



# United Microelectronics Corporation

## 2016 Regular Shareholders' Meeting

### Meeting Agenda

Date: June 7, 2016

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**United Microelectronics Corporation  
2016 Regular Shareholders' Meeting Procedure**

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**United Microelectronics Corporation  
2016 Regular Shareholders' Meeting Agenda**

1. Time: Tuesday, June 7, 2016 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. Discussion Item ( I )
  - (1) To amend the Company's Articles of Incorporation
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  - (1) 2015 business operations
  - (2) Audit Committee's report of 2015 audited financial reports
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  - (1) The Company's 2015 business report and financial statements
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9. Discussion Item (II)
  - (1) To propose the issuance plan of private placement for common shares, 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

## Discussion Item ( I )

### (1) To amend the Company's Articles of Incorporation

1. Compliance under amendments of Company Act, Article 235, Article 235-1 and Article 240, and in accordance to Ministry of Economic Affairs Ref#10402413890 and Ref#10402427800
2. The table below compares the Original Articles and Amended Articles:

Article No.	Original Article (or portion thereof)	Amended Article (or portion thereof)	Note
21-1	(newly added Article)	<p><u>The Company shall allocate no less than 5% of profit as employees' compensation and no more than 0.1% of profit as directors' compensation for each profitable fiscal year. However, the Company's accumulated losses shall be reserved.</u></p> <p><u>The employees' compensation under the preceding paragraph will be entitled to receive shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements finalized by the board of directors may be granted such compensation. Directors may only receive compensation in cash.</u></p> <p><u>The Company may, by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, distribute employees' and director's compensation in the preceding two paragraphs and report to the shareholders' meeting for such distribution.</u></p>	The newly added Article requiring the distribution of employees' compensation and directors' compensation to comply with the amendments of the Company Act.
22	<p>After making the final settlement of account, the Company shall allocate the net profit ("earnings"), if any, according to the following sequence:</p> <ol style="list-style-type: none"> <li>1. Payment of taxes.</li> <li>2. Making up loss for preceding years.</li> <li>3. Setting aside 10% for legal reserve.</li> <li>4. Appropriating or reversing special reserve by government officials or other regulations</li> <li>5. <u>Allocation of 0.1% of residual amount after deducting the amounts stated in Items 1 through 4 above for remuneration of directors.</u></li> <li>6. <u>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 may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of</u></li> </ol>	<p>After making the final settlement of account, the Company shall allocate the net profit ("earnings"), if any, according to the following sequence:</p> <ol style="list-style-type: none"> <li>1. Payment of taxes.</li> <li>2. Making up loss for preceding years.</li> <li>3. Setting aside 10% for legal reserve, <u>except for when accumulated legal reserve has reached the Company's paid-in capital.</u></li> <li>4. Appropriating or reversing special reserve by government officials or other regulations.</li> <li>5. <u>The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the board of directors, under the dividend policy in Paragraph two of this Article and submitted to the shareholders' meeting for approval.</u></li> </ol> <p><u>Because the company is a capital intensive industry and continues to</u></p>	Employees' compensation and directors' remuneration to comply with the amendments of the Company Act and be consolidated into Article No. 21-1.

	<p><u>directors.</u></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> <p>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%.</p>	<p><u>operate in its growth phase,</u> 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%.</p>	
25	<p><u>...on June 15, 2011 for the thirty-fifth time.</u></p>	<p><u>...on June 15, 2011 for the thirty-fifth time and on June 7, 2016 for the thirty-sixth time.</u></p>	Added date of revision of Articles of Incorporation

Resolution:

## Status Reports

### (1) 2015 business operations

- 1) CEO Po-Wen Yen reports.
- 2) Please refer to the 2015 Annual Business Report (Attachment 1).

### (2) Audit Committee's report of 2015 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 2015 Audited Reports by Independent Auditors.

### (3) 2015 distributable compensation for employees and directors

1. In accordance with the Ministry of Economic Affairs– Ref#10402413890 and Ref#10402427800.
2. Per the Company's Articles of Incorporation article 21-1,"The Company shall allocate no less than 5% of profit as employees' compensation and no more than 0.1% of profit as directors' compensation for each profitable fiscal year."
3. Company to distribute NT\$1,131,179,803 as employee cash compensation and NT\$12,085,902 as directors' compensation.

(4) The status of Private Placement

- 1) The Company's 2015 Annual General Meeting (AGM) has 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 1,272,520,779 shares).
- 2) Considering market conditions, the Board of Directors resolved on March 16, 2016, to terminate the private placement offering.

(5) The issuance of Corporate Bonds

On May 18, 2015, the Company issued Currency Linked Zero Coupon Convertible Bonds for the amount of US\$600 million. The proceeds were used in capital expenditure for Fab 12A.

(6) The status of the 16th share repurchase program

Explanation:

Instance	16 <sup>th</sup> Round
Date of Board Resolution	2015.7.29
Purpose	To transfer to employees
Buyback period	2015.7.30~2015.9.29
Price range (NT\$)	7.55~18.80
Projected shares to buyback	200,000,000 Common shares
Classification and volume (Shares)	200,000,000 Common shares
Amount (NT\$)	2,203,442,499
Cancellation and transfer volume (Shares)	0
Cumulative holding (Shares)	333,814,200
Cumulated holding as a percentage of total issued shares	2.62%
Reasons for not fully execute the buyback amount	N/A

Please refer to attachment 3 for "Transfer Repurchased Shares to Employees Phase XVI Procedure".

## Approval Items

(1) The Company's 2015 business report and financial statements

- 1) The Company's 2015 Annual Business Report and financial statements have been approved by the 5<sup>th</sup> meeting of the Board of Directors, 13<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2015 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 2015 Annual Business Report and financial statements.

Resolution:

(2) The Company's 2015 surplus earnings distribution

- 1) The Company's 2015 Surplus Earnings Distribution Chart was approved by the 5<sup>th</sup> meeting of the board of directors, the 13<sup>th</sup> term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2015 Surplus Earnings Distribution Chart (Attachment 4).
- 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 Equity of the Company.
- 4) In the event of any change in the number of outstanding shares resulting from the buyback of the Company's common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion of convertible bonds, 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.
- 5) It is proposed to approve the 2015 Surplus Earnings Distribution Chart.

Resolution:

## **Discussion Items ( II )**

- (1) To propose the issuance plan of private placement for common shares, ADR/GDR or CB/ECB, including Secured or Unsecured Corporate Bonds. The amount of shares issued or convertible is proposed to be 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 1,275,813,291 shares), and it is proposed to authorize the Company's Board to determine the amount of actual shares issued based on status of capital



markets.

B. The instructions from item 6, Article 43-6, Security and Exchange Act are:

- 1) The rationality 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: 1) 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. 2) 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 Security and Exchange Act has set a no-trading period of 3 years on private placement securities, 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, Security 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 no-trading period of 3 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: less than 1,275,813,291 shares
  - (c) The capital usage plan 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 government authorities.
- D. The limitations regarding 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 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 2015 Annual Business Report**

Dear Shareholders,

In 2015, the global economy faced sluggish growth due to high debt levels, stagnant inflation, and unhealthy unemployment figures. Although oil prices have declined and have been less volatile, China's economic slowdown and inconsistent approaches towards the interest rate policies among major economic powers have dampened overall consumer confidence, which negatively influenced IC inventory levels during the second half of 2015 and impacted UMC's revenue growth. However, due to continuous technological breakthroughs, productivity enhancements, and customer collaboration efforts bearing fruit, UMC's 2015 full year revenue still maintained steady growth. UMC's total foundry wafer shipments grew 5.2% over 2014, reaching 5.86 million 8-inch equivalents at 89.8% capacity utilization. Within our New Business segment, we continued to drive operational efficiencies and completed Topcell's merger into Motech. UMC's consolidated revenue increased to NT \$144.83 billion, with gross margin at 21.9% and operating margin of 7.5%. Net income attributable to shareholders of the parent was NT \$13.45 billion, with an EPS of NT\$1.08 and ROE of 6.0%.

### **Technology and Capacity Commitment**

UMC continues to deliver the most comprehensive foundry solutions, with commitment to advanced technology R&D and capacity expansion. 28nm accounted for 10.3% of 2015 revenue, raising 40nm and below technology contribution to 34.0% for the year. In addition to 300mm capacity expansion in Taiwan, we are also building a new 300mm fab in Xiamen, China to help satisfy customers' future wafer demands. This fab is scheduled to enter production by the end of 2016 on 40nm and 55nm process technologies. UMC will further explore future expansion sites in Asia, which offers convenient time zone advantages and geographical risk mitigation, while directly benefitting from rising chip demand in the Asia Pacific region.

In 2015, UMC invested NT\$12.18 billion on R&D and manufacturing capabilities. Our 28nm production solutions delivered world-class performance in speed and power-saving, elevating the competitive of our 28nm customers. In 14nm process technology, UMC continues to enhance internal R&D FinFET technology, with active ongoing collaboration with a lead



customer to complete the development of 14nm high performance FinFET devices. Breakthrough yields have already been achieved for 14nm SRAM. To expand our specialty technology applications, we have begun qualifying our 40nm embedded flash memory technology, with 28nm embedded flash in development with customers. We have also reduced the chip area for 55nm high voltage technology and incorporated higher density SRAM to serve the high-end liquid crystal display market. In terms of 3D IC, UMC's TSV production provides customers superior performance for graphic card applications. For micro-electro-mechanical (MEMS) technology, UMC's customized MEMS microphone element now competes with world-class ICs, with over 200 million units shipped to date. We are also partnering with technology institutes, equipment suppliers and material vendors for joint development on a number of next generation technologies. Improvements in ultra-low energy technologies and silicon IP solutions will help create new possibilities for the internet-of-things (IoT), provide new direction in process development, and enable unique IC applications with distinctive features.

Besides R&D investment, UMC has continued capacity expansion for advanced and specialty technologies. In 2015, capital expenditures reached US\$1.9 billion, which focused on increasing Tainan's Fab 12A phase 5 capacity. We also allocated CAPEX for Suzhou Fab 8N and Singapore Fab 12i capacity expansion and the construction of Fab 12X in Xiamen. At the same time, UMC became Taiwan's first foundry to earn ISO 15408-EAL6 certification for rigorous security protection during the manufacturing process, with Singapore Fab 12i also being certified in 2015. This qualification will help our customers applying for certification of their security products to save costly time and resources. UMC has also qualified ICs used in automotive application for numerous customers and products, which has resulted in substantial annual revenue growth from this sector. These unique advantages in technology and manufacturing know-how enable customers to accelerate their product development and time-to-market.

### **Corporate Governance Leadership**

UMC is active in corporate governance and corporate social responsibility, effectively preserving shareholder rights and interests while creating a better environment for our future. With the establishment of "Remuneration Committee", "Audit Committee" and "Capital Budget Committee", UMC aims to strengthen its corporate governance to ensure structured supervisory oversight that is monitored by the Board of Directors and management team. In 2015, UMC earned its thirteenth consecutive "ROC Corporate Environmental Award" and eighth consecutive "Corporate Sustainability Report Award". UMC was ranked second in the 2015 Channel NewsAsia Sustainability Top 100 ranking and top among all Taiwan companies. We were listed as a Climate Disclosure Leadership Index (CDLI) component by



Carbon Disclosure Project (CDP), earning the highest Carbon Disclosure Score among Taiwan semiconductor companies for the third consecutive year and the highest ranking for Carbon Performance Bond among all Taiwanese enterprises. UMC was also selected by the Dow Jones Sustainability Index (DJSI) as a global component for the eighth consecutive year and listed for both the DJSI-World and DJSI-Emerging Markets indexes, confirming UMC's international recognition in sustainability performance.

UMC's expertise in R&D and manufacturing, supported by a healthy financial structure and decades of IC industry experience, will help us weather any competitive challenges faced in the foundry landscape. Looking ahead, UMC's management team will implement four key strategies: 1) Focus on the completion of differentiated advanced manufacturing processes and special technology development; 2) Continue to strengthen manufacturing capabilities to shorten lead times and enhance productivity; 3) Expand sales and marketing to further diversify our customer pool, and 4) Maximize employee potential and synergies to strive for operational excellence.

We would like to take this opportunity to thank our shareholders for the continuous support and belief in UMC. UMC's management team will continue to elevate our overall competitiveness in process technology and foundry services for the best interests of our customers, so that we may provide maximum value to our shareholders.

Chairman: Stan Hung

CEO: Po-Wen Yen

CFO: Chitung Liu

*Attachment 2*

**Audit Committee's Review Report**

The Board of Directors has prepared and submitted to us the Company's 2015 Business Report, Financial Statements, and proposal for surplus earnings distribution. Financial Statements were audited by Ernst & Young and issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for surplus earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

United Microelectronics Corporation

Chairperson of the Audit Committee: Chun-Yen Chang

March 16, 2016

### ***Attachment 3***

## **Transfer of Repurchased Shares to Employees, Phase XVI Procedure**

- Article One: To motivate employees and in accordance with R.O.C. Securities and Exchange Law article 28-2-1-1 and regulation of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”, the Company establishes the “Transfer repurchase shares to employee phase XVI procedure”. The repurchased shares will be transferred to employees according to related laws and this procedure.
- Article Two: The shares to be transferred are the shares that were repurchased under the resolution of the 2<sup>nd</sup> meeting, 13<sup>th</sup> term of Board of Directors and Supervisors of repurchasing up to 200,000,000 shares. The rights and obligations of the shares, unless regulated by this procedure or related laws, are the same as other common shares outstanding.
- Article Three: According to this procedure, the chairman is authorized to transfer this phase’s repurchased shares to employees one time or various times in three years’ time starting from the date of repurchase period.
- Article Four: For employees who have joined the Company or the Company’s subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) one year and above from the date of subscription record date or those who have special contribution to the Company and being approved by Chairman, are entitled to subscribe the amount specified in article five of this procedure.
- Article Five: To set the standard for share subscription according to employee’s rank, years of service, and special contribution to the Company, and will submit the standard to the board for approval.
- Article Six: The transfer procedure of this phase’s share repurchase program: According to the board resolution, make announcement and execute company share repurchase during the repurchase period. The Chairman is authorized under this procedure to establish and announce the subscription record date, the standard for subscription amount, the payment period, and the rights contents and restrictions etc. Calculate the actual share amount with payment and transfer the shares accordingly.
- Article Seven: The transfer price will be determined by the average price of shares purchased and the cost of capital could be included. If the Company’s number of common shares increase, then the transfer price will be adjusted accordingly. The cost of capital is defined Bank of Taiwan 1-yr bulk time deposit floating interest rate.
- Article Eight: After the repurchased shares are being transferred and registered under employees’ names, unless otherwise specified, the rights and obligations of the shares are the same as the other common shares.
- Article Nine: This procedure will go into effect after approval at a Meeting of the Board of Directors. This shall apply to any amendments.
- Article Ten: This procedure should be reported in the Shareholder’s meeting. This shall apply to any amendments.



*Attachment 4*

**UMC 2015 Surplus Earnings Distribution Chart**

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
2015 Earning before Tax	13,946,217,367	13,946,217,367	
<i>Minus:</i> Income Tax Expense	497,593,125		
Net Profit after Tax		13,448,624,242	
<i>Minus:</i> Appropriated for Legal Reserve	1,344,862,424		
<i>Minus:</i> Actuarial Gain (Loss) on Defined Benefit Plans	35,220,695		
<i>Plus:</i> Previous Year's Unappropriated Earnings	29,673,722,561		
<i>Minus:</i> Adjustment of Retained Earnings Accounted for Under the Equity Method	105,462,131		
Earnings Available for Distribution (Cumulative)		41,636,801,553	
Items for Distribution:			
Cash Dividends to Shareholders	6,906,973,103		Dividend per share at approximately NT\$0.55
Total Distribution		6,906,973,103	
End of Term Unappropriated Earnings		34,729,828,450	

Note: 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. 2015) and then the previous year's when not sufficient.

*Chairman: Stan Hung*

*CEO: Po-Wen Yen*

*CFO: Chitung Liu*





## *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 Law, 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 Law 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 Law 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 Law.

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 Law.

## **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 Law 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 Law, 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 Law, 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 Law 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 Items 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 Law, 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 is as follows:

Common shares issued	12,758, 132,915 shares
Legal holding of all directors in number of shares	160,000,000 shares

2. As of April 9, 2016, all board members' shareholdings are as follows:

Position	Name	Number of shares	Shareholding %
Chairman	Stan Hung	16,341,452	0.13%
Director	Po-Wen Yen (Representative of Hsun Chieh Investment Co.)	441,371,000	3.46%
Director	Jason S. Wang(Representative of Silicon Integrated Systems Corp.)	315,380,424	2.47%
Director	Shan-Chieh Chien (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	Cheng-Li Huang	0	0.00%
Independent Director	Wenyi Chu	0	0.00%

Note:

1. As of April 9, 2016, the total shareholdings of all directors are 785,650,098 shares.
2. Independent directors' holdings are excluded from total shareholding calculations.
3. The Company has set up an Audit Committee, so limitations on supervisors' holdings are not applicable.