

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 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 10% 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 40% of net value of the said companies or subsidiaries or 2% of the Company’s net value, 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 2% of the Company’s net value, 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. 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 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 immovables, mortgage of movables or immovables to serve as the securities of the loan.
- 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: The term of the loan shall not exceed one year, and any extension should be approved by the board of directors.

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 remaining amount of 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 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 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 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.