriated shall be used only when the loss of price fall of the assets bought at high price has been acknowledged, the assets disposed, original state restored, or there exist any other evidence to ensure the reasonableness and when the FSC has approved it.</p> <p>If there exists evidence showing that the transaction of the Company to acquire real estate from related parties is not conformity with the business practice, the preceding two sections shall govern.</p>
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Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(3) To release the elected directors from non-competition restrictions

Explanation:

- A. According to Article 209, Company Law, if directors' activities for own or others' interests are related to the Company's business scope, directors shall explain the content of their activities to shareholders' meeting and ask the approval from shareholders' meeting.
- B. The Company's director has invested, managed or being directors for companies of which business scope is similar to the Company's. Here to propose to release such director from non-competition restrictions.
- C. Propose to approve the Company's director, Chung Laung Liu, to act as the director of Macronix International Co., Ltd. and the independent director of Powerchip Semiconductor Corp., and to release Director Liu from non-competition restrictions.

Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(4) To amend the Company's "Loan Procedure"

Explanation:

- A. The amendment is based on the business requirements and requirements for Audit Committee's practices.

B. Table below sets for amended articles in Loan Procedure.

Article No.	Current provision	Amended Provision
2	Borrower: The Company's directors, <u>supervisors</u> , and officers cannot be the borrowers, and borrowers shall meet the following criteria: (.....)	Borrower: The Company's directors and officers cannot be the borrowers, and borrowers shall meet the following criteria: (.....)
4	The total amount available for lending purpose shall not exceed <u>20%</u> of the total <u>paid-in capital</u> of the Company. For any borrower, the total amount available and evaluation guidelines are as follows: 1) Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed <u>the paid-in capital</u> of the said companies or subsidiaries or <u>4%</u> of the Company's <u>paid-in capital</u> , whichever is lower. 2) Funds lent to companies that have business relationship with the Company shall not exceed 10% of the previous year's amount of business with the borrower or <u>4%</u> of the Company's <u>paid-in capital</u> , whichever is lower.	The total amount available for lending purpose shall not exceed <u>10%</u> of the total <u>net value</u> of the Company. For any borrower, the total amount available and evaluation guidelines are as follows: 1) Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed <u>40% of net value</u> of the said companies or subsidiaries or <u>2%</u> of the Company's <u>net value</u> , whichever is lower. 2) Funds lent to companies that have business relationship with the Company shall not exceed 10% of the previous year's amount of business with the borrower or <u>2%</u> of the Company's <u>net value</u> , whichever is lower.
5	Procedures for Lending of Capital: 1) The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The Finance Department shall conduct an investigation and evaluation on the application with respect to the borrower's business, financial status, ability to repay the debt, credit, profitability and purpose for lending and come out with a report to the chairman of board of directors for the board's approval. <u>If the Company has independent directors, their</u> opinions shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. 2) The Finance Department shall conduct a through investigation and evaluation of the borrower. The items to be evaluated shall contain at least the followings. A. The necessity and reasonableness for lending. B. An evaluation of the reasonableness of the amount of the loan in the light of the Borrower's financial status. C. Whether the accumulated amount of loan is still within the limited amount. D. The impact on the Company's operation risks, financial status, and shareholder's equities. E. Whether the collateral shall be acquired and the estimated value of it. F. The borrower's credit and risk assessment record. 3) After the amount of the loan is approved,	Procedures for Lending of Capital: 1) The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The Finance Department shall conduct an investigation and evaluation on the application with respect to the borrower's business, financial status, ability to repay the debt, credit, profitability and purpose for lending and come out with a report to the chairman of board of directors for the board's approval. <u>While discussing during the board meeting, opinions from independent directors</u> shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. <u>Material amount of Loan shall be reported to the board meeting after receiving the approval from more than 1/2 members of Audit Committee.</u> 2) The Finance Department shall conduct a through investigation and evaluation of the borrower. The items to be evaluated shall contain at least the followings. A. The necessity and reasonableness for lending. B. An evaluation of the reasonableness of the amount of the loan in the light of the Borrower's financial status. C. Whether the accumulated amount of loan is still within the limited amount. D. The impact on the Company's operation risks, financial status, and shareholder's equities. E. Whether the collateral shall be acquired and

	<p>the borrower shall fill in the “ drawdown request” to request the disposition of funds.</p> <p>4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish promissory notes of equal amount and when necessary create pledge of movables or immovables, mortgage of movables or immovables to serve as the securities of the loan.</p>	<p>the estimated value of it.</p> <p>F. The borrower’s credit and risk assessment record.</p> <p>3) After the amount of the loan is approved, the borrower shall fill in the “ drawdown request” to request the disposition of funds.</p> <p>4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish promissory notes of equal amount and when necessary create pledge of movables or immovables, mortgage of movables or immovables to serve as the securities of the loan.</p> <p>5) <u>When the loan receiver not qualified under this procedure or the remaining amount of the loan exceeds the limit due to change of circumstances, an improvement program shall be made and sent to Audit Committee, followed by scheduled improvements to strengthen the internal control of the Company.</u></p>
10	<p>(.....)</p> <p>When the loan receiver not qualified under this procedure or the remaining amount of the loan exceeds the limit due to change of circumstances, an improvement program shall be made and sent to Audit Committee, followed by scheduled improvements to strengthen the internal control of the Company.</p>	<p>(been moved to item 5), Article 5)</p>

Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(5) To amend the Company’s "Endorsements and Guarantees Procedure"

Explanation:

A. The amendment is based on the official letter No.0990011375 from Financial Supervisory Commission, Executive Yuan, business requirements and requirements for Audit Committee’s practices .

B. Table below sets for amended articles in Endorsements and Guarantees Procedure.

Article No.	Current provision	Amended Provision
2	<p>(new item added)</p>	<p>(.....)</p> <p>The Company can endorse or guarantee for the invested companies that the Company directly or indirectly holds more than 90% of voting rights. The endorsed or guaranteed amount shall not exceed 10% of the Company’s net value, however, the rule is not applicable for the invested companies that the Company directly or indirectly holds 100% of voting rights.</p> <p>(.....)</p>
4	<p>Article 4: The total amount of the Company’s endorsements and guarantees is limited to 40% of the Company’s <u>paid-in capital</u>, and the scope and amount of endorsements and guarantees are as follows.</p>	<p>The total amount of the Company’s endorsements and guarantees is limited to 20% of the Company’s <u>net value</u>, and the scope and amount of endorsements and guarantees are as follows.</p>

	<p>1) Endorsements and Guarantees for financing shall be NT\$500,000,000</p> <p>2) Endorsements and Guarantees for customs shall be NT\$50,000,000.</p> <p>3) Other Endorsements and Guarantees shall not exceed <u>10%</u> of the Company's <u>paid-in capital</u>.</p> <p>4) The accumulated amount of endorsements and guarantees to one enterprise shall not exceed the paid-in capital of the company endorsed or 10% of the <u>paid-in capital</u> of the Company, whichever is lower.</p> <p>5) For the endorsements and guarantees to the companies having business relationship with the Company, in addition to the aforementioned amount, the individual amount of the endorsement and guarantee shall not exceed the amount of business. The amount of business refers to the higher amount of buying or selling.</p>	<p>1) Endorsements and Guarantees for financing shall be NT\$500,000,000</p> <p>2) Endorsements and Guarantees for customs shall be NT\$50,000,000.</p> <p>3) Other Endorsements and Guarantees shall not exceed <u>5%</u> of the Company's <u>net value</u>.</p> <p>4) The accumulated amount of endorsements and guarantees to one enterprise shall not exceed <u>the net value of the company endorsed</u>, the paid-in capital of the company endorsed or <u>5%</u> of the <u>net value</u> of the Company, whichever is lower.</p> <p>5) For the endorsements and guarantees to the companies having business relationship with the Company, in addition to the aforementioned amount, the individual amount of the endorsement and guarantee shall not exceed the amount of business. The amount of business refers to the higher amount of buying or selling.</p> <p><u>The consolidated amount of endorsements and guarantees from the Company and subsidiaries shall not exceed 40% of the Company's net value.</u></p>
5	<p>Decision of Endorsements and Guarantees and level of Authorization:</p> <p>1) When any department has a need for Endorsements and Guarantees due to business needs, it must receive approval from the Board of Directors. To satisfy the need for timely decision, the chairman of the board of directors may be authorized by the board of directors to make decisions first within an amount and then reported to the Board of Directors for its approval.</p>	<p>Decision of Endorsements and Guarantees and level of Authorization:</p> <p>1) When any department has a need for Endorsements and Guarantees due to business needs, it must receive approval from the Board of Directors. To satisfy the need for timely decision, the chairman of the board of directors may be authorized by the board of directors to make decisions first within an amount and then reported to the Board of Directors for its approval. <u>Material amount of endorsement and guarantee shall be reported to the board meeting after receiving the approval from more than 1/2 members of Audit Committee.</u></p>
6	(new item added)	<p>(.....)</p> <p>7) <u>The Company shall set an expiration date when providing endorsement and guarantee. When the net value of endorsed or guaranteed companies lower than 50% of their paid-in capital, it shall apply Article 6 and shall not make extension for such endorsement or guarantee when the original term expires. When the net value of a subsidiary lower than 50% of its paid-in capital, it shall apply Article 6 and FIN departments shall follow its financial status quarterly and provide written reports about unusual issues and recommendations, if any.</u></p>
9	<p>Chop keeping and using procedure</p> <p>1) The Company's chop for the registration to the Ministry of Economic Affairs shall be used as the special chop for endorsement and guarantee, <u>and the chop shall, after the approval of the board of directors, be kept by the secretary of the chairman of the board of</u></p>	<p>Chop keeping and using procedure</p> <p>1) The Company's chop for the registration to the Ministry of Economic Affairs shall be used as the special chop for endorsement and guarantee. Blanket notes shall be kept by the financial department.</p>

	<u>directors and the head of documentation of the managerial department. The change of the chop keeper shall be approved by the board of directors. Blanket notes shall be kept by the financial department.</u>	
11-1	(new item added)	<u>Any employee who violates the Procedure or the Regulation is subjected to the jurisdiction of the Company's Code of Conduct or related rules.</u>

Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions.

(6) To propose the issuance plan of private placement for common share, ADR/GDR or CB/ECB, including Secured or Unsecured Corporate Bonds

Explanation:

- A. To provide the flexibility to engage semiconductor technology cooperation or alliance with major companies, and meanwhile to supplement operating capital for future needs, the Company proposed to (i) engaged with strategic investors through private placement and/or (ii) raised capital from specific parties, through issuing either single or combo instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds) in one or separated times, based on market condition and the Company needs. The amount of shares issued or convertible is proposed to be no more than 10% of total share issued (i.e., no more than 1,298,791,231 shares), and it is proposed to authorize the Company's Board to determine the amount of actual shares issued based on status of capital market.
- B. The instructions from item 6, Article 43-6, Security and Exchange Act are:
- (i) The rationality to determine the price of private placement: The price of private placement (including the conversion price of private corporate bonds) shall be set by no less than 80% of average closing price from either 1, 3 or 5 days period before pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction. The actual price and pricing date are proposed to be determined by the Company's Board considering market status, environment conditions and qualification of specific parties. The price determination above shall also follow regulations from government authorities. Considering that Security and Exchange Act has set a no-trading period of 3 years on private placement securities, the price determination above shall be reasonable.
 - (ii) The method to determine specific parties: The strategic investors have the priority to be considered as specific parties for private placement if, (i) Be qualified for the rules in item 1, Article 43-6, Security and Exchange Act, (ii) Can meet the Company's needs on technology cooperation and alliance, (iii)

Recognize the Company's operation strategy. It is proposed to authorize the Company's Board to determine the specific parties for private placement.

(iii) The necessity of private placement:

(a) The reasons for not taking public offering: Considering the capital market status, effectiveness, feasibility and costs to raise capital, and the no-trading period of 3 years, it is better to maintain the long term relationship with strategic partners by such security issuance of private placement. So the Company proposed to raise capital through private placement, rather than public offering.

(b) The capital usage plan and projected benefits of private placement: The Company plan to issue private placement in one or separate (no more than 3) times based on feedbacks from market and specific parties. The capital raised will be fully used as operation capital. The private placement shall provide the benefits to strengthen competitiveness, raise operating efficiency, and strengthen financial structure, and also improve the Company's shareholders' equity.

C. It is proposed to authorize the Company's Board to determine, proceed or revise the issuance plan of private placement through instruments such as common shares, DRs (including but not limited to ADS), or Euro/Domestic convertible bonds (including secured or unsecured corporate bonds), including issue price, shares, terms and conditions, plan items, amount, record date, projected progresses and benefits, and any other item related to the issuance plan, based on market conditions. It is also proposed to authorize the Company's Board to revise the issuance plan based on operation evaluation, environment changes or if receiving instructions from government authorities.

D. The limitations regarding to private placement are based on Article 43-8, Security and Exchange Act and other letters from government authorities.

E. It is proposed to authorize Chairman or person assigned by Chairman to represent the Company to negotiate and sign any document and contract regarding to private placement plan. For matters regarding to private placement but not included above, it is proposed to authorize Chairman to handle, according to related laws and regulations.

Resolution: The proposal has been unanimously approved by present shareholders after Chairman solicited shareholders' opinions. The Board is authorized to decide the actual issuance price which will not be lower than the price range resolved by shareholders' meeting.

6. Extraordinary Motions: None

7. Adjournment: Meeting ended at 9:25 am.



Attachments

United Microelectronics Corporation 2009 Business Report

Dear Shareholders,

2009 was a turbulent year for the global semiconductor industry. The economic decline brought on by the global financial crisis in the second half of 2008 made operations at UMC quite difficult in Q1. However, through the swift implementation of comprehensive cost control measures that we have in place for times of financial stress, UMC became one of the first companies to recover in Q2 by taking advantage of a strong rebound in demand. We even delivered a record number of wafers in Q3, with profit margins rising to its highest in five years, and Q4 revenues also reaching its highest in two years. Although full-year revenues decreased to NT\$88.6 billion due to the impact from Q1, UMC posted the lowest decline in revenue compared to other foundries. UMC's foundry business remained profitable, with full-year EPS at NT\$0.31 and operating margins at 3.8%. For the full-year period ending December 31, 2009, cash equivalents recorded increased to NT\$52.79 billion, while debt has remained at a low level.

Under UMC's "Customer-Driven Foundry Solutions" business philosophy, our employees have worked hard to expand the share of revenue from top customers as well as our market share. Over the past year, we have engaged new customers while further enhancing our relationships with existing customers, and strengthened our ability to provide the best wafer foundry solutions. Percentage of revenue from advanced and specialty processes has also increased with each quarter. In 2009, 65nm's share of overall revenue increased to 13%, a significant jump from its 7% share in 2008. In addition, two global semiconductor companies, one from Taiwan and another from the USA, awarded UMC with honors of "Best Fab Award" and "Supplier Excellence Award", respectively. These awards recognize UMC's outstanding performance as a top foundry partner that delivers the most appropriate solutions to achieve win-win results for its customers worldwide.

Despite the unpredictability of the economic fluctuations last year, demand for advanced technology development and equipment have nevertheless progressed according to original plans. R&D expenditures have also maintained the same share of total revenues as previous years. UMC has delivered outstanding results in advanced technology development, following a strategy whereby it establishes independent R&D capabilities and capacity, partners with top IDM and fabless companies to develop mainstream full and half node process technologies, and cooperates with mask, packaging, equipment, materials, and EDA



companies to realize faster time-to-market. Numerous customers have already entered volume production with UMC's independently developed 40nm high-performance logic process, which incorporates many advanced technologies such as SiGe, Laser Anneal, and Ultra Low-K. In fact, UMC's advanced 40nm process has helped customers beat the time between tape-out to production by one quarter over the 65nm generation, and has also exhibited stable and predictable yields. In addition, yield optimization efforts for ICs designed using our 45/40nm Low Power process are progressing smoothly, with these ICs soon to enter volume production. In advanced 28nm technology development, UMC has successfully produced the foundry industry's first fully functional 28nm SRAM using the Poly/SiON process, and furthermore presented a unique 28nm hybrid high-k/metal-gate (HK/MG) technology approach at the 2009 International Electron Device Meeting (IEDM). Currently UMC focuses its HK/MG technology development on Gate-Last, which meets our customers' needs for both high performance and low power technologies at advanced nodes. Start of pilot production is scheduled for end of 2010.

In 3-dimensional IC advanced packaging, UMC is developing a cost-effective Through Silicon Via (TSV) packaging technology. For the most leading-edge 20nm technology development, UMC is pursuing independent development while also partnering with SEMATECH and advanced equipment suppliers, universities, and R&D institutions worldwide to develop key next-generation technologies, including Extreme Ultraviolet Lithography (EUVL), Through Silicon Via (TSV) packaging technology, 20nm device engineering and 450mm foundries. UMC has also produced excellent results in the development of specialty technologies, such as High-Voltage (HV), MEMS, CMOS Image Sensor (CIS), embedded memory, and IP, including providing a comprehensive standard component (SC) library, IO library, and customized libraries. These efforts not only strengthen our long-term competitiveness, but also solidify UMC's position as a global foundry technology leader.

To pursue stable long-term growth, UMC invested over US\$500 million in capital expenditures last year in response to strong customer demand for capacity and high-end technologies. This year, UMC is significantly increasing its CAPEX to US\$1.2-1.5 billion, which will mainly be used to build capacity for advanced processes. We plan to boost 45/40nm process capacity and continue to invest in 28nm development and pilot production equipment at Fab12A in Tainan, as well as greatly expand 65/55nm process capacity at Fab12i in Singapore. In addition, we plan to accelerate the readiness timeframe of Fab12A's phase 3 cleanroom related facilities and equipment installation to meet anticipated demand for advanced technology capacity and provide for a more flexible expansion plan. Nevertheless, the pace of global economic recovery and the successive adjustments of U.S.



and China's monetary policies still need to be watched closely. UMC will continue to closely monitor economic conditions over the next several quarters and react prudently in accordance

UMC is also profoundly committed to corporate social responsibility. In addition to completing the foundry industry's first carbon footprint verification for integrated circuit wafers produced at its facilities, receiving third party verification by Det Norske Veritas (DNV), UMC is also the only semiconductor company in Taiwan that independently calculates, verifies, and reports carbon footprints for its products. UMC has also completed the EPD (Environmental Production Declaration) verification for integrated circuit wafers produced at its facilities, as a basis to provide customers with comprehensive environmental information to help them document the green supply chain of their product manufacturing and demonstrate UMC's commitment to corporate social responsibility. UMC's corporate social responsibility (CSR) report received the Taiwan Corporate Sustainability Award Gold honor in 2009, following its 2008 listing as an outstanding performer. Moreover, UMC was also selected as a global component of the Dow Jones Sustainability Index (DJSI) for two consecutive years in 2008 and 2009. These recognitions demonstrate that UMC's achievements in sustainable development and corporate social responsibility are on par with leading companies worldwide and verified by accredited institutions.

UMC is committed to further strengthening corporate governance. Previously, UMC had already established an audit committee formed by independent directors as an internal control system in accordance with SOX404 regulations. Following the 2009 re-election of board directors, UMC's new board established an audit committee that fully complies with Taiwan's regulations by adding another independent director, bringing the total to four, and further appointing one outside director. Since the number of independent and outside directors combined account for more than half of the seats on the board, this action will significantly help to increase operating transparency as well as maintain the interaction and balance between the board and the management team. With more objective supervisory mechanisms, UMC can further safeguard shareholders' equity and enhance shareholders' trust in the integrity of the company's operations and management.

UMC possesses robust R&D and manufacturing, as well as a sound financial structure and excellent management team with a wealth of experience dealing with the cyclical nature of the semiconductor industry. We firmly believe UMC will continue to strengthen its competitiveness in the foundry business to achieve new heights. Moving forward, the foundry industry and UMC's operations both project optimistic growth. The management



team plans to: (1) persist in maintaining independent R&D and solid manufacturing capabilities as part of our Customer-Driven Foundry Solutions approach to help our customers achieve successful results through raising product and service quality; (2) improve the efficiency of the organization and boost employee morale by emphasizing teamwork and execution so that we can better focus on our customers' needs; (3) continue to expand our global presence and complete overseas mergers and acquisitions to help our customers mitigate geographic manufacturing risk and further realize operational and financial synergies from integration and expansion; (4) invest and manage in the areas of carbon reduction and energy conservation, in anticipation of pay-offs from integrating resources cross-functionally and improving the performance of capital spending to maximize benefits for our customers and shareholders.

We would like to thank you for supporting UMC for so many years, and look forward to continuing to build upon UMC's strengths. UMC is well positioned to welcome future challenges and will continue to provide the best available services for our shareholders and customers.

Sincerely,

Chairman: Stan Hung

CEO: Shih-Wei Sun

CFO: Chitung Liu

Audit Committee's Report

The board of directors has prepared and submitted to us the Company's 2009 financial statements. These statements have been audited by Ernst & Young. The financial statements present fairly the financial position of the Company and the results of its operations and cash flows. We, as the Audit Committee of the Company, have reviewed these statements, the report of operations and surplus earning distribution chart. According to article 219 of the Company Law, we here by submit this report.

United Microelectronics Corporation
Audit Committee:

Chun-Yen Chang

Chung Laung Liu

Paul S.C. Hsu

Cheng-Li Huang

March 17, 2010



UMC 2009 Surplus Earning Distribution Chart

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
2009 Earning Before Tax	4,468,243,365	4,468,243,365	
Minus: Tax Expense	594,215,158		
Net Profit After Tax		3,874,028,207	
Plus: Previous Year's Unappropriated Earnings	0		
Plus: Adjustment Of Retained Earnings Accounted For Under The Equity Method	6,774,784,604		
Minus: Appropriated For Legal Reserve	1,064,881,281		
Earning Available For Distribution		9,583,931,530	
Distribution Items:			
1. Cash Dividends To Shareholders	6,233,001,658		Dividend per share approximately NT\$0.5
2. Stock Dividends To Shareholders At Par Value	0		
Total Distribution		6,233,001,658	
End Of Term Unappropriated Earnings		3,350,929,872	
Note			
1. Directors' And Supervisors' Remunerations	9,583,932		0.1% of Earning available for distribution
2. Employee Cash Bonuses	965,002,526		10% of Earning available for distribution
3. Employee Stock Bonuses At Par Value	0		

1. According to Article 12, Article of Incorporation, the Company shall allocate the net profit ("earnings"), if any, according to the following sequence: (1)Payment of taxes (2)Making up loss for preceding years (3)Setting aside 10% for legal reserve (4)Allocation of 0.1% of residual amount after deducting the amounts stated in Items 1 through 3 above for remuneration of directors and supervisors (5)The amount of no less than 5% of the residual amount after distribution of item 1 to 3, plus undistributed earnings from previous years, shall be distributed as bonus to employees in the form of cash or new shares.
2. According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings was gained. UMC adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year (i.e. 2006) and then the previous year's when not sufficient.
3. In the event of any change in the number of outstanding shares resulting from purchase back of the Company common stock, transfer, conversation or cancellation of the treasury shares, the exercise of the employee stock options, the dividend ratio is necessary to be adjusted. It is proposed to fully authorize the board of directors to adjust the dividend ratio and to proceed the relevant matters.
4. It is proposed to distribute NT\$9,583,932 for directors' and supervisors' remunerations, NT\$965,002,526 for employee cash bonus, and NT\$0 for employee stock bonus shares.

Chairman: Stan Hung

CEO: Shih-Wei Sun

CFO: Chitung Liu



UMC 2009 Financial Statements

Please refer to www.umc.com for Audit Report of Independent Auditors and Financial Statements.