

United Microelectronics Corporation Loan Procedure

Article 1: Basis:

Procedure for acquisition or disposal of assets ("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 Regulations Governing the Preparation of Financial Reports by Securities Issuers.

"Net Value" mentioned in the Procedure is defined as the balance sheet equity attributable to the holders of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The submission for disclosure shall refer to inputting the relevant data into the website designated by the Financial Supervisory Commission.

"Occurrence of the event" mentioned in the Procedure means the date of contract signing, date of payment, date of board of directors resolutions, or other date of the counter party and amount of the transaction determined, whichever date is earlier.

Article 4: The total amount available for lending purpose shall not exceed 40% of the total net value 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 10% of the Company's net value, whichever is lower.
- 2) Funds lent to companies that have business relationship with the Company shall not exceed the previous year's amount of business with the borrower or 10% of the Company's net value, whichever is lower.

When there are short-term capital needs among the offshore companies which are 100% owned directly and indirectly by the Company, the total lending amount shall be subject to the limit of 40% of the net value of the lending subsidiary, and the lending amount for any individual entity shall not exceed 10% of the net value of the lending subsidiary. The lending period in this case shall be within one year and the interest rate of such loan shall not be lower than the capital cost of the lending subsidiary from its short-term loan with the financial institution. The interest to be collected shall be

calculated and paid once a month, be withheld when the fund is appropriated, or be paid on the last day of the lending period.

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. While discussing during the board meeting, opinions from independent directors shall be thoroughly considered and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. Material amount of Loan shall be reported to the board meeting after receiving the approval from more than 1/2 members of Audit Committee.
- 2) The Finance Department shall conduct a thorough 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. Within the credit line that has been approved by the board meeting, the borrower can drawdown the loan once or several times and the loan can be revolving within one year.
- 4) If the borrower requests the disposition of funds according to the preceding section, the borrower shall furnish notes of equal amount to serve as the securities of the loan. When the subsidiaries in which the Company directly and indirectly holds more than 50% of the voting shares are the borrowers, they are excepted in this case.
- 5) When the loan receiver not qualified under this procedure or the remaining amount of the loan exceeds the limit due to change of circumstances, an improvement program shall be made and sent to Audit Committee, followed by scheduled improvements to strengthen the internal control of the Company.

Article 6: In principle, the term of the loan shall be within one year. In case the period of the business cycle is longer than one year, that period shall prevail.

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 periodically, 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 notes or other collaterals 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 Audit Committee for its approval and then to the board of directors for its approval. In principle, the whole lending period of each extension shall be within one year. Any loan which is due and which is not repaid after the written notice of collection by the Company shall be subjected to the Company's further legal actions or the court's ruling and the promissory notes and collaterals will be effected.
- 3) The Company shall 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, be withheld when the fund is appropriated, or be paid on the last day of the lending period.

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 remaining amount of the loan reaches any of the following criteria, it shall be disclosed and reported within two days commencing immediately from the occurrence of the event.
 - A. The balance of the loan from the Company and subsidiaries reaches the amount higher than the 20% of the net worth of the latest financial report.
 - B. The remaining amount of the loan to one single company from the Company and subsidiaries reaches the amount higher than the 10% of the net worth of the latest financial report, or in case the disclosure and report have been effected according to the law, the remaining amount increases more than 2% of the net worth of the latest financial report.
 - C. The Company or subsidiaries raise new loan which is more than NT\$10 million and higher than the 2% of the net worth of the latest financial report.

If the subsidiary of the Company is not the public listed company of the country and is applied to item C. of the preceding section, it shall be disclosed and reported by the Company.

The ratio of the remaining amount of loan of the subsidiary to the net worth in the preceding section shall be calculated as the ratio of the remaining amount of loan of the subsidiary to the net worth of 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) When the loan receiver not qualified under this procedure or the remaining amount of the loan exceeds the limit due to change of circumstances, an improvement program shall be made and sent to Audit Committee, followed by scheduled improvements 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 have made loan procedure according to the Procedure and follow it.
- 2) The subsidiary shall provide relevant information to the Parent Company and, after taking into account the relevant personnel of the Patent 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 be presented to the shareholder's meeting for its approval.

Opinions from independent directors shall be thoroughly considered during the discussion and their concurring or opposing opinions and the reasons for objection shall be recorded in meeting minutes. 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.