

United Microelectronics Corporation

Loan Procedure

Article 1: Basis:

Loan Procedure (“Procedure”) is made pursuant to Article 36-1 of Securities Exchange Act and “Criteria for Lending of Capital and Endorsement and Guarantees made by Public Companies” (“Regulation”)

Article 2: Borrower: The Company’s directors and officers cannot be the borrowers, and borrowers shall meet the following criteria:

- 1) Those business or entities which who have business relationships with the Company.
- 2) Those business or entities which who have short-term capital needs with the Company.

The short-term means one-year period. In case the period of business cycle is longer than one year, that period shall prevail.

Article 3: “Subsidiary” and “Parent company” shall be defined in accordance with the No. 5 and No.7 of the General Accepted Accounting Principles of the ROC Accounting Research Institution Regulation.

The submission for disclosure shall refer to inputting the relevant data into the Market Observation Post System website designated by the Securities and Futures Commissions’.

Article 4: The total amount available for lending purpose shall not exceed twenty percent of the total paid-in capital of the Company. For any borrower, the total amount available and evaluation guidelines are as follows:

- 1) Funds lent to companies having short-term capital needs with the Company or subsidiaries shall not exceed the paid-in capital of the said companies or subsidiaries or 4% of the Company’s paid-in capital, whichever is lower.
- 2) Funds lent to companies that have business relationship with the Company shall not exceed 10% of the previous year’s amount of business with the borrower or 4% of the Company’s paid-in capital, whichever is lower.

Article 5: Procedures for Lending of Capital:

- 1) The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents and guarantee information. The Finance Department shall conduct an investigation and evaluation on the application with respect

to the borrower's business, financial status, ability to repay the debt, credit, profitability and purpose for lending and come out with a report to the chairman of board of directors for the board's approval. If the Company has independent directors, their opinions shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes.

- 2) The Finance Department shall conduct a through investigation and evaluation of the borrower. The items to be evaluated shall contain at least the followings.
 - A. The necessity and reasonableness for lending.
 - B. An evaluation of the reasonableness of the amount of the loan in the light of the Borrower's financial status.
 - C. Whether the accumulated amount of loan is still within the limited amount.
 - D. The impact on the Company's operation risks, financial status, and shareholder's equities.
 - E. Whether the collateral shall be acquired and the estimated value of it.
 - F. The borrower's credit and risk assessment record.
- 3) After the amount of the loan is approved, the borrower shall fill in the "drawdown request" to request the disposition of funds.
- 4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish promissory notes of equal amount and when necessary create pledge of movables or immovable, mortgage of movables or immovable to serve as the securities of the loan.

Article 6: The term of the loan shall not exceed one year, and the board of directors should approve any extension.

Article 7: Follow-up Controlling Measure and Procedure for Collecting Loans Matured.

- 1) After the loan is granted, the finance department shall follow and trace financial status, business and credit status of the borrower and guarantor monthly, and when necessary, may request the borrower to furnish financial data from time to time. In case any collateral is furnished, attention shall be paid to the value change of it. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman.

- 2) When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the promissory note or object of mortgage may be rescinded and returned to the lender or the mortgage registration may be cancelled. The lender shall demand repayment of principals and interests when the loan becomes due. If the timely repayment could not be effected and extension of the term is needed, prior request is required to the board of directors for its approval. Each extension shall not exceed 6 months, and shall be limited to only once. Any loan which is due and which is not repaid 15 days after the written notice of collection by the Company shall be subjected to the court's ruling and the promissory notes and collaterals be effected.
- 3) The Company shall, in accordance with GAAP, evaluate the status of the loan, list adequate preparatory bad debt, appropriately disclose relevant information in the financial report, and provide relevant data for the certified accountant to proceed with necessary auditing procedure.

Article 8: The interest rate of the loan shall not be lower than the capital cost of the Company from its short-term loan with the financial institution. Any adjustment of the interest rates shall be submitted by the financial department to the board of directors for its approval and then be executed. The interests to be collected mentioned in the preceding section shall be calculated and paid once a month or be withheld when the fund is appropriated.

Article 9: Disclosure and report

- 1) The Company shall, before the tenth day of each month, disclose and report its and its subsidiary's remaining amount of loan of last month.
- 2) If the loan reaches any of the following criteria, it shall be disclosed and reported within two days from the occurrence of the event.
 - A. The Company's and its subsidiary's balance of the loan reaches the amount higher than the 20% of the net worth of the Companies' latest financial report.
 - B. The Company's and its subsidiary's remaining amount of the loan to one single company reaches the amount higher than the 10% of the net worth of the Companies' latest financial report.
 - C. The Company's and its subsidiary's remaining amount of the loan exceeds NTD 10 million and 2% of the net worth of the Company's latest financial report.

If the subsidiary of the Company is not the public listed company of the

country, any of the events of the preceding section C of the subsidiary shall be disclosed and reported by the Company.

Article 10: Internal Control:

- 1) A register shall be set up to record for reference the party, amount, date of resolution, date of grant of the loan and other matters required by rules to be carefully evaluated.
- 2) Internal auditing personnel shall audit the procedure and its implementation quarterly and make written record. If material breach is detected, Audit Committee shall immediately be notified by written notice.
- 3) An improvement program shall be made when the borrower does not comply with the requirement or the remaining amount of the loan exceeds the limit due to change of circumstances and sent to Audit Committee and complete the improvement on schedule to strengthen the internal control of the Company.

Article 11: Controlling procedure of Subsidiary's Loan:

- 1) When the Company's subsidiary plans to lend funds to others, the subsidiary shall make loan procedure according to the Procedure and follow the Procedure.
- 2) The subsidiary shall provide relevant information to the Parent Company and, after taking into account the relevant personnel of the Parent Company, proceed with the grant of the loan.
- 3) The subsidiary shall trace the loan periodically and report to Parent Company.

Article 12: This procedure shall be passed by Audit Committee and the board of directors and presented to the shareholder's meeting for its approval. When the Procedure is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If any member of board of directors objects to it with a record or written declaration, the Company shall present it to the meeting of shareholders for discussion. The amendment of the Procedure shall follow the same procedure.

Article 13: Any employee who violates the Procedure or the Regulation is subjected to the jurisdiction of the Company's Code of Conduct or related rules.