

United Microelectronics Corporation

2018 Annual General Meeting

Meeting Minutes

Date: June 12, 2018

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**United Microelectronics Corporation
2018 Annual General Meeting Minutes**

Time: Tuesday, June 12, 2018 9:00 am

Location: UMC's Fab 8S Conference Hall, No.16, Creation Rd. 1, Hsinchu Science Park

Attendants: All shareholders and their proxy holders, representing 10,497,899,199 shares (among them, 7,225,983,982 shares voted via electronic transmission), or 86.39% of the total 12,150,567,978 outstanding shares

Board Members Present: SC Chien, Jason Wang, Cheng-Li Huang, Wenyi Chu, Ting-Yu Lin, and Chitung Liu

Chairperson: Stan Hung, Chairman

Minute Recorder: Philip Lien

I. Chairman announced commencement.

II. Chairman's Address (omitted)

III. Status Reports

- (1) 2017 business operations
Acknowledged
- (2) Audit Committee's report of 2017 audited financial reports
Acknowledged
- (3) 2017 distributable compensation for employees and directors
Acknowledged
- (4) The status of private placement
Acknowledged
- (5) The issuance of corporate bonds
Acknowledged
- (6) The status of rectification plans of Subsidiary Nexpower Technology Corp.'s endorsement/guarantee amount exceeding the limit to SocialNex Italia 1 s.r.l.
Acknowledged
- (7) The status of the 18th share repurchase program
Acknowledged

IV. Approval Items

- (1) The Company's 2017 business report and financial statements
 - 1) The Company's 2017 Annual Business Report and financial statements have been approved by the 18th meeting of the Board of Directors, 13th term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
 - 2) Please refer to the 2017 Annual Business Report (Attachment 1) and UMC's

website (www.umc.com) for financial statements.

Summary of Shareholders' Statements:

Shareholder (No. 223) made statements about operation and finance of the subsidiary United Semiconductor (XIAMEN) Co., Ltd.

CFO designated by the Chairman responded to the above statements.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 10,497,899,199 shares were represented at the time of voting (including 7,225,983,982 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 9,669,641,442 votes (including 6,441,461,346 shares voted via electronic transmission)	92.11%
Votes against : 3,273,737 votes (including 3,273,737 shares voted via electronic transmission)	0.03%
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 824,984,020 votes (including 781,248,899 shares voted via electronic transmission)	7.86%

(2) The Company's 2017 earnings distribution

- 1) The Company's 2017 Earnings Distribution Chart was approved by the 18th meeting of the board of directors, the 13th term, and reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to the 2017 Earnings Distribution Chart (Attachment 3).
- 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.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 10,497,899,199 shares were represented at the time of voting (including 7,225,983,982 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 9,739,914,857 votes	92.78%

(including 6,512,335,761 shares voted via electronic transmission)	
Votes against : 2,209,316 votes (including 2,209,316 shares voted via electronic transmission)	0.02%
Votes invalid : 600,000 votes (including 0 share voted via electronic transmission)	0.01%
Votes abstained: 755,175,026 votes (including 711,438,905 shares voted via electronic transmission)	7.19%

V. Election Item

- (1) To elect the Company’s 14th term of Directors
- 1) The Company will elect the 14th term of Directors during the 2018 annual general meeting. Nine directors will be considered for the Board. The term for elected Directors is three years, starting from June 12th, 2018 to June 11th, 2021.
 - 2) The Company will establish 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) The Company continued to nominate Cheng-Li Huang as independent director candidate for the fourth term for the following reason:
 Taking into consideration the characteristics of the semiconductor industry and the Company's needs and enabling independent directors to follow the system to perform their duties, since 2015 the Company has established a practice of setting the maximum limit of an independent director to four terms to enable him/her to fully participate in company operations, fully contribute his/her experience, and maintain his/her independence during his/her tenure.
 Dr. Cheng-Li Huang, with expertise in finance and accounting and experiences in corporate governance, will contribute the Company’s business and The Board’s operation. He will maintain his independence to perform the duties of director and supervise the business management of the Company; therefore, Dr. Cheng-Li Huang has been nominated as an independent director of the Company.

Elections Results: Please refer to Attachment 4 for the list of Directors elected based on Article 12 of Articles of Incorporation.

VI. Discussion Items

- (1) To amend the Company’s Articles of Incorporation
- 1) According to HSPB Investment Division certificate No.1060018575 that was executed on July 11, 2017 and HSPB Business Division certificate No.1060019288 that was executed on July 17, 2017.
 - 2) In accommodation of the Ministry of Economic Affairs Business Department’s promotion of business category fully coded, we applied to code our original

registered business category, and we amended Article 2 to add business category codes.

- 3) In accommodation of the establishment of the Nomination Committee, we add Article 13-2.
- 4) Please refer to Attachment 5 for the Table Comparing the Original and the Amended Articles.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 10,497,899,199 shares were represented at the time of voting (including 7,225,983,982 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 9,737,425,559 votes (including 6,509,995,463 shares voted via electronic transmission)	92.76%
Votes against : 4,315,971 votes (including 3,715,971 shares voted via electronic transmission)	0.04%
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 756,157,669 votes (including 712,272,548 shares voted via electronic transmission)	7.20%

(2) 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 1,262,431,871 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 1,262,431,871 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: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 10,497,899,199 shares were represented at the time of voting (including 7,225,983,982 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 8,504,213,954 votes (including 5,276,180,858 shares voted via electronic transmission)	81.01 %
Votes against : 1,155,518,472 votes (including 1,155,516,472 shares voted via electronic transmission)	11.01 %
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00 %
Votes abstained: 838,166,773 votes (including 794,286,652 shares voted via electronic transmission)	7.98 %

- (3) 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) Newly elected directors' competitive activities are listed below:

Title	Name	Position of other companies
Director	Chung-Laung Liu	Director of Macronix International Co., Ltd. Independent director of Powerchip Semiconductor Corp.
Director	SC Chien	Director of United Semiconductor (XIAMEN) Co., Ltd. Director of Wavetek Microelectronics Corporation
Director	Jason Wang	Director of Wavetek Microelectronics Corporation

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 10,497,899,199 shares were represented at the time of voting (including 7,225,983,982 shares voted via electronic transmission)

Voting Results	% of the total representation at the time of voting
Votes in favor : 9,085,371,412 votes (including 5,857,654,519 shares voted via electronic transmission)	86.54%
Votes against : 539,526,855 votes (including 539,524,855 shares voted via electronic transmission)	5.14%
Votes invalid : 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 873,000,932 votes (including 828,804,608 shares voted via electronic transmission)	8.32%

VII. Extraordinary Motions: None

VIII. Adjournment: Meeting ended at 09:55 am

Attachments

Attachment 1

United Microelectronics Corporation 2017 Annual Business Report

Dear Shareholders,

In 2017, the global economy continued to recover. However, high debt and low inflation environment within major economies remains unresolved. The US president also launched a tariff war that may lead to protectionism, further exacerbated by the uncertainty of the geopolitical black swan event. As a result, business climate and investor confidence were disrupted. Nevertheless, the global semiconductor industry has grown, while the speed of large-scale mergers and acquisitions slowed down as the trend of semiconductor consumption appears to be on an upward trajectory.

UMC's revenue has reached a full-year record high due to continued breakthroughs in technology, production capacity and customer development. In the foundry segment, annual shipments amounted to approximately 6.83 million 8-inch equivalent wafers, growing 10.8% year on year, while capacity utilization rate hit 94.4%, showing an increase of 5.8 percentage point year-on-year. In 2017, UMC's annual revenue was NT\$149.285 billion, gross profit margin was 18.1%, operating margin was 4.4%, and full-year net income reached NT\$9,629 million, leading to an earnings per share of NT\$0.79. UMC is committed to providing its customers with complete wafer manufacturing solutions, working closely with partners throughout the supply chain while continuing technology development and capacity expansion. In February 2017, 14nm entered mass production, and the technology node is now running at full utilization. For the year, 40nm and below technologies accounted for 45.4% of our wafer business. UMC's strategic Fab 12X plant in Xiamen, China, demonstrated excellent product yields and is the first Chinese production fab that offers both 28nm Poly/SiON and HK/MG volume manufacturing. UMC's 12-inch wafer production capabilities and process technologies are strategically located across Taiwan, Singapore and China, as the same time zone will help integrate customer requirements, business fulfillment, and process technology integration, aiming to increase our exposure in the Chinese IC supply chain and enhance our competitive edge.

In 2017, UMC's research and development expenditures amounted to NT\$13.67 billion, and along with the expansion of the Tainan Science Park facilities, we continued to recruit and

cultivate R&D talent. UMC's internally-developed 14nm FinFET technology has reached advanced volume production. At 28nm, UMC has successfully developed its 28HPCU+ process. Its low power consumption is in line with industry standards and has entered pilot production.

UMC also maximized the value of its 28nm process and worked with customers to develop a 22nm ultra-low-power/ultra-low leakage process technology that is more competitive in terms of chip performance and cost structure. In specialty technologies, UMC delivered an industry leading 40nm high-voltage technology solution which has entered volume production to fulfill demand in liquid crystal displays as well as organic light-emitting display markets. UMC's 40nm Silicon Storage Technology (SST) embedded non-volatile memory process platform offers low power consumption, high reliability and durability with excellent data retention characteristics that satisfies automotive, industrial and consumer applications. In addition, UMC has also collaborated with leading manufacturers, advanced equipment suppliers, universities and research institutes around the world to develop a number of process-critical technologies. Combining ultra-low energy-consumption technology with IP solution, we can provide customers with all-round competitive advantages in the layout, application and development of Internet of Things (IoT) related chips.

In 2017, UMC's capital expenditure was approximately US\$1.4 billion, which was mainly invested in advanced technology, R&D, equipment and expansion activities in Tainan Fab 12A, China's Xiamen Fab 12X and across our 8-inch facilities. UMC is also working with strategic partners to develop memory technologies. During the year, UMC became the first automotive foundry supplier with ISO 22301 certification, highlighting our business continuity management, which combined with UMC's comprehensive "Auto Service Project," introduced zero defects into the manufacturing process to help customers meet the quality standard of zero defects. Growing chip demand in the automotive electronics sector has increased our exposure to globally renowned automakers in Japan, Europe, and Asia.

UMC has long been concerned about the performance of corporate governance and corporate social responsibility. In strengthening corporate governance, the board of directors has set up a "remuneration committee," an "audit committee" and a "capital budget committee" dedicated to supervising and overseeing the management of our operations. The evaluation by the board of directors and the newly established "Nomination Committee" will further promote the transparency of corporate governance and operations to ensure the best interests of our shareholders. In terms of fulfilling corporate social responsibility, UMC became the first company to receive the "National Sustainable Development Award" for the third

consecutive year, and UMC also received the “Enterprise Environmental Award” and “Corporate Perpetual Report Award.” Recognized through the “Green Procurement Award” and “Excellent Safety and Health Unit Awards,” UMC has also been listed on the Dow Jones Sustainability Indexes (DJSI-World) for 10 consecutive years. We lead the industry in the International Carbon Disclosure Project (CDP), and were rated as leaders for multiple other projects. In addition, UMC's second “Green Award” received a positive response from environmental groups, media, suppliers and customers. Our active participation in corporate social responsibility will help foster a more environmentally friendly environment, to allow sustained development for future enterprises.

UMC has excellent R&D and manufacturing capabilities, a sound financial structure, and many years of experience in the semiconductor industry. We are confident that we will be able to overcome the competitive challenges of the foundry industry and continue to grow our revenue and profitability. Looking ahead, UMC’s operating team will focus on (1) paying high attention to customers and striving to promote customer success; (2) sustained excellence in operations, motivating employees, developing technologies, comprehensively improving quality and productivity; (3) clarifying investment strategies, and focusing on marketing and market share enhancement; (4) Commitment to improving shareholder rights and enhancing organizational effectiveness.

We would like to express our gratitude to all shareholders for their support and love for UMC over the years. The management team will continue to strengthen UMC's advantages and improve technology, quality and customer service to enhance the interests of all shareholders, while optimizing the operating performance of the company to reach new heights.

Chairman: Stan Hung

Presidents: SC Chien & Jason Wang

CFO: Chitung Liu

Attachment 2**Audit Committee's Review Report**

The Board of Directors has prepared and submitted to us the Company's 2017 Business Report, Financial Statements, and proposal for earnings distribution. Financial Statements were audited by Ernst & Young and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for 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: Chung-Laung Liu

March 7, 2018

Attachment 3
UMC 2017 Earnings Distribution Chart

Unit: NT\$

Item	Amount		Note
	Subtotal	Total	
2016 Earning before Tax	10,424,770,677	10,424,770,677	
<i>Minus:</i> Income Tax Expense	796,036,560		
Net Profit after Tax		9,628,734,117	
<i>Minus:</i> Appropriated for Legal Reserve	962,873,412		
<i>Minus:</i> Actuarial Gain (Loss) on Defined Benefit Plans	151,653,302		
<i>Plus:</i> Previous Year's Unappropriated Earnings	31,640,609,414		
<i>Minus:</i> Adjustment of Retained Earnings Accounted for Under the Equity Method	2,954,197,329		
Earnings Available for Distribution (Cumulative)		37,200,619,488	
Items for Distribution:			
Cash Dividends to Shareholders	8,557,023,101		Dividend per share at approximately NT\$0.70
Total Distribution		8,557,023,101	
End of Term Unappropriated Earnings		28,643,596,387	

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. 2017) and then the previous year's when not sufficient.

Chairman: Stan Hung
Presidents: SC Chien & Jason Wang
CFO: Chitung Liu

Attachment 4

List of Directors Elected

Name	Votes Received
Stan Hung	12,131,439,482
Cheng-Li Huang	8,933,358,536
Lih J. Chen	8,875,552,659
Jyuo-Min Shyu	8,874,699,973
Wenyi Chu	8,874,446,931
Chung Laung Liu	7,863,204,042
Ting-Yu Lin	7,730,002,999
Hsun Chieh Investment Co., Ltd. Representative: SC Chien	7,670,807,600
Silicon Integrated Systems Corp. Representative: Jason Wang	7,670,022,977

Attachment 5

Table Comparing the Original and the Amended Articles of Articles of Incorporation

Article No.	Original Article (or portion thereof)	Amended Article (or portion thereof)	Note
2	<p>The scope of business of the Company shall be as follow:</p> <ol style="list-style-type: none"> 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; 9. Metals, derived fuels and chemical products that are generated simultaneously from the company's manufacturing process; 10. Management consulting service in regard to sustainable development, energy/resources conservation technologies and semiconductor fab related affairs; 11. Clearance, recycle and disposal of waste and manufacturing outputs; research and development, design, production, sales, promotion and after sale service of all above items and their application products; 12. Also engage in export/import trade business in relation to the business of the Company. 	<p>The scope of business of the Company shall be as follow:</p> <p><u>CC01080 Electronic Parts and Components Manufacturing</u></p> <p><u>I501010 Product Designing</u></p> <p><u>F401010 International Trade</u></p> <p><u>C801990 Other Chemical Materials Manufacturing</u></p> <p><u>C802990 Other Chemical Products Manufacturing</u></p> <p><u>CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified</u></p> <p><u>IG03010 Energy Technical Services</u></p> <p><u>I199990 Other Consultancy</u></p> <p><u>J101090 Waste Collecting and Disposing</u></p> <ol style="list-style-type: none"> 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; 9. Metals, derived fuels and chemical products that are generated simultaneously from the company's manufacturing process; 10. Management consulting service in regard to sustainable development, energy/resources conservation technologies and semiconductor fab related affairs; 11. Clearance, recycle and disposal of waste and manufacturing outputs (<u>Only for</u> 	<p>Business Category Codes added in accommodation of the Ministry of Economic Affairs Business Department's promotion of business category fully coded</p>

		waste disposal processing outside of the science park); Research and development, design, production, sales, promotion and after sale service of all above items and their application products; 12. Also engage in export/import trade business in relation to the business of the Company.	
13-2	newly added Article	<u>The Company established a Nomination 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 Nomination Committee Charter.</u>	Article added for establishment of Nomination Committee
25	These Articles of Incorporation were enacted on Feb. 21, 1980 , ... , and on June 8, 2017 for the thirty-seventh time.	These Articles of Incorporation were enacted on Feb. 21, 1980 , ... , on June 8, 2017 for the thirty-seventh time, <u>and on June 12, 2018 for the thirty-eighth time.</u>	Added date of revision of Articles of Incorporation