

## UMC CORPORATE GOVERNANCE STATEMENT

Last Updated: June 18, 2009

### Overview:

United Microelectronics Corporation (the "Company") bases its corporate governance structures and practices on the Republic of China ("ROC") Company Act (the "Company Act"), ROC Securities and Exchange Act (the "ROC Exchange Act"), and other related rules and regulations.

In Taiwan, the basic corporate governance organizational model is a two-tier structure that consists of a Board of Directors and an Audit Committee. Generally, the Board of Directors is responsible for ensuring compliance with laws and regulations, avoiding conflicts of interest, and overall management of a company's business. The Audit Committee formed by all independent directors is responsible for overseeing the qualification, independence and performance of internal audit function and independent auditors, and overseeing the accounting policies and financial reporting and disclosure practices of the company.

### **A. THE BOARD OF DIRECTORS' RESPONSIBILITIES AND MEETINGS**

#### **Responsibilities**

The Board of Directors has overall responsibility for the management of the Company's business. Responsibilities include, but are not limited to, the following:

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 general manager and deputy general manager.
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.

#### **Meetings of the Board of Directors**

##### **1. Chairman of the Board / Board Organization**

The Board of Directors is organized by company directors. Among them, three managing directors are elected by a majority of directors present at a meeting attended by more than two thirds of directors. The Chairman of the Board is elected in the same manner by and among the managing directors. The Chairman of the Board presides at all meetings of the Board of Directors, and also has the authority to represent the Company.

##### **2. Frequency of Meetings**

The Board of Directors is not mandated to meet a certain number of times annually. However, as board members also hold senior positions in the Company, there is always a great deal of communication between directors.

In the last three years, the Board has held formal meetings at least once per quarter.

### **3. Attendance of Non-Directors at Meetings**

The Chairman of the Board and CEO both have the discretion to invite members of management to the meetings of the Board.

### **4. Agenda and Presentations**

The Chairman and the CEO sets the agenda for each Board meeting, taking into account Board members' suggestions. Board members are encouraged to suggest agenda topics, and the Chairman and CEO actively ask directors for their suggestions or opinions on possible agenda items.

## **B. AUDIT COMMITTEE'S RESPONSIBILITIES**

### **Responsibilities**

The Audit Committee is responsible for overseeing the qualification, independence and performance of internal audit function and independent auditors, and overseeing the accounting policies and financial reporting and disclosure practices of the Company. More specifically, the Audit Committee is responsible for, but not limited to, the following:

1. Setting up or revising internal control standards in accordance with Article 14-1 of the ROC Exchange Act.
2. Auditing the effectiveness of internal control standards.
3. Setting up or amending material financial procedures in acquisition and disposal of fixed assets, transactions of financial derivatives, loans, endorsements and guarantees in accordance with Article 36-1 of the ROC Exchange Act.
4. Matters that involve personal interests of directors.
5. Material transactions of assets or derivatives.
6. Material loans, endorsements or guarantees.
7. Public offering or private placement of equity linked securities.
8. Engaging and removing the Company's independent auditors and accessing such auditors' remuneration, qualification, independence and performance.
9. Appointing or removing managers of finance, accounting and internal auditing divisions.
10. Reviewing and having discussions with independent auditors in regards to the Company's annual, semi-annual, and quarterly financial reports.
11. Reviewing and having discussions with independent auditors with regards to reports that comply with U.S. Securities and Exchange Commission requirements.
12. Assisting to resolve any disagreements between the Company's management and independent auditors, if any.
13. Pre-approval of the audit and non-audit services provided by the Company's independent auditors pursuant to the pre-approval policies and procedures established by the Committee. The Committee may authorize one or more Committee members to pre-approve such services, and then present any such approvals to the full Committee at the next Committee meeting.
14. Assessment of the Company's internal audit division.
15. Process reported cases and other accounting, auditing, or internal control related issues.
16. Periodically review the Company's compliance with government law, documentation that

involves government agencies, and the compliance of employees' Code of Conduct.

17. Perform an annual Self-Assessment Process within the Committee and report the Committee's performance to the Board periodically.
18. Other material items related to the Company or government agencies.

## **C. STRUCTURE OF THE BOARD OF DIRECTORS**

### **1. Profile of the Directors**

The Company Act stipulates that corporate directors are responsible for the management of the company of which they are a director. Some of directors work full-time for the Company.

Many directors, including large shareholders of the Company, are also representatives of other legal entities. This practice is permitted under the Company Act. A director who serves as a representative of a legal entity may be removed or replaced at any time at the discretion of that particular legal entity. Currently, three directors are representatives of other legal entities.

Four out of nine directors are independent directors. They are all the members of the Audit Committee.

### **2. Independence of Independent Directors**

All independent directors are independent as defined by the Taiwan Stock Exchange Listing Rules and NYSE Listing Standards. The board of directors, however, may waive certain independence requirements under the NYSE listing standards if the board believes that certain facts would not impair a director's exercise of his or her independent judgment.

### **3. Election of the Board of Directors**

Directors are elected by shareholders by means of cumulative voting, for which the number of votes granted to each share is equal to the number of candidates. The shareholder can cast all of his or her votes for the same candidate or distribute them between several candidates, including write-in candidates, as he or she wishes. All registered shareholders have equal voting rights corresponding to the number of shares held. Treasury shareholders are not allowed to vote.

The directors' terms are for three years and all are elected at the same time. All directors were elected in June 2009. The next election for directors and supervisors is expected to be in 2012.

### **4. Size and Term Limits**

The Company currently has nine directors. The size of the Board of Directors will be increased or decreased to reflect the workload of the Board and the availability of qualified directors.

A director may be re-elected consecutively. There are presently no term limits for directors.

### **5. Directors Compensation and Ownership**

Remuneration for all directors is decided at a meeting of shareholders. Compensation shall be comparable to other firms in the Company's industry and is not dependent on the Company's profitability.

According to the Company's Bylaws, compensation for all Board Directors currently is 0.1% of earnings in terms of cash.

Directors, in aggregate, must own at least 1% of issued and outstanding shares. The largest shareholder, Hsun Chieh Investment Company, held approximately 3.4% of issued shares.

Directors are prohibited from entering into contracts with the Company or any of its subsidiaries stipulating the receipt of benefits upon the end of their tenure.

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