

# **United Microelectronics Corporation**

## **2015 Regular Shareholders' Meeting**

### **Meeting Agenda**

**Date: June 9, 2015**

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THIS IS A TRANSLATION OF THE AGENDA FOR THE 2015 ANNUAL GENERAL SHAREHOLDERS' MEETING ("THE AGENDA") OF UNITED MICROELECTRONICS CORPORATION ("THE COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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**United Microelectronics Corporation  
2015 Regular Shareholders' Meeting Procedure**

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**United Microelectronics Corporation**  
**2015 Regular Shareholders' Meeting Agenda**

1. Time: Tuesday, June 9, 2015 9:00 a.m.
2. Location: UMC's Fab 8S Conference Hall, No.16, Creation Rd. 1, Hsinchu Science Park
3. Attendants: All shareholders and their proxy holders
4. Chairman: Stan Hung
5. Chairman's Address
6. Status Reports
  - (1) 2014 business operations
  - (2) Audit Committee's Report on review of 2014 audited financial reports
  - (3) Progress on private placement
  - (4) The issuance of corporate bonds
7. Approval Items
  - (1) 2014 Annual Business Report and financial statements
  - (2) 2014 Surplus Earnings Distribution Chart
8. Election Item

To elect the Company's 13<sup>th</sup> term of Directors
9. Discussion Items
  - (1) To release the newly elected directors from non-competition restrictions
  - (2) To propose the issuance plan of private placement for common share, ADR/GDR or CB/ECB, including secured or unsecured corporate bonds. The amount of shares issued or convertible is proposed to be no more than 10% of registered capital
10. Extraordinary Motions
11. Adjournment

## Status Reports

- (1) 2014 business operations
  - 1) CEO Po-Wen Yen reports.
  - 2) Please refer to the 2014 Annual Business Report (Attachment 1).
  
- (2) Audit Committee's Report on review of 2014 audited financial reports  
Please refer to the Audit Committee's Report (Attachment 2) and UMC's website ([www.umc.com](http://www.umc.com)) for 2014 Audited Reports by Independent Auditors.
  
- (3) Progress on private placement
  - 1) The Company's 2014 Annual General Meeting had authorized the Board to raise capital from private placement through issuing instruments such as common shares, DRs (including but not limited to ADS), or Euro/domestic convertible bonds (including secured or unsecured corporate bonds), based on market conditions and the Company's needs. The amount of shares issued or convertible is proposed to be no more than 10% of total shares issued (i.e., no more than 1,269,208,166 shares).
  - 2) Considering market conditions, the Board of Directors resolved on March 18, 2015, to terminate the private placement offering.
  
- (4) The issuance of corporate bonds
  - 1) On April 30, 2014, The Board of Directors resolved to issue domestic unsecured corporate bonds for the amount of no more than NT\$10,000 million, for use in refinancing. The Company completed the issuance of the 1<sup>st</sup> 2014 Domestic Unsecured Corporate Bonds for the amount of NT\$5,000 million on June 18, 2014.  
The 1<sup>st</sup> 2014 Domestic Unsecured Corporate Bonds in 2014  
The total amount issued is NT\$5,000 million with seven-year bond and ten-year bond. The amount of seven-year bond is NT\$2,000 million with the interest rate of 1.70% and the amount of ten-year bond is NT\$3,000 million with the interest rate of 1.95%. Both bonds pay the interests annually based on simple interest and the principal will be paid back at maturity.

## Approval Items

(1) 2014 Annual Business Report and financial statements

- 1) The Company's 2014 Annual Business Report and financial statements had been approved by the 23<sup>rd</sup> meeting of the Board of Directors, the 12<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2014 Annual Business Report (Attachment 1) and UMC's website ([www.umc.com](http://www.umc.com)) for financial statements.
- 3) It is proposed to approve the 2014 Annual Business Report and financial statements.

Resolution:

(2) 2014 Surplus Earnings Distribution Chart

- 1) The Company's 2014 Surplus Earnings Distribution Chart had been approved by the 23<sup>rd</sup> meeting of the board of directors, the 12<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2014 Surplus Earnings Distribution Chart (Attachment3).
- 3) The dividend will be paid in cash with calculation rounded down to the nearest one NTD (any amount under one NTD will be discarded). The remaining fraction will be incorporated into Shareholders' Equity of the Company.
- 4) It is proposed to approve the 2014 Surplus Earnings Distribution Chart.

Resolution:

## **Election Item**

(1) To elect the Company's 13<sup>th</sup> term of Directors.

Explanation:

- 1) The Company will elect the 13<sup>th</sup> term of Directors during the 2015 regular shareholders' meeting. Nine directors will be considered for the Board. The term for elected Directors is three years, starting from June 9<sup>th</sup>, 2015 to June 8<sup>th</sup>, 2018.
- 2) The company will establish an R.O.C. Audit Committee pursuant to the R.O.C. Securities and Exchange Act to replace the supervisors. The R.O.C. Audit Committee is composed of all independent directors.
- 3) Please refer to Attachment 4 for personal information of Director Candidates.
- 4) Please vote.

## Discussion Items

- (1) To release the newly elected directors from non-competition restrictions
- 1) According to Article 209, Company Act, if directors' activities for personal or others' interests are related to the Company's business scope, directors shall explain the content of their activities and ask the approval from shareholders at the meeting.
  - 2) The Company's director has invested, managed or has been a director for companies of which business scope is similar to the Company's. It will be proposed to release such directors from non-competition restrictions.
  - 3) Propose to approve the Company's director, Chung Laung Liu, to act as the independent director of Macronix International Co., Ltd. and the independent director of Powerchip Semiconductor Corp., and to release Director Liu from non-competition restrictions.

Resolution:

- (2) To propose the issuance plan of private placement for common shares, ADR/GDR or CB/ECB, including secured or unsecured corporate bonds, to no more than 10% of registered capital

Explanation:

- A. To provide the flexibility to engage in a semiconductor technology cooperation or alliance with major companies, and meanwhile to supplement operating capital for future needs, the Company proposed to (i) engage with strategic investors through private placement and/or (ii) raise 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 conditions and the Company's needs. The amount of shares issued or convertible is proposed to be no more than 10% of total shares issued (i.e., no more than 1,272,520,779 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, Securities and Exchange Act are:
  - 1) The basis and rationale to determine the price of private placement:
    - (a) The common stock price per share shall be no less than the reference price. The reference price is set as the higher of the following two basis prices: (i) The average closing price from either 1, 3 or 5 days before the pricing date, minus dividends adjustment, plus price discount adjustment due to capital reduction. (ii) The average price of 30 days before the pricing date, minus



dividends adjustment, plus price discount adjustment due to capital reduction.

- (b) The issuance price of convertible bonds shall be no less than the theoretical price which is determined by a pricing model considering all options in the issuance terms.
  - (c) The pricing date, actual reference price, theoretical price, and actual issuance price (including the conversion price of corporate bonds) are proposed to authorize the Board to determine after taking into consideration the market status, objective conditions, and qualification of specific parties. The price determination above shall follow regulations from government authorities. Considering that the Securities and Exchange Act has set the restrictions on transfers of the privately placed securities for three full years, the price determination above shall be reasonable.
- 2) The method to determine specific parties: The strategic investors have the priority to be considered as specific parties for private placement if, (i) Being qualified for the rules in Item 1, Article 43-6, Securities and Exchange Act, (ii) Can meet the Company's needs on technology cooperation and alliance, (iii) Recognize the Company's operating strategy. It is proposed to authorize the Company's Board to determine the specific parties for private placement.
- 3) The necessity of private placement
- (a) The reasons for not taking a public offering: Considering the capital market status, effectiveness, feasibility and costs to raise capital, and the restrictions on transfers for three full years, it is better to maintain a long-term relationship with strategic partners by such security issuance of private placement. Therefore, the Company proposed to raise capital through private placement, rather than public offering.
  - (b) The amount of the private placement: on more than 1,272,520,779 shares
  - (c) The use of proceeds and projected benefits of private placement: The Company plans to do private placement at one time or several times (no more than 3 times) based on market conditions and specific parties. The capital raised will be fully used as working capital. The private placement will strengthen our competitiveness, upgrade operating efficiency, and reinforce financial structure, which can benefit shareholders' equity.
- C. It is proposed to authorize the 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 governmental authorities.

- D. The limitations regarding private placement are based on Article 43-8, Securities 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 the private placement plan. For matters regarding the private placement but not included above, it is proposed to authorize chairman to handle, according to related laws and regulations.

Resolution:

## **Extraordinary Motions**

## **Adjournment**

## *Attachments*

### *Attachment 1*

#### **United Microelectronics Corporation 2014 Annual Business Report**

Dear Shareholders,

In 2014, the global economy faced multiple uncertainties including high debt levels, sporadic inflation rates and unstable employment figures which led to structural issues that slowed worldwide growth. Difficult business conditions were caused by the lack of visibility in business outlook, partly contributed by the strengthening of the US dollar, Ebola virus outbreak and acts of terrorism. Although UMC was exposed to higher inventory adjustment in the IC supply chain, we overcame the tough business climate to grow our consolidated results thanks to technology developments and breakthroughs in customer engagements. For the foundry segment, shipments totaled 5.57 million wafers, representing an annual growth of 11.6% and utilization rate of 89%. For the New Business segment, UMC began to improve operational efficiencies while also integrating solar resources with the announced merger of Topcell and Motech, which will strengthen productivity and enhance investment returns. UMC's consolidated revenue increased 13% YoY to NT\$140.01 billion, with gross margin at 22.8% gross and operating margin of 7.2%. Net income attributable to shareholders of the parent was NT\$12.14 billion, with an EPS of NT\$0.97 and ROE of 5.7%.

UMC continues to provide the most comprehensive foundry solutions through advanced technology development combined with strategic capacity expansion. In 2014, our 28nm revenue increased with each quarter, reaching 7% of sales in 4Q14. Revenue contribution from 40nm and below technologies increased to 24% for the year. Since Asia's role in the semiconductor supply chain continues to grow, UMC continued to expand capacity in Taiwan as well as forming collaborative agreements with our partners in Japan and China. This diversified expansion will provide better cost structure and while mitigating geographical risks. We look forward to exploring additional opportunities to set up manufacturing sites in Asia, which will allow us to provide better customer service while minimizing geographic risks and benefiting from Asia's rapid rise in IC consumption.

During 2014, UMC invested resources to strengthen R&D and manufacturing capabilities. R&D expenses were NT\$13.7 billion, which partly helped to propel the production of 28nm

Poly-SiON and High-K metal gate technologies and fulfil IC demand in 4G LTE wireless devices, DTV, storage controllers and other logic-based applications. UMC's 28nm product pipeline continues to diversify into different market segments as new customers begin their 28nm engagements. For leading edge technologies, UMC participated in IBM's Joint Development Program for 10nm FinFET technology, which gave UMC valuable process technology know-how in understanding FinFET structures as well as bolstering efforts to help customers address low power requirements. For specialty technology applications, UMC has commenced 55nm eFlash production, with 40nm trial production scheduled to follow. Additionally, UMC also successfully applied a world-class low conductive capacitor-resistor high voltage process to develop enhanced HV technologies to maximize conversion efficiency during power down modes. In terms of 3D IC, UMC's open ecosystem 3D IC development has crossed over multiple process generations using Thru Silicon Via, successfully passing customer qualification. Our MEMS technology has enabled customers to provide world-class quality ICs for microphone products, accumulating over 100 million shipments. In addition, our ultra-low power technologies and silicon IP for Internet of Things (IoT) applications help customers enhance the competitiveness of their IoT products.

UMC has also invested towards capacity expansion on leading edge logic/mixed-mode processes as well as specialty technologies. In 2014, UMC's capital expenditure was US\$1.4 billion, which included capacity deployments in Tainan Science Park-based Fab12A P5 & P6, HeJian-based Fab8N and Singapore-based Fab12i. In addition, our technologies have helped to satisfy growing requirements in automotive and wireless segments. UMC obtained ISO 15408-EAL6 certification to help customers comply with automotive specifications using our specialty technologies. We look forward to leveraging our global manufacturing sites with various institutes to accelerate the development of new technologies for market adoption.

UMC advocates an effective corporate governance to protect the right and interests of shareholders and strengthen the power of the Board of Directors. To achieve this, we have Remuneration, Audit, and Capital Budget committees, to establish a strong structured framework in corporate governance. In 2014, UMC became the only semiconductor manufacturer in Taiwan to obtain cleaner production certification for all local manufacturing facilities. UMC also earned a top 10 ranking in CommonWealth Magazine's Corporate Citizenship list and has also been named as a Dow Jones Sustainability Index stock component for six consecutive years. These achievements have demonstrated UMC's long term efforts on corporate sustainability, which have been well recognized worldwide.

UMC's in-depth knowledge in manufacturing & R/D development, backed by a healthy financial structure and our experience in the cyclical semiconductor market, will help us

overcome future challenges and difficulties faced in the foundry industry while cultivating business growth and enhanced profitability. UMC's management team will focus on developing technologies on both logic/mixed-mode and specialty processes to help customers realize silicon success. We will also strengthen customer service & manufacturing support by shortening process lead time and maintaining quality excellence. These efforts will allow UMC to expand market share and business scale while sustaining leadership in technology know-how, in turn motivating UMC's team to maximize individual potential and create team synergies to generate operational excellence.

We would like to take this opportunity to thank our shareholders for your continuous support. UMC's management team has sound fundamentals to enhance corporate competitiveness, drive advancements in new technologies and elevate service quality to ensure customers' and shareholders' value.

Chairman: Stan Hung

CEO: Po-Wen Yen

CFO: Chitung Liu

*Attachment 2*

**Audit Committee's Report**

The board of directors has prepared and submitted to us the Company's 2014 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 Act, we hereby submit this report.

United Microelectronics Corporation  
Audit Committee:

Chun-Yen Chang

Chung Laung Liu

Paul S.C. Hsu

Cheng-Li Huang

March 18, 2015

*Attachment 3*

**UMC 2014 Surplus Earnings Distribution Chart**

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
2014 Earning before Tax	13,838,290,244	13,838,290,244	
<i>Minus:</i> Income Tax Expense	1,696,949,342		
Net Profit after Tax		12,141,340,902	
<i>Minus:</i> Appropriated for Legal Reserve	1,214,134,090		
<i>Plus:</i> Actuarial Gain (Loss) on Defined Benefit Plans	2,086,306		
<i>Plus:</i> Previous Year's Unappropriated Earnings	25,801,076,969		
<i>Minus:</i> Adjustment of Retained Earnings Accounted for Under the Equity Method	113,153,079		
Earnings Available for Distribution (Cumulative)		36,613,044,396	
Items for Distribution:			
Cash Dividends to Shareholders	6,939,321,835		Dividend per share at approximately NT\$0.55
Total Distribution		6,939,321,835	
End of Term Unappropriated Earnings		29,673,722,561	
Note			
1. Directors' Remunerations	10,811,967		
2. Employee Cash Bonuses	1,458,956,333		Approximately 13% of earnings available for distribution

1. According to Article 22, 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) Appropriating or reversing special reserve by government officials or other regulations (5) Allocation of 0.1% of residual amount after deducting the amounts stated in Item 1 through 4 above for remuneration of directors (6) The amount of no less than 5% of the residual amount after distribution of Item 1 to 4, 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 according to 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. 2014) and then the previous year's when not sufficient.
3. In the event of any change in the number of outstanding shares resulting from the purchase back of the Company common stock, transfer, conversation or cancellation of the treasury shares, or 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\$10,811,967 for directors' remunerations, NT\$1,458,956,333 for employee cash bonus, and NT\$0 for employee stock bonus shares.

Chairman: Stan Hung

CEO: Po-Wen Yen

CFO: Chitung Liu

**Attachment 4**

**Director Candidate List**

Name	Holding Shares	Education	Experience
Chun-Yen Chang	0	Ph.D. of Electronics Engineering, National Chiao Tung University	-Foreign Associate, National Academy of Engineering, U.S.A. -Academician, Academia Sinica -Principle, National Chiao Tung University
Chung Laung Liu	0	Sc. D. of Massachusetts Institute of Technology	-Academician, Academia Sinica -Honorary Chair Professor, National Tsing Hua University -Principle, National Tsing Hua University
Cheng-Li Huang	0	Ph.D. of Business School, the University of Warwick	-Professor, Department of Accounting, Tamkang University -CEO, Tamkang Accounting Education Foundation -Publisher, Journal of Contemporary Accounting - Chairperson, Department of Accounting, Tamkang University -Controller, Tamkang University
Wenyi Chu	1,752	Ph.D. of London Business School	-Professor, Department of Business Administration, National Taiwan University -Chairperson, Department of Business Administration, National Taiwan University
Ting-Yu Lin	12,547,222	Master of International Finance, Meiji University	-Chairman, Sunrox International Inc.
Stan Hung	13,541,452	Bachelor of Accounting, Tamkang University	-Chairman and Chief Strategy Officer, United Microelectronics Corporation
Hsun Chieh Investment Co.	441,371,000	N/A	N/A
Representative: Po-Wen Yen	2,508,917	Master of Chemical Engineering, National Taiwan University	-CEO, United Microelectronics Corporation
UMC Science and Culture Foundation	10,000	N/A	N/A
Representative: Jann-Hwa Shyu	375,380	Master of Chemical Engineering, National Cheng Kung University	-Senior Vice President, United Microelectronics Corporation
Silicon Integrated Systems Corp.	315,380,424	N/A	N/A
Representative: Jason S. Wang	0	Business Administration, San Jose State University	-Senior Vice President, United Microelectronics Corporation -President, UMC Group (USA) -Vice President, Trident Microsystems, Inc.



## *Appendices*

### *Appendix 1*

#### **United Microelectronics Corporation Convention Rules for Shareholders' Meetings**

1. The convention procedures in a Shareholders' Meeting should follow the Rules.
2. Attending shareholders or their representatives should wear Attendees' Passes and turn in their Attendance Cards to prove their attendance. The cards will also be used to compute stock rights.
3. The Chairman will commence the Meeting when enough shareholders are present to represent over half of the stocks issued.
4. The agenda shall be determined by the Board of Directors. The Meeting shall follow the procedures set by the agenda.
5. In order to receive consideration for any proposal not listed in the agenda or for any amendments or alternatives to such a proposal, the proposer must be endorsed by another shareholder(s). In addition, the shares held by the proposer and endorser(s) must together represent at least one percent of the total number of common stocks issued.
6. Only proposals will be discussed or voted on. The Chairman has the right to announce the end of any discussion at the appropriate time or terminate discussions if necessary.
7. The Chairman can commence voting on proposals when discussions are over or terminated.
8. Except for those that contradict the Company Act, proposals are approved if over half of the voting rights attending the Meeting consent to them. If no shareholders object after inquiries by the Chairman, proposals are also deemed approved.
9. Attending shareholders must write down their name, the number of their Attendees' Passes, and the number of shares held before making speeches. The Chairman shall decide the order of speeches by shareholders.
10. Any shareholder's speech (including those by individuals or legal entities) shall be limited to three minutes, but can be extended once by the Chairman. Any shareholder (including individuals and legal entities) cannot speak more than twice on the same issue.
11. The Chairman may stop shareholders' speeches if time is out or if the speeches are not relevant to the issues at hand. Shareholders who disturb the meeting will be asked to leave by the Chairman.
12. The Chairman may announce a recess in the middle of the Meeting if appropriate.
13. The Meeting will be stopped and dismissed in the event of an air strike alarm and will be reconvened one hour after the alarm is over.
14. Issues not covered by the Rules shall be dealt with in accordance with the rules promulgated by the Company Act and the Company's Articles of Incorporation.
15. The Rules and any future amendments must be approved by the Shareholders' Meeting.

## *Appendix 2*

**(Translation)**  
**Articles of Incorporation**  
**of**  
**United Microelectronics Corporation**

Last Updated: June 15, 2011

### **Section I      General Provisions**

Article 1      The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “United Microelectronics Corporation.”

Article 2      The scope of business of the Company shall be as follow:

1. Integrated circuits;
2. Various semiconductor parts and components, such as Hybrid Circuits, IC Cards and Circuit Modules, etc.;
3. Parts and components of microcomputers, microprocessors, peripheral support and system products, such as Contact Image Sensors (CIS) and Liquid Crystal Displays (LCD), etc.;
4. Parts and components of Semiconductor memory and its systems products;
5. Parts and components of semiconductor and its systems products used in digital signal acquisition and transmission system;
6. Parts and components of semiconductor and its systems products used in telecommunication systems;
7. Testing and packaging of integrated circuits
8. Production of mask; research and development, design, production, sales, promotion and after sale service of all above items and their application products.
9. Also engage in export/import trade business in relation to the business of the Company.

Article 2-1    The Company may act as a guarantor.

Article 2-2    When the Company becomes a shareholder of limited liability in other companies, the total amount of its investment may not be subject to the restriction of not exceeding 40% of its own paid-in capital as provided in Article 13 of the Company Act.

Article 3      The Company shall have its head-office in Hsinchu Science-based Industrial Park and, if necessary, may set up branches or business offices in and out of this country upon a resolution of its Board of Directors and approval from the competent government authority.

Article 4      Public notices of the Company shall be made in accordance with Article 28 of the Company Act.

## **Section II Shares**

- Article 5 The total capital amount of the Company shall be Two Hundred and Sixty billion New Taiwan Dollars accounting for Twenty Six billion shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. Board of Directors is authorized to issue the unissued shares in installments. The issue price per share will be determined by the Board of Directors pursuant to the ROC Company Act or relevant securities-related laws and regulations. The capital, within fifteen billion New Taiwan Dollars, is for corporate bonds with equity warrants, which is one thousand and five hundred million shares, at a par value of ten New Taiwan Dollars (NT\$10) per share. Board of Directors is authorized to issue the unissued shares in installments depending on the business needs of the Company. Moreover, the capital, within twenty billion New Taiwan Dollars, is for warrant, which is two billion shares at a par value of Ten New Taiwan Dollars (NT\$10) per share. Board of Directors is authorized to issue the unissued shares in installments depending on the business needs of the Company.
- Article 6 The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law. The Company can also deliver shares by wiring into account books based on related regulations, rather printing physical shares. When issuing other securities, the same rule applies.
- Article 7 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

## **Section III Shareholders' Meeting**

- Article 8 Shareholders' meeting shall be of two types, namely general and extraordinary shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year and the latter shall be convened in accordance with laws whenever necessary.
- Article 9 In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy printed by the Company setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for the representative to be present on his/her behalf.
- Article 10 Unless otherwise provided in the Laws, a shareholder of the Company shall have one vote for each share held by him.

Article 11 Unless otherwise provided in the Company Act, Securities and Exchange Act or other Laws, resolution shall be made at the meeting attended by shareholders holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.

#### **Section IV Directors and Committees**

Article 12 The Company shall have nine (9) to eleven (11) directors to be elected at a shareholders' meeting through nominating system from persons of legal capacity to serve a term of three years. A director or supervisor may be re-elected.

At least three (3) directors or one-fifth of all directors, whichever is higher, shall be the independent directors. The qualification, the limitations of shareholding and concurrently serving other positions, the methods of nomination and election and other related matters shall be subject to the applicable laws.

Article 13 The Company shall set forth the Audit Committee, which comprises of all the independent directors. The seats, the term, the authorities, the rules governing meetings and the resources the Company shall provide upon the committee's exercise of authority shall be governed by the charter of Audit Committee, which will be set forth separately.

Article 13-1 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 14 The Company has to purchase D&O for directors during their terms.

Article 15 The Board of Directors shall be organized by directors. The Chairman of the Board shall be elected by majority of directors present at a meeting attended by more than two thirds of directors. The directors may also elect a vice Chairman of the Board whenever they may deem necessary to carry out the Company's activities. The Chairman of the Board shall internally be the Chairman of the meeting of shareholders, Board of Directors and managing directors' meeting and externally represent the Company.

Article 16 In case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the vice Chairman of the Board of Directors, if any, shall act as the Chairman. If there is no vice Chairman of the Board or the vice Chairman of the Board is also on leave or unable to perform his duties for cause, the Chairman of the Board shall designate a director to act as the chairman. If no such designation, the directors shall elect one from among themselves.

Article 16-1 In case a board member is unable to attend the Board of Directors' meeting, he/she may issue proxy setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for another board member to present

on his/her behalf. The representative shall serve as the proxy for one director only.

Other than demanded by ROC Company Act, Securities and Exchange Act or other Laws, the resolution of the board of directors shall be adopted by a majority of the directors present at the meeting attended by more than half of the directors.

Article 17 Remunerations for all directors shall be decided by the Board of Directors authorized by a meeting of shareholders according to involvements and contributions to the Companies' operation and at the normal rate adopted by other firms of the same industry.

Article 18 The Board of Directors shall have the following functions and responsibilities:

1. Examination and review of operational policy and medium and long-term development plans.
2. Review of and supervision over execution of annual business plans.
3. Approval of budget and examination of the final settlement of account.
4. Examination of capital increase/decrease plans.
5. Examination of earnings distribution or loss making up programs.
6. Examination and approval of important contracts.
7. Examination of Articles of Incorporation or amendments thereof.
8. Approval of organizational by-laws and important business rules.
9. Decision in establishment, reorganization or removal of branch offices.
10. Approval of major capital expenditure plans.
11. Appointment and discharge of managers.
12. Execution of resolutions adopted at shareholders' meeting.
13. Examination of matters proposed by general manager for decision.
14. Convocation of shareholders' meeting and making business reports.
15. Other matters to be handled in accordance with the laws.

Article 19 Except for the authority provided under Paragraph 4, Article 14-4 of the Securities and Exchange Act, the authorities granted to each of the supervisor under the Company Act, the Securities and Exchange Act and other laws shall be granted to and exercised by the Audit Committee. Provisions of Paragraph 4, Article 14-4 of the Securities and Exchange Act which are relating to the supervisor's activities and capacity of being the representative of a company provided under the Company Act shall apply mutatis mutandis to each independent director, a member of the Audit Committee.

## **Section V Managers**

Article 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 Act as well as related regulations. 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.

## **Section VI      Accounting**

Article 21      The Board of Directors shall prepare at the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Proposal of Distribution of Earnings or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 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.
4. Appropriating or reversing special reserve by government officials or other regulations
5. Allocation of 0.1% of residual amount after deducting the amounts stated in Item 1 through 4 above for remuneration of directors
6. The amount of no less than 5% of the residual amount after distribution of Item 1 to 4, plus undistributed earnings from previous years, shall be distributed as bonus to employees in the form of cash or new shares. The employees to receive stock bonus may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of directors.
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.

Because the company is still in its growth stage, the dividend policy of the Company shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment and capital budget of the Company current or future, as well as shareholders interest, balance of dividend and long term financial plan of the Company. The Board of Directors shall propose the distribution plan and submit to the shareholders’ meeting every year. The distribution of shareholders dividend shall be allocated as cash dividend in the range of 20% to 100%, and stock dividend in the range of 0% to 80%.

## **Section VII      Additional Rules**

Article 23      The organization by-law of the Company shall be provided otherwise.

Article 24      In regard to all matters not provided for in these Articles of Incorporation, the Company Act, Securities and Exchange Act or other Laws shall govern.

Article 25      These Article of Incorporation were enacted on Feb. 21, 1980 and amended on Feb. 21, 1981 for the first time, on May 16, 1981 for the second time, on Aug. 8, 1981 for the third time, on Oct. 20, 1981 for the fourth time, on Jan. 15, 1982 for the fifth time, on Apr. 28, 1983 for the sixth time, on Mar. 19, 1984 for the seventh time, on Aug. 7, 1984 for the eighth time, on Apr. 30, 1985 for the ninth time, on Apr. 26, 1986 for the tenth time, on May 23,

1987 for the eleventh time, on Mar. 5, 1988 for the twelfth time, on March 25, 1989 for the thirteenth time, on June 6, 1989 for the fourteenth time, on Apr. 14, 1990 for the fifteenth time, on Jun. 29, 1991 for the sixteenth time, on May 7, 1992 for the seventeenth time, on Apr. 22, 1994 for the eighteenth time, on May 4, 1995 for the nineteenth time, on Jun. 21, 1995 for the twentieth time, on Apr. 11, 1996 for the twenty-first time, on Jun. 24, 1997 for the twenty-second time, on May 5, 1998 for the twenty-third time, on May 13, 1999 for twenty-fourth time, on Jul. 30, 1999 for twenty-fifth time, on Apr. 7, 2000 for twenty-sixth time, on May 30, 2001 for the twenty-seventh time, on June 3, 2002 for the twenty-eighth time, on June 9, 2003 for the twenty-ninth time, on June 1, 2004 for the thirtieth time, on June 13, 2005 for the thirty-first time, on June 12, 2006 for the thirty-second time, on June 11, 2007 for the thirty-third time, and on June 13, 2008 for the thirty-fourth time,, and on June 15, 2011 for the thirty-fifth time.

*Appendix 3*

**Impact of Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment**

Not Applicable.



*Appendix 4*

**UMC Directors Shareholdings & Minimum Shareholdings Required**

1. UMC Directors Shareholdings and Legal Minimum Shareholdings are as follows:

Common shares issued	12,751,440,915 shares
Legal holding of all directors in number of shares	160,000,000 shares

2. As of April 11, 2015, all board members' shareholdings are as follows:

Position	Name	Number of shares	Shareholding
Chairman	Stan Hung	14,261,452	0.11%
Director	Po-Wen Yen (Representative of Hsun Chieh Investment Co.)	441,371,000	3.46%
Director	Jann-Hwa Shyu (Representative of Silicon Integrated Systems Corp.)	315,380,424	2.47%
Director	Wen-Yang Chen (Representative of UMC Science and Culture Foundation)	10,000	0.00%
Director	Ting-Yu Lin	12,547,222	0.10%
Independent Director	Chun-Yen Chang	0	0.00%
Independent Director	Chung Laung Liu	0	0.00%
Independent Director	Paul S.C. Hsu	0	0.00%
Independent Director	Cheng-Li Huang	0	0.00%

Note:

1. As of April 11, 2015, the total shareholdings of all directors are 783,570,098 shares.
2. Independent directors' shareholdings are excluded from total shareholding calculations.
3. The Company has set up an Audit Committee, so the requirement on minimum shareholdings of supervisors is not applicable.