



United Microelectronics Corporation

2011 Regular Shareholder Meeting

Meeting Minute

Date: June 15, 2011

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United Microelectronics Corporation
2011 Regular Shareholder Meeting Minute

Time: Wednesday, June 15, 2011 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 10,202,012,171 shares, or 81.52% of the total 12,513,899,178 outstanding shares

Chairperson: Stan Hung, Chairman

Minute Recorder: Dylan Lee

Chairman announced commencement.

I. Chairman's Address (**omitted**)

II. Status Reports:

(1) 2010 business operations

Acknowledged

(2) Audit Committee's report on review of 2010 audited financial reports

Acknowledged

(3) Acquisition or disposal of assets with related parties in 2010

Acknowledged

(4) Amendment of "Convention Rules for Meetings of Board of Directors"

Acknowledged

(5) Progress on private placement

Acknowledged

(6) Progress on the acquiring and purchasing of shares of the holding company of He Jian Technology (Suzhou) Co., Ltd.

Acknowledged

(7) Issuance of corporate bonds in 2010

Acknowledged

III. Approval Items:

(1) 2010 Annual Business Report and financial statements

1. The Company's 2010 Annual Business Report and financial statements have been approved by the 14th meeting of the Board of Directors, 11th term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.

2. Please refer to the 2010 Annual Business Report (Attachment 1) and UMC's website (www.umc.com) for financial statements.

3. It is proposed to approve the 2010 Annual Business Report and financial statements.

Resolution: The proposal has been unanimously approved by present shareholders

after Chairman solicited shareholders' opinions.

(2) 2010 Surplus Earnings Distribution Chart

1. The Company's 2010 Surplus Earnings Distribution Chart has been approved by the 14th meeting of the board of directors, 11th term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
2. Please refer to the 2010 Surplus Earnings Distribution Chart (Attachment 4).
3. It is proposed to approve the 2010 Surplus Earnings Distribution Chart.

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

IV. Discussion Items

(1) Amending the Company's Articles of Incorporation

1. The Board proposed amending the Articles of Incorporation in response to amendments in the Securities and Exchange Act and Corporate Governance Guidelines for Listed Companies, and in accommodation of the establishment and operations of the Audit Committee and Remuneration Committee.
2. The table below compares the Original Articles and Amended Articles:

Article No.	Original Article (or portion thereof)	Amended Article (or portion thereof)	Note
Sec. 4	Board of Directors and Audit Committee	Board of Directors and Committees	
13-1	(newly added Article)	The Company established a Remuneration Committee, of which the number of members, duration of duty, rights of duty, rules of procedure, and resources that the Company must provide during period of duty shall be separately determined by the Charter of the Remuneration Committee.	Article added for establishment of Remuneration Committee
18	The Board of Directors shall have the following functions and responsibilities: 11. Appointment and discharge of general manager and deputy general manager.	The Board of Directors shall have the following functions and responsibilities: 11. Appointment and discharge of <u>managers</u> .	Revised according to the Company's practices
20	The Company may have one Chief Executive Officer and several managers, whose appointments, discharge, and remunerations shall be subject to provisions in Article 29 of the ROC Company Law. The title and scope of authority of the managers are to be determined by the board of directors, and the board of directors can authorize the chairman to determine.	The Company may have one Chief Executive Officer and several managers, whose appointments, discharge, and remunerations shall be subject to provisions in Article 29 of the ROC Company Law <u>as well as related regulations</u> . The title and scope of authority of the managers are to be determined by the board of directors, and the board of directors can authorize the chairman to determine.	Added in accommodation of establishment of Remuneration Committee.
22	After making the final settlement of account, 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.	After making the final settlement of account, 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.	Deleted supervisors, added Item 4. and revised Item 5 and 6.

	<p>4. Allocation of 0.1% of residual amount after deducting the amounts stated in Items 1 through 3 above for remuneration of directors and <u>supervisors</u>.</p> <p>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. The employees may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of directors.</p> <p>6. The rest shall be distributed according to the distribution plan proposed by the board of directors according to the dividend policy in paragraph two of this clause and submitted to the shareholders' meeting for approval.</p>	<p>4. <u>Appropriating or reversing special reserve by government officials or other regulations</u></p> <p>5. Allocation of 0.1% of residual amount after deducting the amounts stated in Items 1 through <u>4</u> above for remuneration of directors.</p> <p>6. The amount of no less than 5% of the residual amount after distribution of item 1 to <u>4</u>, plus undistributed earnings from previous years, shall be distributed as bonus to employees in the form of cash or new shares. The employees may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of directors.</p> <p>7. The rest shall be distributed according to the distribution plan proposed by the board of directors according to the dividend policy in paragraph two of this clause and submitted to the shareholders' meeting for approval.</p>	
25	...on June 11, 2007 for the thirty-third time, <u>and</u> on June 13, 2008 for the thirty-fourth time.	...on June 11, 2007 for the thirty-third time, on June 13, 2008 for the thirty-fourth time, <u>and on June 15, 2011 for the thirty-fifth time.</u>	Added date of revision of Articles of Incorporation

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

(2) Amending “Procedure for Election of Directors and Supervisors”

1. Amending in accommodation of the establishment of the Audit Committee
2. Amend from “Procedure for Election of Directors and Supervisors” to “Procedure for Election of Directors”
3. The table below compares the Original Articles and Amended Articles:

Article No.	Original Article (or portion thereof)	Amended Article (or portion thereof)
1	Elections for the Company’s directors <u>and supervisors</u> shall follow rules in this procedure	Elections for the Company’s directors shall follow rules in this procedure
2	Elections for the Company’s directors <u>and supervisors</u> shall follow candidate nominating procedures and use the registered accumulated voting method.	Elections for the Company’s directors shall follow candidate nominating procedures and use the registered accumulated voting method.
2-1	The Company should announce the period for nominating directors <u>and supervisors</u> , quota of directors <u>and supervisors</u> , places for submitting nominating applications and other required items. The Company’s Board of Directors or shareholders, who hold more than ten percent of total shares issued, are eligible to nominate the candidates for next term directors <u>and supervisors</u> based on the Company Law. Qualifications of the candidates of the Company’s directors <u>and supervisors</u> are evaluated based on related laws and regulations.	The Company should announce the period for nominating directors, quota of directors, places for submitting nominating applications and other required items. The Company’s Board of Directors or shareholders, who hold more than ten percent of total shares issued, are eligible to nominate the candidates for next term directors based on the Company Law. Qualifications of the candidates of the Company’s directors are evaluated based on related laws and regulations.
3	The shareholders’ meeting can elect directors <u>and</u>	The shareholders’ meeting can elect directors

	<p><u>supervisors</u> based on the candidates list and, according to the quota in Articles of Incorporation and related announcements, separately calculate the voting weights for independent directors and non-independent directors. Those candidates who have the most voting weights are sequentially elected as independent directors, non-independent directors <u>or supervisors</u>. If there are more than two candidates who have same voting weights and exceed the election quota, the candidates who have same voting weights shall undergoing a random drawing to decide who has been elected. If one or more than one candidate having the same voting weights are absent, the Chairperson can make the draws to decide which one is elected. <u>Shareholders who are simultaneously elected as director and supervisor shall decide to act as either director or supervisor. The vacancy quota can be fulfilled by the candidate who has the second most voting weights. Unless government or institution shareholders are authorized by authorities, however, their representatives cannot be elected as directors and supervisors at the same time.</u></p>	<p>based on the candidates list and, according to the quota in Articles of Incorporation and related announcements, separately calculate the voting weights for independent directors and non-independent directors. Those candidates who have the most voting weights are sequentially elected as independent directors and non-independent directors. If there are more than two candidates who have same voting weights and exceed the election quota, the candidates who have same voting weights shall undergo a random drawing to decide who has been elected. If one or more than one candidate having the same voting weights are absent, the Chairperson can make the draws to decide which one is elected. (Deleted)</p>
7	Board Meetings shall institute a voting box and have the box checked by vote supervisors in public before election of directors <u>and supervisors</u> .	Board Meetings shall institute a voting box and have the box checked by vote supervisors in public before election of directors.
8-1	Once the Company institutes the Audit Committee according to the Securities and Exchange Act, it is not necessary to otherwise elect supervisors.	(Deleted)

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

V. Extraordinary Motions: None

VI. Adjournment: Meeting ended at 9:15 am



Attachments

United Microelectronics Corporation 2010 Annual Business Report

Dear Shareholders,

2010 was a fruitful year for UMC. Our shipment levels for the year reached a record high of 4.522 million 8-inch equivalent wafers and our full-year revenue achieved another record high of NT\$120.43 billion. Capacity utilization was 95%, gross margin was 29.9%, operating margin was 18.8%, net income was NT\$23.9 billion, EPS was NT\$1.91, ROE was 11% -- all at their highest levels in recent years.

In accordance with UMC's "Customer-Driven Foundry Solutions" business philosophy, our company is continually dedicated to customer-driven development of advanced technology to provide customers with the best foundry solutions. We have also demonstrated considerable effectiveness in efforts to broaden our customer base, optimize product mix, and boost profit capability. With smooth progress in advanced technology development and capacity buildup, revenue contribution from 65nm-and-below products for last year's 4Q alone achieved 35%, with revenue from 40nm products growing to represent 5% of total revenue. Revenue contribution from 65nm-and-below products for the full year also grew an impressive 170% from 13% in 2009 to 27% in 2010.

To protect and enhance long-term competitiveness, UMC continually invests in and accelerates advanced technology development. As production has begun at UMC's advanced fabs in the Tainan Science Park, we have aggressively hired R&D talent and established a new training center to strengthen our talent development. Moreover, last July we had the honor of bringing on Dr. Ih Chin Chen as vice president, jointly responsible for advanced technology development. Last year the company produced excellent results in its advanced technology development, including 1) independently developed 40nm high-performance logic process, which began in Q1 2010 for customers' high-end production, passed production verification, and is in volume production for numerous customer products and is expected to become a main high-end revenue driver; 2) 28nm process R&D with process technologies such as Poly-SiON and High-K/Metal Gate (HK/MG) proceeding smoothly according to plan, and high-performance and low-power processes expected to enter pilot production in 2011; 3) in 3-Dimensional IC advanced packaging technology, partnering with Japan's Elpida and Taiwan's Powertech Technology to establish a joint development plan for comprehensive Logic+DRAM 3D IC solutions. For the most leading-edge 20nm technology development, UMC is continually pursuing independent development while also partnering with the



global semiconductor alliance SEMATECH as well as advanced equipment suppliers, universities, and R&D institutions worldwide to jointly develop key next-generation technologies, including Extreme Ultraviolet Lithography (EUV), Through Silicon Via (TSV) system packaging technology, 20nm component engineering, etc. UMC has also produced excellent results in the development of specialty technologies, including 110nm aluminum, High Voltage (HV), MEMS, and MCU processes used to manufacture display driver ICs, CMOS image sensor and power source management ICs. UMC's R&D achievements were awarded the 2010 Ministry of Economic Affairs (MOEA)'s 18th annual Industrial Technology Advancement Award in the category of Outstanding Enterprise Innovation, solidifying UMC's position as a global foundry technology leader.

UMC invested US\$1.8 billion in CAPEX in 2010 mostly for building high-end foundry capacity, including Tainan Science Park's Fab12A Phase 3 expansion, 45/40nm capacity expansion, 28nm R&D and pilot production equipment, and Singapore's Fab12i 65/55nm capacity expansion. To satisfy customer demand while ensuring stable growth and long-term ROE, the company plans to invest the same amount of CAPEX in 2011 in response to demand for advanced technology and capacity. We plan to gradually expand new fab areas to reach economies of scale; upon completion, we anticipate a further boost in company revenues and a new period of growth.

Besides our core foundry business, in 2009 UMC established an internal new business development center that makes strategic investment of UMC resources in high-growth and high-profit potential industries to inject new momentum into the company's sustainable operations. Under this new direction, we have focused on R&D, market trends, and talent recruitment within the two major fields of solar energy and LED. Our hope is that once we establish a sizable scope of operations, these new businesses can grow to become another competitive core business for UMC, increasing UMC's future returns on assets and profit capability.

UMC has continuously strived to raise corporate governance standards and fulfill its social responsibility as a corporate citizen. In efforts to strengthen corporate governance, this year we formed a salary committee responsible for auditing key executives' salaries, in concert with the current audit committee, to ensure conformance with SOX 404 internal control regulations, in order to further lower managers' ethical risks and protect shareholders' rights. In corporate social responsibility, UMC has also devoted much thought and effort. In 2008 UMC led the industry in forming a corporate social responsibility committee chaired by the CEO, who personally supervised the promotion of measures relating to corporate governance, green energy & environment, and social welfare. The results have been widely acclaimed. UMC has also been selected as a global component of the Dow Jones Sustainability Index (DJSI) for three consecutive years since 2008. The company's overall scores have increased each year, and in 2010 UMC even received perfect scores for product accountability and operational eco-efficiency. In addition, on Earth Day 2010



UMC announced its climate change policy and carbon reduction targets, demonstrating its commitment and execution through clearly defined goals and concrete action, hence receiving the second annual Taiwan Environmental Heroes award. In terms of green products, UMC has consistently implemented the QC-080000 Hazardous Substance Process Management (HSPM) system to assist customers in lowering European Union (EU) green barriers. UMC was also first to complete the world's first integrated circuit (IC) carbon footprint and water footprint verifications, becoming Taiwan's first semiconductor company to comprehensively calculate and verify its products' carbon emissions and water resource information. UMC has also completed the third environmental production declaration (EPD) verification for its IC products, announcing this as a basis for assisting customers to build a comprehensive framework encompassing information on green products and supply chains—demonstrating once again UMC's concrete efforts to fulfill its corporate social responsibility. UMC's corporate social responsibility report has also received Taiwan's Corporate Sustainability Report award for three consecutive years. UMC is also the electronics company receiving the ROC Enterprise Environmental Protection Award most often—11 times—over the award's 19-yr. history. The above honors demonstrate that UMC is among the global leaders in sustainable development and corporate social responsibility, and recognized by authoritative rating institutions.

Looking ahead, the semiconductor industry is undergoing increasingly rapid change while competition in the foundry industry becomes ever more intense. Nevertheless, UMC's management team firmly believes that with its robust R&D and manufacturing, sound financial structure, and management team experienced in handling the cyclical nature of the semiconductor industry, UMC will overcome challenges to achieve record heights again and again. To deliver operational results, the management plans to: (1) continually strengthen the spirit of customer orientation and accountability, striving to provide the best service and solutions to meet customers' needs and enable customers' success; (2) optimize sales mix through customer segmentation, capacity support and technology upgrading; (3) increase structural profit capability to pursue ROE growth; and (4) improve organizational effectiveness, boost employee morale, and emphasize teamwork and execution.

We would like to thank you for supporting UMC for so many years. Our management team shall continue to build upon UMC's strengths to improve technology and service quality and enhance returns for our customers and shareholders.

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 2010 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 earnings distribution chart. According to Article 219 of the Company Law, we hereby submit this report.

United Microelectronics Corporation
Audit Committee:

Chun-Yen Chang

Chung Laung Liu

Paul S.C. Hsu

Cheng-Li Huang

March 16, 2011



UMC 2010 Surplus Earnings Distribution Chart

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
2010 Earning Before Tax	25,400,616,935	25,400,616,935	
Minus: Income Tax Expense	1,501,711,674		
Net Profit After Tax		23,898,905,261	
Minus: Adjustment of Retained Earnings Accounted For Under The Equity Method	119,156,832		
Minus: Appropriated For Legal Reserve	2,377,974,843		
Plus: Previous Year's Unappropriated Earnings	3,350,929,872		
Earnings Available For Distribution (Cumulative)		24,752,703,458	
Items for Distribution:			
1. Cash Dividends To Shareholders	14,033,575,265		Dividend per share at approximately NT\$1.12
2. Stock Dividends To Shareholders At Par Value	0		
Total Distribution		14,033,575,265	
End of Term Unappropriated Earnings		10,719,128,193	
Note			
1. Directors' Remunerations	21,401,774		
2. Employee Cash Bonuses	2,476,610,586		Approximately 10% of earnings available for distribution
3. Employee Stock Bonuses At Par Value	0		

1. According to Article 12, Articles 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 (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 were 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. 2010) 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 must be adjusted. It is proposed to fully authorize the board of directors to adjust the dividend ratio and to proceed on the relevant matters.
4. It is proposed to distribute NT\$21,401,774 for directors' remunerations, NT\$2,476,610,586 for employee cash bonus, and NT\$0 for employee stock bonus shares.

Chairman: Stan Hung

CEO: Shih-Wei Sun

CFO: Chitung Liu



UMC 2010 Financial Statements

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